



City of Santa Barbara Council Agenda Report

Agenda Date: May 19, 2026

To: Mayor and Councilmembers

From: City Administrator's Office

Subject: Supplemental Research to Inform Rent Stabilization Ordinance Development

Recommendation:

That Council receive the supplemental research requested in consideration of key policy components of a Rent Stabilization Program to provide final direction to staff for drafting of Ordinance.

Executive Summary:

RSG, Inc. (RSG) was retained by the City of Santa Barbara to assist with the development of a rent stabilization program informed by comprehensive research, data analysis, and thoughtful program design. On April 7, 2026, City Council adopted several motions to direct preparation of a draft Rent Stabilization Ordinance and identified topic areas where additional research would inform policy decisions.

This memorandum summarizes supplemental research conducted by RSG across the key policy areas raised by Council. It supports on-going policy discussions and provides additional context as the City refines key elements of a Rent Stabilization Program. For each topic, approaches are outlined as observed in peer jurisdictions and highlights key considerations to inform policy direction.

Discussion:

Across jurisdictions, program outcomes vary and are shaped not only by individual policy choices, but by how those policies are structured, implemented and enforced. Several key themes emerged:

- Direct incentives tied to property owner practices (e.g. maintaining long-term tenancies or limiting rent increases) are not widely used in rent stabilization programs.
- Ownership-based exemptions require portfolio verification, which increases administrative complexity and may result in different levels of tenant protections across units.
- Section 8 units are generally subject to rent stabilization unless explicitly exempted by local ordinance.
- Rent cap level alone does not determine outcomes; program design and market conditions play a significant role.
- Lower caps may increase reliance on petition processes, but patterns vary across jurisdictions.
- Rent banking introduces tradeoffs between flexibility for property owners and predictability for tenants; administrative complexity depends on program structure.
- Standalone capital improvement petitions tend to improve accessibility compared to embedding them within a fair return petition.
- Rental registries are foundational to program administration, requiring a balance between data collection needs, reporting burden, cost and privacy considerations.

Policy Research:

1. Landlord Incentives and Tenant Stability

The Council expressed interest in whether the City can incorporate mechanisms to incentivize landlord practices that support tenant stability, such as maintain long-term tenancies or keeping rents below allowable limits.

A review of peer jurisdictions indicates the direct incentives tied specifically to long-term tenancy or voluntary rent limits are limited. Where incentives exist, they are typically indirect or implemented through separate programs.

Adjustments within Rent Stabilization Programs

Some jurisdictions incorporate modest flexibility based on ownership type or rent levels:

- **Los Angeles County** allows small landlords (generally those owning one property with no more than 10 units, or up to three properties with a combined total of no more than 10 units) an additional 1% annual increase, not to exceed 4% total. Corporate or institutional ownership structures are excluded. Landlords must complete annual self-certification and provide notice to tenants.
- **Inglewood** differentiates allowable increases by property size: properties with four or fewer units may increase rents up to 5% + CPI, while larger properties are subject to 3% or CPI change, whichever is greater. The City also allows higher increases for units with rents below 80% of Fair Market Rent (FMR) – up to 10% annually for smaller properties and 8% for larger ones – until rents reach 81% of FMR. Staff noted that reliance on U.S. Housing and Urban Development (HUD) FMRs introduces annual variability, and the approval process adds administrative effort. The table below illustrates how this approach could function using Santa Barbara FMRs:

Unit Type	FMR (\$)	80% of FMR (\$)	Example Current Rent	New Rent (+10%) ≤4 units	New Rent (+8%) 5+ units
1-Bedroom	\$2,651	\$2,121	\$1,900	\$2,090	\$2,052
2-Bedroom	\$2,994	\$2,395	\$2,100	\$2,310	\$2,268
3-Bedroom	\$3,996	\$3,197	\$2,800	\$3,080	\$3,024

These approaches aim to provide targeted flexibility for smaller-scale property owners and allow for gradual adjustments of below-market rents while maintaining overall program coverage.

