



December 16, 2025

Mayor Randy Rowse
Councilmember Eric Friedman
Councilmember Oscar Gutierrez
Councilmember Meagan Harmon
Councilmember Mike Jordan
Councilmember Wendy Santamaria
Councilmember Kristen Sneddon
PO Box 1990
Santa Barbara, CA 93102



RE: Policy Direction and Work Plan for Development of a Rent Stabilization Program

Dear Mayor Rowse and Councilmembers,

The Santa Barbara Association of REALTORS® (SBAOR) represents about 1,200 REALTORS® throughout the South Coast and our mission includes engaging in real estate related community issues affecting our members and/or their clients who are homeowners, housing providers, tenants, and commercial owners. As one of the leading organizations in the South Coast primarily focused on housing, we oppose the amendments to the above-mentioned Municipal Code sections. The Santa Barbara Rental Property Association (SBRPA) is the premiere organization for housing providers, suppliers, and the rental housing community. SBRPA has an obligation to the community at large, and nowhere is this more evident than in our collaboration with the Housing Authority of the City of Santa Barbara, the County of Santa Barbara Housing Authority, and organizations like Transition House. Both the City and County Housing Authorities are members of SBRPA, which allows us to provide mutually beneficial services to each other that keep our organization strong and helps the Housing Authority grow its inventory of affordable housing in their geographic areas.

SBAOR and SBRPA request that the Council require a complete fiscal and operational analysis before giving policy direction on any rent stabilization program, rental registry, or rent board structure because these programs are complex, expensive, and permanent.

The staff report asks certain policy questions that are foundational to the development and implementation of a Rent Stabilization Program, but it does not contain the foundational cost, staffing, or operational modeling necessary for the Council to make informed decisions. Given the scale, complexity, and permanence of rent stabilization programs in other California cities, proceeding without this analysis to answer the policy questions poses unacceptable financial and policy risks. Making these decisions without foundational financial data risks unintended consequences for tenants, housing providers, City staff, and the long-term stability of Santa Barbara's rental housing market.

We therefore request that Council direct staff to prepare a comprehensive cost and impact assessment that includes, at minimum, the following:

1. Startup Costs for Any Program Structure

A detailed estimate of all one-time costs required to launch any rent stabilization system, including:

- Staffing (program management, legal counsel, hearing officers, investigators, administrative support, data/IT personnel)
- Rental registry creation (software, systems integration, security, portals, data architecture)
- Office space, equipment, technology, and administrative infrastructure
- Public outreach, education, translations, and notifications
- Legal development of regulations, rules, and compliance procedures

Without these estimates, the City cannot responsibly determine program feasibility.

2. Annual Operating Costs

Every rent stabilization program in California requires substantial and recurring resources. A credible estimate must include:

- Permanent staffing levels
- Hearings, investigations, and enforcement processes
- Legal support and outside counsel
- Registry maintenance, cybersecurity, and licensing
- Ongoing public education and compliance outreach
- Annual reporting obligations

Peer cities operate programs costing **\$3–6 million per year** (Richmond, Oakland) to **\$9–14 million per year** (Berkeley, San Francisco). Santa Barbara must understand the financial implications before committing to a program structure.

3. Workload, Unit Coverage, and Caseload Modeling

The analysis must determine:

- How many rental units will be covered
- Expected registration volume
- Estimated annual petitions, disputes, and investigations
- Required staffing to meet expected caseload

4. Fee Structure and Funding Scenarios

Council needs clear options for:

- Where the funding will come from
- Potential General Fund contributions
- Cost-recovery mechanisms
- Impacts on housing providers and tenants

Without understanding the fiscal impact on providers and residents, policy direction would be premature.

5. Legal Risk and Litigation Exposure

Every rent control jurisdiction in California has incurred significant legal costs. The analysis must project:

- Expected litigation costs
- Annual legal budget requirements
- Costa-Hawkins / Ellis Act conflict exposure
- Enforcement-related disputes

These are predictable, recurring expenses that cannot be ignored.

6. Housing Supply, Maintenance, and Economic Impacts

A responsible analysis must include modeling of:

- Expected impacts on rental unit retention
- Maintenance and reinvestment incentives
- Likelihood of provider exit and property turnover

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- Long-term supply impacts under different rent cap scenarios

This information is essential for evidence-based policymaking.

7. Equity and Demographic Effects

Council needs clear analysis of:

- Which renter populations benefit
- Which housing providers are most impacted
- Effects on seniors, students, low-income renters, and workforce households
- Impacts on local small-scale providers versus corporate landlords

Public policy should not advance without understanding who is helped and who may be harmed.

