



# Memorandum

**To:** CITY COUNCIL

**From:** Mayor Sam Liccardo

**Subject:** ELLIS ACT ORDINANCE RE-  
CONTROL PROVISIONS

**Date:** April 19, 2019

**Approved:**

4/19/19

## RECOMMENDATION

Support staff's recommendation for deferral, and:

1. Direct Staff to be prepared to clarify which of the various proposals will accomplish three primary goals, without undermining any of these goals:
  - a. Protect current residents relying upon rent control in finding another affordable apartment, to the full extent that state law allows;
  - b. Construct a greater number of affordable homes—including supplanting rent-controlled units with more affordable, permanently rent-restricted housing—by mandating sufficient increases in density to yield inclusionary rent-restricted apartments that outnumber the existing rent-controlled apartments;
  - c. Construct more housing at all income levels
2. Direct City Attorney to evaluate the legal feasibility of the City allowing greater flexibility in Ellis Act provisions where the builder commits to a binding development agreement that obligates the builder to providing a longer-term subsidy to existing tenants, and where the builder increases the aggregate number of affordable units on site.
3. Given the anticipated June 18 consideration of Cost of Residential Housing Development, as well as the presentation of the High-Rise Feasibility Analysis on the same date, move consideration of all of these items to enable a comprehensive discussion and avoid the creation of piecemeal policy. Further direct staff to consider whether it is possible to place these items on the same calendar with the Inclusionary Housing Ordinance update, and thereby dedicate the entire hearing to housing policy.

## DISCUSSION

We have sought staff's report of their outreach to market participants—both builders and those who financing building—to better understand the impacts of our current Ellis Act provisions on construction.

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Our housing crisis calls for us to do three things: expand the inventory of rent-restricted, affordable housing, protect current residents threatened by high rents, and build more housing affordable at all income levels. We can do all of these things with good, thoughtful policy, and need not accept the false choice proffered by some that one objective has to come at the expense of the other.