



September 22, 2026

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

RE: Introduction of Ordinance Amending the Santa Barbara Municipal Code to Establish Residential Rent Stabilization and Residential Rental Registry Programs

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.

SBAOR has participated extensively throughout this process and appreciates staff's continued engagement with stakeholders and consideration of public comments. However, the September Introduction Draft contains significant new provisions, removes protections and exemptions contemplated in earlier drafts, and leaves numerous substantive and administrative questions unresolved.

Our concern is not limited to the proposed rent cap. The ordinance creates an entirely new regulatory system governing rental housing in Santa Barbara, including a citywide registry, annual fees, property-provider and tenant petition proceedings, capital-improvement approvals, fair-return proceedings, temporary-relocation requirements, a new Rent Stabilization Board, extensive notice requirements and significant enforcement consequences.

The scope and cost of this program have also grown considerably. City staff now estimates that a fully implemented program will require **seven to nine full-time equivalent positions and at the minimum \$2 million to \$2.4 million in annual expenditures**. Staff further states that the original estimate of approximately **\$154 per unit will "increase significantly."** The City is simultaneously requesting \$500,000 in start-up funding and proceeding with implementation before completion of the fee study, an approach the staff report itself acknowledges is "not best practice."

These costs will ultimately affect property providers, tenants and City taxpayers. Before creating a regulatory program of this magnitude, Council should ensure that its requirements are necessary, clearly defined, administratively workable, appropriately balanced and capable of being understood and implemented before significant consequences for noncompliance take effect.

Accordingly, SBAOR requests that the Council address the following provisions before adopting the ordinance.

SBAOR's Priority Requests

Before adopting the ordinance, SBAOR requests that the City Council:

1. Restore meaningful exemptions for small and owner-occupied rental properties.
2. Reconsider the 60% of CPI formula, establish a reasonable minimum Annual General Adjustment and retain the August 1st through July 31st adjustment cycle already used under state law.
3. Ensure that fair return and capital improvement procedures are clear, affordable and realistically accessible to small property providers.
4. Establish objective standards for tenant petitions, reductions in housing services, notice requirements and opportunities to correct alleged violations.
5. Guarantee representation for property providers or property managers on the Rent Stabilization Board.
6. Limit the rental registry to information the City can demonstrate it needs, avoid duplicating existing City records and ensure that exempt properties pay only for the cost of collecting and maintaining their data.
7. Complete the fee study and provide the full program budget before finalizing the registration fee or implementing the program.
8. Provide standardized City forms, official translations, clear regulations and a meaningful education period before enforcement begins.
9. Limit serious enforcement consequences to material violations and provide a reasonable opportunity to correct inadvertent errors.
10. Require future changes in state law to return to Council for public review rather than allowing the ordinance to expand automatically.

These priority requests are summarized here for Council's consideration. The remainder of this letter provides the ordinance references, practical concerns and specific amendments supporting each request.

1. Section 26.90.010 – Exemptions

SBAOR remains concerned by the removal of exemptions contemplated in earlier versions of the ordinance. The Introduction Draft generally applies Chapter 26.90 to residential rental units unless they qualify for the limited exemptions specified in the ordinance.

We continue to believe that meaningful exemptions are appropriate, particularly for smaller and owner-occupied rental properties. These properties operate differently from large, professionally managed rental complexes. Many are owned and personally managed by individuals who live on the property, rely on the rental income for retirement or personally perform the maintenance and administrative work. They should not automatically be treated identically under a permanent rent-control program. The removal of previously contemplated exemptions this late in the process also deserves a clear explanation. Property providers who followed the ordinance's development reasonably relied on the City's earlier representations concerning which properties might be exempt. Before adopting a materially broader ordinance, Council should publicly discuss why those exemptions were removed and what effects that expansion will have on Santa Barbara's smaller rental-property providers.



SBAOR requests that Council restore meaningful exemptions for small and owner-occupied rental properties before adoption and explain the policy basis for removing the exemptions contemplated in earlier drafts.

2. Section 26.90.020 – CPI Definition and Adjustment Period

The proposed CPI methodology would replace the rent-adjustment cycle that Santa Barbara property providers already use under state law with a separate City calendar. Under California's statewide rent-cap framework, the applicable CPI adjustment for Santa Barbara County runs from **August 1st through July 31st**. Property providers have already structured their notices, compliance practices and rent-increase calculations around that cycle.

The proposed ordinance instead calculates an adjustment for the calendar year, creating another set of dates property providers must understand and track. Because rental agreements begin and renew throughout the year, not solely on January 1st, this change could create unnecessary confusion without providing a clear benefit to tenants, property providers or the City.

The proposed calculation also creates a significant delay between the period in which inflation is measured and the period in which the resulting adjustment may be used. Consequently, the allowable adjustment may not reflect the economic conditions or operating costs that property providers face when it takes effect.

SBAOR requests that the City retain the existing August 1st through July 31st adjustment cycle unless staff can identify a compelling administrative or policy reason to change it. Maintaining the familiar cycle would simplify compliance, reduce opportunities for inadvertent error and avoid creating a second rent-adjustment calendar applicable to the same properties.

If the City retains the proposed calendar-year system, it should provide worked examples addressing:

- Tenancies beginning or renewing at different times during the year;
- A rent increase imposed shortly before or after a new annual adjustment becomes effective;
- The interaction between the calendar-year adjustment and the once-per-12-month limitation;
- The consequences of not using an adjustment during the applicable calendar year; and
- Which CPI period controls when a tenancy's 12-month eligibility date overlaps two adjustment years.

3. Section 26.90.040 – Annual General Adjustment

SBAOR continues to oppose an Annual General Adjustment limited to **60% of CPI or 3%, whichever is less**. This formula prevents rents from keeping pace with inflation even before considering the ordinance's additional restrictions. Of equal concern, the proposed ordinance provides **no minimum annual adjustment**. If CPI is negative, the allowable adjustment is zero, regardless of increases in insurance, utilities, maintenance, labor, materials, property taxes, regulatory fees and other operating expenses.