Key Considerations

- **Limited precedent:** Few jurisdictions provide direct incentives tied to long-term tenancy or tenant-supportive practices. As a result, available evidence on effectiveness is limited.
- **Administrative complexity:** Incentive programs tied to landlord practices would require new systems to track and verify eligibility (e.g. tenancy duration, rent levels relative to allowable caps), additional registry enhancements, as well as on-going monitoring and enforcement.
- **Interaction with vacancy decontrol policies:** Although State law prohibits eviction solely to raise rent, vacancy decontrol allows landlords to reset rents upon turnover. This dynamic may incentivize landlords to favor tenants more likely to turnover. Well-designed, retention-based incentives could help mitigate this dynamic if sufficiently impactful.
- **Financial tradeoffs:** More robust incentives (e.g. fee reductions, grants) require public funding or foregone revenue, which must be weighed against other housing priorities.

Policy Direction for Council Consideration

Based on these examples, Council may wish to consider:

- (a) Whether to incorporate targeted flexibility within the Ordinance, such as:
 - i. Adjustments to annual allowable increases based on property size or ownership scale
 - ii. Additional allowable increases for units below defined rent thresholds
 - iii. Additional allowable increases tied to other specific landlord actions (e.g. tenancies that extend beyond a defined duration)
- (b) Whether to incorporate alternative incentives, such as reductions or waivers of City-imposed fees (e.g. rental housing registration, inspection, or permitting fees), and how those costs would be funded or offset (not recommended by staff at this time due to budget constraints).

2. Small Property Exemptions

The Council expressed interest in understanding how jurisdictions structure exemptions for small properties, including how they define and verify eligibility and the administrative and equity implications of different approaches.

Ownership-Based and Portfolio Limits

Only a limited number of jurisdictions incorporate unit-count thresholds or ownership-based criteria. Where these approaches exist, they vary in complexity and application:

- **Washington, D.C.** exempts rental units owned by persons with no more than four total rental units across all properties, provided no owner holds an interest in any other rental units in the District. The City requires formal certification and on-going reporting of ownership changes.
- **Culver City** conditions exemptions for certain property types on ownership scale – landlords must not hold a direct or indirect ownership interest in more than two rental units citywide – and excludes corporate or institutional ownership structures.
- **Concord** applies a tiered exemption framework for single-family homes and condominiums based on ownership scale where owners with three or more units receive a partial exemption and owners with two or fewer units are exempt from rent stabilization and just cause, but remain subject to rent registry requirements.
- **Hayward** (prior ordinance) applied a portfolio-based threshold requiring a unit to be part of a portfolio of five or more residential units under common ownership to qualify for coverage. Staff reported significant difficulty identifying common ownership when structured through separate entities such as multiple LLCs, and noted that ownership changes could shift units in and out of coverage as landlords crossed the threshold. The City ultimately moved away from this approach; its current ordinance does not include unit size or ownership-based thresholds beyond those established under State law.

Key Considerations

- **Administrative complexity and verification:** Ownership-based exemptions require tracking landlord portfolios, which can be difficult to verify especially when

owners structure holdings across multiple entities, increasing staff time for compliance monitoring and enforcement.

- **Clarity:** Complex exemption criteria based on ownership thresholds are harder to understand than property-based approaches, increasing the likelihood of property owner and tenant disputes.
- **Equity:** Ownership-based exemptions can create uneven tenant protections, by excluding tenants in smaller or individually owned properties while covering similar units under larger ownership structures.

Policy Direction for Council Consideration

Based on these examples, Council may wish to consider:

- (a) Whether to incorporate small property exemptions within the ordinance, and how eligibility should be defined, such as:
 - i. Ownership-based thresholds (e.g. number of units owned across a portfolio)
 - ii. Property-based criteria (e.g. unit type or property size)

3. Section 8 and Affordable Housing Restrictions

The Council expressed interest in understanding how jurisdictions treat Housing Choice Voucher (Section 8) units and deed-restricted or subsidized housing within rent stabilization frameworks.

