PROPOSITION 10: LOCAL RENT CONTROL INITIATIVE

POSITION: The Chamber’s Public Policy Committee voted to OPPOSE Proposition 10 on July 10, 2018.

RATIONALE: Proposition 10 would allow for cities to enact rent control. Rent control discourages many development projects by reducing anticipated revenues. Discouraging development projects will result in fewer homes developed exasperating the housing crisis in terms of limiting additional supply which puts upward pressure on housing prices.

STATUS: This initiative qualified for the November statewide ballot.

INDUSTRY/IES IMPACTED

Residential rental property owners will be most directly impacted. In addition, the availability of modestly priced homes within a reasonable distance of work continues to be the most common concern of businesses having difficulty with attraction and retention of talent. If this proposition passes, we can expect businesses to have more and more difficulty attracting and retaining talent as finding housing continues to become harder and harder.

SUMMARY

Proposition 10 would repeal the Costa-Hawkins Rental Housing Act which was enacted by the California Legislature in 1995. Costa Hawkins limited local rent control laws to only existing laws applying to existing multi-family and single-family homes. Post February 1995 developments could no longer be rent controlled. Rent control discourages many development projects by reducing anticipated revenues. By discouraging development projects, Prop 10 would result in fewer homes developed, exasperating the housing crisis by limiting the addition of new housing supply which puts upward pressure on housing prices.

SUPPORTERS

- Coalition for Affordable Housing
- AIDS Healthcare Foundation
- Alliance of Californians for Community Empowerment (ACCE) Action
- California Teachers Association
- California Nurses Association
- Mayor of Los Angeles, Eric Garcetti

ARGUMENTS IN FAVOR

- Repealing the Costa-Hawkins Rental Housing Act will return the power to respond to the state’s housing affordability crisis back to the people and back to local communities.
- Individuals and families protected by rent control ordinances are insulated from the dramatic rent increases common in the housing market.

OPPONENTS

- Californians for Responsible Housing
- California Apartment Association
- California Chamber of Commerce
- Southern California Valley Industry and Commerce Association
- State Building and Construction Trade Council of California

ARGUMENTS IN OPPOSITION

- Rent control would be a major disincentive to building new housing, which will result in making the housing crisis worse.
- Rent control creates an incentive to do the bare minimum in terms of maintenance for rental properties.
- Rent control creates an incentive to convert properties to condos or by redeveloping the building to exempt the property.