A low or negative CPI does not mean the cost of owning, maintaining and operating rental housing has stopped increasing. Moreover, CPI measures changes across a broad range of consumer expenses and does not necessarily reflect the costs associated with rental-property operations. A minimum adjustment is not inconsistent with rent stabilization. Several California jurisdictions expressly



incorporate a floor into their rent-control formulas. The City of Los Angeles provides a **1% minimum**; Culver City and Mountain View provide a **2% minimum**; and Alameda and Baldwin Park provide a **1% minimum when CPI falls below 1%**. These jurisdictions recognize that a regulatory ceiling designed to protect tenants from unusually high inflation can be paired with a reasonable floor recognizing that property operating costs rarely remain static.

The absence of a floor becomes particularly consequential because the ordinance also prohibits banking unused annual adjustments. An owner who does not use an available adjustment during the applicable year permanently loses it. Likewise, a zero adjustment during a low or negative CPI year cannot be recovered later, even if costs continued to rise during that period.

The proposed calendar-year limitation, prohibition on banking and once-per-12-month restriction may also conflict in practice. A property provider's eligibility to impose an adjustment depends on the timing of the last increase, but the adjustment must apparently be used within a specific calendar year. Owners whose rental cycles do not align with the City's calendar could therefore have a shorter opportunity to use an adjustment or potentially lose it altogether.

SBAOR requests that Council:

- Reconsider the proposed 60%-of-CPI formula;
- Establish a reasonable minimum Annual General Adjustment;
- Retain the existing August 1st through July 31st adjustment cycle;
- Allow reasonable banking of unused adjustments; and
- Clarify how the annual adjustment period, once-per-12-month limitation and prohibition on banking interact.

At a minimum, staff should explain why the proposed formula includes a 3% ceiling to address periods of higher inflation but provides no corresponding floor when CPI is unusually low or negative.

4. Section 26.90.050: Fair Return

The fair return process is among the ordinance's most consequential and complicated provisions. Although the ordinance recognizes a property provider's right to seek a fair return, that right may have little practical value if exercising it requires an expensive, time consuming and intrusive administrative proceeding.

The property provider bears the burden of establishing entitlement to an adjustment. The ordinance also begins with presumptions that the property's **2025 net operating income** and established base rent provided a fair return. That presumption may not reflect the actual financial condition of every property. A single calendar year can include vacancies, deferred work, unusually high or low expenses, insurance changes, major repairs or other circumstances that make it unrepresentative. The ordinance should not presume that 2025 produced a constitutionally adequate return without providing a clear and accessible method for demonstrating otherwise.

For many small property providers, pursuing a petition could require assembling years of income and expense records, obtaining professional assistance and opening the property's financial operations and business records to administrative review. The process should not be so burdensome that only large or professionally managed property owners can realistically use it.



Incorrect cross reference

The definition of “Fair return” states that it is determined using the standard outlined in Section 26.90.060. However, Section 26.90.060 governs capital improvements. The fair return standard is contained in Section 26.90.050. **SBAOR requests that this cross reference be corrected before adoption.**

Unrepresentative base year conditions

The ordinance allows the presumption that 2025 was representative to be rebutted in specified circumstances. These include unusually high or low operating expenses, reduced rents, temporary vacancies for construction or repairs, prior rent patterns and other exceptional circumstances established by regulation. However, several significant situations are not expressly addressed, and the provision relies partly on undefined “exceptional circumstances” that may later be established through regulations.

SBAOR requests that the ordinance or implementing regulations expressly address:

1. Significant increases or changes in insurance coverage.
2. Property tax reassessments.
3. Extraordinary repairs or other unusual expenses.
4. Unusual vacancies or uncollected rent.
5. Changes in utility obligations.
6. Properties acquired during or near the base year.
7. Properties first placed into rental service during or near the base year.
8. Owner performed labor.
9. Other circumstances that may make 2025 unrepresentative.

Property providers should not have to wait until after the ordinance takes effect to learn whether these common circumstances qualify as exceptional.

Owner performed labor

Section 26.90.050(G)(3)(f) permits documented owner performed labor to be compensated at reasonable hourly rates. However, the amount is generally limited to **5% of gross income** unless the property provider demonstrates that greater services were performed for the benefit of residents. Many small property providers personally handle management, maintenance, landscaping, repairs, bookkeeping, tenant communications and regulatory compliance. A larger operator would deduct the cost of paying employees or contractors for the same work. Limiting an owner’s labor merely because the owner performs it personally may undervalue a legitimate operating expense and disproportionately affect small property providers. **SBAOR requests that the City identify the factual or economic basis for the 5% limitation and explain why properly documented owner labor should be treated differently from comparable work performed by a paid employee, manager or contractor.** Documented owner labor should be valued at a reasonable market rate rather than subjected to an arbitrary percentage limitation.

Property taxes

The ordinance permits consideration of property taxes attributable to assessments in the base year and current year but expressly excludes property taxes attributable to assessments in any other year.



At the same time, other operating expenses may be averaged or adjusted using information from the years immediately before or after the base year. The reason for treating property taxes differently is unclear. Historical property tax information may be necessary to determine whether the designated base year was representative, particularly following a reassessment, ownership change, correction or unusual assessment. **SBAOR requests that the City explain the basis for excluding relevant property tax information from other years and allow its consideration when necessary to establish a representative comparison.**

Undefined and subjective standards

The fair return provisions repeatedly rely on terms such as “reasonable,” “unreasonable,” “significantly,” “disproportionate” and “exceptional circumstances.” These terms may determine whether an expense is recognized, whether a base year may be adjusted and whether a property provider receives a constitutionally adequate return. Yet the ordinance provides little objective guidance concerning how those terms will be applied. **SBAOR requests that the ordinance or implementing regulations establish objective standards and examples so that similar properties and expenses are treated consistently.**

Timing of an approved adjustment

Section 26.90.050(I) provides limited relief if a hearing officer or the Rent Stabilization Board takes more than 120 days to determine an allowable increase, provided the property provider did not request, cause or contribute to the delay. Section 26.90.050(J) further provides that an approved adjustment becomes effective only after the property provider gives written notice pursuant to state law. However, the ordinance does not fully explain how an approved fair return adjustment interacts with the once per 12-month limitation, the Annual General Adjustment or other rent adjustment restrictions.