Legal and Policy Context

Under California law, Housing Choice Vouchers are generally understood to apply to the tenancy (tenant-based assistance) rather than the unit itself and as a result, are not inherently exempt from rent stabilization. Guidance from the California Attorney General related to AB 1482 clarifies that Section 8 voucher holders are subject to state rent caps and tenant protections. Unlike deed-restricted or project-based affordable housing – which is tied to the unit and subject to separate regulatory agreements – vouchers operate within the private rental market. Jurisdictions that choose to exempt Section 8 units must do so explicitly through local ordinance; in the absence of clear local language, these tenancies are generally treated as covered.

Overview of Approaches

Jurisdictions take varied approaches to Section 8 and subsidized housing, generally falling into three models depending on how exemptions are defined and implemented:

- Approach 1 – **Explicitly Exempt**: Richmond and Culver City explicitly exempt units receiving federal, state or local housing subsidies including, but not limited to Section 8. This approach provides clarity and administrative simplicity as exemption status is clearly defined in the Municipal Code.
- Approach 2 – **Explicitly Not Exempt**: Cudahy, Maywood, and West Hollywood clarify that tenant-based voucher units remain subject to rent stabilization, consistent with legal distinction between tenant-based and unit-based assistance. Inglewood also maintains coverage of Section 8 units while incorporating targeted provisions such as reduced registration fees and limitations on pass-through costs. This approach aligns with legal distinction between tenant-based and unit-based assistance and maintains consistent coverage across the private rental market.
- Approach 3 – **Hybrid / Partial Exemption**: Some jurisdictions such as Mountain View exempt affordable housing units from rent caps while maintaining just cause eviction protections while Alameda applies partial exemption for Section 8 depending on ownership. This allows for more tailored design, but increases complexity in administration and interpretation.

Key Considerations

- Clarity and Legal Consistency: Clear ordinance language is important to avoid ambiguity and ensure consistent implementation.
- Alignment with Housing Goals: Jurisdictions may choose to exempt Section 8 or subsidized units to align with broader affordability objectives or to avoid potential conflicts with program requirements.

Policy Direction for Council Consideration

Based on these examples, Council may wish to consider:

- (a) Whether and how to treat Section 8 voucher units within the ordinance, including whether to:

- i. Explicitly exempt voucher-assisted tenancies from rent stabilization and all ordinance requirements
- ii. Maintain full coverage of voucher units, consistent with other non-exempt rental units
- iii. Maintain coverage with targeted provisions, such as reduced registration fees or limitations on pass-through costs
- iv. Apply a partial or hybrid approach, such as exempting units from rent caps while maintaining other requirements (e.g., registration or just cause protections)

4. Rent Banking

The Council expressed interest in understanding how rent banking functions in practice, including its administrative and policy implications and the tradeoffs associated with allowing or disallowing it.

Implementation Experience across Jurisdictions

Jurisdictions that allow rent banking typically require standardized tenant notices, documentation, and varying levels of City oversight. The administrative burden varies significantly based on program design.

- **Filing and tracking requirements** are common, with jurisdictions requiring submission of rent increase notices that include banked amounts within defined timeframes (e.g. Alameda and Mountain View) or requiring documentation such as rent history in response to tenant challenges (e.g. Oakland).
- **Complaint-driven programs** (e.g. Hayward, Richmond) do not maintain formal tracking systems and instead identify banking through rent increases that exceed the annual cap or through landlord disclosures. These programs are less administratively intensive but may result in incomplete compliance data.

Where rent banking is allowed, jurisdictions typically cap combined increases at 8 – 10% in a given year and require advance notice and standardized documentation.

Jurisdictions without Rent Banking

West Hollywood previously allowed rent banking but eliminated it after observing “stacked” increases, where small annual allowances accumulated and were later applied as large one-time hikes approaching 10%. The City transitioned to a “use or lose it” model to promote more predictable, incremental adjustments.

In jurisdictions without rent banking, landlords may seek to recover foregone increases through fair return petitions, which allow case-by-case evaluation of whether rents provide a reasonable return. However, these processes are resource-intensive. RSG has observed this practice in Santa Ana, where petition requests can require substantial staff resources with analysis costs potentially exceeding \$20,000 per case.

