

**SANTA  
MONICANS**



**RENTERS'  
RIGHTS**

Serving the Needs of All Santa Monicans Since 1979

June 26, 2022

Dear Santa Monica City Councilmembers:

The tenants of Santa Monica need and deserve your timely and effective intervention on an issue of great significance to their security in their homes. Due to historically high inflation, rent-controlled tenants face up to a 6% rent increase starting in September 2022. This threatened rent increase constitutes a crisis for all rent-controlled tenants, all of whom already have to stretch their budgets to cover soaring gasoline and food costs. And it constitutes an absolute dire emergency for the roughly three-in-ten (9,500+ total) Santa Monica renter households who are both lower income and already “housing cost burdened” according to HUD (because they already spend more than 30% of their limited incomes on rent and utilities), and most especially for the roughly two-in-ten (6,500+ total) Santa Monica renter households who are both lower income and already “severely housing cost burdened” according to HUD (because they already spend more than half their limited incomes on rent).

SMRR urges the City Council to take three actions in response to this crisis:

1. Place on the November 2022 ballot an amendment to the City Charter that lowers the maximum annual general adjustment allowed from the current 6% to 3%. The ballot measure should provide that this new cap will become effective immediately upon passage (or, if deemed legally more proper, on December 1, 2022 or January 1, 2023), and that any general-adjustment rent increase above 3% imposed by a landlord from September 1, 2022 through the effective date of the Charter amendment must be reduced to just 3% going forward (as must the Maximum Allowable Rent for purposes of future application of the Santa Monica Rent Control Law). If legally permissible, the ballot measure also should provide for refunds to tenants of all amounts collected in excess of the 3% cap for the period from September 1, 2022 through the prospective effective date of the new cap. 3% is the permanent cap on the general adjustment just enacted by the City of Oakland for purposes of its rent control law;

2. If legally permissible, pass an ordinance prohibiting a rent-controlled landlord from charging more than the current maximum allowable rent plus 3% during the period from September 1, 2022 through the proposed effective date of the Charter amendment (unless the landlord demonstrates through the petition process described in the Charter that it cannot earn the constitutionally mandated fair return absent a larger rent increase).

The combination of these first two proposals should prevent general rent increases of more than 3% for the year starting in September 1, 2022 and for each year thereafter; and

3. Withdraw or reject the proposal of Councilmember Brock to place on the November 2022 ballot his transfer tax measure, which does not provide even one penny for ongoing or emergency rent subsidy programs, and instead support the citizens' initiative signed by more than 10,000 Santa Monica residents that will provide an estimated \$10 million to \$20 million in annual funding for ongoing and emergency rent subsidy programs as needed.

A detailed explanation of both the current crisis and SMRR's proposed solutions follows.

**I. THE UNFAIR AND UNNECESSARY RENT-INCREASE CRISIS FACING SANTA MONICA'S RENT-CONTROLLED HOUSEHOLDS**

The current formula for calculation of the annual General Adjustment of the maximum allowable rent landlords may charge for rent-controlled apartments in Santa Monica ("the GA") is 75% of the change in the Consumer Price Index (All Urban Consumers, Los Angeles, Riverside, Orange County region) ("the CPI") for the twelve month period ending as of March of the current year. The GA is subject to an absolute cap of no more than 6%, and the Rent Control Board ("the RCB") has discretion to impose an additional absolute dollar cap calculated in the manner prescribed in the Charter.<sup>1</sup> This formula for calculation of the GA was approved by Santa Monica voters in 2012. At that time Santa Monica's 6% cap was lower than the cap in other California cities with comparable rent control laws.<sup>2</sup>

As everyone is painfully aware, inflation now is at a 40 year high due to a combination of the effects of the COVID pandemic and the Russian invasion of Ukraine. As a result, the CPI used in the 2022 GA calculation rose 8.5%. Under the existing Charter provisions, this means that the GA rent increase effective September 1, 2022 for each rent-controlled household in Santa Monica will be the lesser of 6% of the current monthly rent, or \$140 per month (the absolute dollar cap calculated in the manner prescribed by the Charter, and adopted by the RCB at its June 9, 2022 meeting).