The City should also clarify how delayed increases will be calculated and recovered when administrative processing exceeds 120 days.

SBAOR requests clear examples showing when an approved fair return adjustment may take effect, whether it may be imposed in addition to an Annual General Adjustment and how relief for administrative delay will be calculated.

Required examples and simplified procedures

The maintenance of net operating income formula is difficult for an average property provider to understand from the ordinance alone. **SBAOR requests that the City publish detailed numerical examples showing how fair return petitions would be calculated**, including examples involving increased insurance, utilities, property taxes, owner labor, vacancies, unusual base year expenses and properties acquired near the base year.

The City should also develop a simplified procedure for smaller properties and claims based on readily documented cost increases. A constitutional safeguard should be practically accessible without requiring every applicant to retain legal, accounting or economic experts.

Before adoption, SBAOR requests that Council ensure the fair return process:

1. Uses a representative base year.
2. Provides objective standards for adjusting an unrepresentative base year.
3. Recognizes documented owner labor at a reasonable value.
4. Allows consideration of relevant historical property tax information.



5. Establishes clear decision and implementation deadlines.
6. Addresses relief when City processing delays occur.
7. Includes a streamlined and affordable process that small property providers can realistically use.

5. Sections 26.90.060 and 26.90.100: Capital Improvements

SBAOR supports maintaining and improving Santa Barbara's rental housing. However, the proposed capital improvement process may make necessary investment unnecessarily complicated, time-consuming and expensive.

A property provider seeking a capital improvement pass through must first obtain approval of a Capital Improvement Plan. The property provider must then file a separate petition seeking approval of the rent adjustment. For a small property provider, this could require preparing extensive documentation, completing two City processes, waiting for approval and potentially defending the request through administrative hearings and appeals before recovering even a portion of the cost.

Definition and limitations on eligible improvements

Section 26.90.020 defines a capital improvement as an improvement, addition or major repair that benefits tenants, has a useful life of at least five years and is required by federal income tax law to be amortized over its useful life. The definition excludes normal or routine maintenance, repairs and replacements. It also excludes work performed to correct a notice of violation or another government notice ordering repairs, as well as improvements completed before December 31, 2025.

Section 26.90.060(B) further limits eligible work to 11 specified categories. SBAOR's concern is therefore not the absence of a definition, but the narrow scope of the definition and eligible work. These limitations may exclude substantial and necessary investments that preserve rental housing or extend its useful life. A major replacement can be essential and costly even when it replaces an existing component rather than adding something new.

Several eligible categories also require the improvement to affect "all or substantially all" of a building. This may exclude significant work completed in one unit or one portion of a property, even when that work provides a lasting benefit and satisfies the other requirements of a capital improvement. The exclusion of work performed in response to a government order also deserves reconsideration. Work does not become less expensive or less beneficial to tenants merely because a public agency requires it. The ordinance should distinguish between conditions caused by a property provider's failure to perform ordinary maintenance and substantial improvements required to satisfy new standards, address newly discovered conditions or preserve safe housing. **SBAOR requests that the City review and expand the list of eligible improvements, clarify the meaning of "all or substantially all," and allow recovery for substantial replacements and government required work unless the condition resulted from the property provider's failure to perform ordinary maintenance.**

Timing and eligibility

The ordinance excludes improvements completed before December 31, 2025. It also requires a capital improvement petition to be initiated within two years after completion of the improvement. Projects often span multiple years and may involve design, permitting, deposits, material purchases, inspections and construction occurring at different times. The ordinance does not clearly explain when an improvement is considered "completed," particularly when work is completed in phases or requires final government approval. **SBAOR requests clear examples showing how the timing provisions apply to**



projects begun in 2026 and completed in 2027, projects completed in phases and projects awaiting final inspection or approval.

Capital Improvement Plans when no pass through is requested

Section 26.90.100(A) requires a Capital Improvement Plan when either the property provider intends to seek a pass through or the work will temporarily relocate or evict a tenant. This means a property provider must complete the plan process solely because temporary relocation is necessary, even when the property provider does not intend to seek a rent adjustment. Necessary repairs and improvements may sometimes require a tenant to leave a unit temporarily for safety or practical reasons. That circumstance alone should not automatically require the same process used to evaluate a request to pass project costs through to tenants. **SBAOR requests that the City explain why temporary relocation alone should trigger the full Capital Improvement Plan process and establish a simplified procedure when the property provider is not seeking a pass through.**

Frequency limitation

Section 26.90.100(B) generally prohibits a property provider from applying for a Capital Improvement Plan for the same property or rental units more than once every 24 months. Although limited exceptions are provided for disasters, events outside the property provider's control and certain health or safety conditions, the restriction may prevent a property provider from addressing separate projects that arise during the same 24-month period. For example, a planned roof project and a later plumbing or electrical project may be unrelated but still necessary. Property providers should not be required to predict every improvement that may become necessary over the next two years when submitting the first plan.

SBAOR requests that the City permit separate applications for distinct projects when the need for the later work was not reasonably known when the earlier application was submitted.

Amortization and cost recovery

The proposed recovery is limited and spread over the useful life of the improvement. Property providers need examples showing whether the process allows recovery of the actual approved cost and how financing expenses, interest, application fees and administrative costs will be treated. **SBAOR requests numerical examples using improvements costing \$10,000, \$25,000 and \$50,000.** Each example should identify the applicable useful life, allowable interest, monthly pass through, portion allocated to each unit and total amount the property provider may ultimately recover. The City should also explain what happens when a tenant does not pay an approved pass-through. If the property provider's only remedy is a separate small claims action, the practical value of obtaining City approval may be significantly diminished.

