

# Agenda Report

TO: CITY COUNCIL                      DATE: JUNE 9, 2003

THROUGH: LEGISLATIVE POLICY COMMITTEE – JUNE 3, 2003

FROM: CITY MANAGER

SUBJECT: SUPPORT FOR SB 178 (CEDILLO): EXCEPTION TO THE  
COSTA-HAWKINS RENTAL HOUSING ACT FOR  
INCLUSIONARY HOUSING AFFORDABLE UNITS

## **RECOMMENDATION**

It is recommended that the City Council:

1. Support SB 178 (Cedillo), which would expressly include inclusionary housing program affordable units in the list of exceptions to Costa-Hawkins Rental Housing Act restrictions on a local jurisdiction's authority to set rent limits;
2. Authorize the Mayor to send letters to the appropriate authorities conveying Pasadena's position on this matter.

## **BILL SUMMARY**

Senate Bill 178 would make it explicit that the Costa-Hawkins Act, which prohibits local jurisdictions from enacting "vacancy control" forms of rent control and generally authorizes an owner of rental property to establish the initial rental rates for units, does not apply to the rental of dwelling units whose rents are restricted by local inclusionary housing requirements.

## **BACKGROUND**

The Costa-Hawkins Rental Housing Act, enacted in 1995, provides that the owner of residential property may set the initial rental rate for a dwelling unit, except where certain conditions exist. For newly constructed units now, the most

significant exception is that the owner of the property has received direct financial assistance, or other assistance listed in the statute, from the local jurisdiction.

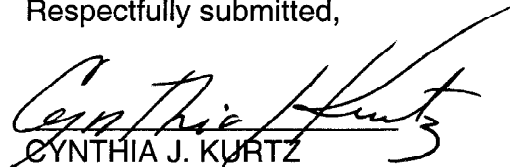
The City of Pasadena provides assistance in a variety of forms, both financial and regulatory, for affordable housing units, so it is allowed to restrict the rents of the new and rehabilitated units that result. For units that are subject to the City's inclusionary housing ordinance, incentives are available to ease their production.

There is no indication in the Costa-Hawkins Act that it is intended to apply to affordable housing units required by local inclusionary housing programs, but it does not discuss specifically the status of inclusionary affordable units *per se*. SB 178 would expressly include inclusionary housing program units in the list of exceptions to the Act's restrictions. It would make explicit an exception for affordable units required by local inclusionary programs, including Pasadena's.

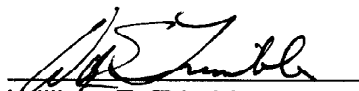
### **FINANCIAL IMPACT**

Because the proposed legislation would not affect implementation of the inclusionary housing program nor staff workload, there is no financial impact.


Respectfully submitted,

  
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