Key Considerations

- **Administrative complexity:** Rent banking requires tracking allowable increases across multiple years at the unit level, including rent histories and applicable caps. This can be difficult to administer and often increases staff workload for filing review, compliance monitoring, and dispute resolution.
- **Clarity:** Rent banking policies typically involve technical requirements related to calculations, notice language, and filing procedures. These requirements can be challenging for property owners and tenants to navigate, increasing the likelihood of errors, invalid filings, and tenant petitions or complaints.
- **Predictability:** Allowing banking can result in larger, less predictable increases when multiple years of unused allowances are applied at once, creating affordability and tenant displacement concerns.
- **Policy tradeoffs:** Eliminating rent banking shifts complexity to petition processes, which are more targeted but more time-intensive and costly for both landlords and the City.

Policy Direction for Council Consideration

Council has given direction on not allowing rent banking, but may want to consider potential changes given the additional research provided.

5. Petitions (Fair Return vs. Capital Improvement)

The Council expressed interest in how jurisdictions structure petition processes, particularly whether capital improvements should be embedded within the fair return process or established as a standalone petition pathway.

Approaches to Structuring Petitions

Among the five peer jurisdictions (Alameda, Hayward, Mountain View, Santa Ana and Santa Monica) presented to Council on April 7, 2026:

- All five provide a fair return petition (FRP) process to allow landlords to seek relief when rent limits do not provide a reasonable return and to support compliance with constitutional requirements.
- Four of the five also provide a separate capital improvement petition (CIP) or pass-through mechanism, allowing landlords to recover eligible capital costs outside of the fair return process.

Impact on Utilization – Santa Ana Case Study

Santa Ana initially embedded capital improvement requests within the fair return petition process. During this period, no petitions reached complete status or advanced to a hearing. After separating capital improvement petitions into a standalone process and incorporating costs into the program fee, petition activity increased across both petition types:

Fair Return Petitions		
Year	Petitions Received	Moved to Hearing
2022	7	0
2023	9	3
2024	9	2
2025	4	3

Capital Improvement Petitions		
Year	Petitions Received	Moved to Hearing
2022	N/A	N/A
2023	3	2
2024	6	5
2025	7	5

While multiple factors may contribute to these trends (e.g. program maturation, increased awareness), the data suggest that separating capital improvement petitions may reduce barriers to utilization. Capital improvement petitions also advance to a hearing at higher rates, reflecting their more straightforward, project-based review compared to the property-wide financial analysis required for fair return petitions.

Tenant Hardship Protections

Some jurisdictions incorporate tenant hardship provisions to balance landlord requests for above-cap increases. In Mountain View, tenants may file hardship petitions to request relief from a proposed rent increase that exceeds the annual allowable limit or in response to a notice of a banked increase.

In practice, Hearing Officers may reduce, delay, or modify approved increases based on documented tenant financial circumstances. While this framework can help mitigate displacement impacts, it introduces an additional review layer that increases administrative complexity and processing time.

Petition Fee Structure and Accessibility

All five peer jurisdictions incorporate the cost of petition review into the annual rental registry fee rather than charging standalone application fees. This approach lowers upfront financial barriers and may improve accessibility, though at the same time, it distributes petition review costs across all regulated units regardless of individual petition activity.

Key Considerations

- **Embedded capital improvement petitions** within the fair return process requires detailed, property-wide financial analysis, which increases complexity for applicants and staff and may limit utilization.
- **Standalone capital improvement petitions** allow for more targeted, standardized review and are associated with higher rates of petitions advancing through the process, but require clear guardrails to ensure consistency.

- **Petition processes must be accessible and workable in practices** to function as meaningful relief mechanisms – overly complex, resource-intensive processes may deter use when formally available.

Policy Direction for Council Consideration

Based on these examples, Council may wish to consider:

- (a) How to structure capital improvement petitions within the program, including whether to:
 - i. Incorporate capital improvements within the fair return petition process
 - ii. Establish a standalone capital improvement petition process with more targeted review (Staff recommendation)
- (b) How to structure petition-related costs, including whether to:
 - i. Incorporate petition costs into the annual registration fee (Staff recommendation)
 - ii. Charge standalone application fees

6. Rental Registry and Data

The Council expressed interest in understanding what data jurisdictions collect through rental registries, how they use that data, and how they balance transparency with privacy considerations.