Requested changes

SBAOR requests that the City:

1. Expand and clarify the categories of eligible improvements.
2. Clarify the meaning of "all or substantially all."
3. Recognize substantial replacements and government required work when the underlying condition was not caused by a failure to perform ordinary maintenance.
4. Clarify project eligibility and all applicable filing deadlines.
5. Provide examples for projects spanning more than one year or completed in phases.
6. Establish a simplified plan process when temporary relocation is necessary but no pass through will be requested.

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7. Permit separate plans for distinct projects arising within the same 24-month period.
8. Provide a streamlined process for clearly documented improvements.
9. Explain how an approved pass through may be enforced if a tenant refuses to pay it.

The ordinance should encourage continued investment in Santa Barbara's aging rental housing. It should not make replacement of essential building systems so difficult that property providers delay necessary work or remove rental units from the market.

6. Section 26.90.100: Temporary Relocation

The temporary relocation provisions deserve further public discussion before adoption. The draft establishes daily payments of **\$150 per household for lodging, plus \$30 per occupant for meals**, when displacement lasts fewer than 30 days. These payments are required in addition to the cost of the underlying repair or improvement. For a household of four displaced for 29 days, the required payments would total **\$7,830**. That calculation consists of \$4,350 for lodging and \$3,480 for meals. It does not include construction, permits, professional services or other project expenses. The financial impact can therefore be substantial, particularly for a small property provider addressing an unexpected habitability problem.

Basis for the payment amounts

The ordinance establishes temporary relocation payments of \$150 per household per day for lodging and \$30 per occupant per day for meals. However, the ordinance and accompanying materials do not explain how these amounts were determined. **SBAOR requests that the City identify the data, methodology and comparable programs used to establish these payment amounts before they are incorporated into the ordinance.**

Extensions and delays outside the property provider's control

The ordinance addresses extensions by requiring additional daily relocation payments whenever displacement lasts longer than stated in the property provider's notice. Those additional payments must be made weekly in advance. However, the ordinance does not appear to distinguish between delays caused by the property provider and delays resulting from permitting, inspections, contractor availability, concealed conditions, weather, material shortages or other circumstances outside the property provider's control. In each situation, the financial obligation continues automatically for every additional day. **SBAOR requests standards addressing delays outside the property provider's control.** The City should also clarify whether the property provider may satisfy the obligation by directly providing suitable accommodations or paying reasonable documented expenses.

Payment when the tenant remains responsible for rent

A tenant who accepts relocation payments remains obligated to pay the lawful rent during the displacement period. A tenant who declines relocation payments does not owe rent until returning to the unit. The City should provide examples showing how these provisions operate in practice, including when the displacement begins or ends in the middle of a rental period and when the tenant disputes whether suitable accommodations were available.

Relationship to the capital improvement process

The ordinance requires a Capital Improvement Plan whenever the work results in temporary relocation, even if the property provider does not seek a pass through. The City should establish a simplified



process for temporary relocation associated with necessary repairs or improvements when no rent adjustment is requested. Required relocation expenses should also be recognized as part of the cost of completing an approved capital improvement. Excluding those expenses would understate the actual project cost.

Incorrect cross reference

Section 26.90.100(D)(1) states that the temporary relocation payments are set out in Section 26.90.130(G)(3). Section 26.90.130 governs hearing officers and does not contain a subsection G. The payment amounts appear in Section 26.90.100(D)(3). **SBAOR requests that this cross reference be corrected before adoption.**

7. Section 26.90.070: Tenant Petitions and Reductions in Housing Services

SBAOR does not oppose an appropriate process for addressing legitimate reductions in housing services. However, the ordinance needs clearer and more objective standards before a tenant petition may result in a rent reduction.

The definition of “Housing services” is broad. It includes repairs, maintenance, painting, lighting, heating and air conditioning, utilities, internet and telecommunications, refuse collection, elevators, window coverings, storage, parking, common areas, recreational facilities, occupancy rights, pet rights, access rights and furnishings. The ordinance also defines a reduction, suspension or termination of a housing service as a rent increase unless accompanied by a corresponding reduction in rent. Not every change or interruption should justify a formal rent reduction. Plumbing repairs, temporary internet outages, construction related parking restrictions and short-term common area closures may be unavoidable or necessary to maintain the property.

The ordinance should distinguish a material and continuing reduction in housing services from a temporary, minor or unavoidable interruption.

Notice and opportunity to correct

Sections 26.90.070(A) and (B) require a tenant petition to describe how the property provider received reasonable notice and an opportunity to correct the alleged condition. However, the ordinance does not define:

1. The required form of notice.
2. The information the notice must contain.
3. When the notice is considered received.
4. How much time constitutes a reasonable opportunity to investigate and respond.
5. What constitutes a reasonable effort to correct the condition.
6. When a condition is sufficiently serious to justify immediate relief.

A formal petition should not be the first time a property provider receives adequate information about the alleged condition. **SBAOR requests objective notice and correction standards so that property providers, tenants and hearing officers apply consistent rules.**

Objective standards

The ordinance repeatedly relies on terms such as “reasonable,” “substantially” and “loss in rental value.” Those terms are not adequately defined. When such language determines rent reductions or financial liability, the ordinance or its implementing regulations should provide objective standards.



Otherwise, similar circumstances could produce different outcomes depending on the hearing officer or Board reviewing the matter. **SBAOR requests objective standards addressing materiality, duration, notice, opportunity to correct, circumstances outside the property provider's control and the method used to calculate a rent reduction.**

Amount and duration of a rent reduction

The ordinance does not explain how the City will determine the monetary value of a particular housing service. For example, if one parking space is temporarily unavailable, the City should identify how its value will be calculated and whether the reduction ends automatically when access is restored. A temporary loss of service should not create an indefinite reduction in rent. The City should clarify:

1. Whether a reduction may be applied retroactively.
2. What date controls if the parties dispute when notice was received.
3. Whether the reduction ends automatically when the service is restored.
4. Who bears the burden of proving restoration.
5. Whether the property provider must file a separate petition to restore the lawful rent.
6. How responsibility is determined when the interruption results from a utility provider, government agency, natural event or other third party.

