



Rent Stabilization Board

March 3, 2017

Ben Metcalf, Director
California Department of Housing and Community Development
2020 W El Camino Ave
Sacramento, CA 95833

RE: California's Housing Future: Challenges and Opportunities, Public Draft - 2025 Statewide Housing Assessment -- Inclusion of Rent Stabilization and Eviction for Good Cause Strategies

Dear Director Metcalf:

California currently experiences a severe shortage of affordable housing. Over the past thirty years the State's major urban housing markets have consistently failed to produce enough new housing to stabilize rents at levels that are normal in most other American cities. As a result, tenants are at a competitive disadvantage, their rents increase faster than the overall rate of inflation, and rents are among the highest in the U.S. (See Figure 1.22 "Renter Income Has Not Kept Pace with Increasing Rents 200-2013," p 27, California's Housing Future: Challenges and Opportunities, Public Draft - 2025 Statewide Housing Assessment). While we must encourage and promote land use reform, and affordable housing development is a necessary long-term strategy – the solution to California's housing crisis is not merely to build more housing. The State must promote policies that encourage local governments to counteract displacement and provide affordable housing for all. As such, the Statewide Housing Assessment is incomplete without an analysis of rent stabilization and eviction protections. Furthermore, we must account for the impact of the Palmer decision, and work to amend or repeal Costa Hawkins and the Ellis Act.

As quoted in the Draft – 2025 Statewide Housing Assessment: "California is facing an unprecedented housing challenge that is exacerbating inequality, deepening poverty, and constraining economic growth." The executive summary points out, among other challenges, that "the majority of California renters – more than 3 million households – pay more than 30 percent of their income toward rent, and nearly one-third – more than 1.5 million households – pay more than 50 percent of their income toward rent." Yet, despite acknowledging that rental costs are excessively high, the report does not directly recognize the challenge of high rental costs leading to displacement and economic and/or racial gentrification impacting the stability of our residents and the strength and diversity of our communities. Rent stabilization policies are necessary strategies for both State and local governments to preserve, protect, and advance housing affordability, sustainability, and equity.

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Further, in order to advance inclusionary affordable housing preservation and development the assessment should include, the repeal of the Costa-Hawkins Rental Housing Act of 1996, or, at a minimum, advocate to reform the Act to clarify that it does not pre-empt inclusionary zoning requirements. The Costa-Hawkins Rental Housing Act was enacted to end “strong rent control” policies, enabling landlords in rent control jurisdiction the ability to raise the rent to market rates upon the commencement of a new tenancy. It also declared that all newly constructed units built after 1996 were exempt from rent control. The act was not intended to pre-empt inclusionary zoning laws, which was a powerful tool in creating affordable housing in over 150 jurisdictions throughout California.

The *Palmer/Sixth Street Properties v. City of Los Angeles* case is problematic in that respect. This decision not only severely challenges our ability to provide affordable housing at a time when people need it the most, but it also goes against the legislative intent of the Costa-Hawkins Act. It is important that the State Legislature, at minimum, amend the Costa-Hawkins Act to clarify that it does not pre-empt inclusionary zoning requirements.

Though weakened by vacancy decontrol in 1995, rent stabilization and good cause for eviction has been an effective tool to preserve affordable rental opportunities in Berkeley and other cities throughout California including: Beverly Hills, East Palo Alto, Hayward, Los Angeles, Los Gatos, Oakland, Palm Springs, San Francisco, San Jose, Santa Monica, and West Hollywood. In addition to enforcing the rent stabilization and eviction for good cause ordinance, rent stabilization programs fulfill several important roles among City housing programs including affordability and stability:

- Affordability is enforced through rent ceilings for apartments that are significantly below the current market rate rent.
- Stability is supported by limits to future rent increases as long as the tenant remains in the apartment and by the ability of tenants to petition for reduced rent for housing code violations.
- Rent stabilization combined with the requirement of good cause for eviction provides tenants with a stable and predictable occupancy as long as they meet their obligations as tenants.

This past November voters in two more cities, Mountain View and Richmond, approved bringing these protection to renters. Rent stabilization and eviction for good cause ordinances continue to preserve affordable housing and provide stability and security to tenants after they move in by controlling future increases.

As a government body, we are happy to assist and to provide additional information or data on the impact of rent stabilization and good cause for eviction. Please to don't hesitate to contact us.

Sincerely,

John Selawsky
Chair

Paola Leverde-Levine
Vice Chair

Jay Kelekian
Executive Director

Attachments:

Rent Stabilization and the Berkeley Rental Housing Market 15 Years After Vacancy Decontrol, City of Berkeley Rent Stabilization Board, Jay Kelekian, Executive Director; Stephen Barton, Ph.D., Deputy Director; January 28, 2013.

Vacancy Decontrol and Reinvestment in Berkeley Rental Housing, City of Berkeley Rent Stabilization Board, Jay Kelekian, Executive Director; Stephen Barton, Ph.D., Deputy Director; January 28, 2013.