

Communication from Public

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Council File No: 21-0042-S3

Comments for Public Posting: Attached, please find the California Apartment Association's letter regarding the City of Los Angeles' local eviction moratorium and rent freeze. These temporary measures must be immediately lifted as is being done with other local orders connected to the city's emergency declaration. Thank you for your consideration.



California Apartment Association
515 S. Flower Steet 18th Fl.
Los Angeles, CA 90071

March 28, 2022

Via Electronic Mail Only

Hon. Council President Martinez & City Council
City of Los Angeles
200 N. Spring Street
Los Angeles, CA 90012

RE: City of Los Angeles Local Eviction Moratorium & Rent Freeze (C.F. 21-0042-S3 & 20-0291)

Dear Council President Martinez & City Council,

The California Apartment Association (CAA) represents local housing providers, operators and suppliers along with business owners and real estate industry experts who are involved with a range of rental properties from those that offer single-family residences to large apartment communities. Our members help house Los Angeles.

Since the beginning of this pandemic, we have learned much about the virus. Science has brought us vaccines. California has re-opened. Children are back in school. Local shelter-in-place orders have been rescinded. The region hosted the super bowl. State and federal governments provided much needed financial relief to renters and business owners. California adopted comprehensive, statewide protections for renters.

Despite this enormous progress, the City of Los Angeles continues policies that remain the same as instituted at the very beginning of this pandemic – ignoring entirely both the changed circumstances and the outsized impact such policies have on housing providers. Considering these significantly improved conditions, **CAA opposes the continued emergency application of the rent freeze and eviction moratorium. These temporary measures must be immediately lifted as is being done with other local orders connected to the city’s emergency declaration.**

The improving public health environment, the availability of vaccines, the lack of any shelter-in-place orders, mandated paid sick leave, and the much-improved economy, calls into question the necessity of any local eviction moratorium ordinance, especially when evaluated against the protections enacted by the California State Legislature and the improving conditions related to COVID.

The Legislature Has Enacted Robust Eviction Protections

CAA recognizes that the COVID-19 pandemic created hardships for tenants and landlords throughout California. That is why CAA worked closely with the Legislature to enact robust statewide eviction

protections through AB 3088 (August 2020), SB 91 (January 2021), and AB 832 (June 2021). CAA has been the singular authority on those protections.

AB 3088 created the COVID-19 Tenant Relief Act (CTRA), which was then extended by SB 91 and AB 832. CTRA contains key tenant protections, including:

- Permanent eviction protections for non-payment of rent due between March 2020 and September 30, 2021 for tenants with pandemic related hardships. For debt incurred during March 1, 2020 through August 31, 2020, tenants can *never* be evicted for this debt so long as they submitted a hardship declaration to their landlord. For debt incurred during the period between September 1, 2020 and September 30, 2021, tenants can *never* be evicted for this debt so long as they submitted a hardship declaration and paid 25% of the rent. Again, these tenants can *never* be evicted for failing to pay the remainder of the rent owed. This protection is coupled with federal dollars to help tenants make that 25% payment.
- October 2020-March 2021 Extended Protections. Additionally, included in AB 832 is the COVID-19 Rental Housing Recovery Act (Recovery Act) which provides continued protections for renters from October 1, 2021 through March 31, 2022. The Recovery Act requires an owner to apply for emergency rental assistance before pursuing any evictions for non-payment of rent, even if the tenant never demonstrated a COVID-19 hardship. Specifically, the Recovery Act prohibits an owner from being granted an eviction judgment for nonpayment of rent through March 2022 unless the owner has applied for emergency rental assistance and has been denied (and provides proof of denial). This means an owner cannot evict a tenant who receives rental assistance or if there is a pending application for emergency rental assistance. In sum, tenants entitled to rental assistance have had the opportunity to apply for it and owners have been required to wait for those funds to be paid, even when it has taken much longer than expected.

These eviction protections are in addition to:

- AB 1482, enacted by the California Legislature in 2019, which created: (1) statewide rent control that limits rent increases to 5% plus inflation, and (2) eviction protections that apply to most rental properties in the state.
- California's anti-price gouging law, Penal Code Sec. 396, which makes it a crime to raise prices (including rents) by more than 10% during times of a declared emergency.
- Rent relief programs at the state and local level, funded by federal funds, that will pay 100% of low-income tenant's back rent while protecting that renter from losing their home.
- County of LA eviction moratoria, which through emergency power is asserting jurisdiction over all 88 cities within its boundaries.

