Santa Barbara Association of REALTORS®

November 10, 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: Extension of the Temporary Rent Increase Moratorium

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 strongly opposes the proposed extension of the City's temporary rent increase moratorium. When Council adopted the moratorium in January 2026, it was intended to be a temporary measure while the City developed a permanent Rent Stabilization Ordinance (RSO). That work has been completed, yet the City is now proposing to extend the freeze without a defined sunset date or any mechanism for housing providers to seek reasonable rent adjustments.

Our primary concerns with the proposed extension are:

- **No Sunset Date:** The extension has no fixed expiration date and could prohibit rent increases well into 2027 or longer.
- **No Fair Return Process:** Unlike the permanent RSO, the temporary moratorium provides no mechanism for housing providers to request reasonable rent adjustments, raising serious constitutional concerns.
- **Increasing Financial Burdens:** Housing providers could go well over a year without adjusting rents despite rising insurance premiums, property taxes, maintenance costs, utilities, and other operating expenses.
- **Original Purpose Fulfilled:** The moratorium was intended to be temporary while the City developed a permanent RSO. That ordinance has now been adopted.
- **Referendum Rights:** The extension is being proposed specifically because residents exercised their legal right to challenge the permanent RSO. The City should respect that process rather than prolong restrictions indefinitely.
- **Additional Legal Exposure:** The existing moratorium is already the subject of federal litigation, and the City's own staff report acknowledges that extending it could create additional legal challenges.

- **Existing Tenant Protections:** California law already limits annual rent increases for many properties. The possibility of unlawful increases should be addressed through tenant education and enforcement rather than a blanket prohibition affecting all covered housing providers.

An Indefinite Rent Freeze Without a Fair Return Process Raises Serious Legal Concerns
The City's original moratorium, Ordinance No. 2026-6206, expressly prohibits increases in base rent without providing a fair return petition process or any other mechanism for housing providers to seek individualized relief.

California courts have long recognized that rent regulation must provide housing providers a reasonable opportunity to earn a fair return on their investment. This is an important reason why permanent rent stabilization programs, including the City's recently adopted RSO, contain a fair return petition process. Yet the City is now proposing to extend a complete prohibition on rent increases without providing comparable protections.

Housing providers have already been operating under the freeze since February 2026. If extended, they could go well over a year without the ability to adjust rents, regardless of rising insurance premiums, property taxes, maintenance costs, utilities, and other operating expenses. For smaller housing providers in particular, these expenses can significantly affect their ability to maintain and operate their properties.

There is a fundamental difference between a temporary moratorium with a defined expiration date and an open-ended prohibition on rent increases. The longer the City maintains a complete freeze without an opportunity for individualized relief, the greater the concern that the restriction could prevent housing providers from earning a constitutionally adequate return. The City's own staff report acknowledges the financial impacts on housing providers, the pending federal litigation challenging the existing moratorium, and the fact that the proposed extension does not establish any additional relief mechanism.

If the City recognizes the importance of a fair return petition process in its permanent RSO, how can it justify extending an even more restrictive rent freeze without providing housing providers the same fundamental protection?

The Original Purpose of the Temporary Moratorium Has Been Fulfilled
When Council adopted the temporary moratorium on January 27, 2026, it did so for the expressly stated purpose of allowing the City to prepare, consider, and potentially adopt a permanent rent stabilization program. The ordinance included a December 31, 2026 expiration date. The City completed that process and adopted its permanent RSO on October 6, 2026. The fact that residents have exercised their referendum rights does not change the original purpose of the temporary moratorium or automatically justify extending it indefinitely. What was intended to be a limited, transitional measure should not become an open-ended restriction on rental housing.

Existing Tenant Protections Should Be Enforced, Not Disregarded
We recognize the City's concern that tenants could face significant rent increases while the referendum is pending. We also understand concerns that some tenants may be unaware of their rights or reluctant to challenge unlawful rent increases.

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However, California's Tenant Protection Act (AB 1482) already limits annual rent increases for many rental properties to 5% plus the applicable change in the Consumer Price Index, or 10%, whichever is lower. While these protections do not apply to every rental unit, they provide an existing safeguard against excessive increases for many tenants. The possibility that some housing providers may violate existing laws should not justify restricting every housing provider. Rather than assuming widespread noncompliance, the City should prioritize tenant education, enforcement of existing protections, and ensuring residents understand their rights. A housing provider implementing a lawful rent increase is not violating tenant protections. The City should distinguish between those complying with existing law and those who may violate it. Concerns about potential unlawful conduct should be addressed through appropriate enforcement, not through an indefinite prohibition on reasonable rent adjustments for all covered housing providers.

The City must balance legitimate tenant protections with the financial realities of providing and maintaining rental housing.

The Extension Raises Concerns Regarding the Referendum Process

The proposed extension is being considered specifically because residents exercised their legal right to challenge the permanent RSO through a referendum. This process is an important part of California's democratic system, allowing voters to determine whether a legislative decision should stand. We recognize that the temporary moratorium and permanent RSO are separate ordinances. However, the City's own staff report acknowledges that California courts have prohibited legislative bodies from circumventing a pending referendum through substantially similar legislation, including interim measures. While the legal circumstances here may differ, extending the rent freeze until the referendum is resolved raises legitimate concerns about the practical effect on the referendum process. The referendum suspends the permanent RSO. It does not require the City to extend the existing rent freeze. That is a separate policy decision Council is choosing to make and one that must be evaluated on its own merits.

The City Must Consider the Cumulative Impact on Housing Providers

Housing providers are an essential part of Santa Barbara's housing supply. Many are individuals and families who own a small number of rental units and are responsible for maintaining safe, habitable housing while managing increasing operating expenses.

The original moratorium was adopted with a defined expiration date. Housing providers should not be expected to absorb an indefinite extension without any meaningful opportunity to demonstrate financial hardship or seek a reasonable adjustment. The City should also provide evidence demonstrating why existing state protections are insufficient to address its concerns and evaluate the financial consequences of continuing the freeze. Responsible housing providers should not be penalized based on assumptions about the actions or intentions of others. They are an integral part of our community and should be treated as partners in addressing Santa Barbara's housing challenges.

SBAOR Urges Council to Reject the Proposed Extension

SBAOR strongly urges Council to reject the proposed ordinance and allow the temporary moratorium to expire as originally scheduled on December 31, 2026.

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At a minimum, if Council chooses to proceed, the ordinance must include a firm sunset date, a meaningful fair return process for housing providers, and an evaluation of the cumulative financial impacts before any further extension is considered.

The City cannot continue treating a temporary prohibition on rent increases as though its duration and financial consequences are insignificant. Housing providers deserve regulatory certainty, a reasonable opportunity to cover increasing operating expenses, and access to relief when government restrictions threaten the financial viability of their properties.

We urge Council to respect the referendum process, recognize the essential role housing providers play in our community, and reject this indefinite extension.

Thank you for your consideration.

Sincerely,



Jennifer Berger
2026 President

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