



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council

DATE: September 17, 2018

FROM: Matthew Bronson, City Manager

PREPARED BY: Matthew Bronson, City Manager

SUBJECT: Information on State Proposition 10

RECOMMENDATION

Receive information about State Proposition 10 on the November 2018 general election and consider whether to take a City position on this proposition.

BACKGROUND

On August 20, 2018, staff presented an update on State ballot initiatives on the upcoming general election on November 6, 2018 and engaged the Council about potentially taking positions as a City on initiatives that impact local governments in consultation with the League of California Cities (League). There are 11 ballot initiatives total and the League has taken positions to support Proposition 1 (housing bond), Proposition 2 (homeless housing bond), and Proposition 3 (water bond) as well as oppose Proposition 6 (repeal of SB 1 gas tax transportation funding). Staff also brought to the Council a Resolution to oppose Proposition 6 consistent with the Council's previous policy direction opposing the SB 1 repeal. The Council adopted the Resolution opposing Proposition 6 and also provided policy direction to take positions in support of Proposition 1, 2, and 3.

In addition, the Council requested that staff bring back information on Proposition 10 for the Council to consider taking a City position on the proposition which expands local governments' authority to enact rent control on residential properties. The League did not take a position on this proposition as there was not 2/3 support of the League Board to take a position as required under League guidelines. Below is a summary of this initiative with additional information at the Secretary of State's website at https://www.oag.ca.gov/system/files/initiatives/pdfs/17-0041%20%28Affordable%20Housing%29_0.pdf. Information is also available on the website Voter's Edge, which combines nonpartisan election information from the League of Women Voter's former Smart Voter website with the nonpartisan research organization MapLight. Information on Proposition 10 is available at <https://votersedge.org/ca/en/ballot/election/73-73752b/address/null/zip/93433/measures/measure/3255?&date=2018-11-06>.

- The initiative would repeal the Costa-Hawkins Rental Housing Act and allow local governments to enact rent control regulations on all residential properties including apartments and single-family houses. The initiative would also state that a local government's rent control ordinance shall not abridge a fair rate of return for landlords.
 - The Costa-Hawkins Act is a state statute that precludes local governments from enacting rent control regulations on housing occupied after February 1, 1995 and housing units where the title is separate from connected units such as condominiums and townhouses. The Costa-Hawkins Act also allows landlords to increase rent prices to market rates when a tenant moves out. Prior to enactment of Costa-Hawkins, local
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governments were permitted to enact rent control provided that landlords would receive “just and reasonable” returns on their rental properties.

- A bill was introduced this year in the Legislature (AB 1506) to repeal the Costa-Hawkins Act. AB 1506 did not advance out of the Assembly Housing and Community Development Committee on a 3-2 vote with two abstentions (four votes needed to advance).
- A “yes” vote on this initiative would allow local governments to adopt rent control regulations and repeal the Costa-Hawkins Rental Housing Act. A “no” vote would keep the Costa-Hawkins Rental Housing Act in place and continue to prohibit local governments from enacting rent control on affected properties.
- Support for this initiative is being led by the Coalition for Affordable Housing with sponsorship by the AIDS Healthcare Foundation and Alliance of Californians for Community Empowerment. The Coalition for Affordable Housing supporters include the California Democratic Party, AFCME California, California Nurses Association, California Teachers Association, SEIU California, and other groups. More information is available at <https://voteyesonprop10.org/>.
- Opposition for this initiative is being led by Californians for Responsible Housing, Californians for Affordable Housing, and No on Prop 10. These groups are sponsored by the California Apartment Association and the California Rental Housing Association with support from the California Republican Party and other groups. More information is available at <https://noprop10.org/>.
- For the Council’s reference, the City does have a Mobile Home Park Conversion Ordinance (Development Code Section 3.40) that requires certain mitigation measures that are intended to mitigate adverse impacts to the mobile home park owners and residents, including relocation costs. However, the Ordinance does not contain rent control regulations on any mobile homes.

FISCAL IMPACT

There is no specific fiscal impact from this item and the fiscal impact of the proposition is unknown.

ALTERNATIVES

The Council has the following alternatives to consider:

1. Consider whether to take a City position on Proposition 10 and provide direction to staff to draft a Resolution to formalize this position for future Council action; or
2. Do not consider taking a City position on Proposition 10; or
3. Provide alternative direction to staff.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

N/A