



CONSENT CALENDAR
March 14, 2023

To: Members of the City Council

From: Councilmember Rigel Robinson (Author), Mayor Jesse Arreguin (Co-Sponsor), Councilmember Sophie Hahn (Co-Sponsor), Councilmember Kate Harrison (Co-Sponsor)

Subject: Letter in Support of SB 466

RECOMMENDATION

Send a letter to Senator Aisha Wahab (cc: Governor Gavin Newsom, Senator Nancy Skinner, Assemblymember Buffy Wicks) in support of SB 466, which would reform the Costa-Hawkins Rental Housing Act.

BACKGROUND

Currently, the Costa-Hawkins Rental Housing Act restricts local rent stabilization ordinances to only apply to buildings built after February 1, 1995, or to buildings built after a given municipality implemented rent stabilization — whichever is earlier. Since Berkeley implemented rent stabilization in 1980, newer buildings are exempt from rent stabilization.

The justification for restricting rent stabilization to older buildings is that applying it to newer buildings would decrease potential rents and profits for developers, disincentivizing development. However, freezing eligibility for rent stabilization at one point in time is not useful or necessary to prevent disincentives to development.

It is not unprecedented in California to establish a rolling limit on when restrictions on rent increases may apply. AB 1482 (2019) prevents rent from being increased by more than 5% plus inflation or 10% — whichever is lower — on multifamily buildings older than 15 years and single-family homes owned by real estate corporations.¹ AB 1482 has been an essential measure to prevent severe rent-gouging statewide, but it is important that municipalities such as Berkeley that are facing the most extreme rent levels statewide have the tools they need to prevent displacement. SB 466 would, like AB 1482, only apply to buildings older than 15 years — preventing any potential adverse impacts on incentives for new development.

¹ [Bill Text - AB-1482 Tenant Protection Act of 2019: tenancy: rent caps.](#)

The City of Berkeley has consistently advocated for reform or repeal of Costa-Hawkins. In 2009, Council adopted Resolution No. 64,687-N.S. calling on the State Legislature to amend Costa-Hawkins to not preempt inclusionary zoning requirements. In 2015, Council adopted Resolution No. 67,245-N.S. calling for the repeal of Costa-Hawkins. In 2017, Council adopted Resolution No. 67,894-N.S., in support of AB 1506 which would have repealed Costa-Hawkins. In 2018, Council placed Measure Q on the ballot, which was approved by Berkeley voters. One part of Measure Q amended the Rent Stabilization Ordinance to extend rent stabilization to newly constructed units 20 years after completion, in the event that Costa-Hawkins is repealed.

Rationale for Recommendation

Rent stabilization has been an essential tool for the Berkeley Rent Stabilization Board to prevent displacement — especially in Berkeley’s most diverse and low-income communities. Costa-Hawkins restricts the ability of the City to protect its residents from extreme rent increases that force them to leave the City and their communities.

SB 466 does not implement a mandate on cities; rather, it gives cities like Berkeley that have a significant need for anti-displacement measures more tools to address their local impacts of the statewide housing crisis. Implementing rent stabilization allows cities to prevent rising average rent levels from rapidly displacing longtime residents; without rent stabilization in Berkeley, gentrification would have a more significant impact on many individuals and communities and impede the ability of Berkeleyans to grow and sustain a strong sense of community and belonging. SB 466 would expand the amount of units eligible for rent stabilization without adversely impacting development incentives, and would allow Berkeley to strengthen housing security and stability for both present and future renters in the City.

FINANCIAL IMPLICATIONS

None

ENVIRONMENTAL SUSTAINABILITY

None

CONTACT PERSON

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Sam Greenberg, Legislative Assistant, samgreenberg@cityofberkeley.info

Attachments:

1: Letter



March 14, 2023

Senator Aisha Wahab
1021 O Street, Suite 6530
Sacramento, CA 95814

Dear Senator Wahab,

The City of Berkeley writes to express its strong support for SB 466, and more broadly for reforming the outdated and harmful Costa-Hawkins Rental Housing Act. Costa-Hawkins severely limits the ability of municipalities to protect tenants from eviction through rent stabilization, and the original legislation did not foresee the monumental housing crisis now facing California and the displacement that results from it.

The City of Berkeley's Rent Stabilization Board provides resources and education for tenants, in addition to administering the City's Rent Stabilization and Eviction for Good Cause Ordinance. Berkeley and cities across the Bay Area and California are facing a historic housing affordability crisis, and the Costa-Hawkins Rental Housing Act drastically restricts the ability of the Rent Board to address the housing crisis in Berkeley and protect existing tenants—including longtime residents—from extreme and hostile rent increases.

It is important that Berkeley and other cities have access to tools of greater scope to address the housing crisis. Allowing for abundant construction of housing—especially affordable housing—is critical but will not have an impact as immediately as is necessary. In addition to construction, it is essential that municipalities are able to use rent stabilization to protect their most vulnerable residents from displacement as housing costs rise rapidly.

Rent stabilization is an essential tool cities and counties should have access to in order to prevent displacement. By preventing displacement of longtime and vulnerable residents, rent stabilization allows cities like Berkeley to build a sense of community and neighborliness among residents. The City of Berkeley strongly supports SB 466, and strongly supports expanding the ability of municipalities to broaden access to rent stabilization to make our communities more resilient, stable, and vibrant.

Sincerely,
The Berkeley City Council

cc: Governor Gavin Newsom
Senator Nancy Skinner
Assemblymember Buffy Wicks