SBAOR requests worked examples showing how rent reductions would be calculated for common situations and how the lawful rent would be restored after the issue is corrected.

Overpayment remedies

Section 26.90.070(C) allows a hearing officer or the Rent Stabilization Board to order repayment of an overcharge within 30 days or authorize the tenant to withhold a portion of future rent until the overpayment is recovered. If the property provider fails to repay the amount within 30 days, the tenant may determine the amount withheld from future rent until the overpayment is recovered. The ordinance should provide clearer controls governing tenant withholding, accounting and disputes over whether the ordered amount has been fully recovered. Leaving the amount of each withholding payment to the tenant may create additional disputes and make it difficult to determine the lawful amount due. **SBAOR requests that any withholding schedule be established in the administrative order, with a clear accounting of the amount, duration and date on which the lawful rent resumes.**

8. Section 26.90.090: Rent Stabilization Board

The proposed composition of the Rent Stabilization Board is not balanced. The ordinance establishes a seven member Board and requires that at least four members be tenants of rental housing in the City. It does not require even one member to be a rental property owner or property manager.

This is particularly significant because the Board is not merely advisory. It will hear appeals from hearing officer decisions, adopt regulations governing petition procedures, establish hearing procedures and make recommendations regarding the Rent Stabilization Program. The Board may review disputes involving operating expenses, maintenance, insurance, financing, capital improvements, construction, property management and regulatory compliance. Property providers and property managers have direct experience with these subjects and should have guaranteed representation on a body responsible for interpreting and administering these rules.



A majority tenant requirement also means that tenants are guaranteed control of the Board while the people who own, maintain and operate rental housing are guaranteed no representation. **SBAOR requests guaranteed representation for property providers or property managers on the Rent Stabilization Board.** At a minimum, Council should explain why one side of the rental relationship is guaranteed a majority while the other side is not guaranteed a single seat.

Appeal standard

The Board generally reviews a hearing officer's decision based on the existing record but may elect to conduct a new hearing or consider additional evidence for good cause. The ordinance should define the standard the Board will apply when reviewing a hearing officer's findings and explain when a new hearing or additional evidence will be permitted. Parties should know whether the Board is reviewing for legal error, substantial evidence, abuse of discretion or making its own independent determination. **SBAOR requests clear and consistent standards governing Board appeals before the petition process begins.**

Judicial review deadline

Section 26.90.090(E) requires judicial review of a final Board decision to be commenced within 30 days after notice of the final decision is given. "Commenced" appears to mean that the affected party must file a court action challenging the decision within that period. It does not merely require requesting a hearing date or notifying the City of an intent to seek review.

This is a significant deadline. An affected party may need to retain legal counsel, review the written decision and administrative record, identify the legal grounds for review and prepare a court petition within 30 days. The proposed deadline is also shorter than the 90-day filing period generally recognized in Chapter 1.30 of the Santa Barbara Municipal Code for certain petitions challenging City administrative decisions.

The ordinance does not clearly state whether the 30-day period begins when notice is mailed, electronically transmitted or actually received. That distinction is important because delayed delivery could substantially reduce the time available to seek judicial review. **SBAOR requests that the City explain the basis for reducing the judicial review period to 30 days, provide a reasonable filing period and clearly state that the period begins upon documented receipt of the final decision.**

9. Chapter 26.100: Rental Registry

The City has repeatedly stated that a rental registry is necessary because it does not currently have comprehensive data about Santa Barbara's rental housing stock. SBAOR understands the value of accurate information for evaluating housing conditions and making informed policy decisions. However, a registry created primarily to collect data should be designed around the specific information the City actually needs. Before imposing a new annual registration requirement on nearly every rental property, the City should identify:

1. What information it currently possesses through the Business License Tax program, property records, permit records and other City databases.
2. What information is missing from those sources.
3. How each item required by the registry will be used.
4. How frequently the information must be updated to remain useful.
5. Which information is necessary for general housing data and which information is necessary only to administer the rent control program.

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The ordinance requires registration of nearly all residential rental units, including single family homes, condominiums, newer construction and other properties exempt from the rent cap. Only units within an owner-occupied dwelling where the owner and tenants share common facilities are excluded. If exempt properties are included to provide the City with a complete picture of its rental housing stock, the registration requirements and fees for those properties should be limited to the actual cost of collecting and maintaining that data. Exempt properties should not be required to finance portions of the rent control program that do not apply to them. **SBAOR requests that the City clearly identify the data it needs, determine what information is already available, explain how every required data point will be used and limit the obligations imposed on exempt properties to those reasonably necessary for maintaining accurate rental housing information.**

Tenant information

The registry requires the number of tenants and the move in date of current tenants but expressly prohibits collection of personal information concerning tenants or occupants. This creates an incomplete record of the tenancy. A property provider must identify the number of tenants but cannot identify the individuals who are parties to the rental agreement or authorized to occupy the unit. Basic tenant information may be relevant when determining which rental agreement applies, who is entitled to occupy the unit, when a tenancy began and whether a later dispute involves an original tenant or a subsequent occupant.

The ordinance already requires property providers filing petitions to submit a separate confidential list containing tenant names and mailing or email addresses. The City has therefore recognized that tenant identifying information may be necessary for program administration and can be maintained confidentially. **If the City believes a comprehensive registry is necessary, SBAOR requests that it explain why the registry requires extensive property and rent information but excludes basic information identifying the parties to the tenancy.** Any tenant information collected should be confidential, protected from general public disclosure and limited to legitimate program administration.

Amendments and inadvertent errors

The ordinance requires an amendment within 30 days following an ownership change, a change in management or authorized agent, an address change or the rental of a unit following a vacancy. All forms must be complete and accurate, and the property provider must declare under penalty of perjury that the information is true and correct. The ordinance should provide a reasonable correction process for inadvertent errors or omissions. A property provider attempting to comply should receive notice of a deficiency and an opportunity to correct it before penalties or restrictions apply. **SBAOR requests a clear correction period for inadvertent registry errors and a distinction between good faith mistakes and intentional misrepresentations.**

Consequences of noncompliance

Beginning January 1, 2028, an inaccurate or incomplete registration can prevent a property provider from advertising a unit, demanding or accepting rent, pursuing a rent adjustment or commencing a no-fault eviction. These are severe consequences for what may be an administrative mistake. The ordinance states that registration must be accurate but does not establish whether every error, regardless of materiality, triggers the same restrictions. **SBAOR requests that enforcement be limited to material**



violations and that property providers receive notice and a reasonable opportunity to correct registration deficiencies before losing the right to collect rent or exercise other legal rights.

