FILE NO. 240964

LEGISLATIVE DIGEST

(Duplicated in Committee – September 30, 2024 – See File No. 240880)

[Administrative Code - New Construction Exemption From Rent Control]

Ordinance amending the Administrative Code to provide that newly constructed dwelling units that first received a certificate of occupancy between June 14, 1979 and November 5, 2024 shall be generally subject to rent control, to the extent authorized by a future modification or repeal of the Costa-Hawkins Rental Housing Act; and making certain changes to clarify existing law regarding rent control exemptions under Costa-Hawkins.

Existing Law

The City's Rent Ordinance limits rent increases in certain types of residential units, but not in those that first received a certificate of occupancy after June 13, 1979. Those units are exempt as "new construction." The California Costa-Hawkins Rental Housing Act ("Costa-Hawkins") prevents the City from imposing rent control on units that are currently exempt as new construction.

Amendments to Current Law

The proposed ordinance would update the new construction date in the Rent Ordinance, if Costa-Hawkins were repealed or amended in a manner that allowed the City to do so. Upon such a change, the new construction date would automatically update to reflect the latest date that State law may then allow, up to and including November 5, 2024. In other words, units built between June 14, 1979 and potentially up to and including November 5, 2024 would no longer be exempt based on their date of construction, and would be subject to rent control going forward assuming no other exemption applied. Absent a change to Costa-Hawkins in this regard, the new construction date in the Rent Ordinance would remain the same.

The proposed ordinance also makes certain non-substantive changes to the Rent Ordinance, to clarify existing law regarding when condominiums are exempt from rent control.

Background

On September 30, 2024, the ordinance was amended in committee to clarify existing law for when the new construction exemption applies.

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