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15 Minutes With . . . Nancy Ahlswede, Executive Director, Apartment Association



Nancy Ahlswede is the executive director of the Apartment Association, California Southern Cities, which is based in Downtown Long Beach and represents 54 area cities. She joined the organization's staff in 1985 and was named its leader in 1991. (Photograph by the Business Journal's Thomas McConville)

For local rental property owners, Nancy Ahlswede is the ultimate resource. She deals with a wide variety of issues affecting landlords across Southern California, whether it's domestic violence, energy conservation or fair housing. Ahlswede is also quick to point out that running an apartment is still a business and should be treated as such. "There are a lot of folks that don't look at rental housing as a commodity, but that's exactly what it is," she said. "It's a business and it has to be handled accordingly."

Ahlswede is the executive director of the Apartment Association, California Southern Cities (AACSC), a nonprofit trade association representing thousands of rental property owners in 54 cities in southern Los Angeles and western Orange counties. Ahlswede, who joined the association in 1984 and was named executive director in 1991, handles state and local legislation, public relations, owner education, strategic planning and the award-winning monthly Apartment Journal trade magazine. The AACSC's mission is to "promote, protect and enhance the rental housing industry and preserve private property rights."

While expanding its reach to cities across the coast, the AACSC remains rooted in the City of Long Beach, where today

there are roughly 6,000 rental property owners, just under 80,000 apartment units and more than 60 percent of residents live in rental housing. Founded in 1924, the AACSC was originally formed, as a subcommittee of the Long Beach Chamber of Commerce to address housing needs in the bustling metropolis.

Although Long Beach remains a "microcosm" of California, Ahlswede estimates the city's apartment vacancy rate ranges anywhere from 8 to 9 percent, as many renters have either "doubled up" or moved back home during the economic downturn. The apartment sector should begin to "stabilize" over the next few years, she added.

As an expert witness for landlord-tenant issues, Ahlswede regularly establishes public private partnerships to improve the rental-housing environment. A graduate of the University Southern California (USC) School of Journalism, her career has included public relations jobs with the Los Angeles Department of Airports, California Federal Savings & Loan, USC and Security Pacific Bank. She has also worked on city, county and state political campaigns.

LBBJ: What do you spend most of your time on?



Staff members of the Apartment Association, Southern California Cities, pictured clockwise from bottom left: Nancy Ahlswede, executive director; Lisa Fricke, public affairs manager; Diane Jenkins and Oliver John Baptiste, customer service representatives; Larry Ahlswede, controller; Tom Heller, director of sales; Luci West, accounts payable/receivable coordinator; Terri Shea, operations manager; and Diane Dagestino, administrative assistant. (Photograph by the Business Journal's Thomas McConville)

Ahlswede: Most of my time is spent on advocacy, managing our lobbyists in Sacramento and tracking the bills. This year there were 71 anti-landlord bills that were proposed in Sacramento. That's more than any year in the history of the State of California. So, this year, I have to say, my time has been very much spent on advocacy. I also spend an equal amount of time on education. I teach a lot of classes here, develop them and bring in experts in specific fields.

LBBJ: Briefly, give us some examples of legislative issues impacting association members.

Ahlswede: There was a water bill called AB 934 by Assemblymember Mike Feuer. We are very supportive of water conservation. But we also feel that if the resident isn't accountable for the water they're using, it's very difficult to make water conservation go forward. We worked very hard on that issue. It's the first year of water bills and we're going to have a ton more. Another bill that we're working on right now is SB 744, which is about sub-meters. Currently, some of the largest sub-meter companies in the country can't come into California because of problems with weights and measures. In all 58 counties, they're all different. It makes it very difficult for people who want to conserve energy

and go to the expense of putting sub-meters in if they can't get access to the meters they need. We've been working very, very hard on that one.

We've also been involved in a lot of domestic violence issues. It's very important that property owners have the opportunity to protect the tenants, because California civil code says that's their responsibility. If you have someone who is causing domestic violence issues, you want to get that person out, but you don't want to hurt the victims themselves. You have to [comply to] a tremendous number of laws, such as being able to change the locks. We went forward with a bill this year that says if there is a domestic violence incident, the victim-resident has a right to change the locks. It doesn't sound like a lot. But, if you're a victim, it really makes a big difference to you. Those were the top-three in Sacramento, but there's a lot more.

