President's Message

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On March 3, 2026, SBRPA held a press conference on the steps of City Hall with our attorneys Barry Cappello, Mike Brelje, Richard Lloyd and David Edholm, all from the law firm Cappello & Noel challenging the Constitutionality of the City Council's latest actions of enacting a "rent freeze" and exacting additional requirements for taking a rental unit off the market.

Exactly one month later to the day, on April 3rd, 2026, The Santa Barbara Apartment Association dba The Santa Barbara Rental Property Association v. City of Santa Barbara; City Council of Santa Barbara and Does 1 through 20 was filed in the United States District Court, Central District of California, Western Division was filed seeking a Preliminary Injunction and Declaratory Relief and containing a verified Petition for Writ of Mandate.

The case number is 2:26-cv-03602.

The Defendants have been served and the case is moving forward.

We thank all of you who have contributed to the legal fund on the SBRPA website and urge those of you who have not yet done so, to contribute.

Make no mistake, these latest laws will affect all of you.

The City Council has instructed staff to produce a Rent Stabilization Ordinance which is to limit rent increases to non-exempt units to 60% OF CPI not CPI plus something. No, not even keeping up with the rate of inflation. And, it will be capped at 3%. So, if CPI goes higher, housing providers will still not be able to raise rents above 3%.

The US Constitution **prohibits unconstitutional taking of private property** for a public use without just compensation. This is not even a taking for a public use. This is an attempted taking of private property for a segment of the population, tenants.

The Constitution also mandates that there be **due process** which in this case there is not. What due process can be found in these one-sided, restrictive, punitive laws?

Is there **equal protection** for housing providers and tenants? No. Housing providers are not all rich. Many smaller owners have one or two units which they managed to purchase by saving and hard work to supplement their retirement. Some use their one rental unit to pay for their spouse who is in assisted living which is very expensive.

Housing providers are to receive a "fair rate of return" but that is not so using the laws that this City Council is attempting to push forward. How can ANY PERCENTAGE LESS THAN CPI be a "fair rate of return**?"**

Another component of the proposed ordinance is a "Rent Registry" which will require that ALL RENTAL PROPERTIES IN SANTA BARBARA BOTH EXEMPT AND NON-EXEMPT provide all information about rents, occupants, expenses, etc. Yes, you read that correctly. This also applies to non-exempt units.

Guess what, you get to pay for the implementation of such a program with an low estimated start up cost of one and a half million dollars ($1,500,000.00). This will be done by fees levied against you.

Then, you will be charged fees to keep this program going. The City cannot afford to do it; so, they are passing yet another cost on to the housing providers.

Hayward has 3.5 full-time staff and the annual cost to run the program is $624,000.00. That is for 11,580 units. Mountain View has 7 full-time staff and the annual cost is $1.91M for 12,720 units. Alameda has 7.5 full-time staff for an annual cost of $1.99M for 13,741 units. Santa Ana has 5 full-time staff for an annual cost $2.3M for approximately 25,000 units. West Hollywood has 12 full-time staff and an annual operating cost of $3,46M for approximately 17,000 units. Santa Monica has 24 full-time staff and an annual operating cost of $6.14M for approximately 27,600 units.

Can you afford this?

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You are not allowed to raise your rents and each year, more and more expenses are heaped on your shoulders. No other industry is being treated this way.

Yes, housing providers are selling. Yes, people are leaving California just like insurance companies are fleeing the state.

What will be left to provide rentals to tenants? Government owned units. Those units don't pay property taxes; so, this will affect the budget of the City. Eventually, those actions taken now will come crashing down on the people who take them. It cannot go on being supported. The math does not work.

Interestingly, even though this "rent stabilization ordinance" does not have any means testing so that no matter how much money a tenant has, that tenant can get the same benefits as those who actually need them, the housing authority has means testing.

As of early 2026, the most significant action concerning housing authority means testing is the implementation of new asset limitations under the **Housing Opportunity Through Modernization Act (HOTMA)**, which took effect in 2026 and was extended for full compliance until January 1, 2027. Additionally, HUD has proposed new rules to allow Public Housing Authorities (PHAs) to impose work requirements and term limits to encourage self-sufficiency.

Remember that the housing authority does not pay property taxes either.

So, the entire burden of the City's lack of funds is being shifted onto the private housing providers.

The second ordinance, you may recall from last month's message, would mandate that a housing provider who wants to take a unit off the market must take ALL the units off the market and not put them back on the market for FIVE YEARS. That requirement, by the way, "runs with the land" so that if you were to sell your property during those five years, the new owner could not put the units back on the rental market until those five years were up. How much to you think this would reduce the value of your properties?

There is no question that these laws will reduce the value of your investments.

Take action now and contribute to the legal action fund. Do not assume that someone is going to do this for you.

Please continue to monitor the SBRPA website for notifications about important City Council meetings where we need your help to tell your experiences.

We appreciate your membership and participation.

Betty L. Jeppesen, President