In enacting CTRA and the Recovery Act, the Legislature found the issue of COVID-19 eviction protections to be a matter of statewide concern and preempted further actions by most local governments to enact, extend, or expand COVID-19 eviction moratoria through March 31, 2022. And, today, the circumstances facing us have dramatically improved questioning the need for local government intervention in the eviction process at this point in the City's recovery.

Circumstances Have Changed Since 2020; Every California City is Rebounding

In Spring and Summer 2020 when cities, counties and ultimately the State Legislature imposed eviction moratoria, numerous “findings” were established to justify their action, finding that the financial effects caused by the closure of schools and the local public health orders would impede a resident’s ability to properly pay their housing expenses (rent). In 2020, the following was true:

- Most school districts across the State of California had suspended in-class instruction or closed all schools and as a result, parents and guardians were missing work to care for these children;
- The Shelter-in-Place Order required all businesses except designated essential businesses to cease all activities, travel was limited -these restrictions reduced economic activity and as a result, household incomes during this time;
- In 2020, many employers had laid off or needed to lay off employees; working parents were often compelled not to work in order to provide care for their child(ren), and many residents who were working and become ill due to COVID-19, or had to self-quarantine due to COVID-19 because they had been exposed to COVID-19, lacked robust paid sick leave; and
- Those residents financially impacted due to COVID-19 may not have been able to make timely rent or mortgage payments or may have been forced to choose between paying housing expenses and having sufficient funds for food, medical care or other necessities for themselves and their families.

These stark findings from nearly two years ago are far different from our reality today. In fact, as of March 24, 2022:

- Over 70% of all eligible LA County residents are fully vaccinated.
- 78% of eligible residents have received at least one dose of the COVID-19 vaccine.
- Unemployment in Los Angeles County as of January 2021 stands at 6.1%, down from 8.5% in August 2021 and down from 19.2% in August 2020. Clearly the economy is improving
- There are no shelter-in-place orders in effect and all businesses are permitted to be open at full capacity.
- All K-12 school districts in Los Angeles County have re-opened for the 2021-22 academic year.
- Over \$350,000,000 in rental assistance was made available for Los Angeles County renters to assist in repaying rental debt that accrued during the pandemic. Tenants who either made a payment of 25% of their rent due from September 2020-September 2021 or were awarded rental assistance cannot be evicted for failure to pay this rent.

Los Angeles housing providers continue to navigate uncertain times and are facing significant financial pressure. Debt has been incurred as tenants who do not face hardship refuse to pay rent. It is not reasonable to prohibit normal operations and force housing providers (businesses, employers) to go without income especially when their residents cannot prove hardship and the circumstances facing our community have vastly improved and the State Legislature has taken bold action. A moratorium on evictions, allowing people to forego paying rent and immunizing them from eviction in nearly all

circumstances, is nothing more than an overzealous reaction to concerns raised by few activists with little data to support their claims.

Let us be clear, all the rhetoric about tenants facing eviction for unpaid rent beginning April 1, 2022 is just that—rhetoric. California renters can never be evicted for rent due between:

- March 1, 2020 through August 31, 2020, provided they submitted a hardship declaration to their landlord;
- September 1, 2020 through September 30, 2021 provided they submitted a hardship declaration and paid 25% of the rent;
- October 1, 2021 through March 31, 2022, provided they applied for and received rental assistance.

Continuing to prohibit eviction for nonpayment of rent locally is simply unreasonable and unnecessary. The City lacks clear and conclusive legal findings to continue such sweeping legislation. Individuals who must miss work due to COVID illness are eligible for state mandated sick pay. Tenants who face financial challenges due to COVID-19 related illness can still apply for rental assistance and should work directly with their landlord if they experience loss in income due to COVID-19 related illness.

Given the millions of dollars in assistance for California renters and the significantly improved public health and economic circumstances facing the state, **the continuation of the eviction moratorium is an improper and invalid exercise of the city's police power.**

The LA region is experiencing the highest inflation rate in 40 years. Operational costs are skyrocketing, yet the city continues to assert a universal rent freeze regardless of covid impact. This is wrong.

It is clear, the city of Los Angeles must rescind the local emergency eviction moratoria and rent freeze.

Sincerely,



Fred Sutton
Senior Vice President, Los Angeles County
California Apartment Association

CC: Councilmember Gil Cedillo
Councilmember Paul Krekorian
Councilmember Bob Blumenfield
Councilmember Nithya Raman
Councilmember Paul Koretz

Councilmember Monica Rodriguez
Councilmember Marqueece Harris-Dawson
Councilmember Curren Price
Councilmember Herb Wesson
Councilmember Mike Bonin
Councilmember John Lee
Councilmember Mitch O'Farrell
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