LBBJ: Since you represent 54 cities, how do you stay on top of local ordinances impacting your members?

Ahlswede: We monitor all the city council agendas for all 54 cities. For example, Hermosa Beach wanted to increase their business license fee and we got involved to make sure the business license increase didn't affect the people who have a rental property business. Unfortunately, the City of Bell is one of our cities. We had a boardmember who was very involved there who kept us plugged in. Our boardmembers are very politically aware, so they will feed information to us. Hopefully, we get an idea of what's going on before it hits the agenda level, and usually we do. Our boardmembers represent many different cities and they're not all just from Long Beach. So, that's how we additionally get information.

LBBJ: Can you give us some examples of recent local issues you have had to tackle?

Ahlswede: The No. 1 issue that we're right in the middle of is the fire fee that the City of Long Beach Fire Department wants to impose on property owners. When we started last November, it was a per-door fee, which was very expensive. They have redone it now to a per-building fee. They have done inspections for the last 35 to 40 years for free and now they want to charge for it.

Timing on this issue couldn't be worse.

LBBJ: Do we need to build more affordable housing in Long Beach?

Ahlswede: I think you have to take a look at what has happened. When you talk about affordability, you have to realize that Long Beach is the best bargain on the coast. There are places here in town where you can get a two-bedroom apartment for \$1,095. You can't even get a one-bedroom apartment for \$1,095 in Orange County, Hermosa Beach, Redondo Beach or Torrance. Our rental rates are very affordable, compared to other geographic beach cities. Affordability is an issue of where your income is and where the houses are. We are in a situation where, in a couple of years, we're going to have a lot of pent up demand. Right now, we don't have it, as you can see with the vacancy rates. But, a lot of the renters have doubled up or have gone home. When the economy is brighter and the jobs are more plentiful, they will leave those situations and look for rental housing, and they're going to have a real hard time. But, what comes first the chicken or the egg? Do you build them and wait for them to come, or do you let them come and then you build them? It may be a little while before that demand actually hits the street.

LBBJ: Does the threat of “rent control” in some of your cities worry you?

Ahlswede: Absolutely, that is the No. 1 thing that we go after. I have fought rent control in Huntington Park, South Gate, Bell and Bell Gardens. We’ve defeated it everywhere we’ve gone. Rent control itself isn’t the worst of the problem, although it does take away private property rights. The worst of the problem are the unintended consequences of rent control. When the owners can’t charge market rent, they barely have enough money to pay their mortgage and they don’t have enough money to pay maintenance. Whole neighborhoods can be destroyed just because of rent control. You can go up to many places in the City of Los Angeles that have rent control and you can see what can happen. You can’t get blood out of a turnip, and if the owners aren’t compensated fairly for their property, then the extras are tough to handle.

It’s the same as any other business. Just like when you go to the grocery store to buy a dozen eggs; you expect to exchange money for product. The same is true for the rental housing business. That is, you’re exchanging your space for compensation. The people who are running their buildings that way get into trouble. They have to recognize it as a business. I don’t think we are under threat of rent control in Long Beach right now, but who knows what the future will bring.

LBBJ: Please describe the services the association offers its members, such as seminars and workshops.

Ahlswede: Currently, there’s no license required for property management in California. The only license in the state is to be a real estate broker. So, we provide education for owners on everything from fair housing, to keeping your books, to using a computer, to legal practices and sexual harassment prevention. Basically, we provide all types of classes, and we’re offering online classes as well. We also offer a free membership seminar at our membership meetings, which are the fourth Thursday of each month at the Petroleum Club in Long Beach. Sometimes we offer membership meetings in other cities as well. We have a certification program for property managers, so if they go through enough classes they can become certified as a California housing professional or a certified apartment manager – the national designation that we offer.

