

President's Message

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This month's message starts with something big - [News Flash – Win for Apartment Owners](#)

The 1st District Court of Appeal in San Francisco on Friday, September 11th, upheld a Judge's decision that has prevented Proposition M from taking effect since 54.5% of voters approved in November of 2022. This proposition would have imposed a vacancy tax on those apartments that had stood vacant for six months or more.

In *Debbane v. City and County of San Francisco*, Docket No. A172067, the Court of Appeal upheld the decision that declared this vacancy tax an unconstitutional "taking" of private property stating that the Ellis Act (California Government Code sections 7060-7060.7) grants property owners both "the right to enter the rental market" and "the right to exit the rental market" and to remain out of it as stated by Justice Kathleen Banke in a 3-0 ruling.

This is very significant for Santa Barbara property owners since the City Council has threatened to impose a vacancy tax at some point.

This could also have significant impact on the "additional requirements" for going out of business under Santa Barbara Municipal Code section 26.50.100 that went into effect on January 27, 2026 pursuant to Ordinance 6207 that require that if one unit is taken off the market, all units on the parcel must be taken off the market at the same time and those units cannot be rented for a period of five years after their removal from the market.

Meanwhile, in the *SBRPA v. City of Santa Barbara* case, we are still working out the pleadings challenges. The Opposition to the City's new Motion to Dismiss was filed and we just received the City's Reply Brief. The District Court will no doubt take this under submission without oral argument and give us a ruling within the next few weeks. We will keep you informed.

The City Council agenda for September 22, 2026 contains agenda item 12 bringing back the updated Rent Stabilization Ordinance adding section 26.90 to the Municipal Code and section 26.100 adding a Rental Registry to the Housing Chapter. The agenda further includes a proposal Amending Resolution No. 2026-057, Adopting the Budget for Fiscal Year 2027, to Approve an Allocation in the Fiscal

Year 2027 Expenditure Appropriations in the Measure I Flexible Housing and Homelessness Fund in the Amount of \$500,000 to Support the Implementation of a Residential Rent Stabilization Program and Rental Registry.

The revised Rent Stabilization Ordinance includes the following elements:

- Base rent remains tied to December 16, 2025;
- Annual general adjustment remains the lesser of 60% of the change in the Consumer Price Index or 3%;
- One-increase-per-twelve-month rule, and the January 1, 2027 operative date are unchanged;
- Capital Improvement Petition pass-through remains capped at 10% of monthly rent or \$100, whichever is less; and
- The Rent Stabilization Board remains a seven-member body with a four-vote threshold.

Staff has the audacity to state that it will introduce and subsequently adopt an "Ordinance of the Council of the City of Santa Barbara Amending the Santa Barbara Municipal Code to Preserve Affordable Housing and **Protect Tenant and Landlord Rights by the Addition of Chapter 26.90 Relating to Residential Rent Stabilization and Chapter 26.100 Relating to Residential Rental Registry.**" (Emphasis added.) This hardly protects landlord rights in any way, shape or form. The RSO takes away landlord rights and eliminates what few protections for landlords that may still exist.

It gets worse.



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1. There is a new requirement for Capital Improvement Plans. Section 26.90.100, which previously dealt with the rental registry, now relates to capital improvement plans and **establishes a pre-approval process that must be completed before a special rent increase petition may be filed for a capital improvement pass-through.** The details of this new requirement are discussed later in this report.

So, now housing providers have to go through a PRE-approval process BEFORE they can file for permission for a special rent increase petition for capital improvement pass-throughs. What housing provider is going to want to do any capital improvements under these onerous conditions thus sending the aging housing stock further into disrepair.

2. Consolidated notice requirement. Section 26.90.110, which previously related to rental registry, now consolidates notice requirements and **creates a tenant disclosure package tied to the lease offer requirements of Municipal Code Section 26.40.010.**

It takes approximately an hour now to put together a Notice of Termination that encompasses all of the notices to the tenants of rights going from one section of the Housing chapter to the next. The exemptions are all over the place so each section must be read with great care because the exemptions are NOT the same for Just Cause as they are for Rent Cap. So, now we are facing yet more disclosures to be made to the tenant in this new idea of a tenant disclosure package tied to the lease offer requirements?

The exemptions that were allowed have been reduced to 3 categories down from 9.

Owner-occupied duplexes are now covered under the Rent Stabilization Program. The exemption contained in the Public Review Draft for rentals in a two-unit structure in which the owner occupies one unit as a principal residence at the inception of the tenancy and continues in occupancy has been deleted.

Deed-restricted affordable housing owned, operated or managed by a public agency or non-profit organization and subject to a recorded affordability covenant has also been removed from exemptions.

All other clarifying exemptions, for example transient rentals, student housing operated by educational institutions, and other institutional and service program housing, have all been deleted.

The new draft includes something called "Base rent anti-circumvention." For a tenancy that commenced

on or before December 16, 2025, the base rent applies notwithstanding any provision of a new or amended rental agreement purporting to establish a higher rent. "This provision was added to foreclose attempts by some landlords to use lease language, particularly during the temporary rent moratorium, to circumvent the law." Staff report.

The RSO has created a new definition of "rent increase."

"A rent increase includes any reduction, suspension or termination of a housing service, absent a simultaneous and corresponding reduction in rent. This was implied in the Public Review Draft but has now been made specific."

Services provided to tenants have been expanded.

"The definition of housing services has been clarified and broadened to name heating, ventilation and air conditioning (**HVAC**); **electricity, gas, internet, telecommunications, sewer, and refuse collection; access rights; and the right to keep a specified number of pets.** Telephone services are subsumed within telecommunications."

The definition of "rent" has been expanded.

"Rent" now includes: "the value of any non-monetary consideration a tenant provides or that a landlord demands in connection with occupancy or the provision of housing services for a rental unit."

The definition of "capital improvements" has been changed.

The definition now ties the amortization requirement to the federal income tax law, excludes improvements primarily relating to a service or amenity for which tenants pay separately from rent, and broadens the exclusion for corrective work to any notice of violation or other notice by a government agency ordering repairs.

The Program Administrator has been given authority to designate a comparable index by regulation if no qualifying index is published. It appears that the Program Administrator gets to decide if a "qualifying index" exists.

It gets worse and worse.

Rights are reduced and burdens are expanded.

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