

**Summary of “Strengthening Communities Through Rent Control and Just-Cause Evictions:
Case Studies from Berkeley, Santa Monica, and Richmond**

Jan 2018 by Urban Habitat

Summarized and Reformatted by Ada Hand 5/15/22

1. MYTH: Rent Control and Rent Stabilization Ordinances are isolated efforts by enemies of capitalism.

FACT: RC and RSOs are gaining momentum in California as tenants respond to the current housing crisis and resort to the ballot or lobbying local city councils. Certain interest groups have responded with misinformation campaigns to bolster their arguments. Their deep pockets help convince certain elected officials to turn a blind eye to the plight of renters whose rents are skyrocketing and who are evicted for no just-cause. While apartment and mobile home park (MHP) owners claim RSOs and RC are “welfare” for their residents, the high profits and favored treatment the owners receive smack of “welfare for the rich.”

2. MYTH: Rent Control and RSOs affect only the residents of apartments and MHPs.

FACT: RC and RSOs are anti-displacement measures with implications beyond housing policy. Displacement causes reverberations beyond individuals and families; local school districts, businesses, and governments are negatively affected when their students, employees, and constituents leave abruptly.

3. MYTH: RC and RSOs would cause new construction to dry up because developers would not be able to make a profit.

FACT: Tenant groups and policymakers should work to repeal Costa-Hawkins which has prevented strong rent control since its permanent implementation does not allow RC or RSO for homes built after February 1995 to be included in RC or RSOs. Urban Habitat recommends new legislation should exempt new construction from rent control, but the “new” designation would expire after a specified number of years, at which point the unit would become subject to rent control.

4. MYTH: Landlords state that higher rents are needed to pay for renovations and taxes.

FACT: A Berkeley study (2013) found that despite unusually high returns on properties in Berkeley, only 6% or less of increases in rent have gone towards annual expenditures on renovations, and less than 4% of increases in rent have gone towards additional taxes. This means that higher rent and maintenance & renovation expenses do not have a positive relationship. It also means that higher rent collected is not circulating through and stimulating the local economy the way it would if rents were not raised significantly and residents spent their funds in the local economy.

In addition, very few landlords have submitted an Individual Rent Adjustment petition because they would have to prove they are not receiving fair returns on their properties.

5. MYTH: RC and RSOs discourages new construction.

FACT: The Costa-Hawkins law prohibits RC and RSOs in construction built after Feb 1995. A comprehensive 1998 report by Berkeley's Planning and Development Department looked at rent control's effect on new construction from 1978-1994 and concluded that "the best available evidence shows that rent control had little or no effect on the construction of new housing." Instead, the most influence was attributed to the availability of financing and land use policies, such as zoning laws.

6. MYTH: RC or RSOs threaten a city's desirability or property values.

FACT: Continued increases in property values in Santa Monica and Berkeley clearly demonstrate that RC does not threaten a city's desirability or property values. Property values for owner-occupied units nearly doubled from 2000-2010 in Berkeley. In Santa Monica the median home value increased 4.5% from 2010-2015. While Richmond's median home value decreased by 23% from 2010-2015, this was due to the foreclosure crisis.

7. MYTH: Rent Control Boards are an expensive cost to a city's general fund and could reduce funding for essential services such as schools, police and fire.

FACT: Because Rent Boards usually collect fees from landlords of rent-controlled units, their expenditures are cost-neutral to their cities. There is a high degree of compliance from landlords with these Rent Control Boards. In some communities the residents may also contribute to the Rent Control Board. Some communities have individuals not affiliated with either residents or owners who serve as volunteers.

8. MYTH: Rent Control Boards will expose the city to unmanageable litigation costs.

FACT: While three rent boards did experience litigation, rent control ordinances statewide have been upheld time and again by the courts, and the boards have staffed themselves in ways that manage the cost of litigation. The key to managing litigation costs is for the rent board to have its own general counsel and staff attorneys rather than relying on city staff, thus limiting attorneys' salaries and any miscellaneous costs.

9. MYTH: Rent Control Boards are not accountable to voters.

FACT: Boards can either be appointed or elected, depending on the city's charter and rent control language. Even when appointed by a mayor or city council, voters can hold the elected officials accountable for appointments. They may have varying amounts of autonomy from the city and, when their budget is developed by the board, they still must fund only reasonable and necessary expenses and must comply with state and local laws. The meetings are open to the public, minutes and handouts are posted online, and walk-in offices' staff can answer questions from the public. In this way, there is some insulation against elected officials who are hostile to rent control and might try to undo the legislation.

10. MYTH: Rent control is not means-tested so higher income individuals take advantage of lower rents.

FACT: All renters, regardless of income, deserve steady and predictable rents. To conduct means testing would require a Rent Control Board to hire many more staff to periodically determine income. Renters are generally lower-income than homeowners so the policy broadly

targets the appropriate demographic. In addition, residents whose mobile home is not their primary residence are excluded from RSOs. This prevents higher-income families and those with more than one residence from taking advantage of lower rents.

11. Tenant stability keeps units off the market for long periods of time and prevents renters from upgrading their housing because they prefer lower housing costs.

FACT: Homeowner stability is universally lauded as a public good. Evictions and other forms of displacement affect local businesses, schools, and government agencies. The same can be said for renters: tenant stability creates positive outcomes for families, neighborhoods, and local governments. A 2012 Santa Monica Rent Board report explains that tenant stability matters in two important ways: “it defines a neighborhood’s character, affecting its desirability to prospective residents, and it defines how a city sees itself—as a stable, engaged community or a more transient society.”

12. MYTH: RC and RSOs increase crime rates.

FACT: There is no data linking rent control and just-cause evictions to increased crime rates. The arguments that try to show a linkage are based on fear-mongering that relied on racist and classist language and stereotypes. Some landlords misunderstand the purpose and administration of just-cause evictions. Tenants can be evicted for specific circumstances, most usually non-payment of rent. If a tenant is engaged in criminal activity, there is a clear remedy.

The Strengthening Communities report contains recommendations for strong tenant protections, an effective policy approach, and best practices for rent board administration. It also suggests Rent boards should publish easily accessible and easy-to-read annual reports to demonstrate the value of RSOs and rent boards. It recommends Santa Monica’s Rent Board’s consolidated annual report as a great example.