8. City Benchmarking

Santa Barbara must evaluate:

- Staffing levels
- Registry structures
- Budget sizes
- Enforcement patterns
- Outcomes over time

This benchmarking is crucial to avoid replicating costly or ineffective program models.

In addition to the above request that Council direct staff to prepare a comprehensive cost and impact assessment, we have significant concerns and questions with the questions by staff for the program design.

1) Which types of units would be included in or excluded from the program?

a) *Should owner-occupied duplexes or properties with 2 – 4 units be exempted or included?*

Currently owner-occupied duplexes are exempted when written notice of the exemption is given to the tenants. We request this continues. Given that the majority of mom-and-pop owners have less than 10 units, we would like smaller complexes to be also exempted.

b) *Should older accessory dwelling units (ADUs) be exempted or included? ADU's and JADU's?*

Currently, ADU's and JADU's are exempted when written notice of the exemption is given to the tenants. We request this continues.

c) *How should a program treat units owned by a nonprofit-owned entity?*

A rent control program should not unintentionally harm the very people keeping Santa Barbara's housing accessible including non-profit owned entity and small local housing providers.

d) *How should a program treat units that are government subsidized or are regulated units?*

Before layering new local rules on top of government subsidized/regulated units, Council should request the government/quasi-government entity provide its last 5 years of data on lease terminations and unlawful detainer filings, including reasons and outcomes. This will help everyone understand the actual risk of eviction in regulated housing versus the private market.

2) What will be the mandatory annual cap to rent increases?

a) *Should the program establish a formula utilizing a fixed percentage increase and/or the Consumer Price Index (CPI) to establish a cap to rent increases? Are there other ideas that the Council would like staff to research and evaluate regarding annual rent increases?*

Before rent control, most "mom-and-pop" housing providers in Santa Barbara kept rents below market because they valued stable, long-term tenants and were not driven by corporate pricing models. Their primary goals were consistency, community, and responsible stewardship, not squeezing out every possible dollar. But since the adoption of state rent control (AB 1482) and the expansion of local regulations, that

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dynamic has changed. Rents have risen almost every year and now closely track the maximum allowable increases, including years with 7–9% jumps. This is not because small landlords suddenly became greedy, it is because rent caps create a powerful fear-based incentive: owners worry that if they do not take the allowed increase now, they may never be able to recover rising costs later. The constant threat of new restrictions, rent freezes, tighter caps, or no-fault eviction bans causes providers to raise rents defensively. In short, rent control hasn't stopped rent increases, it has institutionalized them and created an environment of fear, compliance pressure, and financial uncertainty. Extreme measures like a rent freeze, a 60% CPI cap, or a no-fault eviction moratorium would intensify this fear, push more small providers out of the market, and reduce the local rental supply Santa Barbara desperately needs.

b) *Should there be annual allowable cost pass-throughs to tenants for things such as capital improvements, major repairs, and property tax increases? If so, what would be the procedures, caps, noticing or amortization processes?*

Without pass-throughs, the system becomes financially unworkable and unfairly shifts all rising costs onto the owner. For Santa Barbara's rent stabilization discussions to be realistic and sustainable several items must be recoverable including insurance increases, annual water rate increases, and major repairs and capital improvements. Policies must support, not crush, the small, local owners who provide most of the city's affordable rental housing. A rent stabilization system that ignores operating costs is not stabilization at all; it is financial deterioration disguised as policy. We are not asking for unrestricted increases. Cost pass-throughs can be structured with fairness and transparency for both tenants and providers which include noticing requirements and amortization for capital improvements or major repairs.

3) **Should the program have income restrictions so that only individuals or households that meet certain income criteria participate in the program?**

We strongly believe that if Santa Barbara adopts a rent stabilization system at all, it must include income restrictions so that assistance is targeted to those who *actually* need it.

4) **Should there be exemptions to the program under certain circumstances in addition to exemptions based on unit type?**

a) *Should there be hardship or emergency exceptions for owner financial distress or to preserve property solvency?*

Yes, absolutely. A rent stabilization system that ignores owner solvency will ultimately destabilize the rental housing stock. Mom-and-pop providers do not operate with large reserves or corporate buffers; they often rely on modest margins to pay for rapidly rising insurance premiums, double digit yearly water rate increases projected by the City, escalating maintenance and repair costs, property taxes, and mortgage obligations. If owners are forced to absorb all cost increases during periods of inflation, disaster, or major repairs, the result is predictable with deferred maintenance, deterioration of housing quality, or forced sale of the property, often to large investors.

b) *Should there be a small landlord exemption if a landlord's income falls below a certain level or they own fewer than a specific number of units?*