This level of increase in monthly rent, on top of the more broadly-based inflation, would not be fair, nor equitable, nor appropriate for Santa Monica's rent-controlled tenants. The looming 6% rent increase presents a crisis for any rent-controlled household at this time when gasoline prices have climbed over 40%, and grocery prices have risen over 10%. But the looming 6% rent increase presents an absolute dire emergency for the 9500+ Santa Monica renter households that are both lower income and already identified by HUD as housing cost burdened (i.e., paying more than 30% of their limited income for rent and utilities), and most especially for the 6500+ such households already identified by HUD as severely housing cost burdened because they already pay more than half their limited income for rent and utilities:

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<sup>1</sup> See Santa Monica Charter Section 1805.

<sup>2</sup> See, e.g., June 28, 2012 RCB Staff Report entitled "Proposed Change to the Rent Control Charter Amendment Relating to Calculating the Annual General Adjustment and Allowing for a Dollar-Amount Ceiling" at 3-4 (lowest GA cap among Berkeley, East Palo Alto, Los Angeles, San Francisco and West Hollywood was 7%).

Income by Cost Burden (Renters only)	Cost burden > 30%	Cost burden > 50%	Total
Household Income less-than or= 30% HAMFI	4,590	3,935	5,935
Household Income >30% to less-than or= 50% HAMFI	2,480	1,600	2,950
Household Income >50% to less-than or= 80% HAMFI	2,515	1,020	3,695
Household Income >80% to less-than or= 100% HAMFI	1,510	175	2,445
Household Income >100% HAMFI	2,475	245	17,475
Total	13,570	6,975	32,495

(Source: HUD Community Housing Assessment Data for Santa Monica City. Lower Income households are those earning 80% or less of the HUD Area Median Family Income (HAMFI).)

Nor is a 6% rent increase generally necessary to assure the constitutionally mandated fair return to landlords. The GA system was developed at a time when Santa Monica had vacancy control; that is, rents did not reset to the current market rates even when an old tenant vacated the apartment and a new tenant moved in. The GA system assured that landlords continued to earn a fair return despite vacancy control.

As of 1999, however, the State (through the Costa-Hawkins Rental Housing Act) imposed a vacancy decontrol system on Santa Monica whereby the rent in each apartment reset to market every time an old tenant vacated and a new tenant moved in. As a result, more than 73% of the rent-controlled apartments in the City have reset to market rent levels at least once since 1999,<sup>3</sup> and many have reset multiple times (a trend that is accelerating).<sup>4</sup> Indeed, among rent controlled properties consisting of 4-15 units (the size of property which makes up 90% of all rent-controlled properties), 90% have had more than half of their units reset to market at least once since 1999, and 98% have had at least one unit reset.<sup>5</sup>

Given the foregoing, as well as the steep upward trend in Santa Monica rents since 1999, most landlords already receive far more than the rent necessary to assure the constitutionally mandated fair return on their investment. This is illustrated by the following table from page 17 of the 2021 RCB annual report which shows that the median rents on those rent-controlled apartments that have reset to market at least once are more than double the rents on comparable apartments that only have had GA adjustments (which already are generally sufficient to assure a fair return to the landlord):

<sup>3</sup> See 2021 RCB Annual Report at 11-12 & Fig. 3.

<sup>4</sup> For example, the RCB’s 2019 Annual Report—the last annual report prior to the COVID-19 pandemic—advises that sixty-five percent of the tenants who moved into rent-controlled units in 2015 already had moved out four years later. That same report also advises that of the tenancies that began in 2019, 46 percent replaced tenants who had moved in during the prior three years and that “[t]his is a higher percentage than had vacated in the three years prior to 2018, suggesting the pace at which recent tenants vacate is increasing.” See 2019 RCB Annual Report at 20.

