

File No. 240684

Committee Item No. _____

Board Item No. 49

COMMITTEE/BOARD OF SUPERVISORS

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Committee: _____

Date: _____

Board of Supervisors Meeting

Date: June 18, 2024

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Prepared by: Lisa Lew

Date: June 14, 2024

Prepared by: _____

Date: _____

1 [Supporting The Justice for Renters Act - California State Proposition - November 5, 2024
2 Ballot]

3 **Resolution supporting The Justice for Renters Act, a California State Proposition on**
4 **the November 5, 2024, ballot; and reaffirming the City and County of San Francisco’s**
5 **support for repeal of the Costa-Hawkins Rental Housing Act.**

6
7 WHEREAS, Between 1978 and 1995, about a dozen California cities including San
8 Francisco, Los Angeles, Santa Monica, West Hollywood, Oakland, Hayward, East Palo Alto,
9 and others, adopted local rent control laws; and

10 WHEREAS, In 1995, over local objections, the California legislature adopted and
11 Governor Pete Wilson signed into law the Costa-Hawkins Rental Housing Act (“Costa
12 Hawkins”) requiring all local rent control laws to: 1) exempt newly constructed apartment
13 buildings; 2) exempt all single-family homes and condos; and 3) decontrol initial rents,
14 allowing landlords to charge any amount for tenancies commencing after a lawful vacancy;
15 and

16 WHEREAS, The “new construction” provision of Costa Hawkins not only prevents rent
17 control on units built after 1995 anywhere in California, but also locks in any “new
18 construction” exemption dates that were in effect under local Rent Control laws when Costa
19 Hawkins passed, and in San Francisco, the latter provision has prevented rent control on any
20 San Francisco property built after June, 1979 – exempting buildings that can hardly be
21 considered new – all due to limitations that the City cannot modify because of Costa Hawkins;
22 and

23 WHEREAS, The Costa Hawkins Rental Housing Act was sponsored by the California
24 Association of Realtors and supported by the real estate industry, and the Act was opposed
25 by local governments and tenant advocates across the state of California; and

1 WHEREAS, Today over 30 California cities representing more than 10 million residents
2 have adopted local rent control laws; and

3 WHEREAS, Vacancy control, which some cities had before Costa Hawkins, allows
4 cities to limit rent and rent increases after a vacancy, and is a powerful tool to lower rents;
5 without it, landlords are free to charge any amount after a vacancy, driving up housing costs,
6 making housing less affordable to low- and very low-income families, intensifying gentrification
7 and increasing the number of people experiencing homelessness; and

8 WHEREAS, Vacancy decontrol, by allowing landlords to command market rate rents
9 after a vacancy, provides a financial incentive to evict or otherwise displace renters living in
10 lower rent apartments, a situation that has been exploited particularly by corporate landlords
11 who build flipping units into their investment strategy, as detailed by tenant counseling
12 agencies in a 2018 report by the Anti-Displacement Coalition; and

13 WHEREAS, 35% of renter households overall are rent burdened in San Francisco
14 according to California Housing Partnership data, and for very low-income renter households
15 that figure jumps to 61% as defined by those paying 30% or more of their income on rent, and
16 median rents have risen in San Francisco to \$2950 for 1-bedroom units, and \$3950 for 2-
17 bedroom units, according to May 2024 data from a national report on rental trends in major
18 cities; and

19 WHEREAS, Renters in lower income, Black and Latinx households are
20 disproportionately targeted with evictions, but San Francisco voter-approved Prop F (2018)
21 has helped San Francisco tenants to stay housed in 92% of cases when provided a free
22 lawyer through Tenant Right to Counsel, according to a recent report from the City; and

23 WHEREAS, Black and Latinx households in California are much more rent burdened
24 than their white counterparts, and communities of color in San Francisco are impacted by
25 income disparities that contribute to rent burdens, where 64% of Black residents and 49% of

1 Latinx are in very low-income households, compared to 36% of SF households overall in this
2 category, from an analysis by the Bay Area Equity Atlas; and

3 WHEREAS, Increasing rents and loss of affordable housing have serious social
4 impacts: older adults feel very vulnerable should there be a loss of income from a spouse
5 passing; young adults find it very difficult to find apartments they can afford and must live at
6 home much longer; families double and triple-up creating significant overcrowding; many
7 lower income families leave their communities and travel to other communities or states
8 looking for a place they can afford; and many other people are forced to experience
9 homelessness on the streets of their community; and

