



ACTION has been
protecting
Santa Monica
Apartment Owners
for over 40 years.

ACTION Apartment Association, Inc.

Rent Control Report-Santa Monica

On February 17, 2017, Assemblyperson Richard Bloom (D-Santa Monica), Senator Ben Allen (D-Santa Monica), Assemblyperson Botsis (Oakland) and Assemblyperson Chiu (San Francisco) introduced AB 1506, designed to repeal the Costa-Hawkins Fair Housing Act, 1995.

COSTA-HAWKINS was enacted to address draconian and arcane Rent Control policies in West Hollywood, San Francisco, Santa Monica and Berkeley. In those cities, when a Unit became Vacant, the Apartment Owner was not able to offer the “new unit” at Market rents. They were restricted to a strange rent formula adopted by these cities. Simply stated, many Apartment Owners, rather than deal with restrictive, oppressive and unfair Rent Control regulations in those cities, kept the units vacant and “off market.” This contributed to a drastic Housing crisis. It was discovered that many “Rent Controlled” Units were occupied by prominent Hollywood Directors, Actors, wealthy Attorneys, Bankers, and Physicians. In fact, there was some evidence that a Beverly Hills Cosmetic Surgeon had found several or more rental units in Santa Monica, and used them for his patients to recover from surgical procedures. Families, fire fighters, students, teachers, nurses and others, who would provide diversity to a Community, were institutionally and systematically deprived of opportunities to rent in West Hollywood and Santa Monica. Simply stated, Rent Control failed.

With this background, Costa-Hawkins was passed. When a unit became “vacant,” it could be offered initially for “new rental rates” without restriction from the City. The Owner could, at his or her discretion, offer the units for Market rates, or provide whatever rental rates were appropriate under the circumstances. In time, many thousands of vacant units were offered for rent. These units were restored, modernized and repaired. There was an enormous desire to remodel bathrooms and kitchens, add fancy lighting, flooring and window covering. Luxury units were available in West Hollywood, Santa Monica, Berkeley and other locations. Common areas were landscaped. New roofs were installed. Beautiful, modern appliances were added. Every community enjoyed an economic “revival.” Rent Control was dead.

Additionally, Costa-Hawkins exempted from Rent Control duplexes, condominiums, single family homes, and **ALL NEW CONSTRUCTION.**

Several years later, the City of Los Angeles attempted to mandate that new construction in a high-rise apartment complex near Dodger Stadium include moderate income units. The City refused to provide a building permit

or a demolition permit. Developer Geoffrey Palmer litigated the matter, and the Trial and Appellate Court found that pursuant to Costa-Hawkins Fair Housing Law, no municipality could interfere with new rental arrangements. Later, the matter proceeded involving a San Jose housing development, and the California Supreme Court reaffirmed the principles announced in Costa-Hawkins.

Can you imagine what cities like Berkeley, West Hollywood, Beverly Hills, Culver City and Santa Monica would do if you could turn the clock back 20 years and restrict rentals? First, these Housing Departments would hire 100 of their friends, cousins, nieces, uncles or others. They would start an aggressive inspection program. They would increase the annual registration fee, and of course restrict rents. There would be thousands of phony and fabricated “excess rent” cases. Lawyers would be hired and there would be Hearings where Landlords would be penalized and sanctioned.

Senior citizens who made a modest investment in a small apartment complex, and live off the “rental income” and Social Security benefits would be **OUT OF BUSINESS.**

Again, Santa Monica hired a prominent Tenant activist Sacramento lobbyist to promote and encourage this type of legislation. So, you need to contact your local apartment association, and obtain from their political director the names of every Member on the Assembly Housing and Judiciary Committees. **You need to call, write and email those individuals, stating simply: “I am opposed to AB 1506.”**

This is urgent. Your Industry needs your devotion and support.

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