<sup>5</sup> See 2021 RCB Annual Report at 13 & Fig. 6.

Fig 14 | Median MARs by Unit Size & City Area: Long-Term Units vs. Market-Rate Units\*

Area	0-Bedroom Units			1-Bedroom Units			2-Bedroom Units			3-Bedroom Units		
	long-term	market-rate	diff.									
A	\$711	\$1,685	\$974	\$945	\$2,389	\$1,444	\$1,175	\$3,123	\$1,948	\$1,373	\$3,700	\$2,327
B	\$644	\$1,451	\$807	\$840	\$1,966	\$1,126	\$988	\$2,610	\$1,622	\$1,411	\$2,950	\$1,539
C	\$843	\$2,350	\$1,507	\$856	\$2,784	\$1,928	\$955	\$3,315	\$2,360	*	\$*	*
D	\$705	\$1,507	\$802	\$788	\$1,927	\$1,139	\$877	\$2,340	\$1,463	\$1,130	\$3,200	\$2,070
E	\$716	\$1,620	\$904	\$853	\$1,995	\$1,142	\$1,117	\$2,647	\$1,530	\$1,409	\$3,500	\$2,091
F	\$838	\$1,753	\$915	\$1,024	\$2,495	\$1,471	\$1,353	\$3,212	\$1,859	\$1,561	\$4,225	\$2,664
G	\$776	\$1,752	\$976	\$903	\$2,240	\$1,337	\$1,221	\$2,995	\$1,774	\$1,590	\$3,995	\$2,405
CITY WIDE	\$681	\$1,711	\$1,030	\$895	\$2,195	\$1,300	\$1,125	\$2,850	\$1,725	\$1,449	\$3,665	\$2,216

\* Aside from 1221 Ocean Ave., there are only five 3-bedroom units in Area C, so the median is not reported here.

## II. SMRR'S PROPOSED SOLUTIONS

The current unfair and unnecessary rent-increase crisis threatens the very purpose for which the voters enshrined rent control in the Santa Monica City Charter: “so that rents will not be increased unreasonably and so that landlords will receive no more than a fair return.”<sup>6</sup> The RCB concluded that the Charter gives it no power to deviate from the GA provisions set forth in Section 1805, and therefore it cannot avert this crisis.<sup>7</sup> The City Council therefore must act.

### A. Place On The November 2022 Ballot A Charter Amendment Limiting The GA To A Maximum Of 3% Per Year

The fundamental flaw in the Charter revealed by the current crisis is that the GA cap of 6% is too high. It is too high because such a rent increase will cause the very hardship and housing instability that the Santa Monica Rent Control Law seeks to avoid, and because State mandated-vacancy decontrol has rendered such an increase unnecessary to provide landlords their constitutionally mandated fair return.

The Oakland City Council recently amended its rent control law to permanently cap the annual general adjustment at 3%. Absent that action, Oakland rent-controlled tenants would have faced a 6.7% rent increase (even higher than what current Santa Monica law permits).

Because the Santa Monica Rent Control Law is in the City Charter, the City Council should place on the November ballot a measure to amend the Charter to lower the GA cap from 6% to 3%. Such a cap is a proper means of protecting rent-controlled households from unreasonable rent increases while still assuring landlords of their constitutionally mandated fair return. For the GA to exceed 3% as it currently is calculated (i.e., at 75% of the annual change in CPI measured as of March), the change in CPI itself must exceed 4% (because 75% of 4% = 3%). But that has occurred only twice in the last 30 years—this year, and in 2006 (a year in which 75% of CPI equaled 3.5%)—as is shown in the following table of annual CPI changes as reported by the Bureau of Labor Statistics:

<sup>6</sup> Santa Monica Charter Section 1800.

