

**Santa Cruz Area Chamber of Commerce and Its Board of  
Directors will oppose the Santa Cruz Rent Control and Tenant Protection Act  
that will appear on the November 6, 2018 ballot**

The Chamber also opposes the repeal of the 1995 Costa-Hawkins which will also appear on the November ballot. Combined, these two initiatives would have a demonstrative and lasting negative impact on the rental housing market in Santa Cruz.

On Friday, July 27, the Board of Directors voted to oppose both measures on an unanimous vote with three members abstaining.

Newspapers across the state continue to write story after story about California's unsustainable housing crisis. It hits every community in our state and specifically, along the central coast - the City of Santa Cruz is ground zero in the debate about rent control.

The Santa Cruz Sentinel has assigned a group of local attorneys (rent control experts) to answer the barrage of questions that are posted on the paper's website about the local rent control measure. The answers to the issue only prompt another host of questions which haven't provided any level of clarity to the local businesses, property owners and renters.

You can read one expert here:

[bob-derber-rent-control-explained-how-do-we-sell-our-rented-house-in-santa-cruz](#)

The Chamber understands the complexity of the rising cost of housing in our region - both for sale and rental housing. However, this proposed **Santa Cruz Rent Control and Tenant Protection Act** and the repeal of **Costa-Hawkins Act** will not address the fundamental problem in Santa Cruz - the lack of affordable housing at all price levels, especially low income, and workforce housing. The Chamber is not opposed to reasonable rent stabilization ordinances that are thoughtfully developed with community input. This measure was not a product of community engagement and it will not solve our housing problems. Insufficient consideration and discussion of the measures occurred before these measures were voted to be placed on the November 2018 ballot.

The lack of affordable housing in Santa Cruz County severely constrains the capability of the area's employers to attract and retain employees. It is a deterrent to drawing new businesses to our area. It debilitates our community by making it almost impossible for middle income earners such as teachers, police and fire personnel, and service workers to live where they work. It causes a number of businesses whose markets are outside of Santa Cruz County to leave the area. As more growth occurs, however slight, the situation will continue to deteriorate unless something is done.

According to the nonpartisan state Legislative Analyst Office (LAO) rent control procedures that have prevailed in California induce several effects:

- **Conversion of Rental Housing to Ownership Housing:** Owners of rental housing subject to rent control are more likely to convert their properties to condos or other forms of ownership housing. This results in fewer homes being available for rent and more being available for purchase.
- **Reduced Rents for Housing under Rent Control:** Tenants in rent controlled housing tend to pay lower rent than they otherwise would. This results in more disposable income for renters and less income for landlords.
- **Reduced Turnover among Renters:** Tenants in rent controlled housing are less likely to move. On the one hand, this provides stability for these renters. On the other hand, these renters may be discouraged from moving even when doing so may be beneficial. For example, a renter may be less likely to take a new job in a different location or more likely to commute further for work instead of moving.
- **Reduced Property Values:** The market values (the price a property could be sold for) of properties appear to decline when they are placed under rent control. Further, some evidence suggests that the market value of non-rent-controlled properties in the vicinity of rent-controlled properties also declines.

In the event that Costa-Hawkins is repealed, the Santa Cruz initiative is likely to apply rent control to single-family homes.

**The initiative threatens to:**

- Limit rent increases to the annual inflation rate

- Impose strict “just cause” eviction rules for most rental units.
- Require written warnings be served before initiating eviction, even after criminal activity
- Subject renters to potentially testifying against neighbors accused of criminal activity as part of eviction proceedings
- Force payment of six months or more of comparable market rate rent to terminate a tenancy
- Create a permanent government bureaucracy with the power to set rents, levy fees, and pay itself a salary
- Cost Santa Cruz millions annually to implement and enforce

### **Chamber’s Long Stated Position on Housing**

Our community is suffering from the cumulative impact of forty years of neglecting housing needs. The Board of Directors of the Santa Cruz Area Chamber of Commerce recognize the solution to this problem will require sustained commitment and action over a long period of time.

The Chamber supports increasing the number of housing and rental housing units of all types in Santa Cruz County, with a focus on serving moderate to low income individuals and families through increased-density, mixed-use developments. The Chamber understands that increasing the number of housing units impacts infrastructure issues such as water, transportation and land use. Solutions to these and other infrastructure issues must be pursued simultaneously to housing issues.

The Chamber supports achieving an increase in the number of housing units that:

- Meets the broad spectrum of community needs
- Increases density along major transit corridors
- Promotes affordability for moderate to low income-level households
- Provides for mixed uses and mixed income within a neighborhood
- Allows for more flexibility in the permitting and development planning cycle
- Increases the development of multi-family rental housing
- Increases housing options for students and senior citizens

Economic study after study have shown when rent control is enforced there is a diminished return on the creation of more affordable rental units in a community. Rent control, if passed by the voters, will have a negative causal effect on the housing market because investment in additional housing will be made much less attractive by the implementation of rent control. Today, the escalation of living costs has made it unaffordable for many families to live here. Society has framed the issue as our housing crisis, but it should be described as our affordable housing shortage.

Since the late 1970s, Santa Cruz land use policies and lack of adequate housing construction has not met the region's demand which has led to dwindling housing opportunities available to our residents.

The lack of relatively affordable housing continues to be of chronic concern to Santa Cruz County residents and employers. It threatens not only the area's overall quality of life, but its economic vitality as well. Today, according to the California Association of Realtors, only 16% of county residents can afford a median-priced home. Due to growth that has already occurred, many local residents find themselves priced out of the market by untenable rents and home prices.

We need fair and data-driven information to address our housing shortage. Unfortunately, the rent-control proposal is not thoughtful or fair, and if approved will make this tough situation even worse.

We urge Santa Cruz City voters to consider the lasting impacts that will proceed this measure that do nothing to address our housing needs now or into the future.