Rental registries are a foundational component of rent stabilization programs, supporting compliance, enforcement, petition review, and policy analysis. As illustrated in the exhibit below from Santa Ana's fee study, registry fees are typically structured to fund the full range of program activities, including registration, compliance monitoring, petition review, as well as tenant and landlord support services.

Exhibit 1. Allocation of Rental Registry Fee by Program Task (Santa Ana)

Task	Program Task Title	Full Cost	% of Total
T-100	Rental Registry	200,217	
T-101	Change Of Ownership	15,038	
T-102	Re-Registration	41,214	
T-103	Claim Of Exemption	33,168	
T-104	Termination Of Exemption	8,155	
T-105	Rental Registry Fee (Collection)	167,442	
T-106	Late Payment/Other Finance Transact	25,870	
T-107	General Inquiries	70,579	
		561,683	17%
T-201	Inquiry About Compliance/Violation	32,351	
T-202	Notices Of Violation/Complaints	12,486	
T-203	Investigation Of Complaints	20,902	
T-204	Citations Prosecution & Litigations	57,259	
T-205	Code Enforcement Inspections	14,966	
T-206	Case Correspondence & Record Keeping	60,260	
		198,224	6%
T-301	Receive/File T.O.T/Evictions	28,030	
T-302	Follow-Up On Unjust Evictions	269,723	
		297,753	9%
T-401	Direct Inquires & Petition Review	97,913	
T-402	Annual Allowable Rent Adjustment	29,295	
T-403	Fair Return Petitions	72,682	
T-404	Capital Improvement Petitions	72,682	
T-405	Tenant Petition	316,724	
		589,296	18%
T-501	Mediation (Pre)Counseling	21,966	
T-502	Mediation Cases Heard	171,966	
		193,932	6%
T-601	Direct Inquiries For Hearings/Appeals	6,464	
T-602	Time Of Hearing	164,007	
T-603	Appeal (Of Decision)	231,450	
		401,921	12%
T-700	Rental Housing Board	297,399	9%
T-800	Rent Stabilization Program	736,518	22%
TOTAL BY PROGRAM TASKS		\$3,276,726	100%

Common Data Collected

Across jurisdictions, registries generally collect consistent core data at the unit level, including: property address and unit information (bedrooms, bathrooms, housing services); ownership and management contact information and acquisition date; current rent, base rent at start of tenancy, date and amount of the most recent increase, tenant move-in date, and security deposits; and administrative data as needed to support

enforcement and policy analysis. Jurisdictions use this data to establish a verified rent history for each unit, which is critical for enforcing allowable increases, reviewing petitions, and resolving disputes.

Public Access and Privacy Considerations

Jurisdictions balance transparency with privacy by limiting what information is publicly accessible. Aggregated program data and general statistics are typically public; personally identifiable information – including tenant names, contract details, and in many cases detailed ownership contact information – is typically confidential. Registry data may be subject to public records requests, but jurisdictions routinely redact sensitive information. In practice, detailed registry access is typically limited to program staff.

Key Considerations

- **Level of detail vs. reporting burden:** Collecting comprehensive unit-level data must be balanced with minimizing reporting complexity. Overly burdensome requirements may reduce compliance.
- **Transparency and public trust:** Providing aggregated data or limited unit-level data can support transparency, but must be balanced with privacy protections. Clear communication about how data is used and protected can help build confidence among both tenants and landlords.
- **Upfront vs. on-going costs:** More robust data systems require higher initial investment, but can improve long-term efficiency and reduce manual processing.

Policy Direction for Council Consideration

The current approach of implementing a robust rental registry can be maintained as adopted. The focus will be on implementing a system that supports compliance, administration, and on-going program evaluation while balancing data needs, privacy and reporting burden.

7. Rent Cap Formula

The Council expressed interest in understanding how lower rent cap levels may influence program outcomes, including administrative workload and petition volume, and requested

an illustration of allowable increases over recent years under a 60% of CPI or 3% (whichever is lower), rent cap formula structure.