<sup>7</sup> See June 9, 2022 RCB Report entitled “Public hearing on proposed Charter amendment to give the Board discretion to suspend rent increases during a declared emergency” at 2.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1993	3.4	3.5	3.0	2.8	2.8	2.4	2.1	2.0	1.9	1.7	2.3	2.5	2.6	3.0	2.1
1994	2.0	1.5	1.8	1.4	0.9	1.1	1.3	1.4	1.7	1.7	0.9	1.0	1.3	1.4	1.3
1995	1.4	1.5	1.4	1.8	2.4	2.3	1.8	1.6	1.2	1.2	1.0	0.8	1.5	1.8	1.2
1996	0.9	1.1	1.7	1.9	1.5	1.2	2.0	1.9	2.3	2.3	2.6	2.4	1.9	1.4	2.3
1997	2.2	1.9	1.6	1.4	1.3	1.7	1.2	1.5	1.5	1.4	1.5	1.8	1.6	1.7	1.5
1998	1.2	1.2	1.0	1.2	1.8	1.8	1.6	1.8	1.3	1.3	1.7	1.4	1.4	1.3	1.5
1999	2.0	2.2	2.2	3.0	2.4	2.0	2.3	2.3	2.8	2.5	2.3	2.3	2.3	2.3	2.4
2000	2.3	2.9	3.5	2.4	2.9	3.4	3.6	3.5	3.6	3.9	3.8	3.7	3.3	2.9	3.7
2001	3.8	3.6	3.2	3.5	3.7	4.6	3.8	3.6	3.2	2.6	2.7	2.1	3.3	3.8	3.0
2002	2.7	2.7	2.8	3.2	2.9	1.7	2.2	2.6	2.6	3.0	3.3	3.7	2.8	2.6	2.9
2003	3.5	3.6	3.9	3.0	2.1	2.4	2.3	2.1	2.6	2.2	1.7	1.8	2.6	3.1	2.1
2004	1.8	1.9	1.8	2.3	3.7	4.0	3.8	3.3	3.3	4.5	5.2	4.4	3.3	2.6	4.1
2005	3.7	3.8	4.0	4.8	4.2	3.6	4.1	5.2	5.8	5.4	4.4	4.5	4.5	4.0	4.9
2006	5.4	5.1	4.7	4.7	5.4	5.2	5.0	4.3	3.4	2.2	2.7	3.3	4.3	5.1	3.5
2007	3.2	3.5	3.8	3.5	2.9	2.9	2.9	2.6	2.3	3.5	4.2	4.2	3.3	3.3	3.2
2008	3.9	3.1	3.3	3.1	3.7	5.4	5.7	5.1	4.5	3.4	1.0	0.1	3.5	3.8	3.3
2009	-0.1	0.0	-1.0	-1.3	-1.8	-2.2	-2.6	-1.7	-1.0	-0.4	0.9	1.8	-0.8	-1.1	-0.5
2010	1.8	1.4	1.9	1.9	1.8	0.9	0.9	0.8	0.4	0.7	0.7	1.3	1.2	1.6	0.8
2011	1.8	2.3	3.0	3.3	3.1	2.9	2.4	2.4	3.1	2.8	3.0	2.2	2.7	2.7	2.6
2012	2.1	2.1	2.0	1.5	1.6	1.6	1.9	2.3	2.2	3.0	2.1	1.9	2.0	1.8	2.3
2013	2.0	2.2	1.3	0.9	1.0	1.4	1.3	0.8	0.6	-0.1	0.4	1.1	1.1	1.5	0.7
2014	0.8	0.5	1.0	1.4	1.7	1.8	2.0	1.8	1.7	1.4	1.3	0.7	1.3	1.2	1.5
2015	-0.1	0.1	0.5	0.5	1.1	0.8	1.4	1.1	0.7	1.0	1.6	2.0	0.9	0.5	1.3
2016	3.1	2.4	1.7	2.0	1.4	1.8	1.1	1.4	1.9	2.2	1.8	2.0	1.9	2.1	1.7
2017	2.1	2.7	2.7	2.7	2.5	2.2	2.5	2.8	3.1	3.1	3.6	3.6	2.8	2.5	3.1
2018	3.5	3.6	3.8	4.0	4.1	4.0	3.9	3.9	3.9	4.1	3.6	3.2	3.8	3.8	3.8
2019	3.2	2.5	2.7	3.3	3.1	3.3	3.3	3.0	3.0	3.2	3.2	3.0	3.1	3.0	3.1
2020	3.1	3.4	1.9	0.7	0.9	1.4	1.9	2.0	1.2	0.7	1.0	1.5	1.6	1.9	1.4
2021	0.9	1.0	2.2	3.6	3.9	4.0	3.9	4.0	4.6	5.4	6.0	6.6	3.8	2.6	5.1
2022	7.5	7.4	8.5	7.9	8.0										

(Source: Bureau of Labor Statistics, CPI for All Urban Consumers, 12-Month Percent Change, Los Angeles-Long Beach-Anaheim, CA. The GA as currently calculated would exceed 3% only when the annual CPI change as of March reported here exceeded 4%.)

Thus, a 3% cap only limits the GA in extraordinary times (just as the floor of 0% protects landlords from a reduction in rent in extraordinary times, such as occurred in 2009 when 75% of CPI equaled a decrease of 0.75%). Such a limit to protect rent-controlled households is proper given that (1) vacancy decontrol more than makes up for any occasional limit on the GA due to the cap, thereby generally assuring landlords of their constitutionally mandated fair return, and (2) to the extent that an occasional individual landlord requires a greater increase to assure a fair return, it has the right to file a rent increase petition with the RCB.

This ballot measure should provide that the new cap will become effective immediately upon passage (or, if deemed legally more proper, on December 1, 2022 or January 1, 2023), and that any increase in rent above the 3% cap that became effective at any time from September 1, 2022 through the effective date of the Charter amendment must be reduced to just 3% going forward

(as well as the Maximum Allowable Rent for purposes of future application of the Santa Monica Rent Control Law).<sup>8</sup>

If legally permissible, the ballot measure also should provide for refunds to tenants of all amounts collected in excess of the 3% cap for the period from September 1, 2022 through the effective date of the new cap. The City Attorney needs to provide advice to the City Council on this issue, but we note that factors that could favor the legality of such a provision include (1) the importance of the public policy of protecting renters from unreasonable and unnecessary rent increases—particularly in this time of high inflation (caused by the Russian invasion of Ukraine and supply chain issues caused by the COVID-19 pandemic), with the lingering other economic and health effects of the COVID-19 pandemic, and the massive numbers of rent burdened lower income tenants in the City, (2) the minimal impact on landlords (i.e., nothing more than a return of rent above a 3% increase that at most could have been collected for a few months), and (3) the lack of reasonable reliance by landlords in light of their knowledge prior to September 1, 2022, that a provision ordering a refund of rent increases above 3% will appear on the November 2022 ballot.

**B. Pass An Ordinance Prohibiting Rent-Controlled Landlords From Charging More Than The Current Maximum Allowable Rent Plus 3% During The Period From September 1, 2022 Through The Prospective Effective Date Of The Charter Amendment**

The vote on a Charter amendment to cap the GA at 3% will not take place until November 8, 2022. In order to prevent landlords from imposing 6% rent increases prior to the voters having the opportunity to consider and adopt the proposed Charter amendment, the City Council should—if legally permissible—pass an ordinance prohibiting rent-controlled landlords from charging more than the current maximum allowable rent plus 3% at any time during the period from September 1, 2022 through the prospective effective date of the Charter amendment (unless authorized by the RCB pursuant to an individual adjustment petition).

The City Attorney needs to provide advice to the City Council on this issue. We note the following.

First, the Santa Monica Rent Control Law does not state that a landlord is affirmatively authorized to charge the maximum lawful rent as calculated under that law. Rather, it simply states that a landlord may not charge more than the maximum lawful rent as calculated under that law. There is no express conflict between that prohibition and an ordinance requiring landlords, to charge less than the maximum lawful rent as calculated under existing law during the period that the voters are considering whether to amend the Charter to lower the maximum lawful rent.

