

**Marina del Rey
Lessees Association**

C/o Mr. Timothy C. Riley, Executive Director
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June 30, 2020

The Honorable Janice Hahn
Supervisor, Fourth District
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 822
Los Angeles, CA 90012

Dear Supervisor Hahn:

First, I want to take this opportunity to thank you for your leadership during this unprecedented crisis. Our members appreciate the Board's efforts to maintain the health and safety of all residents, and your commitment to prevent the most vulnerable in our community from suffering the consequences of both COVID-19 and the related economic downturn, including the Board's efforts to prevent low income renters from homelessness.

At the same time, the members of the Marina del Rey Lessees Association are increasingly concerned that the "one size fits all" Board Orders have imposed severe hardship on landlords, who must maintain payments on their mortgages and property taxes, and who have seen their operating costs increase because of the requirements of various County virus-related health and safety measures.

The Association is particularly focused on asking the Board to facilitate the lessees' ability to collect the rent revenue we are owed by our residents, residents who, as you know, have chosen to enter into individual apartment leases, who are not typically "rent-burdened" or in danger of homelessness, and who generally have the financial resources to meet their rent obligations, in any Phase-Out Plan of the Moratorium which the Board will consider in July. The members of the Association need the flexibility to work out rent deferments and repayments with our own tenants in a manner that is consistent with and enables us to pay our increased operating expenses, our individual mortgages, property taxes, and other obligations.

As you know, the Board voted unanimously to extend the Moratorium on Evictions for Nonpayment of Rent due to the loss of income caused by COVID-19 from June 30 to July 31, 2020. This extends the deadline for payment of deferred rent to July 31, 2021, 16 months after the initiation of the moratorium.

During this emergency period, while the Board has acknowledged that landlords face financial challenges, the policies implemented by the Board have expanded

tenant rights in a variety of ways which have exacerbated the difficulties faced by landlords. At times, some Board members have promised that County rental assistance would ultimately assist landlords.

Unfortunately, it no longer appears that any rental assistance will be available for apartment owner lessees in Marina del Rey. As a result, Board policy at the present time effectively requires lessees to bear 100% of the cost of the pandemic, including all costs associated with the County's Orders which allow tenants to claim they have been affected by COVID-19, to determine how much rent they intend to pay, and to determine if/when they will pay deferred rent, as well as to preclude apartment owner lessees from any effective effort to collect contracted amounts of rent and/or other related and late fees. This situation is simply not fair.

The Association has reviewed the Los Angeles County 4th District Rental Assistance Program, and found that it is extremely unlikely that any resident or lessee in Marina del Rey qualifies for assistance.

The County's conditions for rent relief eligibility are stated as follows:

- * Household size and annual income levels prior to COVID-19: one person (\$63,100); two persons (\$72,100); three persons (\$81,100).
- * Must show financial impact due to COVID-19
- * Not receive any form of rental assistance or subsidy
- * Have a current residential lease agreement

It is interesting to note that the County demands more financial information from low-income applicants to get relief from the County than lessees are allowed to require of tenants in luxury apartment complexes who have been permitted to claim they been affected by the pandemic and determine how much, if any, rent they want to pay.

None of the tenants in affordable housing units would qualify, since those units are already subsidized.

Apparently, the demand for relief has exceeded the availability of funds, and applicants are being informed that a lottery will be instituted to determine which eligible applicants will actually receive relief.

Moreover, in speaking with a representative of the firm that is responsible for processing the relief applications, it appears that there is a cap on a tenant's monthly rent, which would effectively eliminate any and all Marina del Rey tenants and lessees from eligibility for rent relief. The limits for the monthly lease amount are:

Studio rent limit: \$1,279.00

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|-----------------------|------------|
| 1 bedroom rent limit: | \$1,517.00 |
| 2 bedroom rent limit: | \$1,956.00 |
| 3 bedroom rent limit: | \$2,614.00 |

The longer the moratorium on evictions is in place, and the longer the pay-back period is extended, and the longer the lessees' ability to collect rent and related fees is restricted, the greater the irreparable harm there will be to the lessees, as well as to the County itself—because, after all, the County expects and receives a percentage of the gross revenue generated by the leaseholds in Marina del Rey. By extending the moratorium and other tenant protections to high-income tenants in Marina del Rey, the County is effectively forcing lessees to subsidize tenants that the County itself is not willing to assist or to support via its own rental assistance programs.

The Association believes it is critical for the County to develop a Phase-Out plan which addresses the concerns and costs which have already been borne by property owners, including apartment owner lessees. Given that there will be no County rental assistance to mitigate the economic loss of the lessees, landlords should be given greater latitude to pursue payment of deferred rent.

Once the Moratorium ends, tenants should be required to provide landlords with the same financial information which the County is demanding of low-income applicants for the County rental relief program as well as to negotiate binding repayment plans with landlords, especially in the event that tenants voluntarily vacate their apartments.

The Phase-Out Plan should be clear that tenants who default in the payment of then current rent following the expiration of the moratorium period would be subject to eviction, in which case the deferred rent shall be immediately due and payable and able to be pursued in connection with such eviction proceeding, or otherwise.

It would also be preferable and helpful to provide additional incentive to require a tenant with rent deferment who continues to make current monthly payments to enter (at a minimum) into a 12-month payment plan commencing at the end of the moratorium period by mandating a standard of 12 equal monthly payments of 1/12 of the deferred rent, unless the landlord and the tenant come to an agreement on an alternative payment plan.

The Phase-Out plan should offer protection to landlords in a situation where a tenant intends to vacate its unit as a result of the expiration of its lease term or otherwise and the date of vacation is prior to the end of the 12-month repayment period. The deferred rent should be all due and payable as of the date of expiration of the lease term or vacation of the unit. A landlord should not need to wait for the end of the 12-month period to pursue repayment of the deferred rent, when the landlord may not even know where the tenant resides.

There also needs to be a recognition that the "eviction" process is a legal proceeding that should be addressed by the court system as soon as it is safe to do so. No consideration has been given so far to enforcement of evictions that were in process prior to the Moratorium being adopted. Prior to the effective date of the Moratorium, several residents in Marina del Rey had been through the legal process for eviction and were due to be locked out in March when the County took protective measures against evictions because of COVID-19. As of now, four months into the Moratorium, tenants that were legally obligated to vacate the premises are living rent-free with no end in sight to when they can be evicted, let alone pay for deferred rent. In all fairness, the County needs to adopt an enforcement mechanism for evictions that were being processed and approved through the courts before the crisis began.

Especially during this economic downturn, lessees will be flexible in dealing with tenants faced with hardships due to COVID-19 and related job losses, but it is both inappropriate and unfair for the County to deny property owners (including apartment owner lessees) the opportunity to make their own decisions as to how to enforce their own contracts with tenants who the County is unprepared to provide rental relief to on its own.

Thank you for your consideration.

Sincerely,



David O. Levine, President
Marina del Rey Lessees Association

cc: Gary Jones, Director, Department of Beaches and Harbors
Joe Nicchitta, Director, Department of Consumer and Business Affairs
Dana Pratt, Department of Consumer and Business Affairs
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