We also have specific classes for cities. If a city comes to us and says, “we’re having gang problems,” then we’ll pull together our curriculum and our specialists, and we’ll go teach that. We also provide tenant screening and background checks, which is a big part of our business here. Additionally, we provide free court approved forms to run rental property business. In California, currently, you need access to 68 forms in order to do things properly. We have a volunteer legal panel that looks at our forms every year in light of new legislation. We don’t give legal advice, but we give operational advice.

LBBJ: Tell us about your trade show coming up in September.

Ahlswede: The [43rd Annual Rental Housing Expo] will be on September 20 at the Long Beach Entertainment and Convention Center. It will begin with a breakfast at 8 a.m. when we provide awards to the people in the industry, ranging from the maintenance man who cleans your property to the outstanding legislator in Sacramento. It’s a time for us to take the nominations that come from our members and recognize the people who are out there trying to make our properties beautiful. We will then open up the trade show. There will be eight seminars, several workshops and admission is free. Basically, we’re going to touch on a little bit of everything you need to know when you’re running your properties and getting people up to speed. Laws change and it affects your pocket book, so you best know what they are. We’ll have probably over 140 vendors exhibiting their wares, as well. Our theme this

year is “There’s Magic In The Air,” and we’re just really hoping that there’s magic out there for the rental property owners.

LBBJ: What is the process for evicting someone and has it changed over the years?

Ahlswede: Eviction is something that can be caused for several different reasons. Non-payment of rent is one. Failure to comply with the house rules is another one. For instance, every owner should be giving house rules to new tenants when they move in. The rules should state what they allow so that other people can have the quiet enjoyment in that apartment building. The third reason for eviction is nuisance, just as the city’s nuisance ordinance regulates drugs, prostitution, fencing, stolen goods and all of those kinds of things. Each of them requires different days of notice.

As far as eviction for non-payment, that’s not happening a lot right now, because most of the owners are trying to work with the tenants. When you’ve got a vacancy problem, like we do right now, you don’t want to just dump these tenants out on the street. It’s very, very important for you to have customers for your business. That’s why you have to understand rental housing in terms of a business to make it successful for both the owners and the residents. Everyone needs to understand the rules. They need to be enforced carefully, uniformly and consistently. Part of those rules is paying the rent and the other part is following the laws.

LBBJ: Landlords are often criticized for raising rents without justification, how do you respond to that?

Ahlswede: Nobody has raised rents for about three or four years, so I don’t think that’s happening. When I do see a situation where somebody is unfairly raising rents, I pick up the phone and call them. The last time that happened was about four years ago. One of the city councilmembers called me and told me what happened. So, I called the landlord and I said, “I hope you understand what you’re doing or you’re going to bring rent control down on everybody in this town.” Sometimes they listen to me and sometimes they don’t. But, it hasn’t been much of an issue in this area. You have to remember, just like a grocery store owner, if there are too many eggs available, you’ve got to drop the prices to sell them. At some point, you’re going to say, “I need to recoup some of those losses.” This is a business too. They have to recoup some of those losses when that happens. Rental housing flourishes in a free market economy, because the people won’t pay inflated prices. They’ll go somewhere else.

LBBJ: Is now a good time for investors to purchase apartments?

Ahlswede: Absolutely, if they can find any. It’s a very good time to buy right now. I really believe in my heart of hearts that the rental housing industry has leveled out. I just think that the growth pattern, instead of being vertical, is going to be a little less angular. It’s going to take a little bit of time for it to grow.

LBBJ: What’s the outlook for the industry over the next several years?

Ahlswede: We have over 11 percent unemployment in the City of Long Beach. We’ve got vacancy rates that range from 4 to 10 percent. Owners have had to lower rents. The situation, I hope, has stabilized. But I don’t think we’re going to see an improvement probably until spring of next year. . . . A lot of people aren’t aware of this, but the first time the real estate market in California tanked was in 1991. That was a really bad time in Long Beach. A lot of people lost their buildings and we really thought we had put measures in place so that would never happen again. Yet, two years ago, we saw some different issues come up that impacted our industry. In fact, it’s always been real estate that’s pulled California’s economic challenges forward. So, we’re really hoping that happens as well.

For more information about the AACSC, visit www.apt-assoc.com or call 562/426-8341. ■