June 9, 2026

Mayor Randy Rowse
Councilmember Eric Friedman
Councilmember Oscar Gutierrez
Councilmember Meagan Harmon
Councilmember Mike Jordan
Councilmember Wendy Santamaria
Councilmember Kristen Sneddon
PO Box 1990
Santa Barbara, CA 93102

RE: Draft Residential Rent Stabilization Ordinance

Dear Mayor Rowse and Councilmembers,

The Santa Barbara Association of REALTORS® (SBAOR) represents about 1,200 REALTORS® throughout the South Coast and our mission includes engaging in real estate related community issues affecting our members and/or their clients who are homeowners, housing providers, tenants, and commercial owners. The Santa Barbara Rental Property Association (SBRPA) is the premiere organization for housing providers, suppliers, and the rental housing community. SBRPA serves the community at large, and nowhere is this more evident than in our collaboration with various organizations. As two of the leading organizations in the South Coast primarily focused on housing, we remain opposed to the proposed Residential Rent Stabilization Ordinance.

After months of discussion, consultant studies, staff reports, public testimony, and stakeholder input, the City is considering a rent control program that would create an unprecedented, restrictive local rental housing regulatory systems in California history while doing little to address the fundamental cause of our housing affordability challenges: a severe shortage of housing.

The draft ordinance before the Council goes far beyond a simple rent cap. It creates an entirely new regulatory bureaucracy consisting of an expensive rental registry whose effectiveness depends on violating privacy rights, a cumbersome and lengthy special adjustment process, a procedure to appoint officers/agents to make critical neutral determinations without safeguarding against potential bias, unduly burdensome compliance obligations, and harsh enforcement penalties. Recent discussions estimate annual program costs between approximately $1.5 million and more than $2 million. Yet the draft ordinance includes additional administrative requirements whose costs have not been discussed publicly, including mandatory hearings, court reporters, extensive noticing requirements, appeals, and ongoing registry administration.

These costs will not be absorbed by City Hall. They will ultimately be paid by the rental housing community and become another cost of providing housing in Santa Barbara.

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A Rent Cap That Fails to Reflect Real Operating Costs
The ordinance proposes annual rent increases limited to 60% of CPI, capped at 3% per year. While described as rent stabilization, the practical effect is a rent control system that disconnects allowable rent adjustments from many of the actual costs of operating rental housing.

Insurance premiums, utilities, labor, maintenance, regulatory compliance, and other operating expenses continue to rise. Yet the proposed rent cap would limit the ability of housing providers to keep pace with those costs, forcing many owners to rely upon a complex petition process simply to seek a constitutionally required fair return.

The City repeatedly emphasizes the existence of a fair-return process as a safeguard. However, the draft ordinance creates a process that is expensive, subjective, administratively burdensome, and likely inaccessible to many small housing providers who own duplexes, triplexes, fourplexes, and other small rental properties throughout Santa Barbara.

A System Built on Subjective Standards
Throughout the draft ordinance, critical rights and obligations are governed by undefined terms such as:

- "Exceptional circumstances"
- "Reasonable notice"
- "Reasonable opportunity to correct"
- "Reasonable hourly rates"
- "Unreasonable delay"
- "Promptly"
- "Fair return"

These terms are not minor drafting issues. They are the standards that will determine how the ordinance functions in practice. For example:

- What constitutes an "exceptional circumstance" when evaluating a fair-return petition?
- What is an "unreasonable delay" when repairs are delayed by permitting, insurance claims, contractor shortages, financing constraints, or material availability?
- What qualifies as "reasonable notice" before a tenant seeks a rent reduction?
- How quickly must the Program Administrator act when the ordinance simply requires action to occur "promptly"?
- What standards will be used to determine a "reasonable" hourly rate for landlord-performed labor?

The ordinance leaves these decisions largely to future interpretation by appointed hearing officers, administrators, and the Rent Stabilization Board. What additional safeguards does the City have to ensure these appointed officers/agents are neutral, disinterested parties capable of making unbiased decisions?