Illustrative Rent Increases under CPI-Based Caps

Using CPI for the Los Angeles-Long Beach-Anaheim area (April to April), consistent with AB 1482 methodology, the following table shows allowable increases under caps set at 60%, 75% and 100% of CPI, each subject to a 3% maximum:

Year	Allowable Increase (60%)	Allowable Increase (75%)	Allowable Increase (100%)
2025	1.8%	2.25%	3%
2024	2.34%	2.92%	3.9% → 3% cap
2023	2.29%	2.87%	3.82% → 3% cap
2022	4.72% → 3% cap	5.9% → 3% cap	7.87% → 3% cap
2021	2.17%	2.71%	3.61% → 3% cap
2020	0.42%	0.52%	0.70%

Operational Impacts

- **Petition Volume:** Lower rent caps can create conditions where landlords rely more heavily on fair return petitions. However, patterns across jurisdictions are mixed – cap level alone does not determine petition volume. Program maturity, outreach, and accessibility of petition processes also influence filing rates. Newer programs often experience higher filing volumes in early years as tenants and landlords engage with the process.
- **Program Administration:** Administrative workload depends less on the cap itself and more on how jurisdictions structure reporting, monitoring, and enforcement. A lower cap does not inherently increase burden, but may increase reliance on enforcement mechanisms that drive workload.

- **Program Outcomes:** The relationship between rent cap levels and broader program outcomes is not uniform and can be difficult to isolate. Local housing market conditions, including rent levels, vacancy rates, and operating cost pressures, shape outcomes alongside the overall structure of the rent stabilization program. As a point of comparison and reference, the City's current mobile home rent stabilization ordinance has a cap of 75% of CPI.

Adjustment from Lower to Higher Rent Cap Formula – City of Concord Case Study

In April 2025, Concord raised its allowable annual rent adjustment from 3% or 60% of CPI (whichever is lower) to a flat 5%, following property owner concerns that the prior cap did not keep pace with rising operating costs and inflation, which they said affected the long-term financial feasibility of maintaining rental properties. This adjustment was part of a broader re-evaluation of the ordinance after several years of program implementation.

Policy Direction for Council Consideration

Council has given direction on a rent cap formula structure (60% of CPI or 3%, whichever is lower), but may want to consider potential adjustments given the additional research provided and possible alignment with the current cap level in the City's existing Mobile Home Rent Stabilization Ordinance (75% of CPI). Staff has concerns with the administrative and petition workload that would result from the 60% of CPI cap.

Budget/Financial Information:

The estimated cost of a Rent Stabilization Program is \$2 million annually based on the estimated number of units that would be impacted by such a program given Council direction to date. The estimated number of units (13,000), with no exemptions beyond what is required by State law, would equate to a \$154 fee per unit for full program cost recovery. These numbers are based entirely on estimates from peer jurisdictional research at this stage in the process. The City will have to conduct a fee study to determine the amount per unit to recover the full costs of program administration and then Council will need to provide direction on how the costs will be passed through to property owner and/or tenant.

Council Agenda Report

Supplemental Research to Inform Rent Stabilization Ordinance Development

May 19, 2026

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Attachment: April 7, 2026 Public Comment Letter Submitted by the Housing Authority of the City of Santa Barbara

Prepared and

Submitted By: Barbara Andersen, Sr. Assistant to the City Administrator

Approved By: Kelly McAdoo, City Administrator



**HOUSING AUTHORITY
OF THE CITY OF SANTA BARBARA**

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April 3, 2026

Sent via email

Mayor Rowse and City Councilmembers
c/o City Clerk's Office
735 Anacapa Street
Santa Barbara, CA 93101

RE: CITY COUNCIL AGENDA ITEM #14: UPDATE ON DEVELOPMENT OF A RENT STABILIZATION PROGRAM AND FINAL POLICY DIRECTION FROM COUNCIL FOR ORDINANCE DRAFT

Mayor Rowse and Councilmembers,

On behalf of the Housing Authority of the City of Santa Barbara, I appreciate the opportunity to comment on the development of the proposed Rent Stabilization Ordinance (RSO) as outlined in the April 7, 2026 Council Agenda Report.

