

Mailing Address: P.O. Box 64637
2100 Sawtelle Boulevard, Suite 105
Los Angeles, California 90064

Richard Bloom, State Assembly person

Capital Office
(310) 477-1201 • FAX (310) 477-0260
P.O. Box 942849
Sacramento, CA 94249

Sebastian Ridley-Thomas, State Assembly person

Capital Office
P.O. Box 942849
Sacramento, CA 94249

Autumn Burke, State Assembly person

Capital Office
P.O. Box 942849
Sacramento, CA 94249

Re: Assembly Bill 1506

**Repeal 1995 Costa-Hawkins Fair Housing Act
OPPOSITION**

Prior to the enactment of Costa-Hawkins, communities like Berkeley, Santa Monica and West Hollywood had well-documented antagonism between Tenants and Apartment Owners.

Today, there is harmony. Vacant units are repaired, restored and beautified. They're offered for rent at Market rates. People love their rental units, and are secure and comfortable in paying a negotiated Market rate. The units then fall under Rent Control, and the annual rental adjustments are limited and restricted by municipal formulas. Over the last five or six years, the rate of increase has been less than 1% in West Hollywood, and slightly higher in Santa Monica.

80% of the Rent Control units in Santa Monica are probably rented at or near Market rent. Everyone's happy. Those Tenants who are "rent burdened" or have some other type of financial hardship are able to live with security in their rental units because the rental building enjoys "decontrolled" rental arrangements. Yes, an elderly Tenant in a large one-bedroom apartment a few blocks from Santa Monica Beach probably only pays \$400 per month. A similar unit in the building probably rents for \$1,600 per month. The Market rents underwrite the people who are protected by Rent Control. The system works. The elderly and the disabled get to live in their apartments, and the Owners generate sufficient rent to underwrite the operation. Remember, within a few months, these same cities will adopt earthquake seismic retro fit, and they intend to make the Owners pay 100%. No pass-through. These retrofit projects may cost over \$100,000 per apartment unit.

Remove the Costa-Hawkins "free enterprise/vacancy decontrol" and these Small Apartment Owners will give up the Business and simply close down. They don't have the money. And certainly no bank is going to loan money on an apartment building if Richard Bloom's new Bill to repeal Costa-Hawkins is passed. Complete economic collapse.

EXEMPTION

As you will recall, under Costa-Hawkins, condominiums, single family dwellings, new construction, and of course new rental candidates after January 1, 1999 are EXEMPT from Rent Control.

Many believe that the union trade organizations, new apartment developers, developers of senior and very low income complexes, small apartment owners and even the mega apartment owners represented by CAA, will all join together to fight and challenge this proposed Bill.

So, people who want affordable housing in Inglewood, Mar Vista, Culver City, and even Santa Monica, will all line up to challenge and oppose this Bill. The unintended consequences are very detrimental and dangerous.

Business-friendly Legislators who want good-paying jobs for their District will oppose this Bill.

People will panic. Apartment Owners will immediately accelerate rental increases in decontrolled areas of the South Bay, Inglewood, Lawndale, Long Beach, Culver City and other jurisdictions. This is dangerous.

Be fair, and remove and Kill this Bill.

Your Loyal Friend,
Michael Millman