



January 13, 2026

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: Tenant Protection – Temporary Rent Increase Moratorium Ordinance and Ordinance Adding Requirements for Just Cause “Ellis Act” Evictions

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. The Santa Barbara Rental Property Association (SBRPA) is the premiere organization for housing providers, suppliers, and the rental housing community. SBRPA serves the community at large, and nowhere is this more evident than in our collaboration with various organizations. As two of the leading organizations in the South Coast primarily focused on housing, we question the amendments to the above-mentioned Municipal Code sections.

We recognize that a majority of the Council has indicated support for the proposed rent freeze and that this ordinance is being advanced as a temporary measure, set to expire on December 31, 2026, or earlier upon adoption of a permanent rent stabilization program. We also believe it is critical to state clearly, for the public record, that a policy does not become harmless simply because it is labeled “temporary,” nor does urgency justify retroactive economic penalties.

Our organizations have submitted multiple letters and analyses over the past several years documenting why rent control does not improve long-term affordability, why rent freezes are an extreme and counterproductive tool, and why layering additional regulation onto Santa Barbara’s already complex framework will accelerate housing loss rather than prevent displacement. None of those facts have changed.

Based on decades of data, economic evidence, and Santa Barbara’s own experience, this ordinance, particularly its retroactive treatment of rent increases and its use of an absolute rent freeze, will worsen housing affordability, reduce rental supply, and accelerate the loss of small, locally owned housing providers.

Rent Freeze

The City’s position appears to be that the rent freeze is acceptable because it sunsets at the end of 2026 or earlier upon adoption of a permanent rent stabilization program. That framing ignores how housing markets actually function. Even short-term freezes:

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- Alter long-term pricing behavior
- Disrupt financing, refinancing, and insurance underwriting
- Cause housing providers to cancel or defer maintenance and rehabilitation projects
- Push small providers to sell or exit the rental market entirely

Once a unit is sold, consolidated, or withdrawn from the rental market, it does not automatically return when a temporary ordinance expires. The loss of supply is permanent, even if the regulation is not.

Although the staff report clarifies that rents will not be rolled back, the ordinance nonetheless applies retroactively in a materially harmful way. Under the City's own description, any rent increase lawfully imposed after December 16, 2025 but before the ordinance's effective date does not change the unit's base rent, but is instead *counted against future rent increases* authorized under a permanent rent stabilization program, if and when adopted.

This means housing providers are being penalized for lawful conduct that occurred before the ordinance existed, by having future rent growth reduced or eliminated to offset past increases that were legal at the time they were imposed. From a reliance and economic standpoint:

- Owners made financial decisions based on existing law
- Those decisions are now being retroactively recharacterized as advance use of future rent authority
- The financial impact is permanent, even if the ordinance later sunsets.

Insurance premiums, property taxes, debt service, and capital investments incurred in reliance on lawful rent levels are not offset or forgiven simply because future rent adjustments may be unavailable later.

Legal Considerations

Beyond its economic consequences, the ordinance presents significant legal risk, particularly due to its retroactive features and the severity of a full rent freeze. Courts have consistently held that retroactive economic regulation is disfavored and subject to heightened scrutiny under constitutional due process principles. Even where rent regulation is permitted prospectively, retroactively attaching adverse consequences to lawful past conduct raises serious concerns regarding fairness, reliance interests, and arbitrariness.

By counting lawful rent increases against future rent authority under a permanent program, the City is effectively imposing a retroactive penalty that alters the legal consequences of completed actions. This exposes the ordinance to challenges based on:

- Due process: for upsetting settled expectations without necessity
- Contract impairment: where existing lease terms and pricing expectations are effectively rewritten by operation of law.
- Unconstitutional taking of private property

Separately, a rent freeze, as opposed to a rent cap, is an extraordinary regulatory action. Courts have recognized that freezes are legally permissible only when narrowly tailored to a bona fide emergency and when less restrictive alternatives are inadequate. Unlike caps, freezes prohibit any rent adjustment, even to recover unavoidable operating costs. This severity substantially increases litigation exposure, particularly when paired with retroactive treatment.

Labeling the ordinance "temporary" does not cure these defects. Constitutional harm occurs at the moment retroactive penalties are imposed and when revenue is frozen while costs continue to rise.



Retroactive Penalties

This structure has already distorted behavior before the ordinance even takes effect. Given the announced retroactive date of December 16, 2025, any lawful rent adjustments affected by this ordinance were most likely made in December 2025, in direct response to public discussion, staff reports, and clear signals that a rent freeze and permanent rent stabilization program were forthcoming.

Those decisions were not speculative or opportunistic. They were rational, defensive responses to regulatory uncertainty, taken by housing providers acting fully within the law as it existed at the time. Owners relied on the reasonable expectation that lawful rent increases would remain part of the unit's rent history and would not later be recharacterized or penalized retroactively.

By counting those December 2025 increases against future rent authority under a permanent rent stabilization program, the ordinance now punishes reliance on existing law and locks in the consequences permanently. Owners who acted lawfully in response to uncertainty are left with reduced or eliminated flexibility going forward, while owners who did not, or could not, adjust rents face the same freeze without any opportunity to recover rising costs.

While rents are frozen and future increases are preemptively consumed, operating costs continue to rise:

- Insurance premiums have increased dramatically
- Labor and material costs continue to escalate
- Utilities, water rates, and compliance costs rise regardless of City policy

The result is not stability, but a chilling effect on reinvestment, long-term planning, and trust in the regulatory framework. Retroactive penalties send a clear signal that compliance with the law offers no protection against later policy reversals, discouraging reinvestment and accelerating exit by small housing providers. When revenue growth is constrained both now and in the future, the predictable outcomes are deferred maintenance, deterioration of housing quality, financial distress, or removal of units from the rental market, each of which reduces supply and increases long-term rents citywide, directly undermining the City's stated housing goals.

In conclusion, we understand the emotional pressure surrounding housing insecurity and the desire to act quickly, but policies driven by urgency rather than evidence consistently produce unintended and often irreversible consequences, particularly in housing markets. Rent control and rent freezes do not create affordability; they reduce supply, institutionalize higher rents over time, and shift housing into the hands of larger, less community-rooted owners, undermining the small, local providers on whom Santa Barbara's housing ecosystem depends. Calling this ordinance "temporary" does not mitigate its long-term economic or legal consequences: retroactively counting lawful rent increases against future rent authority and imposing an absolute rent freeze guarantee immediate harm, distort housing decisions, and expose the City to significant legal risk. If the Council proceeds, it should do so with a clear understanding that these impacts were raised in advance, are foreseeable, and will not be cured by a sunset clause. Public policy must be grounded in facts, law, and evidence, not emotion. For the long-term health of Santa Barbara's housing market, the Council should vote no on this ordinance and should instead pursue solutions that actually expand and preserve housing.

Sincerely,



Jennifer Berger
SBAOR 2026 President



Betty Jeppesen
SBRPA 2026 President

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