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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY COUNCIL PRESIDENT PRO TEM DAN KALB AND
COUNCILMEMBER NIKKI FORTUNATO BAS

RESOLUTION IN SUPPORT OF ASSEMBLY BILL 36 (BLOOM) THAT WOULD ALLOW LOCAL JURISDICTIONS TO APPLY RENT STABILIZATION TO (1) RENTAL UNITS THAT ARE MORE THAN TEN YEARS OLD AND (2) SINGLE-FAMILY RENTALS AND CONDOMINIUMS IF THE OWNER OWNS AT LEAST THREE HOUSING UNITS WITHIN THE JURISDICTION OR IS NOT A NATURAL PERSON

WHEREAS, California's housing crisis hits the working class and the poor the hardest, with over half of California renters spending more than 30% of their income on rent, and nearly one-third spending more than 50% of their income on rent; and

WHEREAS, the housing crisis has been particularly dire in the Bay Area, including Oakland, with housing rental costs amongst the highest in the nation; and

WHEREAS, rent stabilization laws are designed to protect tenants from sharp rent increases that could lead widespread displacement; and

WHEREAS, Oakland's Rent Adjustment Ordinance sets limits on residential rent increases; and

WHEREAS, in 1995, the California State Legislature adopted the Costa-Hawkins Rental Housing Act (California Civil Code Sections 1954.50-1954.535), allowing a property owner to establish a new rental rate for each new tenancy, allowing unlimited increases upon vacancy and then re-control of rents, and exempting certain units from rent control, including single family homes, condominiums, and Oakland homes constructed after 1983; and

WHEREAS, Costa Hawkins prevents local jurisdictions from applying any form of rent regulation to single family rentals, in which nearly 8 million tenants in California live, many of which are owned by large institutional investors; and

WHEREAS, Costa Hawkins prevents local jurisdictions from applying rent regulation to units build after 1995 and cemented the new construction date in existing local rent stabilization ordinances at the time of Costa Hawkins' passage; and

WHEREAS, on July 5, 2016, the Oakland City Council unanimously adopted a resolution introduced by Councilmembers Rebecca Kaplan and Dan Kalb, No. 86273 C.M.S., urging state legislators and the Governor to repeal or modernize Costa Hawkins; and

WHEREAS, on March 21, 2017, the Oakland City Council unanimously adopted a resolution, introduced by Councilmembers Rebecca Kaplan, Dan Kalb, and Abel Guillen, No. 86664 C.M.S., supporting Assembly Bill 1506 that would have repealed Costa Hawkins and otherwise urging various reforms of the law; and

WHEREAS, Assembly Bill (AB) 36 (Bloom with Chiu and Bonta) would allow local jurisdictions to apply rent stabilization to (1) rental units that are more than ten years old and (2) single-family rentals and condominiums if the owner owns at least three housing units in the jurisdiction or is not a natural person; and

WHEREAS, AB 36 is supported by Alliance of Californians for Community Empowerment and various other groups; now, therefore, be it

RESOLVED: That the Oakland City Council hereby endorses AB 36 and urges the California State Legislature and Governor Gavin Newsom to support its enactment into law.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California



Councilmember Dan Kalb

CITY OF OAKLAND

CITY HALL - ONE FRANK H. OGAWA PLAZA, 2ND FLOOR - OAKLAND - CALIFORNIA 94612

AGENDA MEMORANDUM

To: Rules & Legislation Committee
From: Council President Pro Tem Dan Kalb & Councilmember Nikki Fortunato Bas
Date: April 18, 2019
Subject: Resolution in Support of AB 36 (Costa Hawkins Reform)

Colleagues on the City Council and Members of the Public,

We respectfully urge your support for the attached Resolution, which we have submitted with the attached Fact Sheet and text of the bill:

RESOLUTION IN SUPPORT OF ASSEMBLY BILL 36 (BLOOM) THAT WOULD ALLOW LOCAL JURISDICTIONS TO APPLY RENT STABILIZATION TO (1) RENTAL UNITS THAT ARE MORE THAN TEN YEARS OLD AND (2) SINGLE-FAMILY RENTALS AND CONDOMINIUMS IF THE OWNER OWNS AT LEAST THREE HOUSING UNITS WITHIN THE JURISDICTION OR IS NOT A NATURAL PERSON

Respectfully submitted,

Dan Kalb, Council President Pro Tem

Nikki Fortunato Bas, Councilmember

AB 36 (Bloom, Chiu, Bonta) Costa Hawkins Reform Keeping Families Home

(version 3.12.19)

PROBLEM

The current housing crisis is dire, and it's hitting poor and working class families the hardest. Some 17 million Californians - nearly half of all Californians - rent.

- Over half of CA renters spend more than 30% of their income on rent and nearly ¼ of renters spend more than 50%
- 160,000 families in eviction court annually

Unpredictable rent increases are driving many families out of their homes. Zillow's report *Rising Rents Mean Larger Homeless Population* concludes that if rent climbed an average of 5% in Los Angeles, 2,000 more people would fall into homelessness. In 2018, the average rent increase in the LA area was 4.9%.