10. Section 26.90.020: Written, Oral and Implied Rental Agreements

The ordinance defines a “Rental agreement” as an agreement that may be oral, written or implied. SBAOR believes this moves in the wrong direction. Santa Barbara already requires property providers to offer a written one year lease. A written agreement creates a record of the parties, rent, housing services, occupancy rights, responsibilities and other terms of the tenancy. That record becomes even more important under the proposed ordinance. City staff, hearing officers and the Rent Stabilization Board may have to determine:

1. The lawful rent.
2. The identity of the tenants.
3. Which housing services were included.
4. Which utilities were included.
5. Whether parking, storage, pets or additional occupants were authorized.
6. Whether a service or term later changed.

Those determinations become significantly more difficult when the underlying agreement is oral or implied. The ordinance also defines a tenant as someone entitled under a rental agreement to occupy the unit. If the agreement may be oral or implied, disputes may arise over who qualifies as a tenant and which individuals have enforceable occupancy rights.

SBAOR requests that the ordinance rely upon written rental agreements wherever legally permissible.

The City should explain why an increasingly complex regulatory system should simultaneously rely on undocumented oral or implied terms. At a minimum, the ordinance should establish how a hearing officer will determine the terms of an oral or implied agreement and which party bears the burden of proving those terms.

11. Section 26.90.110: Notices, Disclosures and Required Languages

The ordinance creates extensive notice and disclosure obligations. Property providers should not be expected to draft documents carrying significant legal consequences without standardized City forms. The City should provide legally compliant forms for every notice and disclosure required by the ordinance, including:

1. Notice that a unit is subject to the ordinance.
2. Notice that a unit is exempt.
3. Notices accompanying rent increases.
4. Capital Improvement Plan notices.
5. Temporary relocation notices.
6. Petition notices.
7. Registry notices following an ownership or management change.
8. Any required language concerning tenant rights or program procedures.

SBAOR requests that the ordinance expressly require the City to develop and publish standardized forms before the corresponding obligations become enforceable.



Volume of required materials

When offering the lease required under Chapter 26.40, a property provider must give a prospective tenant:

1. Written notice that the unit is subject to the ordinance.
2. A current copy of the ordinance.
3. A current copy of all implementing regulations.
4. A current copy of any City brochure explaining the ordinance.

These requirements could involve a substantial volume of material that may change over time. The ordinance allows electronic delivery only if the prospective tenant has internet access and provides written consent. The property provider must document that the tenant was offered a choice and record the tenant's decision. **SBAOR requests that the City create a single standardized notice and acknowledgment form, maintain all required materials in one current online location and allow property providers to satisfy the disclosure requirement by providing the City approved notice and link without separately reproducing the ordinance, regulations and brochures.** Property providers should not be responsible for determining whether they have located the latest version of every ordinance, regulation and brochure.

Definition of prospective tenant

Section 26.90.110(D) defines "Prospective tenant" to include any person entitled to receive an offer of a lease under Chapter 26.40, including an existing tenant. Using the term "prospective tenant" to include an existing tenant is confusing. Existing tenants should be identified directly rather than included within a term that ordinarily describes someone considering a future tenancy. **SBAOR requests that the City revise the terminology so the ordinance clearly identifies when notices must be provided to applicants, new tenants and existing tenants.**

Written demand and three-day deadline

A property provider must retain proof of compliance and file it with the Program Administrator within three days of a written demand. The ordinance does not specify:

1. How the written demand will be delivered.
2. When the three-day period begins.
3. Whether the three days are business days or calendar days.
4. Whether additional time is provided when the demand is sent by mail.
5. What consequences apply if the records are produced shortly after the deadline.

Although the definition section states that "Day" means calendar day, the ordinance should make the deadline and method of delivery clear within this requirement. Three calendar days may be particularly difficult when a demand is mailed, received before a weekend or directed to a property provider who is temporarily unavailable. **SBAOR requests a reasonable response period and clear rules governing delivery and receipt of a written demand.**

Translation requirements

California Civil Code Section 1632 already establishes translation requirements when a residential rental agreement is negotiated primarily in Spanish, Chinese, Tagalog, Vietnamese or Korean. The statute identifies the covered languages, the circumstances triggering translation and the documents that must be translated.



The proposed ordinance creates a broader and less objective requirement. It requires notices in English and Spanish, or another language that the property provider knows or “reasonably should know” the tenant understands. The ordinance does not explain what facts would establish that a property provider reasonably should have known that a tenant understood another language. It also does not identify which notices must be translated into that additional language or who is responsible for ensuring the translation accurately states City law. **SBAOR requests that the City align its translation requirements with the objective standards established under state law or clearly explain why a broader local requirement is necessary. If the City requires notices in additional languages, the City should provide official translations of every required notice and specify the circumstances that trigger their use.**

12. Section 26.90.120: Compliance and Enforcement

The ordinance imposes significant consequences for any violation, making clarity, standardized forms and education essential. Section 26.90.120 authorizes criminal and civil enforcement, private civil actions, damages, injunctive relief and recovery of costs and attorney fees where permitted by law. Most concerning, Section 26.90.120(E) provides that a property provider’s failure to comply with **any requirement** of the ordinance may be asserted as a complete affirmative defense in an unlawful detainer action or any other action to recover rent or possession of a covered rental unit.

