

Proposed SMRR-sponsored ballot measures for November 2018

A. Proposed amendments to the Santa Monica Rent Control Charter Amendment

To take effect only if the state-wide Affordable Housing Act is passed in November 2018 by California voters, thereby repealing the contrary provisions of the Costa Hawkins Act.

- 1. Set the base rent for all rent controlled units as the lawful rent in effect on January 1, 2018, in order to create greater certainty for property owners in the event the Affordable Housing Act is passed in November 2018 by California voters;**
- 2. Permanently exempt from rent control all single-family homes and non-TORCA condominiums;**
- 3. To create greater housing security for renters in units not previously rent controlled:**
 - a. Place rental units in buildings built from 1979 through 1999 under rent control jurisdiction on January 1, 2019 with the base rent being the rent in effect as of January 1, 2018; and**
 - b. Place rental units in buildings built after 1999 (other than single family homes and condominiums) under rent control on the 20th anniversary of their certificate of occupancy with base rent being the rent as of one year prior.**
- 4. Provide for a lawful rent increase in the amount of 5% following the voluntary vacancy of the existing tenant from a rent controlled unit, but no more than one time in five years.**
- 5. Create incentives for property owners to rent units that have never been vacancy decontrolled and whose rents are therefore more likely to be affordable to low and moderate-income households from a City qualified roster.**

[About 28% of all rent controlled units have not ever been vacancy decontrolled. If Costa Hawkins is repealed by the voters in November 2018, and vacancy decontrol is thereby eliminated, some potential options to encourage property owners to rent these units to lower and moderate income households could include: 1) Use funds from the above tax to provide direct financial incentives or 2) allow one previously vacancy decontrolled unit to continue to be eligible for vacancy decontrol if the landlord commits to rent a lower rent unit that has never been decontrolled to an income appropriate household.]

- B. Propose that the City of Santa Monica raise additional funds to enable the city to assist low-income rent-burdened Santa Monica residents and to develop additional affordable housing by placing before voters a 4-5% windfall profits tax on rental income collected by property owners on 1) all units that have been vacancy decontrolled since the adoption of the Costa-Hawkins Act and 2) all rental units in apartment buildings that have been built in Santa Monica since 1979 and that have never been rent controlled.**
- a. Formulate the measure to ensure that property owners may not pass this tax through to current tenants of rent-controlled units.**
 - b. This tax should not apply to any rented single-family home, nor to any rented TORCA condominium, nor to rent controlled units that have never been vacancy decontrolled.**

[Revenue from a 4-5% tax could reach \$25 M/year. And it is fair that property owners contribute a portion of the windfall profits gained from rents on previous vacancy decontrolled rental units whose rents are among the highest in the region and are derived from the very tight Santa Monica rental market and the exceptional amenities provided by our community.]

We believe revenues should be used toward ensuring the security of many long time Santa Monica residents who are rent burdened, many of whom are seniors with low incomes, and creating new homes in Santa Monica for low and moderate-income renter households. Rented single family homes and non-TORCA condominiums should be exempt from the tax just as they are and always have been exempt from Santa Monica rent control.]