Significant Authority with Limited Guidance
The ordinance grants substantial authority to hearing officers, including the ability to conduct investigations, hear petitions, review evidence, and issue decisions affecting property rights and rental income. However, the ordinance provides little guidance regarding:

- The scope of a hearing officer's investigative authority.
- How investigations may be initiated.
- Whether investigations require a complaint.
- How hearing officers will be selected and assigned.
- What conflict-of-interest standards will apply.
- What qualifications hearing officers must possess.
- Whether organizations that regularly advocate for one side of housing disputes may participate in hearing

administration.

The ordinance repeatedly references "impartial" hearing officers but leaves significant discretion to the Program Administrator regarding their selection.

The ordinance also allows consideration of hearsay evidence while providing little guidance regarding the weight such evidence may receive or whether a decision may be based primarily upon hearsay. While hearsay is common in administrative proceedings, the draft contains few safeguards regarding how such evidence will be evaluated.

Administrative Costs Continue to Grow

The more one reviews the draft ordinance, the more administrative requirements emerge. Among them:

- Mandatory hearings
- Hearing officers
- Court reporters for all hearings
- Administrative investigations
- Petition processing
- Appeals
- Rental registry administration
- Annual reporting
- Public outreach
- Board support

The requirement that all hearings be recorded and that the Program Administrator arrange for a court reporter raises additional questions regarding ongoing program costs. To date, the City has not provided a detailed breakdown showing how these and other administrative requirements contribute to the estimated annual cost of the program. Before adoption, the public deserves a complete accounting of the true cost of implementing and maintaining this system.

Rental Registry and Privacy Concerns

The ordinance requires extensive information from housing providers while simultaneously prohibiting collection of tenant identifying information. While the City cites privacy concerns in limiting tenant data collection, the ordinance provides little discussion regarding privacy protections for landlords whose names, addresses, phone numbers, email addresses, and ownership information may be collected through the registry.

The ordinance also creates practical enforcement questions. If the City does not collect tenant identifying information, how will it independently verify move-in dates, occupancy claims, successor occupancy rights, or other disputes that may arise under the ordinance?

Further, the ordinance requires reporting of move-in dates for current tenants but provides no mechanism for verifying whether all occupants are authorized occupants, successors, or individuals who may not be lawfully residing in the unit. The City is creating a registry without collecting the information necessary to independently verify many of the rights and claims that may ultimately be litigated through the program.

Exemptions and Ongoing Compliance

Even exempt units are not fully exempt from the system. Property owners claiming exemptions must file exemption claims and supporting documentation with the City. The ordinance does not clearly explain:

- Whether exempt units will be subject to filing fees.
- Whether exemption claims must be periodically renewed.
- Whether exempt units may later become subject to additional reporting requirements.

These are important questions for hundreds of housing providers whose properties may not be subject to rent

control but would nevertheless be drawn into the administrative framework created by the ordinance.

An Uneven Allocation of Rights and Responsibilities
Throughout the ordinance, there are numerous provisions requiring housing providers to reimburse tenants, refund alleged overcharges, absorb unpaid fee pass-throughs, or comply with strict repayment deadlines. For example, if a tenant successfully challenges a rent increase and subsequently vacates the property, the landlord may be required to pay any remaining balance owed within two weeks. Conversely, the ordinance contains comparatively few provisions addressing circumstances in which tenants may owe obligations following petition determinations or administrative proceedings.
Similarly, landlords filing petitions are expressly required to pay program fees established by City Council resolution, while the ordinance is silent regarding comparable filing fees for tenant petitions.

The cumulative effect is a system in which the burdens, costs, and risks are disproportionately assigned to housing providers.

Other California Communities Are Reconsidering Similar Programs
As Santa Barbara considers creating a new rent control bureaucracy estimated to cost between $1.5 million and more than $2 million annually, it is worth noting that several California communities are moving in the opposite direction. At a time when other California communities are scaling back rent control programs and rental registries, Santa Barbara is proposing one of the most restrictive and administratively complex local rent control ordinances in the state.