10 WHEREAS, Ten of the largest corporate landlords in the U.S. are donating millions to
11 stop the passage of the Justice for Renters Act, a state proposition on November 2024 ballot
12 that would repeal Costa Hawkins, and the real estate industry has a track record of massive
13 contributions against rent control, including a total of \$175 million to oppose Prop 10 in 2018
14 and Prop 21 in 2020, using misinformation campaigns to prevent the repeal of Costa Hawkins;
15 and

16 WHEREAS, In 2018, the San Francisco Board of Supervisors passed a Resolution
17 (File #180785) Supporting California State Proposition 10 - The Affordable Housing Act - on
18 the November 6, 2018 Ballot, reaffirming the City and County of San Francisco's support for
19 repeal of the Costa Hawkins Rental Housing Act; and

20 WHEREAS, In 2017, the San Francisco Board of Supervisors unanimously passed a
21 Resolution (File #171166) Supporting California State Assembly Bill 1506 (Bloom) - Repealing
22 the Costa-Hawkins Act, which would have repealed Costa Hawkins through the State
23 legislature, yet the bill failed to pass out of committee, with the California Apartments
24 Association claiming victory in efforts to "derail" this bill; and

25

1 WHEREAS, The real estate industry has claimed that rent control has a chilling effect
2 on new construction yet this does not match up with the data, from a recent Haas Institute
3 Report that showed the six cities with rent control in the SF Bay Area in fact had produced
4 more housing units per capita than cities without rent control; and

5 WHEREAS, The repeal of Costa Hawkins will allow, but not require, local jurisdictions
6 like San Francisco to address the gaps in administering rent control, with options to broaden
7 rent stabilization and protections for housing that does not currently fall under this regime:
8 units built after 1979, housing stock not currently subject to rent control, and rent-controlled
9 units where landlords can reset rents to market rate via vacancy decontrol, thus weakening
10 the impact of rent control laws over time; and

11 WHEREAS, The Courts already limit rent control laws to ensure that landlords get a fair
12 return on their investments and there is no need for state intervention to further limit local rent
13 control laws, the scope of which should be decided by local voters and local legislative bodies,
14 not by the state legislature; and

15 WHEREAS, Governor Newsom and the State Legislature have described the housing
16 affordability crisis as a priority in several legislative cycles, yet the draft budget as it currently
17 stands has proposed to roll back \$1.76 billion in funds to critical programs that would build
18 and preserve affordable housing and prevent homelessness, and at the same time, the state
19 Costa Hawkins law is directly interfering with the efforts of local governments to make housing
20 more affordable in their communities and create stronger protections for low-income renters;
21 now, therefore, be it

22 RESOLVED, That the City and County of San Francisco affirms its support for strong
23 rent control to protect tenant and respond to tenants' need for affordable, stable, and secure
24 housing; and, be it

25

1 FURTHER RESOLVED, That the City and County of San Francisco objects to state
2 interference with local rent control laws, and specifically state preemption of local rent control
3 laws; and, be it

4 FURTHER RESOLVED, That the City and County of San Francisco hereby endorses
5 the Justice for Renters Act calling for the repeal of Costa Hawkins on the statewide California
6 ballot on November 5, 2024.

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22 - 0008

RECEIVED

December 21, 2022

DEC 22 2022

Anabel Renteria, Initiative Coordinator
Office of the Attorney General
1300 I Street, 17th Floor
Sacramento, CA 95814

**INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE**

Re: Request for Preparation of Title and Summary

Dear Ms. Renteria:

I am the proponent of the enclosed initiative measure, which is entitled "Justice for Renters Act." Pursuant to article II, section 10(d), of the California Constitution and section 9001 of the California Elections Code, we hereby request the preparation of a circulating title and summary of the chief purposes and points of the proposed measure.

Enclosed is a check for \$2,000 made payable to the State of California. Also enclosed are the signed statements required by Elections Code section 9001(b) and 9608.

I request that my residence address be kept confidential following verification of my status as registered voters.

You are hereby authorized and requested to direct all further inquiries and correspondence regarding this proposed measure to the following persons:

Fredric D. Woocher, Esq.
Beverly Grossman Palmer, Esq.
Strumwasser & Woocher LLP
1250 6th Street, Suite 205
Santa Monica, CA 90405
fwoocher@strumwooch.com
bpalmer@strumwooch.com
(310) 576-1233

Sincerely,



Ashoke Talukdar

Justice for Renters Act

Section 1.

