

File No. 220463

Committee Item No. _____

Board Item No. 28

COMMITTEE/BOARD OF SUPERVISORS

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Date: _____

Board of Supervisors Meeting

Date: May 3, 2022

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OTHER

- California State Assembly Bill No. 2050 _____
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Prepared by: Brittney Harrell

Date: April 28, 2022

Prepared by: _____

Date: _____

1 [Supporting California State Assembly Bill No. 2050 (Lee) - Ellis Act Reform]

2

3 **Resolution urging support of the passage of California State Assembly Bill No. 2050**
4 **introduced by Assembly Members Alex Lee and Wendy Carrillo, principally co-**
5 **authored by Assembly Member Ash Kalra, and co-authored by Assembly Members**
6 **Richard Bloom, Mia Bonta, Adrin Nazarian, Phil Ting, as well as Senators Ben Allen and**
7 **Henry Stern, which aims to curb property speculators who misuse the Ellis Act to evict**
8 **tenants until after five continuous years of property ownership.**

9

10 WHEREAS, The City and County of San Francisco (the "City"), along with many other
11 cities in the state of California, have struggled to provide affordable rental units for their
12 workforce and families; and

13 WHEREAS, According to the 2019 Census Bureau survey estimates, approximately
14 two-thirds of San Francisco housing units were occupied by renters; and

15 WHEREAS, San Francisco has approximately 170,000 units of rent-controlled housing
16 units making it the largest source of affordable rents in the city; and

17 WHEREAS, San Francisco General Plan's current Housing Element includes Objective
18 3 to "protect the affordability of the existing housing stock, especially rental units;" and

19 WHEREAS, The Ellis Act has adversely affected the city's supply of rental housing,
20 especially rent-controlled housing, by converting rental units to ownership units; and

21 WHEREAS, Between 2010 to 2021, Ellis Act eviction notices ranged from 54 to 231
22 per year; and

23 WHEREAS, The Ellis Act allows property owners to evict tenants in order for landlords
24 to transition out of the rental business; and

25

1 WHEREAS, A 2014 report from Tenants Together, a statewide organization for renters'
2 rights, found that 51% of the City's evictions begin within the first year of new ownership and
3 78% start within the first five years of new ownership; and

4 WHEREAS, The report found that 30% of all Ellis Act evictions come from investors
5 who have entered and exited the rental business more than once, rather than going out of the
6 landlord business altogether as designed; and

7 WHEREAS, The Ellis Act creates no new housing and only increases property values
8 through speculative change of use; and

9 WHEREAS, Ellis Act evictions typically target long-term tenants so disproportionately
10 impact the city's most vulnerable residents including seniors, disabled and those living with
11 HIV; and

12 WHEREAS, California State Assembly Bill No. 2050 aims to curb property speculators
13 by prohibiting the use of the Ellis Act to evict tenants until the property has been owned by all
14 owners of record for at least 5 continuous years, and

15 WHEREAS, California State Assembly Bill No. 2050 acknowledges that part of the Ellis
16 Act was implemented to support long-time "mom and pop" landlords who might not be able to
17 sustain a rental property to transition out of the business; and

18 WHEREAS, California State Assembly Bill No. 2050 does contain some exemptions for
19 those who may be considered small "mom and pop" landlords; and

20 WHEREAS, California State Assembly Bill No. 2050 aims to preserve existing
21 affordable housing units by curbing speculator evictions under the Ellis Act and respecting the
22 rights of small scale landlords; now, therefore, be it

23 RESOLVED, That the Board of Supervisors shall support California State Assembly Bill
24 No. 2050 and join Assembly Members Lee, Carrillo, Kalra, Bloom, Mia Bonta, Nazarian, Ting
25 and Senators Allen and Stern and others to support the passage of this bill; and be it

1 FURTHER RESOLVED, That the Clerk of the Board of Supervisors of the City and
2 County of San Francisco distribute this Resolution to San Francisco’s State Legislative
3 Delegation and to California Governor Gavin Newsom.

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AMENDED IN ASSEMBLY APRIL 18, 2022

AMENDED IN ASSEMBLY MARCH 28, 2022

AMENDED IN ASSEMBLY MARCH 17, 2022

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 2050

Introduced by Assembly Members Lee and Carrillo
(Principal coauthor: Assembly Member Kalra)
(Coauthors: Assembly Members Bloom, Mia Bonta, Nazarian, and
Ting)
(Coauthors: Senators Allen and Stern)

February 14, 2022

An act to add Section 7060.8 to the Government Code, relating to residential real property.

LEGISLATIVE COUNSEL'S DIGEST

AB 2050, as amended, Lee. Residential real property: withdrawal of accommodations.

Existing law, commonly known as the Ellis Act, generally prohibits public entities from adopting any statute, ordinance, or regulation, or taking any administrative action, to compel the owner of residential real property to offer or to continue to offer accommodations, as defined, in the property for rent or lease.

Existing law authorizes any public entity that has in effect any control or system of control on the price at which accommodations are offered for rent or lease to require by statute or ordinance, or by regulation, that the owner notify the entity of an intention to withdraw those accommodations from rent or lease, and to require that the notice contain specified statements.

This bill would, when a public entity has a price control system in effect, prohibit an owner of accommodations from filing a notice with a public entity of an intention to withdraw accommodations or prosecuting an action to recover possession of accommodations, or threatening to do so, if not all the owners of the accommodations have been owners of record for at least 5 continuous years, with specified exceptions, or with respect to property that the owner acquired within 10 years after providing notice of an intent to withdraw accommodations at a different ~~property~~ *property for a period of 10 years from the date the new property is acquired*,

This bill would require an owner of accommodations notifying the public entity of an intent to withdraw accommodations from rent or lease, as provided, to identify each person or entity with an ownership interest in the accommodations, as provided. That information would be available for public inspection. The bill would prohibit an owner or any person or entity with an ownership interest from acting in concert with a coowner, successor owner, prospective owner, agent, employee, or assignee to circumvent these provisions. The bill would provide specified, nonexclusive remedies for a violation.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7060.8 is added to the Government Code,
2 to read:
3 7060.8. (a) When a public entity that, by a valid exercise of
4 its police power, has in effect any control or system of control on
5 the price at which accommodations are offered for rent or lease,
6 all of the following shall apply:
7 (1) An owner of accommodations shall not file a notice with a
8 public entity to withdraw accommodations pursuant to this chapter,
9 prosecute an action to recover possession of accommodations
10 pursuant to this chapter, or threaten to do either of these things,
11 unless all the owners of the accommodations have been owners
12 of record for at least five continuous years. If an owner of record
13 is not a natural person, then all persons or entities with an

1 ownership interest in that entity shall have held that interest for at
2 least five continuous years. The five-year ownership requirements
3 in this paragraph shall not apply to an owner of accommodations
4 that meets all of the following requirements:

5 (A) The owner of record is a natural person, a limited liability
6 company in which there are no more than four members and all
7 of the members are natural persons, or a natural person who holds
8 title to the property as trustee in a trust in which the settlor and all
9 beneficiaries are natural persons.

10 (B) All natural persons referenced in subparagraph (A) are the
11 sole beneficial owners of the accommodations, with the exception
12 of a person who holds title to the property as trustee.

13 (C) The owner of record and all natural persons referenced in
14 subparagraph (A) each directly or indirectly own four or fewer
15 residential units in the aggregate, not including the owner's
16 principal residence.

17 (2) If an owner of accommodations, including a person or entity
18 with an ownership interest in *an entity that owns* the
19 accommodations, files a notice of intent with the public entity to
20 withdraw accommodations under this chapter, and the owner
21 subsequently acquires a new property containing accommodations
22 within 10 years of that filing, the owner shall not withdraw
23 accommodations pursuant to this chapter, prosecute an action to
24 recover possession of accommodations pursuant to this chapter,
25 nor threaten to do either of these things, with respect to the later
26 acquired ~~property.~~ *property for a period of 10 years from the date*
27 *the new property is acquired.*

28 (3) An owner of accommodations, or any person or entity with
29 an ownership interest in an entity that owns the accommodations,
30 shall not act in concert with a coowner, successor owner,
31 prospective owner, agent, employee, or assignee, to circumvent
32 the limitations of paragraph (1) or (2).

33 (4) An owner of accommodations notifying the public entity of
34 an intention to withdraw accommodations from rent or lease shall
35 identify each person or entity with an ownership interest in the
36 accommodations, and if any entity is not a natural person, identify
37 all persons or entities with an ownership interest in that entity.
38 This information shall not be confidential and shall be available
39 for public inspection.

1 (b) A person or entity that violates the provisions described in
2 paragraph ~~(1) or (2)~~ (1), (2), or (3) of subdivision (a) is liable to
3 the tenant or lessee for actual damages, special damages of not
4 less than two thousand dollars (\$2,000) for each violation, and
5 reasonable attorney's fees and costs in an amount fixed by the
6 court. The remedy provided by this section is not exclusive and
7 shall not preclude either the tenant or lessee from pursuing any
8 other remedy provided by law.

9 SEC. 2. The Legislature finds and declares that housing,
10 including maintenance of accommodations, is a matter of statewide
11 concern and is not a municipal affair as that term is used in Section
12 5 of Article XI of the California Constitution. Therefore, Section
13 1 of this act adding Section 7060.8 to the Government Code applies
14 to all cities, including charter cities.

RE: Melgar - Resolution - Supporting AB 2050 (Alex Lee) Ellis Act Reform

Fieber, Jennifer (BOS) <jennifer.fieber@sfgov.org>

Tue 4/26/2022 4:41 PM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Cc: Melgar, Myrna (BOS) <myrna.melgar@sfgov.org>; Carrillo, Lila (BOS) <lila.carrillo@sfgov.org>; Imperial, Megan (BOS) <megan.imperial@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>

Hello,

I am confirming that the matter is routine, not contentious, and of no special interest. Additionally, Supervisor Mandelman has just signed on as a co-sponsor I will forward that message now.

Jennifer Fieber

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Sent: Tuesday, April 26, 2022 4:24 PM

To: Fieber, Jennifer (BOS) <jennifer.fieber@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Cc: Melgar, Myrna (BOS) <myrna.melgar@sfgov.org>; Carrillo, Lila (BOS) <lila.carrillo@sfgov.org>; Imperial, Megan (BOS) <megan.imperial@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>

Subject: RE: Melgar - Resolution - Supporting AB 2050 (Alex Lee) Ellis Act Reform

Hi Jennifer,

Since the attached item is requested to be placed on the For Adoption Without Committee Reference of the agenda, pursuant to Board Rule 2.1.2, please confirm that these matters are routine, not contentious in nature, and of no special interest. Thank you.

Best regards,

Jocelyn Wong

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

T: 415.554.7702 | F: 415.554.5163

jocelyn.wong@sfgov.org | www.sfbos.org

(VIRTUAL APPOINTMENTS) To schedule a “virtual” meeting with me (on Microsoft Teams), please ask and I can answer your questions in real time.

Due to the current COVID-19 health emergency and the Shelter in Place Order, the Office of the Clerk of the Board is working remotely while providing complete access to the legislative process and our services



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

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numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.

From: Fieber, Jennifer (BOS) <jennifer.fieber@sfgov.org>
Sent: Tuesday, April 26, 2022 4:16 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Cc: Melgar, Myrna (BOS) <myrna.melgar@sfgov.org>; Carrillo, Lila (BOS) <lila.carrillo@sfgov.org>; Imperial, Megan (BOS) <megan.imperial@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>
Subject: Melgar - Resolution - Supporting AB 2050 (Alex Lee) Ellis Act Reform

Dear Clerk Staff,

Please find attached Supervisor Melgar's resolution for the SF Board of Supervisors to support Assembly Bill 2050 (Lee) – Ellis Act Reform. A copy of Assemblymember Lee's bill is attached as well as the Resolution, **cosponsored by Preston, Peskin, and Ronen**.

There is no position of support or opposition from the organizations California State Association of Counties, the League of California Cities, nor the National League of Cities.

Thank you and happy Tuesday

Jennifer Fieber
Legislative Aide
Supervisor Myrna Melgar
San Francisco Board of Supervisors, District 7

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

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

1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
2. Request for next printed agenda Without Reference to Committee.
3. Request for hearing on a subject matter at Committee.
4. Request for letter beginning : "Supervisor inquiries"
5. City Attorney Request.
6. Call File No. from Committee.
7. Budget Analyst request (attached written motion).
8. Substitute Legislation File No.
9. Reactivate File No.
10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

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

Sponsor(s):

Subject:

The text is listed:

Resolution urging support of the passage of California State Assembly Bill No. 2050 introduced by Assemblymembers Alex Lee and Wendy Carrillo, principally co-authored by Assemblymember Ash Kalra, and co-authored by Assemblymembers Richard Bloom, Mia Bonta, Adrin Nazarian, Phil Ting, as well as Senators Ben Allen and Henry Stern –, which aims to curb property speculators who misuse the Ellis Act to evict tenants until after five continuous years of property ownership.

Signature of Sponsoring Supervisor:

For Clerk's Use Only