



Peace and Freedom Party of California

Legislative Committee

Kevin Akin, Riverside; Mary Lou Finley, San Diego; Dave Kadlecsek, Vice Chair, Santa Clare; Tom Lacey, San Francisco; John Reiger, Sacramento; Maureen Smith, Santa Cruz; Alice Stek, Los Angeles; Bill Storm, Sacramento; C. T. Weber, Chair, Sacramento.

April 17, 2019

Honorable Richard Bloom
State Capitol, Room 2003
Sacramento, CA 94249-0050

Subject: AB 36 Costa-Hawkins modification – Support

Dear Assemblymember Bloom,

I am writing to you on behalf of the Peace and Freedom Party of California to support AB 36. In addition to supporting the construction of new affordable housing, the Peace and Freedom Party supports effective rent control as a means of keeping some housing in California affordable, and thus advocates for the repeal of the Costa-Hawkins Act. While AB 36 doesn't do that, it does significantly modify those provisions of Costa-Hawkins that now prevent local rent control measures from applying to new construction and to almost all single-family residences and condominiums.

For decades California has had a housing affordability problem, with millions of households paying more than they could afford for often substandard housing. In recent years this problem has become a crisis. Especially in the San Francisco Bay Area, where gentrification has forced many tenants to leave their homes and their home towns. While part of the solution to this is building more housing, this only helps if that housing is affordable. Very little new housing is affordable to many of those displaced unless it is required to be, either under inclusionary zoning requirements or as conditions for receipt of subsidies. But without rent control even that new

housing that is initially affordable may not stay affordable as the area in which it is built becomes more desirable. Thus the elimination of the blanket exemption for new construction in Costa-Hawkins is important.

Additionally, the structure of the real estate industry has changed in recent decades with much greater ownership of single-family homes by corporate landlords, especially since the foreclosure crisis of the Great Recession. Thus to the extent that the exemption for single-family homes and condos ever did primarily protect small property owners who weren't really in the real estate business and thus would have as many problems dealing with complicated regulations as do most tenants, it no longer does so. Thus limiting that exemption to natural persons who own no more than two units in the jurisdiction brings its effect much closer to its justification.

However, the remaining provision of Costa-Hawkins requiring vacancy decontrol is still bad policy. With normal turnover as tenants' lives change, this keeps affordable housing from staying affordable on a long-term basis. Further, while it is present, it is an incentive for

landlords to force out long-time tenants and replace them with new tenants who will pay much higher market rents, harming tenants to the extent landlords follow the incentive and making implementation of local rent control more difficult and expensive when local jurisdictions try

to prevent this harm. The legislature should end the ban on vacancy control in rent control ordinances.

We do have some concerns, however, about the specific language of AB 36. While it seems reasonable to provide a limited initial exemption period for new construction, and while the ten year initial exemption in the current language of AB 36 may be appropriate in most cases, the appropriate length of the initial exemption period really does depend on local circumstances that are best known to the cities and the counties that enact local rent control ordinances. Would it be better to simply require that local rent control ordinances provide for an initial exemption period for new construction, either without specifying their lengths or setting a minimum length much lower than ten years? Also, the language limiting the single-family home and condo exemption to natural persons who own no more than two units in a jurisdiction may need to be tweaked to make sure that it does apply to family ownership where no individual has an interest in more than two units and that it does not apply to units that are passive investments for their owners with tenants dealing only with a professional property management company.

In conclusion, the Peace and Freedom Party of California supports AB 36. We will do what we can to help pass your bill, and we hope that we can work with you and other legislators to go on to repeal or substantially modify the vacancy decontrol provision of Costa-Hawkins Act. To

discuss our position on AB 36 further, please contact me at 916-320-9186 (mobile) or CTWeberVoters@att.net, or our State Chair, John Reiger, at reigers@earthlink.net.

Sincerely,

C. T. Weber

Peace and Freedom Party of California

Legislative Committee Chairperson

cc: Assembly Committee on Housing and Community Development

Hon. David Chiu, Chair

Hon. Tyler Diep, Vice Chair

Hon. Jesse Gabriel

Hon. Todd Gloria

Hon. Kevin Kiley

Hon. Monique Limón

Hon. Brian Maienschein

Hon. Sharon Quirk-Silva

Lisa Engel, Chief Consultant