

1 [Supporting Senate Bill 364 (Leno) - Amendments to State Law to Return Local  
2 Control Over the Ellis Act]

3 **Resolution supporting California Senate Bill 364, introduced by Senator Leno,**  
4 **amending State law to return local control over the Ellis Act to prevent real estate**  
5 **speculation and abuse of no-fault evictions.**

6  
7 WHEREAS, The City and County of San Francisco (the "City") has historically been  
8 among the cities with the highest average rent in our country; and

9 WHEREAS, The City has seen significant job creation and employment growth in the  
10 past three years, seeing unemployment rates decline from 9.7% in August 2010 to 3.8% in  
11 December 2014 with 70,252 more people employed; and

12 WHEREAS, The population of the City has continued to increase during the past three  
13 years of economic growth, resulting in an increased demand for housing; and

14 WHEREAS, From 1997 to the present, according to data from the Rent Board, 3,277  
15 units in San Francisco have been withdrawn from the rental market as a result of the Ellis Act;  
16 and

17 WHEREAS, The Ellis Act, Government Code, Sections 7060, et seq., provides, with  
18 limited exceptions that no public entity shall, by statute, ordinance, regulation, or by  
19 administrative action compel the owner of any residential real property to offer, or to continue  
20 to offer, accommodations in the property for rent or lease; and

21 WHEREAS, The Ellis Act is increasingly being used, not by long-term owners of rental  
22 property as the law intended, but instead by new owners who purchase the building with the  
23 intent of evoking the Ellis Act purely for speculative purposes; and

24  
25

1           WHEREAS, The Ellis Act has adversely affected the supply of rental housing in San  
2           Francisco by restricting its availability without granting municipalities the tools to directly deal  
3           with its negative consequences; and

4           WHEREAS, There is a trend emerging in which the Ellis Act is used by entities who  
5           buy rental residential buildings and repeatedly leave the rental business, exploiting a loophole  
6           in the Ellis Act that the Legislature may not have intended to create when it passed the law;  
7           and

8           WHEREAS, Speculators who use the Ellis Act to evict tenants typically target long term  
9           residents who tend to be seniors and impact the City’s most vulnerable residents: the  
10          disabled, those living with disabling HIV or AIDS, and immigrants; and

11          WHEREAS, An unintended consequence of the Ellis Act is that it places dependence  
12          for unit-by-unit replacement of lost affordable rental supply on local subsidy or market rate  
13          developers; and

14          WHEREAS, In the last decade, while San Francisco’s market rate developers, through  
15          the City’s inclusionary housing program, have produced 1,530 new affordable units without a  
16          City subsidy, during the same period, the City has witnessed 1,594 eviction notices based on  
17          the Ellis Act – creating a net loss in non-City-subsidized affordable rental housing; and

18          WHEREAS, In the last decade, while San Francisco has produced on average 591  
19          new locally subsidized affordable housing units each year, 262 affordable rental units on  
20          average have been petitioned to be withdrawn from the rental market each year due to the  
21          Ellis Act, diminishing the impact that City-subsidized affordable housing production has had  
22          on increasing San Francisco’s affordable housing, particularly for seniors and working class  
23          households; and

24          WHEREAS, Although there are 50,600 units entitled for development in the Planning  
25          Department’s most recent pipeline report, 6,700 of which are currently under construction,

1 with 35 percent currently qualifying as permanently affordable housing, the use of the Ellis Act  
2 has in the past three years increased 165%, with 215 evictions from March 2013 to February  
3 2014; and

4 WHEREAS, The City does not want to continue the trend of trying to build more  
5 affordable housing while at the same time losing an increasing number of our affordable rental  
6 housing to Ellis Act evictions; and

7 WHEREAS, The threat of Ellis Act eviction can force tenants to accept buyouts rather  
8 than face an eviction without compensation, which causes underreporting of de facto Ellis Act  
9 evictions; and

10 WHEREAS, The City recognizes that we cannot wait until Ellis Act evictions reach the  
11 levels seen in the year 2000 before acting to restore more local control; and

12 WHEREAS, A 2014 report from Tenants Together, a statewide organization for renters'  
13 rights, found that 51% of the City's evictions begin within the first year of new ownership and  
14 78% start within the first five years of new ownership; and

15 WHEREAS, Thirty percent of all Ellis Act evictions come from investors who have  
16 entered and exited the rental business more than once, evicting residents from multiple  
17 buildings; and

18 WHEREAS, The City should work to stem the tide of speculative evictions; and

19 WHEREAS, The City should protect residents who live in the housing stock we have  
20 while continuing to build the housing our growing workforce needs; now, therefore, be it

21 RESOLVED, That the Board of Supervisors and Mayor should work together with a  
22 common goal to amend state law to restrict speculative Ellis Act evictions and return greater  
23 local control over the Ellis Act in order to reduce the speculative Ellis Act evictions that are  
24 displacing long-time residents of our City and disrupting our efforts to grow in accordance to  
25 our General Plan and our neighborhood plans; and, be it

1           FURTHER RESOLVED, That the Board of Supervisors strongly supports Senate Bill  
2 364 amending state law to return more local control to San Francisco in order to stop  
3 speculative Ellis Act evictions and respectfully urge our Bay Area legislators to support said  
4 legislation; and, be it

5           FURTHER RESOLVED, That the Board of Supervisors and Mayor will also pursue  
6 local strategies to mitigate adverse impacts on persons displaced by the Ellis Act including but  
7 not limited to legislation related to relocation assistance, buy-outs, tenant harassment and  
8 affordable rental housing retention.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25