Yes, small housing providers should be treated differently, but income disclosure should *not* be required. Providing personal financial information to the government, especially through a rent registry, raises serious privacy concerns and creates risks that go far beyond the stated goals of a stabilization program. We strongly oppose tying any exemption to owner income because it requires owners to divulge sensitive financial data and the data may be subject to requests from federal entities or breaches. It also increases administrative burden without improving policy outcomes creates mistrust between the City and the local housing providers we rely on. Instead, a unit-count-based exemption is a more appropriate and widely used standard.

c) *Should units that are already rented at affordable rates based on household income compared to the Area Median Income (AMI) be treated differently than other units?*

This question cannot be fully answered until the City first determines how rent caps will be calculated and what the stabilization formula will be. Many small, local housing providers already keep rents below market rates because long-term tenant relationships matter more to them than maximizing annual revenue. These units are already serving the City's affordability goals *without government intervention*. The City cannot responsibly decide how to treat already-affordable units until it chooses a rent cap formula. However, the guiding principle is clear that naturally affordable units, often provided by small, local landlords, should be preserved and protected, not regulated into disappearance. If a formula is set, we are ready to participate in a detailed conversation about fairness, flexibility, and long-term affordability.

5) **How should a rent regulation program be coordinated with existing just cause eviction regulations? Santa Barbara Municipal Code Chapter 25.50 provides certain eviction protections to tenants. Are there amendments to those provisions that should be made to coordinate with proposed rent regulation provisions?**

Santa Barbara's current just-cause ordinance already provides significant no-fault eviction protections, substantial relocation requirements, strict documentation standards, limitations on substantial remodel evictions, and extensions beyond state law in several areas. Layering additional just-cause restrictions on top of this would create redundancy, confusion, and risk of noncompliance, especially for small providers who do not have legal departments to navigate overlapping rules.

6) **Should the Rental Housing Mediation Board (RHMB) be re-imagined and strengthened to support a rent stabilization program or should a new and separate board be created?**

Santa Barbara should *not* establish a new rent stabilization board, nor should it convert the Rental Housing Mediation Board (RHMB) into an enforcement body. A rent board is the most expensive, bureaucratic, and adversarial structure available and it is unnecessary given the extensive tenant protections that already exist under state law, Chapter 25.50, and the City's long-standing mediation program. Cities that adopted rent boards now spend \$4M–\$14M every year to operate them. Santa Barbara does not need and *cannot justify* a bureaucracy of that scale. Instead, the City should continue to rely on and strengthen its existing mediation and education systems, which are far more cost-effective and align with Santa Barbara's collaborative community values.

a) *What enforcement tools should be available – civil fines, penalties, injunctive relief, criminal penalties?*

We do not support creating a punitive enforcement framework since enforcement tools already exist under State Law SB 567 (2024). This law increased the liability for violations including voiding a termination notice, actual and punitive damages, reasonable attorney fees and costs, up to three times actual damages for willful violations, and the Attorney General et al. authorization to seek injunctive relief. These powers already exist at the State and local level; duplicating them would be an unnecessary expansion of government and an unnecessary cost to Santa Barbara residents.

b) *The design of the administrative hearing process including, who bears the burden of proof, what triggers a hearing requirement, and is there an internal appeal process?*

We strongly oppose establishing a rent stabilization board because it is costly, redundant, bureaucratic, adversarial, counterproductive, and harmful to small, local housing providers. Instead, the City should strengthen education, not enforcement. Enhance the RHMB as a voluntary mediation tool and use existing city staff for administrative questions since creating a massive new bureaucracy will require the public to fund it. Santa Barbara needs clarity, fairness, and collaboration, not another multimillion-dollar regulatory agency.



7) Should there be a rental registry database and/or mandatory owner/landlord registration?

We strongly *oppose* creating a rental registry or mandatory landlord registration system. Cities that have adopted rental registries have found them to be costly, bureaucratic, difficult to maintain, and deeply intrusive, which often leads to collecting personal data unrelated to the actual administration of rent regulations. These systems can cost taxpayers millions annually and impose ongoing burdens on small property owners. Santa Barbara already has a severe shortage of staff and resources. Diverting time, funding, and personnel to create a new administrative database would undermine more urgent City priorities, including permitting reform, homelessness response, and housing production. If the Council proceeds despite these concerns, any registry must be basic, must not include private information, and must require tenants to share responsibility if more detailed data is requested.

Registries in many cities are one-sided where the owners must provide extensive information, while tenants provide none. This creates an inequitable, asymmetrical system. If the City demands more robust data, then: tenants must also submit accurate information, including household composition, income verification (if used for program eligibility), and compliance with City forms. Both parties must share responsibility for accurate reporting. Enforcement and penalties must apply equally for failure to submit required tenant information. Fairness requires shared accountability.

