SBAOR
Santa Barbara Association of REALTORS®

10 OF THE BIGGEST RED FLAGS IN SANTA BARBARA'S NEW RENT CONTROL ORDINANCE

ADOPTED OCTOBER 6, 2026

These are just 10 of the many concerns for **Santa Barbara rental property owners.**

1 RENT INCREASES CAPPED AT JUST 60% OF CPI AND NEVER MORE THAN 3%.

If CPI is negative, the allowable rent increase is 0% even if insurance, utilities, repairs and other operating costs continue to rise. No banking of unused increases.

2 ALMOST NO RENTAL HOUSING IS EXEMPT FROM THE RENT CAP.

Only three types of properties are exempt: single-family homes, condominiums and new construction built on or after Feb. 1, 1995. Owner-occupied duplexes, triplexes and fourplexes are NOT exempt.

3 ALMOST EVERYONE REGISTERS EVEN IF YOU'RE EXEMPT.

Nearly all rental units must register annually and pay a City fee, including single-family homes, condos, newer construction and ADUs. The only exception is rental units within an owner-occupied dwelling where the owner and tenant share facilities such as a kitchen or bathroom.

4 THE RULES ARE COMPLICATED AND A MISTAKE COULD STOP YOU FROM COLLECTING RENT.

The ordinance adds extensive notices, deadlines, disclosures and requirements. Failure to properly register could prohibit you from demanding or accepting rent. Other violations could be used as a defense in an action to recover rent or possession.

5 CAPITAL IMPROVEMENTS & FAIR RETURN REQUIRE A LENGTHY, INVASIVE PROCESS.

You must petition the City, provide extensive financial and property information, and justify your request. The City can review your entire business including income, expenses, records and books and you carry the burden of proving your request qualifies. The process may take up to a year.

6 TENANTS CAN PETITION FOR LOWER RENTS.

Tenants may seek rent reductions based on decreases in housing services or habitability issues, adding another City proceeding that property owners must respond to.

7 TEMPORARY RELOCATION COULD COST THOUSANDS.

If tenants need to temporarily relocate for repairs or improvements, owners could owe **$150 PER DAY** for lodging and **$30 PER PERSON PER DAY** for meals. A family of four displaced for just 29 days equals **$7,830** before paying for the actual repairs or improvements.

8 THE RENT STABILIZATION BOARD GUARANTEES TENANTS A MAJORITY.

At least 4 of 7 members must be tenants, while not one seat is guaranteed to a rental property owner or property manager—even though the Board will hear appeals and have significant authority over the program.

9 PROPERTY OWNERS PAY FOR A COSTLY NEW CITY PROGRAM.

The City estimates the program will cost $1.5–$2 million+ annually, plus $500,000 just to begin implementation. Owners must pay the annual registration fee and can pass through only 50% to tenants. If tenants don't pay their share, there is no recourse except small claims court.

10 FUTURE EXPANSION IS BUILT IN.

If Costa-Hawkins is repealed or changed, additional properties could automatically become subject to the RSO. Any future expansion should come back to the City Council for public review and a separate decision—not automatically take effect under an ordinance adopted today.

THERE IS A PATH TO CHANGE. A REFERENDUM CAN PUT THIS ORDINANCE BEFORE THE VOTERS.

If enough valid signatures are gathered, Santa Barbara voters can consider repealing or amending the rent control ordinance. SBAOR is exploring this option and will keep you informed.

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