We strongly support the City's goal of improving housing stability and predictability for renters. However, it is equally important that the ordinance be carefully calibrated to avoid duplicative regulation, unintended consequences, and administrative inefficiencies that could ultimately reduce access to affordable housing.

To that end, we respectfully urge the City Council to include clear exemptions with regard to rent adjustments under the RSO for deed-restricted and regulated affordable housing in addition to other federal rent subsidized tenant based rental assisted units meeting specific guidelines noted below.

Regarding deed restricted and regulated affordable housing units:

These are units that are already subject to recorded deed restrictions, regulatory agreements, or other enforceable affordability covenants should be explicitly exempt from the Rent Stabilization Ordinance.

These units are already governed by:

- Legally binding rent limits tied to income levels (very low, low, and moderate income households),
- Long-term affordability requirements (often 90+ years),
- Ongoing public agency oversight and compliance monitoring.

Imposing an additional local rent cap on these units is not only redundant—it introduces:

- Conflicting regulatory frameworks,
- Administrative confusion for both tenants and operators,
- Potential legal ambiguity in enforcement.

In short, these units are already “rent stabilized”, albeit through a more stringent and targeted framework. Layering a second system does not improve tenant protections; it complicates them and that is why you see these developments exempted in other rent stabilization ordinances and regulations.

Regarding federally subsidized tenant based rental assistance programs

We also strongly recommend an exemption for rental units participating in tenant-based subsidy programs such as:

- Housing Choice Voucher (Section 8),
- Continuum of Care (CoC),
- HOME Tenant Based Rental Assistance (TBRA) Program
- Other similar income-based rental assistance programs covered

These programs already include robust rent controls and tenant protections:

- Tenant rent contributions are capped at approximately 30% of household income;
- Rents must be determined “rent reasonable” under federal standards;
- Total contract rents are capped by HUD-established payment standards adopted by the Housing Authority;
- Units are subject to inspection and ongoing compliance requirements.

Applying a local rent cap on top of this framework creates a direct conflict with federal program design and introduces unnecessary complexity into rent-setting and contract administration.

Perhaps most importantly, failing to exempt these units will have real-world consequences. Landlord participation in voucher programs is already fragile. Adding another layer of regulation, particularly one that may restrict rent adjustments independent of HUD processes, or create uncertainty about allowable rents, will discourage participation.

And when landlords opt out:

- Fewer units are available to voucher holders,
- Lease-up rates decline,
- The City’s most vulnerable households face longer housing searches or displacement.

At a time when the City is working to expand housing access and prevent homelessness, we should not adopt policies that inadvertently shrink the pool of participating units.

Alignment with the City’s Stated Goals:

The Agenda Report emphasizes the importance of:

- Minimizing administrative bureaucracy,
- Creating clear and predictable rules,
- Ensuring effective program implementation

Exempting already-regulated affordable housing and federally subsidized units directly advances those goals by:

- Eliminating duplicative oversight,
- Reducing administrative burden on City staff,
- Preventing unnecessary disputes and confusion,
- Allowing the program to focus on truly unregulated units.

Recommended Exemption Language:

We support inclusion of the following concept in the ordinance similar to what is contained as exclusions in the existing rent freeze ordinance:

Housing restricted by deed, regulatory agreement with a government agency, or other recorded document as affordable to very low-, low-, or moderate-income households, as defined in Health and Safety Code Section 50093, or comparable federal statutes, shall be exempt.

Additionally, rental units leased to tenants receiving tenant-based rental assistance (including but not limited to Section 8 and Continuum of Care programs) shall be exempt, provided that total contract rents and tenant portion of the contract rent comply with applicable program requirements, including federal rent reasonableness guidelines and HUD payment standard limitations adopted by the Housing Authority.

Is it important to get this right, to preserve program integrity, protect tenants, protect and encourage participation with landlords in rental market, and to keep the ordinance focused where it actually adds value.

Sincerely,

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA



ROB L. FREDERICKS
Executive Director/CEO