



Memorandum

To: CITY COUNCIL

From: Mayor Sam Liccardo
Vice Mayor Chappie Jones

Subject: RENT STABILIZATION
PROGRAM
IMPLEMENTATION PLAN

Date: February 1, 2019

Approved:

RECOMMENDATION

1. Accept the Rent Stabilization Program Implementation Plan Update.
2. Direct the City Manager to conduct additional analysis of the re-control provision in the Ellis Act Ordinance to determine the extent to which it makes new residential projects infeasible.
 - a. Consider whether other formulations—which still maintain a minimum 1-for-1 replacement of rent controlled or rent-restricted units—can improve feasibility of housing development.
 - b. Return to Council with the results of this analysis at the next update on the Housing Crisis Workplan.

BACKGROUND

When the Ellis Act Ordinance was last updated in April 2018, Housing Staff acknowledged that the 50% requirement amounted to a “best-guess” strategy to avoid dis-incentivizing development of much-needed rental housing while maintaining our existing ARO housing stock. We expected that we would need to monitor the response of the housing market, and learn from feedback.

In the ten months since, we have seen very few Ellis-relevant housing development proposals emerge, and have heard anecdotally that the re-control requirement undermines the viability of several projects. If we have any intention of meeting our affordable and market-rate housing goals, Council must fully understand the impacts of the current requirement. We urge approval.