

POLICY ARGUMENTS REGARDING RENT STABILIZATION

Main Policy Features: Rent stabilization ordinances limit the amount that rents are allowed to increase each year as market values increase (usually based either on a fixed percentage or tied to inflation).

Statewide Legal Baseline: Currently, under state law, there are no limits on the amount or frequency of rent increases. Landlords may set rent to market rate with every new tenancy (“vacancy decontrol”). Rent control may not be applied to units constructed after 1995, single family homes or condos.

Examples: Thirteen cities in California have adopted rent stabilization ordinances. See, e.g., Santa Monica City Charter, Article XVIII; City of Los Gatos Municipal Code § 14.80; City of East Palo Alto Municipal Code, § 14.04.010, *et seq.*

Arguments in Support of and in Opposition to Policy:

PRO	CON
<ul style="list-style-type: none"> • Prevents landlords from imposing rent increases that cause displacement and accordingly, helps preserve income diverse, stable neighborhoods. • Substantial or frequent rent increases may adversely impact schools, youth groups and community organizations by displacing those who access these services. Long-term tenants who contribute to a community’s stability have a legitimate interest in maintaining their tenancies. • Provides a basic form of consumer protection – once tenants move into a vacant unit at market rate rents that they can afford and establish lives in these homes, they won’t have to renegotiate. • Helps correct power imbalance between landlords and tenants. Because of the high cost of moving, tenants may be pressured by landlords to accept rent increases. Tenants may also be unaware of the real conditions of units until they move in. If the tenant complains about the 	<ul style="list-style-type: none"> • Fundamentally unfair – why burden landlords for a broader societal problem? • Interferes with free market – landlord should be able to rent unit at amount that market bears. • May incentivize landlords to raise rents before any rent control ordinance takes effect in an attempt to evade impact of the regulation. • As a general matter, restricts rights of property owners as it limits what they may do with their property. • With a long line of potential tenants eager to move in at the ceiling price, discourages landlords from maintaining and repairing units until the end of a tenancy. Also, because rent increases are limited, the landlord’s ability to recoup costs of improvement or maintenance is also curtailed. • Reduces “urban vitality” by discouraging mobility; decreases vacancy

<p>conditions, the landlord may threaten to increase the rent.</p> <ul style="list-style-type: none">• Allows tenants to share in the benefit of Proposition 13, which generally caps annual increases in the assessed value of real estate at 2%. In the campaign to enact Proposition 13, advocates claimed that landlords would pass property tax savings along to tenants; rent control helps to ensure that this occurs.• Housing is a positive human right that equals or exceeds the property rights of landlords. Without rent control, even tenants paying full rent can be forced unexpectedly from their homes through no fault of their own.• Prevents landlords from making speculative profits in strong markets, but also enables landlords to obtain fair returns on their rental properties while ensuring that tenants have the certainty that their rents will not increase more than a certain amount each year.• Can be structured in a way so as to minimize bureaucracy and administrative costs (i.e. complaint driven, instead of overseen by Rent Stabilization Board – “lean and mean” approach).	<p>rates/turnover in rental units because tenants want to keep their low-rents and are unwilling to leave.</p> <ul style="list-style-type: none">• Is not tailored to protect intended beneficiaries – i.e. poor or other vulnerable renters; rather, may incentivize landlord to create stringent standards for applications from prospective tenants (i.e. requiring resumes, credit reports and references) which poor or other vulnerable renters may have trouble meeting.• Incentivizes landlords to discriminate against prospective tenants likely to stay for a long time, like retiree or couples with children.• Triggers consequences such as bribes and a “shadow market” (e.g. prospective tenant offers landlord \$5000 just to hold an \$1800-a-month one-bedroom apartment in an industrial neighborhood that he had yet to advertise; landlord offers existing tenant \$5000 to vacate rent controlled unit so landlord can reset rent for vacant unit at amount that market will bear).• Encourages some owners to take their units off the market and sell properties, rather than rent.• Depending on how they are crafted, rent control ordinances may be extremely burdensome and expensive to administer.
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POLICY ARGUMENTS REGARDING JUST CAUSE EVICTION

Main Policy Features: Tenants may only be evicted for certain enumerated reasons (i.e. “just causes”). Just cause ordinances specify the permissible bases for eviction, including those due to the tenant’s “fault” (e.g. nonpayment of rent, criminal activity, etc.) and those due to “no fault” of the tenant (e.g. landlord wishes to occupy the unit).

Statewide Legal Baseline: Absent local regulation, state law provides that month-to-month tenants may be evicted for any or no reason (other than retaliation or discrimination) if served with 30 days’ written notice (or 60 days’ written notice if the tenant has resided in the unit for at least one year). Landlords may also initiate eviction proceedings with 3-days’ notice when a tenant fails to pay rent, creates a nuisance or otherwise violates the lease agreement.

Examples: Several California cities have adopted just cause eviction ordinances. See, e.g., City of San Diego Municipal Code, § 98.07; City of East Palo Alto Municipal Code §14.04.160; City of Oakland Municipal Code, § 8.22.300, *et seq.*; City of Berkeley Municipal Code, § 13.76.130.

Arguments in Support of and in Opposition to Policy: ¹

PRO	CON
<ul style="list-style-type: none">• Limits the ability of landlords to evict existing tenants, especially in low-vacancy and expensive housing markets where landlords may have incentive to evict existing tenants in order to obtain higher rents.• Protects tenants who have short-term (month-to-month) leases.• Slows down rapid increases in rent.• Stabilizes communities by slowing down evictions and decreasing turnover rates.	<ul style="list-style-type: none">• Generally restricts rights of property owners by limiting what they may do with their property, requiring additional legal process before taking action against a renter.• May impact neighborhoods by making it harder for landlords to evict problematic tenants, including those suspected of involvement in criminal activity.• Impacts surrounding neighborhood by making it difficult for landlord to remove “bad tenants.”

¹ The arguments listed here are among those that are commonly advanced for and against the tenant protection measures in question. This office has not analyzed, and does not offer an opinion regarding, their validity.

POLICY ARGUMENTS REGARDING RELOCATION BENEFITS

Main Policy Features: Tenants who face “no-fault” evictions are eligible for compensation from the landlord for moving costs and other costs of securing new housing.

Statewide Legal Baseline: There is no state law mandate for landlords to assist displaced tenants by compensating for relocation costs.

Examples: City of Mountain View has adopted a relocation assistance ordinance. See City of Mountain View Municipal Code, § 36.38.

Arguments in Support of and in Opposition to Policy:

PRO	CON
<ul style="list-style-type: none">• Helps ensure that displaced households find affordable and comparable replacement housing by providing compensation for relocation costs, such as first and last months’ rent and security deposit for new rental unit, enrollment for housing search services, moving costs and storage.• Helps mitigate trauma and disruption to tenants and their families caused by unforeseen need for relocation (e.g. children leaving school mid-year) by addressing some financial impacts.• Requires landlords to internalize relocation costs as part of their “costs of doing business.”	<ul style="list-style-type: none">• Amount of mandated compensation may be excessive relative to some tenants’ needs; landlords may not be able to afford.• Relocation assistance payments may be spent on anything as ordinances do not require that compensation provided to displaced tenants be spent on costs of moving and securing new housing.• May create a perceived windfall to well-off tenants if relocation assistance not subject to stringent income-specific criteria.• If required to absorb relocation costs as part of their “costs of doing business”, landlords could build the cost of relocation benefits into rent structures.