This language does not distinguish between a material violation affecting the tenant and a minor administrative mistake. As written, an inadvertent notice error, missed deadline or incomplete form could potentially be asserted as a complete defense to an otherwise lawful action to recover rent or possession. The consequences of a violation should be proportionate to its seriousness. A technical mistake unrelated to the underlying dispute should not eliminate a property provider’s right to collect lawful rent or recover possession. **SBAOR requests that Section 26.90.120(E) be limited to material violations directly related to the rent or possession at issue. The ordinance should also provide notice and a reasonable opportunity to correct first-time or inadvertent administrative violations before significant penalties or loss of rights may apply.**

Private enforcement

The ordinance permits any aggrieved person to bring a civil action for damages arising from any violation of the chapter or a final administrative order. The ordinance should define who qualifies as an “aggrieved person” and clarify whether a private action requires actual injury. Without clear limits, minor administrative errors could produce litigation even when no tenant suffered harm. **SBAOR requests that private enforcement require a material violation and a demonstrated connection between the violation and the harm alleged.**

Good faith compliance

The ordinance creates a new and complicated regulatory system. Property providers will need to understand rent calculations, notices, registration requirements, petition procedures, capital improvement rules, relocation obligations and changing regulations. A property provider making a good faith effort to comply should not face the same consequences as someone who knowingly or repeatedly violates the law. **SBAOR requests a good faith compliance provision, a reasonable correction period and graduated enforcement that distinguishes inadvertent errors from intentional or repeated violations.**



13. Sections 26.100.010 and 26.100.020: Registry Fees and Program Costs

The size and cost of the proposed program have increased materially during development of the ordinance. The September staff materials estimate that a fully implemented program will require **seven to nine full-time equivalent positions and annual expenditures of approximately \$2 million to \$2.4 million**. Staff also states that the earlier preliminary estimate of approximately **\$154 per unit will increase significantly** as additional program and petition costs are incorporated into the fee.

The final fee has not been determined. Property providers are therefore being asked to evaluate a permanent regulatory program without knowing what they will be required to pay each year.

The ordinance requires a registry fee for every registered rental unit. For units subject to the rent cap, the fee will also include costs associated with implementing, administering, monitoring and enforcing the rent control program. This distinction is important. If exempt properties are charged a registry fee to support general data collection, that fee should be limited to the actual cost of registering and maintaining information for those properties. **SBAOR requests that the fee study and a complete program budget be presented before the fee structure is finalized. The City should identify the cost assigned to general registry administration separately from the additional cost assigned to administration and enforcement of the rent control program.**

Fee pass through

After timely payment, a property provider may pass through no more than 50% of the annual registry fee in 12 equal monthly installments. The amount must be separately itemized and is not treated as rent for purposes of calculating a rent increase. The property provider must pay the full fee to the City but has no assurance that the permitted tenant portion will actually be recovered. If the tenant does not pay the pass through and the tenancy ends, the unpaid amount may not be assessed to the tenant. The fair return provisions also recognize only up to 50% of the annual registry fee as an operating expense. This appears to assume that the remaining 50% will be recovered from the tenant, even though recovery is not guaranteed. **SBAOR requests that the full fee be recognized as a property operating expense unless and until the property provider actually receives the tenant portion. The ordinance should not treat an unpaid amount as though it has been recovered.**

Petition fees

City staff has indicated that the costs of processing property provider and tenant petitions will be incorporated into the annual registration fee. This is one reason the earlier preliminary estimate of approximately \$154 per unit is expected to increase. However, Section 26.90.080(D) separately states that property providers filing petitions are responsible for any applicable program fees established by Council resolution and that a petition will not be accepted if the property provider is delinquent on required fees. This creates uncertainty about whether property providers could be required to pay both an annual registration fee that funds petition processing and a separate fee when filing a fair return or capital improvement petition. **SBAOR requests that the City clarify whether any separate petition fee may be charged. If petition processing is funded through the annual registration fee, Section 26.90.080(D) should be revised so property providers are not charged twice for access to the petition process.**



Future cost increases

The ordinance allows the registration fee, late charges and penalties to be established by future Council resolution. Given the projected size of the program, property providers need transparency regarding how costs will be controlled and how future fee increases will be justified. **SBAOR requests annual public reporting of program expenditures, staffing, petition volume, fee revenue, reserves and the allocation of costs between general registry functions and rent control administration.**

14. Section 26.90.030(C): Future Changes in State Law

Section 26.90.030(C) provides that a property provider may establish the initial rent following a lawful vacancy, “subject only to limitations of California statute.” This language appears to tie the scope of Santa Barbara’s vacancy rules to future changes in state law. If the Costa Hawkins Rental Housing Act is amended, repealed or replaced, the effect on this provision is unclear.

SBAOR strongly objects to structuring today’s ordinance so that a future change in state law may automatically expand Santa Barbara’s rent control program without a new public process or an affirmative decision by the City Council. No one knows what state law will look like in the future. Costa Hawkins may remain unchanged, be amended, be partially invalidated or be replaced with an entirely different statutory framework. Each possibility could have different consequences for Santa Barbara. The appropriate ordinance under today’s state law may not be the appropriate ordinance under a future law that does not yet exist. **SBAOR requests removal or amendment of any language that could automatically expand the application of the ordinance following a future change in state law. Any such change should return to Council for public review, stakeholder input and an affirmative policy decision.** The ordinance should be written for the law that exists today. A future change in state law should begin a new policy discussion, not silently alter the meaning or reach of an ordinance adopted under different legal circumstances.

15. Implementation and Education

The permanent ordinance is scheduled to become operative on January 1, 2027. Although the registry deadlines occur later, the substantive rent control requirements begin on January 1, 2027. Before that date, the City must establish the program, appoint the Board, retain hearing officers, adopt regulations, develop forms, prepare translations, create administrative procedures and educate thousands of property providers and tenants.

This is not simply a matter of distributing a brochure. Property providers must understand the new rent calculation, Annual General Adjustment, notice requirements, tenant petitions, fair return petitions, capital improvement procedures, temporary relocation obligations and enforcement provisions before they can reasonably be expected to comply. Many important standards will be established later through regulations adopted by the Program Administrator or Rent Stabilization Board. Property providers cannot be educated about rules that have not yet been written. The implementation schedule should also account for the time necessary to:

1. Publish all required forms and official translations.
2. Provide numerical examples and written guidance.
3. Train City staff and hearing officers.
4. Establish petition and appeal procedures.
5. Create a public education program.
6. Give property providers sufficient time to review the final rules and update their practices.

