santa barbara rental property association

President's Message

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On March 5, 2024, the Goleta City Council met to consider the potential enactment of the emergency ordinance passed by the City Council on December 19, 2023. There were certain amendments suggested and there were two options to consider regarding the applicable rental rate for re-rental of a unit to a prior tenant exercising a right of first refusal following the completion of a substantial remodel. In other words, should the housing provider be forced to keep the old rate with perhaps the allowed rent increase amount, no matter what the housing provider had just spent for the remodel, or would the housing provider be allowed to bring the unit's rent to market as permitted by Costa Hawkins upon a unit being completely vacant?

The entire City Council was present at the meeting: James Kyriaco, Kyle Richards, Stuart Kasdin and Mayor Pro Tempore Luz Reyes-Martin and Mayor Paula Perotti.

(image, cityofgoleta.org. Goleta City Council. Front: Kyle Richards, Paula Perotte, Luz Reyes-Martin. Back: James Kyriaco, Stuart Kasdin)

This ordinance would amend Section 8.19, Tenant Protections, of the Goleta Municipal Code.

Discussion was held concerning payment of 2 months' rent in relocation assistance; lodging permits with the Planning Department within 5 days; offering the prior tenant the right of first refusal following the remodel completion and keeping the rental rate at the previous rent plus 5% or 10% regardless of the cost to the owner of the remodel done. There was no time frame for the withdrawal of the unit from the rental market. A discussion was also held about whether to exempt 4 units or less but that was rejected because the housing department reported that would eliminate 173 rental units from the rental market.

Councilmember Stuart Kasdin liked the early alert notice (serving the tenant with a 60 day notice that in 60 days they would be served with a 60 day notice of termination for substantial remodel). If a housing provider cannot raise rents above 10% following a remodel that costs more than that amount, wouldn't that be an unconstitutional "taking" prohibited by the 14th Amendment of the United States Constitution? Could there be a review board to appeal to? How do you know when it is an appropriate amount of time off the market? It is an arbitrary period. Peter Imhof stated that it could be 5 years but a discussion was had on the impact of the Ellis Act. He also expressed the opinion that duplexes should not be exempt from this Ordinance because he does not see any difference between a duplex and an apartment.

Councilmember Kyle Richards had the same concerns about "gaming the system" and complying with the Ellis Act while imposing a time off the market. He also referenced altering the allowable uses of the property. Also, would this "run with the land" or be limited to the current owner.

Option 2 for consideration is the existing law that allows the housing provider to set the initial rent under the provisions of the Costa Hawkins Act of 1995. Remember, this is on the ballot this Fall. If the Justice for Renters Act passes, you will no longer be able to set the rent to market when the unit is again completely vacant. You would be stuck with the old rent (even if you had not increased

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rents for a very long time and had kept your rent well below market rent).

Councilmember James Kyriaco expressed that whether or not we replace the emergency ordinance with this ordinance the conditions are still here that caused the urgency ordinance to be enacted on December 19, 2023. There are still "renovictions" going on due to old housing stock. Some landlords are still dreaming up a remodel and short-changing the public. He would be in favor of round table discussions between both tenants and landlords.

Mayor Pro Tem Luz Reyes-Martin would like to see public comment.

Mayor Paula Perotti likes the early alert notice and is struggling with options 1 or 2.

There was a room full of tenant advocates and only 3 representatives of housing providers present, myself, Michael Bruce SBRPA Board Member and Pat Costello. Both ceded their time for me to speak. Staci Caplan of the SBAOR spoke via Zoom. Please attend these very important meetings and speak up for the industry.

I urged the Council not to take action tonight but to have public comment from both sides; consider the implications of the Ellis Act and Costa Hawkins; and to be concerned about an unconstitutional taking. Under the 14th Amendment of the United States Constitution, a governmental body cannot take private property without just compensation but it goes further than that. If a governmental agency takes private property, for it to be constitutional, it must be taken FOR THE PUBLIC and not for a designated class of people such as TENANTS. TENANTS are not "the public." They are a class of people. Therefore, the taking does not make it past the first questions and so NO amount of money can make up for that. Hence, it is unconstitutional.

Condominiums are distinct from apartments and treated like single family homes under the Ellis Act but Mr. Kasdin's argument that they should not be exempt was met with great reception. There were many questions about legality with few concrete answers provided.

At the end of the evening, a vote was taken resulting in the ordinance being sent back to the Ordinance Committee for further study and public input with the potential of roundtable discussions with both housing providers and tenants.

If you have facts and figures about a legitimate remodel that you have done to your rental unit and how much the rent would have to increase as a result, please provide that. The Council does not have any idea of costs. It will also be important to note what would happen if the owner decided it was not worth being a landlord any more in Goleta and decided to sell. What would happen to the expenses of the housing provider? The mortgage payments would be much higher. The property taxes would be much higher. The insurance rate would be much higher. It was argued that the landlord should just absorb that and the tenant should not be made to pay for the increase in a landlord's costs. What do you think about that?

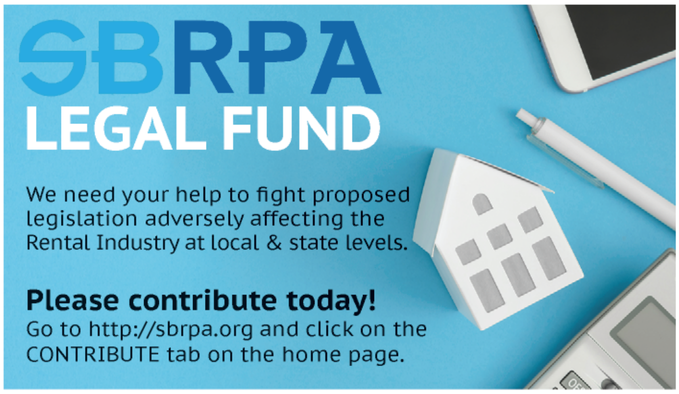
Come and have your say. Please do not wait thinking that "they" will take care of these issues. I have news for you: "They" is "YOU."

Now is your only opportunity to weigh in with your opinions, your experience, your wealth of knowledge, your tenant issues, your tenant problems, your aging housing stock issues that can only be addressed by remodel (legitimate remodel that is not an excuse to raise rents), and any other issues that you would like to have come before the Ordinance Committee and ultimately the Council for consideration.

As always, we thank you for your membership, your participation and your valuable input.

Happy Spring.

Betty L. Jeppesen,
President SBRPA



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