The out-of-date and extreme limits established by Costa Hawkins are constraining the ability of local communities to adopt even modest expansions of their rent stabilization laws.

Costa Hawkins prevents local jurisdictions from applying any form of rent regulation to Single Family Rentals (SFR's). Nearly 8 million tenants live in Single Family Rentals. Many SFR's are owned by large institutional investors. SFR tenants should not be excluded from the rental protections provided to other tenants living in the same community.

Costa Hawkins prevents local jurisdictions from applying any form of rent regulation to units built after 1995. Cities that had existing rent stabilization ordinances in place at the time Costa Hawkins passed were stuck with whatever date was in their local ordinance at the time. For example, Los Angeles is unable to cover any property built after October 1978 and for San Francisco it is properties built after June 1979. It is time to make needed updates.

Not being able to temper rising housing costs has real world consequences for all of us. Higher rents mean fewer Californians can participate in their local economy. More of us drive longer distances between the housing we can afford and our jobs, which make us and the environment sicker. Our residents forgo health care or other investments in their families' wellbeing like education. Reasonable reforms to Costa Hawkins will provide widespread economic and social benefits throughout the state.

SUMMARY

This bill provides reasonable updates to the Costa-Hawkins Rental Housing Act and will allow local jurisdictions to better stabilize rental prices and reduce displacement and homelessness by providing communities with additional tools to address the state's housing crisis by giving them more flexibility to tailor local rent stabilization policies to local conditions. The bill offers modest reforms that will enable local jurisdictions to protect more renters from displacement and treats landlords fairly.

AB 36 would allow local jurisdictions to apply rent stabilization measures to:

- Rental units that are more than 10 years old; &
- Single-family rentals and condominiums, with an exemption for small landlords.

EXISTING LAW

In 1995, the Costa-Hawkins Act was enacted which established rules governing rent control at the local level. Specifically, Costa Hawkins:

- Prohibits cities and counties with buildings built after February 1, 1995 from subjecting those buildings to rent control and freezes the date of any earlier local new construction exemption from rent control.
- Exempted from rent control single-family homes and condominiums where the tenancy began on or after January 1, 1996.
- Allows apartment owners to set a new rent when a tenant voluntarily vacates the unit, or is evicted for cause (e.g., nonpayment of rent).

SPONSORS

- Alliance of Californians for Community Empowerment (ACCE)
- PICO CA
- Public Advocates
- Western Center on Law and Poverty

AMENDED IN ASSEMBLY MARCH 26, 2019

CALIFORNIA LEGISLATURE—2019—20 REGULAR SESSION

ASSEMBLY BILL

No. 36

**Introduced by Assembly Member Bloom
(Coauthors: Assembly Members Bonta and Chiu)**

December 3, 2018

An act to amend Section 1954.52 of the Civil Code, relating to residential rental housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 36, as amended, Bloom. ~~Affordable housing: rental prices.~~
Residential tenancies: rent control.

Existing law, the Costa-Hawkins Rental Housing Act, prescribes statewide limits on the application of local rent control with regard to certain properties. That act, among other things, authorizes an owner of residential real property to establish the initial and all subsequent rental rates for a dwelling or unit that has been issued a certificate of occupancy after February 1, 1995, has already been exempt from a residential rent control ordinance as of February 1, 1995, pursuant to a local exemption for newly constructed units, or is alienable separate from the title to any other dwelling unit or is a subdivided interest in a subdivision and meets specified requirements, subject to certain exceptions.

This bill would modify those provisions to authorize an owner of residential real property to establish the initial and all subsequent rental rates for a dwelling or unit that has been issued its first certificate of occupancy within 10 years of the date upon which the owner seeks to establish the initial or subsequent rental rate, or for a dwelling or unit that is alienable separate from the title to any other dwelling unit or is

a subdivided interest in a subdivision and the owner is a natural person who owns 2 or more residential units within the same jurisdiction as the dwelling or unit for which the owner seeks to establish the initial or subsequent rental rate, subject to certain exceptions.

Existing law declares that the Legislature has provided specified reforms and incentives to facilitate and expedite the construction of affordable housing, and provides a list of statutes to that effect.

This bill would state the findings and declarations of the Legislature that, among other things, affordable housing has reached a crisis stage that threatens the quality of life of millions of Californians as well as the state economic outlook. This bill also would express the Legislature's intent to enact legislation in order to stabilize rental prices and increase the availability of affordable rental housing.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1954.52 of the Civil Code is amended to
2 read:

3 1954.52. (a) Notwithstanding any other provision of law, an
4 owner of residential real property may establish the initial and all
5 subsequent rental rates for a dwelling or a unit about which any
6 of the following is true: *if either of the following apply:*

7 (1) It has ~~a~~ *been issued its first residential certificate of*
8 *occupancy issued after February 1, 1995, within 10 years of the*
9 *date upon which the owner seeks to establish the initial or*
10 *subsequent rental rate.*

11 (2) ~~It has already been exempt from the residential rent control~~
12 ~~ordinance of a public entity on or before February 1, 1995, pursuant~~
13 ~~to a local exemption for newly constructed units.~~

14 (3)

15 (2) (A) It is alienable separate from the title to any other
16 dwelling unit or is a subdivided interest in a subdivision, as
17 specified in subdivision (b), (d), or (f) of Section 11004.5 of the
18 Business and Professions Code. ~~Code, and the owner is a natural~~
19 *person who owns two or fewer residential units within the same*
20 *jurisdiction as the dwelling or unit for which the owner seeks to*
21 *establish the initial or subsequent rental rate.*

22 (B) This paragraph does not apply to either of the following:

1 (i) A dwelling or unit where the preceding tenancy has been
2 terminated by the owner by notice pursuant to Section 1946.1 or
3 has been terminated upon a change in the terms of the tenancy
4 noticed pursuant to Section 827.

