

## Communication from Public

**Name:** Danielle Leidner-Peretz  
**Date Submitted:** 05/05/2020 02:37 PM  
**Council File No:** 20-0407  
**Comments for Public Posting:** Public comment for Council File 20-0407



*"Great Apartments Start Here!"*

**Danielle Leidner-Peretz**  
Director, Government Affairs &  
External Relations  
danielle@aagla.org  
213.384.4131; Ext. 309

May 5, 2020

**Via Electronic Mail**

Members of the Los Angeles City Council  
City Hall  
200 North Spring Street,  
Los Angeles, California 90012

**RE:** Communication from the City Attorney and Ordinance First Consideration relative to adding Section 151.32 Article 1, Chapter XV of the Los Angeles Municipal Code (LAMC) to Temporarily Prohibit Rent Increases for Rental Units Subject to the Rent Stabilization Ordinance (RSO) (Agenda Item 1)

---

Dear Members of the Los Angeles City Council:

On March 30, 2020 Mayor Garcetti issued an Executive Order instituting a rent increase freeze on occupied rental units subject to the City's Rent Stabilization Ordinance, which was made effective on March 30<sup>th</sup> and is to continue for sixty (60) days following the conclusion of the local emergency period. At the May 6<sup>th</sup> City Council meeting, the Council will consider adoption of an ordinance expanding the scope of the rent increase freeze retroactively to March 4<sup>th</sup> and for one year following the end of the local emergency. The Apartment Association of Greater Los Angeles (AAGLA) strongly opposes the extension of the City's rent increase freeze beyond the Mayoral order and urges the Council to consider the concerns set forth herein.

During the April 22<sup>nd</sup> Council meeting, a multitude of policy issues were discussed, including what similar actions had already been taken by other jurisdictions and what actions were within the City's legal authority. As noted in the April 28<sup>th</sup> letter from the City Attorney's office, both San Francisco and the City of Oakland's rent increase freezes do not exceed what is currently imposed by the Los Angeles Mayoral order. Further as stated in the City Attorney's letter, "Oakland allows increases up to an established consumer price index, whereas Los Angeles allows no rent increase for RSO units". Due to these important clarifications and clear discrepancies, we urge the City Council to reconsider the proposed overly broad extension which is well beyond what has been adopted by other localities in favor of an equitable solution.



*"Great Apartments Start Here!"*

Part of the stated rationale for the one-year extension was to align the rent increase freeze period with the City's deferred rent repayment period. It is important to clarify that the City's RSO units are subject to the RSO regulatory structure which sets the annual general adjustment period. While the Council's objective may be to prohibit rent increases for a period of one year following the end of the local emergency period, the proposed ordinance will result in some owners losing their general annual adjustment for a period of what will likely be two years, and that they will never recoup. Instituting the rent freeze retroactively to March 4<sup>th</sup> will also place further financial and administrative burdens on rental housing providers by requiring that they issue refunds to renters who received a legally permissible rent increase before March 30<sup>th</sup>, many of whom may now not be paying rent pursuant to the City's eviction moratorium.

It is equally important to recognize that the proposed freeze timeline is not based on a definitive time period. As the pandemic continuously evolves, the duration of the emergency is unknown and as a result, the total time period of the rent increase freeze cannot be determined. If the emergency ended on May 31<sup>st</sup>, the rent increase freeze would be in effect for fifteen (15) months. At this time, it seems improbable that the emergency will be lifted by the end of the month.

Further, the Courts have held that rent control laws may not deprive an owner of their fair return, and that:

"For such rent ceilings of indefinite duration an adjustment mechanism is constitutionally necessary to provide for changes in circumstances and also provide for the previously mentioned situations in which the base rent cannot reasonably be deemed to reflect general market conditions. The mechanism is sufficient for the required purpose only if it is capable of providing adjustments in maximum rents without a substantially greater incidence and degree of delay than is practically necessary. "Property may be as effectively taken by long-continued and unreasonable delay in putting an end to confiscatory rates as by an express affirmation of them . . ." (*Birkenfeld v. Berkeley* (1976) 17 Cal.3d 129, 169 [130 Cal.Rptr. 465, 550 P.2d 1001].)

Given the nature of the COVID-19 pandemic and the need for government action to address it, you may argue that a government-imposed rent freeze should be presumed reasonable as a lawful and valid exercise of police powers. But those powers are not without limits. A government's exercise of its police powers must be valid and "reasonably necessary for the accomplishment of the government's purpose." *Goldblatt v. Town of Hempstead*, 369 U.S. 590, 595 (1962).

The Apartment Association of Greater Los Angeles continues to strongly oppose the blanket rent increase freeze and the extension of the freeze well beyond the Mayoral order and measures advanced in other local jurisdictions. The proposed extension is overreaching the City's authority and one we believe to be a violation of property owners' fifth amendment constitutional rights.



*"Great Apartments Start Here!"*

The Takings Clause of the Fifth Amendment of the U.S. Constitution provides that private property shall not "be taken for public use, without just compensation." (U.S. Const. amend. V.) The clause applies to the States via the Fourteenth Amendment. *Murr v. Wisconsin*, 137 S. Ct. 1933, 1942 (2017). Regulations imposed by the government, including public health and safety regulations, may amount to a taking, where, although there is no physical appropriation, the regulation is "so onerous that its effect is tantamount to a direct appropriation or ouster—and that such 'regulatory takings' may be compensable under the Fifth Amendment." *Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528, 537 (2005).

Expansion of the rent increase freeze and the related loss of potentially multiple annual general adjustments, without even the allowance of rent banking, will serve to increase the challenges now facing housing providers with meeting ongoing financial obligations, critical building maintenance needs, and costs associated with housing and essential needs for themselves and their families. Housing providers much like their renters, through no fault of their own, are experiencing financial and health related hardships due to the COVID-19 pandemic. Housing providers have lost their jobs and have contracted the Coronavirus or cared for a loved one who has been ill with the virus.

Many of our members are small property owners and retirees, living on modest incomes with limited financial reserves to get through the duration of the emergency. The freeze coupled with the City's twelve (12) month from end of the declared emergency deferred rent repayment requirements, which mandates that housing providers provide interest free loans to renters for a yet to be determined time period, will have potentially devastating effects on the City's rental housing providers and result in many small owners with no other option but to leave the business, causing further loss of jobs and the loss of much needed affordable housing in the City.

During the continuation of the pandemic, it is essential that we all work together to develop effective and balanced solutions that serve to assist all those impacted, prevent further economic instability and facilitate the economic rebound ahead. Thank you for your time and consideration of these matters. If you have any questions, please call me at (213) 384-4131; Ext. 309 or contact me via electronic mail at [danielle@aagla.org](mailto:danielle@aagla.org).

Very truly yours,

*Danielle Leidner-Peretz*

Danielle Leidner-Peretz

## Communication from Public

**Name:** David Potter

**Date Submitted:** 05/05/2020 10:25 PM

**Council File No:** 20-0407

**Comments for Public Posting:** We need to work as a team do not put a Freeze on Rents A rent increase freeze is not a viable option for small apartment owners. Over the last 42 years the City of Los Angeles has allowed a measly 3% increases per year on rent controlled units. The City of Los Angeles controls the rates of DWP All utility rates billed by DWP have increased at times by more than 3% per year. Los Angeles City increased Minimum wage – 25% in four years by 2021 – When wages increase all associated taxes go up accordingly (i.e. workmans' Comp, Unemployment Tax, Social Security tax, medicare tax, Federal Income Tax). There was also a recent increase in Los Angeles City RSO fees this year. Apartment owner's insurance rates have skyrocketed along with the County Tax Property Tax which can increase up to 2% per year which is a substantial amount of money compared to small rent increases. Many apartment owners are struggling to pay for L.A. City mandated earthquake retrofit costs. When the City of Los Angeles mandated the single trash hauler my monthly rate went up 40%. The L.A. City RSO apartment registration fee for 2020 went up almost 50% You guys are killing small business owners! Los Angeles City Council needs to be fair and equal about this situation and allow small business owners a small, tiny, little opportunity operate their business without government overreach. Please put a stop to this nonsense and allow apartment owners a measly 3 percent increase so they can keep their heads above water. We are drowning!

## Communication from Public

**Name:** Diane Robertson

**Date Submitted:** 05/05/2020 10:11 PM

**Council File No:** 20-0407

**Comments for Public Posting:** Dear Honorable Council President and Members: On behalf of the Coalition of Small Rental Property Owners, and as a "mom and pop" landlord, I implore you to modify items 1 & 2! Protections for rental property owners must be inserted into these proposals. The pandemic has created a great deal of uncertainty for everyone – both renters and landlords. I am doing everything I can to be part of the solution to this unprecedented crisis but these proposals are being rushed without proper assessment and landlords – “mom and pop” landlords, in particular – are bearing the brunt. Item 1 is an indefinite freeze on rent increases. We do not know when the emergency declaration will be lifted but we do know there will be phases to opening the economy. We understand earlier actions taken to prohibit rent increase but this goes too far and is not dependent on COVID related impacts. A review period and definite date should be set. Regulations can always be extended upon proper review and assessment. Moreover, “mom and pop” landlords, particularly in communities of color, are natural affordable housing providers operating on small margins. Oftentimes, we forgo raising rent without be forced to do so in exchange for retaining solid tenants who contribute to stabilizing the community, when they might otherwise have moved out. Item 2 will not further the Council’s goal of providing relief to tenants. It will create an industry of private lawsuits, which only line the pockets of plaintiff’s attorneys. We understand the need for enforcement mechanisms, but there are better alternatives. I urge you to work with housing providers to find reasonable solutions. I have instituted payment plans, deferred rent, highlighted resources and halted rent increases. Even pre-pandemic, I have never issued a 3-day notice to pay or quit because I am sensitive to the needs of my tenants. Many housing providers are facing potentially devastating financial circumstances that is putting their finances in serious jeopardy and will affect all contractors, suppliers and employees of these communities. We need protections and assistance as well. I recognize everyone is struggling but this goes too far. I respectfully ask the council to take a more reasoned approach to items 1 & 2. Sincerely, Diane Robertson South Los Angeles

## Communication from Public

**Name:** Charming Evelyn  
**Date Submitted:** 05/05/2020 08:28 PM  
**Council File No:** 20-0407

**Comments for Public Posting:** Dear City Council, I am writing in support of Council Member Ryu's motion to extend the rent freeze on RSO units for 12 months following the emergency period. As someone who has been directly affected by this pandemic, I am currently facing an 8% rent increase, which in itself is unfair, since no one in middle class or below the poverty line ever sees an 8% increase in their wages. I live in a rent controlled building, and the rent has gone up every year for the last 20 years by 5% or more. I ask that the City Attorney drafts an ordinance in support of a 12 month rate freeze and that City Council supports the Ryu motion.

## Communication from Public

**Name:** Shmuel  
**Date Submitted:** 05/05/2020 12:27 AM  
**Council File No:** 20-0407

**Comments for Public Posting:** Hi, This proposal to freeze increases for the next year is unfair on landlords. Its a system where the city is allowing all kinds of fee and expense increases but will not allow the property owner to increase the rent to make up for the expense increase. Additionally this ordinance I believe would go against the right of being able to earn a just and reasonable return because in order to be able to maintain those returns, there needs to be increases to offset the increased expenses. Additionally, if this increase is taken away, it is gone forever. Based on the rso, an increase cannot be made up. Also, I believe there is a 3% floor which by freezing increases, would violate that floor clause.



## Communication from Public

**Name:** Valley Industry and Commerce Association

**Date Submitted:** 05/05/2020 01:07 PM

**Council File No:** 20-0407

**Comments for Public Posting:** On behalf of the Valley Industry and Commerce Association (VICA), we urge you to impose a sunset date on the proposed ordinance to temporarily restrict rent increases on apartment units subject to the Rent Stabilization Ordinance (RSO). While we understand the need to provide aid for tenants in RSO units who are affected by the COVID-19 pandemic, an indefinite freeze on rent increases would negatively impact the rental market in the long-term.



May 5, 2020

The Honorable Nury Martinez  
President, Los Angeles City Council  
200 N. Spring St., Suite 470  
Los Angeles, CA 95814

**SUBJECT: Emergency Rent Increase Freeze Ordinance (Council File: 20-0407) - REQUEST TO AMEND**

Dear Council President Martinez,

On behalf of the Valley Industry and Commerce Association (VICA), we urge you to impose a sunset date on the proposed ordinance to temporarily restrict rent increases on apartment units subject to the Rent Stabilization Ordinance (RSO). While we understand the need to provide aid for tenants in RSO units who are affected by the COVID-19 pandemic, an indefinite freeze on rent increases would negatively impact the rental market in the long-term.

An indefinite freeze on rent increases, in conjunction with other COVID-19 related emergency measures on rent, would make it increasingly difficult for rental property owners to maintain their properties and financial stability. One of the already adopted emergency measures provides tenants who have been impacted by COVID-19 a one-year extension after the end of the local emergency period to pay back rent. As property owners see a decline in rental income, indefinitely freezing rent increases would further exacerbate their financial distress. Additionally, the City's ordinance prevents property owners from selling their rental properties through the Ellis Act. This means rental property owners are unable to remedy their financial hardships and increases the risk of insolvency.

Instead of providing a clear sunset provision, this proposed ordinance's freeze on rent increases would end one year after the end of the local emergency. This is problematic as determining the end of the local emergency remains unclear. Governor Gavin Newsom outlined a 4-phase approach for modifying emergency orders to allow California to reopen, but the City has not made it clear in which phase the local emergency would be lifted, or to what extent the City would follow the Governor's criteria for reopening. Providing a clear sunset date would lessen the uncertainty currently experienced by rental property owners who, just as everyone else, are experiencing major economic hardships due to the COVID-19 pandemic.

As we all continue to respond to an evolving situation, we should look to find an approach that will provide relief equitably for the entire community – small businesses and housing providers, as well as renters. For these reasons, we urge you to impose a sunset date on the proposed ordinance.

Thank you for your consideration on this issue.

Sincerely,

Brad Rosenheim  
VICA Chair

Stuart Waldman  
VICA President

*CC: Members of the Los Angeles City Council*