This Act shall be known and may be cited as "Justice for Renters Act."

Section 2.

The following provision is added to Chapter 2.7 of Title 5 of Part 4 of Division 3 of the Civil Code:

1954.40. The state may not limit the right of any city, county, or city and county to maintain, enact or expand residential rent control.

Section 3.

The following provisions of Chapter 2.7 of Title 5 of Part 4 of Division 3 of the Civil Code are repealed, as illustrated by strikeout text below.

~~1954.50. This chapter shall be known and may be cited as the Costa Hawkins Rental Housing Act.~~

~~1954.51. As used in this chapter, the following terms have the following meanings:~~

~~(a) "Comparable units" means rental units that have approximately the same living space, have the same number of bedrooms, are located in the same or similar neighborhoods, and feature the same, similar, or equal amenities and housing services.~~

~~(b) "Owner" includes any person, acting as principal or through an agent, having the right to offer residential real property for rent, and includes a predecessor in interest to the owner, except that this term does not include the owner or operator of a mobilehome park, or the owner of a mobilehome or his or her agent.~~

~~(c) "Prevailing market rent" means the rental rate that would be authorized pursuant to 42 U.S.C.A. 1437 (f), as calculated by the United States Department of Housing and Urban Development pursuant to Part 888 of Title 24 of the Code of Federal Regulations.~~

~~(d) "Public entity" has the same meaning as set forth in Section 811.2 of the Government Code.~~

~~(e) "Residential real property" includes any dwelling or unit that is intended for human habitation.~~

~~(f) "Tenancy" includes the lawful occupation of property and includes a lease or sublease.~~

~~1954.52. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial and all subsequent rental rates for a dwelling or a unit about which any of the following is true:~~

~~(1) It has a certificate of occupancy issued after February 1, 1995.~~

~~(2) It has already been exempt from the residential rent control ordinance of a public entity on or before February 1, 1995, pursuant to a local exemption for newly constructed units.~~

~~(3) (A) It is alienable separate from the title to any other dwelling unit or is a subdivided interest in a subdivision, as specified in subdivision (b), (d), or (f) of Section 11004.5 of the Business and Professions Code.~~

~~(B) This paragraph does not apply to either of the following:~~

~~(i) A dwelling or unit where the preceding tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827.~~

~~(ii) A condominium dwelling or unit that has not been sold separately by the subdivider to a bona fide purchaser for value. The initial rent amount of the unit for purposes of this chapter shall be the lawful rent in effect on May 7, 2001, unless the rent amount is governed by a different provision of this chapter. However, if a condominium dwelling or unit meets the criteria of paragraph (1) or (2) of subdivision (a), or if all the dwellings or units except one have been sold separately by the subdivider to bona fide purchasers for value, and the subdivider has occupied that remaining unsold condominium dwelling or unit as his or her principal residence for at least one year after the subdivision occurred, then subparagraph (A) of paragraph (3) shall apply to that unsold condominium dwelling or unit.~~

~~(C) Where a dwelling or unit in which the initial or subsequent rental rates are controlled by an ordinance or charter provision in effect on January 1, 1995, the following shall apply:~~

~~(i) An owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all existing and new tenancies in effect on or after January 1, 1999, if the tenancy in effect on or after January 1, 1999, was created between January 1, 1996, and December 31, 1998.~~

~~(ii) Commencing on January 1, 1999, an owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all new tenancies if the previous tenancy was in effect on December 31, 1995.~~

~~(iii) The initial rental rate for a dwelling or unit as described in this paragraph in which the initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not, until January 1, 1999, exceed the amount calculated pursuant to subdivision (c) of Section 1954.53. An owner of residential real property as described in this paragraph may, until January 1, 1999, establish the initial rental rate for a dwelling or unit only where the tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of the Code of Civil Procedure.~~

~~(b) Subdivision (a) does not apply where the owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.~~

~~(c) Nothing in this section shall be construed to affect the authority of a public entity that may otherwise exist to regulate or monitor the basis for eviction.~~

~~(d) This section does not apply to any dwelling or unit that contains serious health, safety, fire, or building code violations, excluding those caused by disasters for which a citation has been issued by the appropriate governmental agency and which has remained unabated for six months or longer preceding the vacancy.~~

