



CALIFORNIA ASSOCIATION OF REALTORS®

SB 466 (WAHAB) – EXPANSION OF EXTREME RENT CONTROL – OPPOSE

C.A.R is OPPOSING SB 466 (Wahab), which will dramatically expand the number of properties subject to extreme rent control by weakening the Costa-Hawkins Rental Housing Act. C.A.R. opposes SB 466 because it will harm small property owners by changing the rules on which they have come to rely.

Background

Under current law, most rental properties in the state are subject to AB 1482, which caps rent increases and provides just-cause eviction protections. And in areas of the state where local jurisdictions have adopted a local rent control ordinance in addition to AB 1482, Costa-Hawkins regulates that more extreme rent control by saying that rents can be reset to market rate after a voluntary vacancy; that rent controls do not apply to condos or single-family homes; and that rent control can't be applied to properties built during or after 1995 (except in "legacy" cities such as San Francisco, where the date is earlier than 1995).

SB 466 is being amended to weaken Costa-Hawkins by eliminating the new construction exemption and replacing it with the following restrictions:

- **For most units built in 1995 or later**, it allows extreme rent control to be applied in a rolling one-year fashion starting with 1995. For instance, assuming the bill is passed, starting in 2024 units built in 1995 would be placed under extreme rent control and in 2025 units built in 1996 would be placed under extreme rent control and so on.
- **For those units in "legacy" jurisdictions with earlier new construction exemptions**, two years will be added every year until reaching the year of 1995, and then the same one-year addition will be applied. For example, in 2024, if an exemption began in, let's say, January 1, 1978, units built in 1978 and 1979 would now be under extreme rent control.

Why C.A.R. is OPPOSING SB 466:

Current law is already among the strongest in the nation. Current state law already provides some of the most stringent rent control protections in the nation. Specifically, AB 1482 already establishes a statewide rent cap on rental properties, while Costa-Hawkins allows local governments to adopt an ordinance containing a stricter rent cap standard.

Small housing providers rely on this balanced approach. SB 466 carelessly changes the rules applied to rental properties midstream, thereby pulling the rug out from underneath small housing providers. They are still struggling due to the COVID-19 pandemic and the double

whammy of high inflation and a labor shortage, which makes the labor and material costs of operating a rental property higher than ever.

It dramatically changes the rules midstream. In 2020, millions of small properties became subject to rent caps and just-cause eviction protections established by AB 1482. Then the pandemic hit just three months after the bill took effect, forcing small property owners to comply with a complicated new law, while also navigating eviction moratoriums and trying to keep food on the table for their families. SB 466 will make many of these properties subject to more radical rent controls – just as small property owners are starting to recover and stay afloat financially.

Status

In the Senate.

Action Item

Ask your Senators to Vote NO on SB 466.

[Ask your Senators to Vote NO on SB 466](#)