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SBAOR requests that enforcement of the new requirements be delayed until all regulations, forms, translations, guidance and administrative procedures have been published and property providers have received a meaningful education and implementation period.

Reliance on future regulations

The ordinance delegates numerous substantive and procedural details to future regulations. These include petition requirements, exceptional circumstances affecting the base year, registry procedures, additional registry information and Capital Improvement Plan procedures. Council is therefore being asked to adopt the ordinance before many of the rules governing its operation have been written.

SBAOR requests that the principal implementing regulations be presented for public review before enforcement begins and that material requirements affecting property rights, financial liability or access to remedies be established by ordinance rather than left entirely to future administrative action.

16. Technical and Editorial Corrections

The draft contains cross reference and citation errors that should be corrected before adoption.

These include:

1. The definition of “Fair return” refers to Section 26.90.060, which governs capital improvements, rather than Section 26.90.050.
2. Section 26.90.100(D)(1) refers to relocation payments in Section 26.90.130(G)(3), but Section 26.90.130 governs hearing officers and contains no subsection G. The relocation amounts appear in Section 26.90.100(D)(3).
3. Section 26.90.080(T) refers to Code of Civil Procedure Section 1094.5 as part of the “Civil Code.”
4. Section 26.90.090(D) refers to Section 26.90.80 rather than Section 26.90.080.

These errors may appear minor, but incorrect citations create confusion in a regulatory program where compliance carries significant consequences. **SBAOR requests a comprehensive legal, cross reference and editorial review of the ordinance before adoption.**

17. Additional Definition and Interpretation Issues

Several definitions and operative provisions require clarification because they determine which properties and individuals are subject to the ordinance.

Rental units without a certificate of occupancy

The definition of “Rental unit” states that a unit may qualify as a rental unit whether or not it has a valid certificate of occupancy for use as rental housing. The City should explain how this provision interacts with building, zoning, habitability and code enforcement requirements. A property provider could be required to register a unit and comply with the RSO even though another City division does not recognize the unit as lawful rental housing. The ordinance should not create conflicting obligations or imply that registration under the RSO legalizes an otherwise unauthorized unit. **SBAOR requests that the City explain the purpose and effect of including units without a valid certificate of occupancy and clarify how registration information may be used by other City departments.**



Meaning of delivery

Section 26.90.030(F) provides that a violation occurs upon “delivery” of a notice or demand for a prohibited rent increase. The ordinance does not define delivery. It is unclear whether a notice is delivered when it is mailed, electronically transmitted, personally served or actually received by the tenant. This distinction is important because the ordinance establishes a violation based on delivery of the notice, even before the proposed increase takes effect or any payment is collected. **SBAOR requests that the City define delivery and clarify when a notice or demand is considered delivered for purposes of establishing a violation.**

Definition of tenant

The ordinance defines a tenant as a person entitled under a rental agreement to occupy a rental unit. Because a rental agreement may be oral, written or implied, disputes may arise over who qualifies as a tenant and who may file a petition, receive notices or participate in an administrative proceeding. The registry separately requires the number of tenants but prohibits collection of identifying information. The City should ensure that the terms “tenant,” “occupant” and “party to the rental agreement” are used consistently throughout the ordinance. **SBAOR requests clarification of who qualifies as a tenant, particularly when additional occupants are not identified in a written rental agreement.**

Conclusion

SBAOR recognizes that the City Council has directed staff to develop a permanent rent control program. Our purpose in submitting these comments is to ensure that Council fully understands the practical, financial and administrative consequences of the ordinance before it becomes law.

The September Introduction Draft is not limited to restricting annual rent increases. It creates a comprehensive regulatory system governing registration, fees, notices, petitions, property finances, capital improvements, temporary relocation, housing services, administrative hearings, appeals and enforcement.

Many of these provisions remain unclear, rely on standards that have not yet been defined or defer important requirements to future regulations. At the same time, even an inadvertent violation may carry significant consequences for a property provider’s ability to collect rent or recover possession of a unit. The financial structure also remains incomplete. The final registration fee has not been determined, the fee study is not complete and staff now estimates that the program will require annual expenditures of approximately \$2 million to \$2.4 million and seven to nine full time equivalent positions.

Before adopting the ordinance, SBAOR requests that the City Council:

1. Restore meaningful exemptions for small and owner-occupied rental properties.
2. Reconsider the proposed 60% of CPI formula and establish a reasonable minimum Annual General Adjustment.
3. Retain the August 1st through July 31st adjustment cycle already familiar under state law.
4. Create fair return and capital improvement procedures that small property providers can realistically use.
5. Establish objective standards for tenant petitions and reductions in housing services.
6. Provide guaranteed representation for property providers or property managers on the Rent Stabilization Board.
7. Clearly establish the data needed from the rental registry and limit fees for exempt properties to the cost of collecting and maintaining that data.

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8. Provide all required forms, notices and official translations.
9. Limit serious enforcement consequences to material violations and provide a reasonable opportunity to correct inadvertent errors.
10. Complete the fee study and publish the full program budget before finalizing the fee structure.
11. Prevent future changes in state law from automatically expanding the ordinance without further public review and Council action.
12. Provide a meaningful education and implementation period before enforcement begins.
13. Correct the cross references, citation errors and ambiguities identified in this letter.

SBAOR asks the Council not to adopt an ordinance of this scope before these issues are resolved. At a minimum, the Council should direct staff to return with the necessary amendments, supporting data, fee information, implementing regulations and standardized forms before the ordinance becomes operative. Santa Barbara needs rental housing. The people who own, maintain and provide that housing must be able to understand the rules, comply with them and continue investing in the properties on which tenants depend.

Thank you for considering SBAOR's comments and requested amendments.

Sincerely,



Jennifer Berger
2026 President