~~1954.53. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial rental rate for a dwelling or unit, except where any of the following applies:~~

~~(1) The previous tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827, except a change permitted by law in the amount of rent or fees. For the purpose of this paragraph, the owner's termination or nonrenewal of a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, shall be construed as a change in the terms of the tenancy pursuant to Section 827.~~

~~(A) In a jurisdiction that controls by ordinance or charter provision the rental rate for a dwelling or unit, an owner who terminates or fails to renew a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant may not set an initial rent for three years following the date of the termination or nonrenewal of the contract or agreement. For any new tenancy established during the three year period, the rental rate for a new tenancy established in that vacated dwelling or unit shall be at the same rate as the rent under the terminated or nonrenewed contract or recorded agreement with a governmental agency that provided for a rent limitation to a qualified tenant, plus any increases authorized after the termination or cancellation of the contract or recorded agreement.~~

~~(B) Subparagraph (A) does not apply to any new tenancy of 12 months or more duration established after January 1, 2000, pursuant to the owner's contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, unless the prior vacancy in that dwelling or unit was pursuant to a nonrenewed or canceled contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant as set forth in that subparagraph.~~

~~(2) The owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.~~

~~(3) The initial rental rate for a dwelling or unit whose initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not until January 1, 1999, exceed the amount calculated pursuant to subdivision (c).~~

~~(b) Subdivision (a) applies to, and includes, renewal of the initial hiring by the same tenant, lessee, authorized subtenant, or authorized sublessee for the entire period of his or her occupancy at the rental rate established for the initial hiring.~~

~~(c) The rental rate of a dwelling or unit whose initial rental rate is controlled by ordinance or charter provision in effect on January 1, 1995, shall, until January 1, 1999, be established in accordance with this subdivision. Where the previous tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of Code of Civil Procedure, an owner of residential real property may, no more than twice, establish the initial rental rate for a dwelling or unit in an amount that is no greater than 15 percent more than the rental rate in effect for the immediately preceding tenancy or in an amount that is 70 percent of the prevailing market rent for comparable units, whichever amount is greater.~~

~~The initial rental rate established pursuant to this subdivision may not substitute for or replace increases in rental rates otherwise authorized pursuant to law.~~

~~(d) (1) Nothing in this section or any other provision of law shall be construed to preclude express establishment in a lease or rental agreement of the rental rates to be applicable in the event the rental unit subject thereto is sublet. Nothing in this section shall be construed to impair the obligations of contracts entered into prior to January 1, 1996.~~

~~(2) If the original occupant or occupants who took possession of the dwelling or unit pursuant to the rental agreement with the owner no longer permanently reside there, an owner may increase the rent by any amount allowed by this section to a lawful sublessee or assignee who did not reside at the dwelling or unit prior to January 1, 1996.~~

~~(3) This subdivision does not apply to partial changes in occupancy of a dwelling or unit where one or more of the occupants of the premises, pursuant to the agreement with the owner provided for above, remains an occupant in lawful possession of the dwelling or unit, or where a lawful sublessee or assignee who resided at the dwelling or unit prior to January 1, 1996, remains in possession of the dwelling or unit. Nothing contained in this section shall be construed to enlarge or diminish an owner's right to withhold consent to a sublease or assignment.~~

~~(4) Acceptance of rent by the owner does not operate as a waiver or otherwise prevent enforcement of a covenant prohibiting sublease or assignment or as a waiver of an owner's rights to establish the initial rental rate, unless the owner has received written notice from the tenant that is party to the agreement and thereafter accepted rent.~~

~~(e) Nothing in this section shall be construed to affect any authority of a public entity that may otherwise exist to regulate or monitor the grounds for eviction.~~

~~(f) This section does not apply to any dwelling or unit if all the following conditions are met:~~

~~(1) The dwelling or unit has been cited in an inspection report by the appropriate governmental agency as containing serious health, safety, fire, or building code violations, as defined by Section 17920.3 of the Health and Safety Code, excluding any violation caused by a disaster.~~

~~(2) The citation was issued at least 60 days prior to the date of the vacancy.~~

~~(3) The cited violation had not been abated when the prior tenant vacated and had remained unabated for 60 days or for a longer period of time. However, the 60-day time period may be extended by the appropriate governmental agency that issued the citation.~~

Section 4.

If any provision of this Act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor inquiries..."
- 5. City Attorney Request
- 6. Call File No. from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: