



# City of Huntington Beach

**File #:** 18-279

**MEETING DATE:** 9/4/2018

## REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Fred A. Wilson, City Manager

**PREPARED BY:** Antonia Graham, Assistant to the City Manager

**Subject:**

**Adopt Resolution No. 2018-50 opposing the Local Rent Control Initiative of 2018 as recommended by the Intergovernmental Relations Committee (IRC)**

**Statement of Issue:**

On July 25, 2018, the Intergovernmental Relations Committee met and members recommended that the City take a position on Proposition 10 Local Rent Control Initiative of 2018 which will appear on the November 2018 ballot.

**Financial Impact:**

There is no fiscal impact.

**Recommended Action:**

Adopt Resolution No. 2018-50, "A Resolution of the City Council of the City of Huntington Beach Opposing the Local Rent Control Initiative of 2018."

**Alternative Action(s):**

Do not adopt the resolution and direct staff accordingly.

**Analysis:**

On July 25, 2018, the Intergovernmental Relations Committee comprised of Mayor Mike Posey, Mayor Pro Tem Erik Peterson, and Council Member Lyn Semeta, met and discussed pending legislation and November 2018 ballot measures. The Committee voted unanimously to take an Oppose position on Proposition 10 in the form of a Council Resolution.

Proposition 10 is an initiated State statute that would repeal the Costa-Hawkins Rental Housing Act (Costa-Hawkins), thus allowing local governments to adopt rent control ordinances - regulations that govern how much landlords can charge tenants for renting apartments and houses. Proposition 10 would also state that a local government's rent control ordinance shall not abridge a fair rate of return for landlords.

Costa-Hawkins is a State statute that limits the use of rent control in California and provides that cities cannot enact rent control on: (a) housing first occupied after February 1, 1995; and, (b) housing units where the title is separate from connected units, such as condominiums and townhouses. Costa-Hawkins also provides that landlords have a right to increase rent prices to market rates when a tenant moves out. Prior to the enactment of Costa-Hawkins, local governments were permitted to enact rent control, provided that landlords would receive just and reasonable returns on their rental properties.

While the State is in the midst of a housing crisis, Proposition 10 is not a panacea and does little if anything to solve the State's housing problem and is a deeply flawed measure that will likely worsen the problem. Independent academic experts from Stanford and U.C. Berkeley agree that Proposition 10 will reduce construction of affordable and middle-class housing and eliminates protections for homeowners. Homeowners who rent even a single room in their homes will be subject to permanent price controls enacted by local governments and unelected rent boards. These changes will reduce home values for middle-class families at a time when many are counting on their homes to help finance their retirement. Additionally, Proposition 10 will cause property owners to take rental units off of the market in favor of vacation listing services like "Air BnB" and "VRBO" which means more short term rental units in our communities and less affordable housing for renters - further driving up housing costs.

Proposition 10 is opposed by a myriad of groups throughout the State. Veterans, seniors, teachers, affordable housing advocates, and the business community all have taken an Oppose position on Proposition 10.

**Environmental Status:**

Not Applicable.

**Strategic Plan Goal:**

Improve quality of life

**Attachment(s):**

1. Resolution No. 2018-50, "A Resolution of the City Council of the City of Huntington Beach Opposing the Local Rent Control Initiative of 2018."