Second, the RCB—the agency charged with enforcement of the Santa Monica Rent Control Law—has determined that the law does not provide it with the power to determine a generally applicable rent increase other than pursuant to the formulas set forth in Charter Section 1805,<sup>9</sup>

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<sup>8</sup> This is the approach taken by the Legislature when it adopted AB 1482. See California Civil Code § 1947.12(h)(2)(A).

<sup>9</sup> See June 9, 2022 RCB Report entitled “Public hearing on proposed Charter amendment to give the Board discretion to suspend rent increases during a declared emergency” at 2.

and therefore that the RCB has no power to consider whether a lower rent increase is generally necessary and/or appropriate in these extraordinary times in order to advance the general health and welfare and/or the overall purposes of the Santa Monica Rent Control Law. Given that the RCB lacks this police power, the Charter expressly provides that this police power remains with the City Council: (1) Section 400 of the Charter provides that “[t]he City shall have the power to make and enforce all laws and regulations in respect to municipal affairs, subject only to such restrictions and limitations as may be provided in this Charter and in the Constitution of the State of California,” and that “[t]he enumeration in this Charter of any particular power shall not be held to be exclusive of or any limitation upon, this general grant of power,” and (2) Section 605 of the Charter provides that “[a]ll powers of the City shall be vested in the City Council, subject to the provisions of this Charter and to the Constitution of the State of California.”

Third, because the RCB has determined that it lacks this police power, exercise of this police power by the City Council does not constitute interference with the RCB’s exercise of its powers and duties under the Santa Monica Rent Control law within the meaning of Section 1802 of the Charter. Moreover, because the proposed ordinance would expressly allow landlords to charge more than the current maximum allowable rent plus 3% if the RCB determines that an individual adjustment is proper, the proposed ordinance would not constitute interference with the powers and duties of the RCB to make individual adjustments when warranted.

Fourth, the Costa-Hawkins Rental Housing Act does not eliminate this police power. The only prohibition in that Act on local regulation of ongoing (as opposed to initial) rental rates for a tenancy is found in California Civil Code Section 1954.52(a), a section that only applies to buildings whose certificates of occupancy were issued on or after February 1, 1995. This necessarily excludes rent-controlled buildings in Santa Monica, given that the Rent Control Law expressly exempts rental units and dwelling constructed after the adoption of that law in April of 1979.<sup>10</sup>

Fifth, AB 1482 does not eliminate this police power. California Civil Code Section 1947.12(m)(3) expressly states that “[n]othing in this section . . . affects the existing authority of a local government to adopt or maintain rent controls or prices controls consistent with [the Costa Hawkins Rental Housing Act].” As just discussed, nothing in Costa-Hawkins precludes the City Council from adopting the proposed ordinance.

**C. Withdraw Or Reject Councilmember Brock’s Transfer Tax Proposal— Which Provides NO MONEY For Emergency Or Ongoing Rent Subsidy Programs—And Support Instead The Citizens’ Initiative Transfer Tax Measure Which Will Provide An Estimated \$10 Million To \$20 Million Annually For Use In Such Programs As Needed**

As already explained, the potential 6% increase in rents is a crisis for all rent-controlled households, and is an absolute dire emergency for the 9500+ Santa Monica renter households that are both lower income and already identified by HUD as “housing cost burdened” (i.e., paying more than 30% of their limited income for rent and utilities), and most especially for the 6500+ such households already identified by HUD as “severely housing cost burdened” because they already pay more than half their limited income for rent and utilities.

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<sup>10</sup> See Santa Monica Charter Section 1801(c)(5).