In March 2026, Half Moon Bay voted to repeal both its rent stabilization ordinance and rental registry. Councilmembers cited concerns about administrative costs, impacts on small housing providers, and the reality that statewide protections under AB 1482 already provide rent caps and just-cause eviction protections for many tenants. Several councilmembers also expressed concern that increasing regulatory burdens on small property owners could accelerate consolidation of rental housing by larger institutional investors. Rather than maintaining a costly local regulatory structure, the City directed its attention toward exploring direct tenant assistance programs, legal aid services, and housing counseling.

Similarly, Salinas voted to repeal its rent stabilization ordinance, rental registry, tenant protection ordinance, and tenant anti-harassment ordinance. Councilmembers questioned whether maintaining a separate local regulatory system remained necessary given existing statewide protections and the costs associated with administering overlapping programs.

Other California cities have also stepped back from expanding rent control programs. In 2025, Pomona declined to move forward with a proposed rental registry and permanent rent stabilization ordinance after concerns were raised regarding implementation complexity, administrative burdens, and program costs.

These examples do not suggest that housing affordability challenges have disappeared. Rather, they demonstrate that a growing number of California communities are reevaluating whether creating additional local bureaucracies, registries, boards, hearings, and enforcement systems is the most effective way to support tenants. Many are instead asking whether existing statewide protections, combined with targeted housing assistance and increased housing production, provide a more effective and sustainable path forward.

Before establishing an entirely new regulatory structure, Santa Barbara should carefully evaluate not only the intended benefits of this proposal, but also the experiences of communities that have already implemented similar programs and later determined that the costs, complexity, duplication of state law, and unintended consequences outweighed the benefits.

The Fundamental Problem Remains Unchanged
Perhaps most concerning is what this ordinance does not do.
It does not build a single unit of housing.
It does not reduce development costs.
It does not streamline approvals.
It does not lower construction costs.
It does not increase housing supply.
It does not address the fundamental imbalance between housing demand and housing availability.

Instead, it creates a costly and complex regulatory framework that risks discouraging investment in rental housing, reducing housing mobility, encouraging conversion of rental housing to other uses, and increasing administrative burdens for the very housing providers the City relies upon to maintain and preserve existing rental stock. Over time, these pressures may disproportionately impact small housing providers and family-owned rental properties, creating incentives for consolidation and acquisition by larger corporate and institutional investors, the very entities many community members have expressed concern about seeing play a larger role in Santa Barbara's housing market. As other California communities have recognized, policies that make it increasingly difficult for local owners to remain in the rental housing business may unintentionally accelerate the transfer of rental housing from small, community-based providers to larger institutional ownership.

Santa Barbara's affordability challenges are real. But affordability cannot be regulated into existence through ever-increasing layers of bureaucracy. Lasting affordability comes from increasing housing opportunities, encouraging investment, preserving existing housing stock, and reducing barriers to housing production.

You are not simply considering a rent cap. You are considering the creation of an entirely new regulatory bureaucracy governing thousands of rental units throughout Santa Barbara. Before moving forward, You should **carefully consider** whether a program estimated to cost millions of dollars annually, governed by subjective standards, dependent upon hearings, appeals, investigations, and ongoing administrative oversight, will meaningfully improve housing affordability or simply add another layer of cost and complexity to an already strained housing market.

For these reasons, SBAOR and SBRPA remain opposed to the proposed ordinance and urges the Council to carefully consider the long-term consequences of adopting a program that is expensive to administer, highly subjective in operation, and will not address the root cause of purported housing stability issues.

Should the Council move forward with adoption, this ordinance may not simply change how rental housing is regulated in Santa Barbara, it may fundamentally alter who is able to remain in the rental housing business.

Sincerely,

Jennifer Berger
SBAOR 2026 President

Betty Jeppesen
SBRPA 2026 President