5 (ii) A condominium dwelling or unit that has not been sold
6 separately by the subdivider to a bona fide purchaser for value.
7 The initial rent amount of the unit for purposes of this chapter shall
8 be the lawful rent in effect on May 7, 2001, unless the rent amount
9 is governed by a different provision of this chapter. However, if
10 a condominium dwelling or unit meets the criteria of paragraph
11 (1)-~~or (2)~~ of subdivision (a), or if all the dwellings or units except
12 one have been sold separately by the subdivider to bona fide
13 purchasers for value, and the subdivider has occupied that
14 remaining unsold condominium dwelling or unit as ~~his or her~~ *the*
15 *subdivider's* principal residence for at least one year after the
16 subdivision occurred, then subparagraph (A) ~~of paragraph (3)~~ shall
17 apply to that unsold condominium dwelling or unit.

18 (C) ~~Where~~ *If* a dwelling or unit in which the initial or subsequent
19 rental rates are controlled by an ordinance or charter provision in
20 effect on January 1, 1995, the following shall apply:

21 (i) An owner of real property as described in this paragraph may
22 establish the initial and all subsequent rental rates for all existing
23 and new tenancies in effect on or after January 1, 1999, if the
24 tenancy in effect on or after January 1, 1999, was created between
25 January 1, 1996, and December 31, 1998.

26 (ii) Commencing on January 1, 1999, an owner of real property
27 as described in this paragraph may establish the initial and all
28 subsequent rental rates for all new tenancies if the previous tenancy
29 was in effect on December 31, 1995.

30 (iii) The initial rental rate for a dwelling or unit as described in
31 this paragraph in which the initial rental rate is controlled by an
32 ordinance or charter provision in effect on January 1, 1995, may
33 not, until January 1, 1999, exceed the amount calculated pursuant
34 to subdivision (c) of Section 1954.53. An owner of residential real
35 property as described in this paragraph may, until January 1, 1999,
36 establish the initial rental rate for a dwelling or unit only ~~where~~ *if*
37 the tenant has voluntarily vacated, abandoned, or been evicted
38 pursuant to paragraph (2) of Section 1161 of the Code of Civil
39 Procedure.

1 (b) Subdivision (a) does not apply ~~where~~ *if* the owner has
2 otherwise agreed by contract with a public entity in consideration
3 for a direct financial contribution or any other forms of assistance
4 specified in Chapter 4.3 (commencing with Section 65915) of
5 Division 1 of Title 7 of the Government Code.

6 (c) Nothing in this section shall be construed to affect the
7 authority of a public entity that may otherwise exist to regulate or
8 monitor the basis for eviction.

9 (d) This section does not apply to any dwelling or unit that
10 contains serious health, safety, fire, or building code violations,
11 excluding those caused by disasters for which a citation has been
12 issued by the appropriate governmental agency and which has
13 remained unabated for six months or longer preceding the vacancy.

14 ~~SECTION 1. The Legislature finds and declares all of the~~
15 ~~following:~~

16 ~~(a) California is home to some of the most expensive places to~~
17 ~~live in the United States with six of the nation's 11 most expensive~~
18 ~~large metropolitan rental markets according to a 2018 report by~~
19 ~~the Public Policy Institute of California.~~

20 ~~(b) According to a report by the Department of Housing and~~
21 ~~Community Development, approximately 82 percent of renter~~
22 ~~households are considered "burdened" because they spend 30~~
23 ~~percent to 50 percent of their annual income on rent, with some~~
24 ~~spending more than 50 percent.~~

25 ~~(c) In the last two decades, rents in California have increased~~
26 ~~an astounding 60 percent.~~

27 ~~(d) Nearly 40 percent of persons 18 to 34 years of age live with~~
28 ~~their parents.~~

29 ~~(e) Housing affordability is a leading cause of the dramatic~~
30 ~~increase in homelessness in California which now has~~
31 ~~approximately 134,000 people living on the streets constituting~~
32 ~~25 percent of the nation's homeless.~~

33 ~~(f) Affordable housing has reached a crisis stage that threatens~~
34 ~~not only the quality of life for millions of Californians every day~~
35 ~~but also the state economic outlook.~~

36 ~~(g) It is therefore the intent of the Legislature to enact legislation~~
37 ~~that will stabilize rental prices and increase the availability of~~
38 ~~affordable rental units.~~

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