Even with adoption of the first two SMRR proposals, rent-controlled households will face a 3% increase in rent starting on September 1. While far better than a 6% increase, even this 3% increase will be larger than any other GA increase during the preceding decade, and will be twice the average GA increase during the previous ten years:

Year	General Adjustment
	Effective September 1 <sup>st</sup> each year, unless otherwise indicated
2021	<b>1.7%</b> ; \$39 for MARs of \$2,265 or above <sup>4</sup>
2020	<b>1.4%</b> ; \$32 for MARs of \$2,250 or above <sup>4</sup>
2019	<b>2.0%</b> ; \$44 for MARs of \$2,175 or above <sup>4</sup>
2018	<b>2.9%</b> ; \$60 for MARs of \$2,052 or above <sup>4</sup>
2017	<b>2.0%</b> ; \$40 for MARs of \$1,975 or above <sup>4</sup>
2016	<b>1.3%</b> ; \$25 for MARs of \$1,885 or above <sup>4</sup>
2015	<b>0.4%</b> ; \$7 for MARs of \$1,875 or above <sup>4</sup>
2014	<b>0.8%</b> ; \$14 for MARs of \$1,687 or above <sup>4</sup>
2013	<b>1%</b> <sup>2,4</sup>
2012	<b>1.54%</b> ; \$26 for MARs of \$1,656 or above <sup>2,4</sup>

(Source: July 28, 2021 RCB Fact Sheet on Registration Fees and Surcharges.)

Even before the crisis posed by the pending 6% rent increase, the need for the City to fund emergency and ongoing rent subsidy programs to help keep our rent-burdened lower-income neighbors in their homes with dignity was obvious. Unless the City is prepared to turn its back on its most vulnerable residents—including many elders, children, and persons facing physical and/or mental challenges—it must find the resources to fund emergency and ongoing rent subsidy programs. Otherwise, Santa Monica will lose its soul and become an economically-gated community, a Beverly Hills by the Sea.

It is not surprising then that more than 10,000 Santa Monica residents signed petitions to place on the November ballot the citizens’ initiative entitled “Funding for Homelessness Prevention, Affordable Housing and Schools.” This initiative will support a comprehensive set of programs to keep Santa Monica an economically inclusive City where all of its residents—including lower income residents of all ages—can live and thrive. As most directly relevant to the looming rent increase crisis, that initiative if passed by the voters will make an estimated \$10 million to \$20 million available annually for use as needed in emergency and ongoing rent subsidy programs. It will do so by imposing a 5% tax on the entire proceeds of sales of only those properties worth \$8 million or more. A similar citizens’ initiative transfer tax measure will appear on the Los Angeles City ballot in November after some 100,000 Angelinos also signed petitions there.

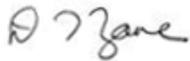
Inexplicably, Councilmember Brock has proposed that the City Council put a competing transfer tax measure on the November ballot in an openly stated effort to defeat the citizens’ initiative. Despite the suffering of so many rent-burdened lower-income Santa Monica residents—suffering that the looming rent increase crisis will only make worse—Councilmember Brock’s alternative

does not provide even one penny for ongoing or emergency rent subsidy (or for any of the other programs designed to maintain an economically inclusive Santa Monica).

Councilmember Brock's proposal was raised during a budget discussion at around 1 a.m. in the morning at a City Council meeting that Mayor Himmelrich (an official proponent of the citizens' initiative) could not attend because she was sick at home with COVID-19. We hope that, with the clear light of day and further opportunity to reflect, Councilmember Brock will withdraw his proposal to undermine the citizens' initiative and to deprive the City of the funds it needs to address the critical needs of so many of its rent-burdened lower-income residents. But if that hope is dashed, SMRR calls on the rest of the City Council to reject his competing transfer tax measure. If additional funds are needed by the City for other purposes, City Council should propose some other form of non-competing tax measure. Santa Monica values demand nothing less.

Thank you for considering SMRR's views on this critical issue.

Sincerely,



Denny Zane  
Co-Chair, Santa Monicans for Renters' Rights



Mike Soloff  
Co-Chair, Santa Monicans for Renters' Rights