8) Should staff prepare a rent increase moratorium for a specified period such as the time it took to develop an ordinance? We vehemently oppose any rent increase moratoriums. A rent freeze requires a formally declared emergency, supported by substantial evidence, and cannot be imposed under ordinary legislative conditions. A rent increase moratorium is an extraordinary regulatory action that exceeds the scope of typical rent stabilization measures. Unlike rent caps, which regulate the *rate* of increase, a rent freeze prohibits *any* adjustment to rent whatsoever, even to recover basic operating costs such as insurance, utilities, taxes, and maintenance. Because of its severity, a freeze is legally permissible only when tied to a legitimate, formally declared emergency that the regulation is designed to address.

Under California law, including constitutional due process protections, the Costa-Hawkins Rental Housing Act, and long-standing case law governing emergency police powers, the City must demonstrate that a bona fide emergency exists, declared by the City, County, or State and that it is necessary to address that emergency. The action is narrowly tailored, temporary, and directly linked to the declared conditions and less restrictive alternatives are inadequate to address the emergency.

At this time, no such emergency has been declared affecting rental housing in the City of Santa Barbara. Ordinary economic conditions, policy debates, or the drafting of legislation do not constitute an emergency under California law. Without a declared emergency, a rent freeze would be highly vulnerable to legal challenge on the grounds that it is arbitrary and capricious, not supported by substantial evidence, a violation of due process, an unlawful impairment of existing contracts, and beyond the city's police powers absent emergency findings.

Courts have upheld temporary rent freezes only in situations involving catastrophic events such as natural disasters, major fires, earthquakes, or state-declared emergencies such as the COVID-19 pandemic. No comparable circumstances exist here.

For these reasons, we believe the City lacks legal authority to impose a rent freeze at this time, and staff should not be directed to prepare or return with any such proposal.

9) Should the City establish a tenant rent subsidy program instead of, or in addition to, a rent stabilization program?

The City should establish a tenant rent subsidy program — and ideally adopt it *instead of* rent stabilization. Direct assistance to renters is a targeted, equitable, and economically sound approach that provides relief where it is needed without damaging the housing supply, penalizing small providers, or creating a multimillion-dollar bureaucracy. Subsidies solve the actual affordability problem, not just freeze an artificially low number for a few people.

A permanent rent board, registry, and enforcement apparatus will cost Santa Barbara millions every year. By contrast, a tenant subsidy program could Leverage existing City and County social service infrastructure, use administrative platforms like COVID rental relief systems, rely on simple qualification standards, and target funds efficiently without building new bureaucracy. Every dollar goes to tenants, not to administration.

Conclusion

In closing, we urge the Council to proceed with caution and prioritize education first and foremost. Before layering on new regulations, the City must ensure that tenants, housing providers, REALTORS®, and the public can clearly understand the extensive web of landlord-tenant laws already in place. A centralized, accessible repository of all state and local requirements is essential and should be the City's top priority. Education improves compliance, reduces conflict, and protects both tenants and housing providers without harming housing supply.

Beyond education, we urge the Council to reject approaches that would permanently damage Santa Barbara's housing ecosystem. The City already operates under extensive state and local tenant protections, yet rents have continued to rise in step with allowable caps, not because of greed, but because growing regulation and uncertainty have created a fear-based environment for small, local housing providers.

We strongly oppose rent freezes, rent boards, rental registries, and additional enforcement bureaucracies. These measures are costly, legally risky, and would disproportionately push out mom-and-pop providers who supply much of the City's naturally affordable housing. A rent freeze would be unlawful without a declared emergency and would accelerate the very outcomes the City seeks to avoid.

If the City proceeds with any changes beyond education, policy must protect owner solvency, allow reasonable cost recovery, avoid intrusive data collection, and ensure coordination with existing just-cause regulations, without layering on new restrictions.

Most importantly, if the City wants to help renters, the most effective, equitable, and legally sound solution is a targeted tenant rent subsidy program, not rent stabilization. Subsidies deliver help directly to those who need it, preserve housing supply, protect small providers, and avoid the unintended consequences of rigid regulation.

Santa Barbara needs solutions that stabilize housing, not policies that reduce supply, discourage reinvestment, and hand our neighborhoods over to corporate ownership. We respectfully ask the Council to choose education, balance, fairness, and long-term housing stability.

Sincerely,



Summer Knight
SBAOR 2025 President



Betty Jeppesen
SBRPA 2025 President