

Citizens' Review Statement of Proposition 10: Local Rent Control Initiative (2018)

This Citizens' Statement was developed by an independent panel of 20 California voters. The panelists were randomly selected from registered voters in California and anonymously balanced to reflect its electorate, based on these factors: location of residence, party registration, age, gender, race/ethnicity, education, and renter/homeowner status.

Over a period of four days, the panel heard from proposition proponents and opponents, as well as independent policy experts. The citizen panelists deliberated about the proposition and produced this statement. This statement has not been edited, altered, or approved by the project team, the Davenport Institute at Pepperdine University, Healthy Democracy, or any other body.

The opinions expressed in this statement are those of the members of a citizen panel and were developed through the citizens' review process. They are not official opinions or positions endorsed by the State of California or any government agency. A citizen panel is not a judge of the constitutionality or legality of any proposition; any statements about such matters are not binding in a court of law. For more information or to view an electronic version of this statement, visit healthydemocracy.org/cir/ca.

Key Findings

These findings were ranked by citizen panelists, starting with the most important for voters to know.

- Prop 10 would repeal the Costa-Hawkins Act. This Act currently provides exemptions for rent control on single-family dwellings and housing units built after 1995, and allows rent increases upon vacancy for a unit already rent-controlled.
- Prop 10 does not create rent control policies or rent control boards. Instead, it provides communities the option to create such policies and organizations.
- Prop 10 allows local communities to determine which types of housing are subject to rent control. Communities could potentially change the number of rent-controlled units available.
- Prop 10 does not generate restrictions on the construction of new housing units.
- Prop 10 does not take away rental property owners' guarantee of a fair rate of return.
- The rent-controlled housing inventory may be increased by the repeal of the Costa-Hawkins Act, the existing state regulation which now exempts single-family homes and housing built after 1995.
- A 2017 Stanford University study showed that San Francisco experienced higher rental costs and insufficient supply of affordable housing under existing rent control policies.
- Prop 10 has no direct impact on homeowners who are not landlords, but does provide the opportunity for safeguarding property values and neighborhoods through stronger local rent control policies.

Statement in Support of the Proposition (YES on Prop 10)

We find these to be the strongest reasons to vote for the proposition.

- Finding: Prop 10 allows local communities to address predatory housing practices, such as price gouging and unreasonable rent increases, by allowing the creation of stronger local rent control policies.
This is important because: Without restrictions or guidelines created by rent control policies, higher rents will become more prevalent. This may lead to an increase in homelessness and unsafe living conditions.
- Finding: According to the Principal of Planning for Sustainable Communities, Prop 10 protects renters by limiting rent hikes, and ultimately keeping families in their homes and communities.
This is important because: Rent control would promote stability and prevent displacement, allowing communities to grow and flourish.
- Finding: By limiting rent increases, tenants will have a greater share of disposable income available to spend. This could contribute to the growth of a more vibrant local economy.
This is important because: A majority of California renters spend more than thirty percent of their income on rent. Limiting rent increases helps citizens to meet basic needs and improves quality of life.

The affordable housing supply in California is not sufficient to meet the demands of our growing state. This drives up rental prices, putting renters of all income levels at risk for displacement, eviction, and/or homelessness. Local governments would be allowed to set rent control policies that meet the needs of their communities.

Statement in Opposition of the Proposition (NO on Prop 10)

We find these to be the strongest reasons to vote against the proposition.

- Finding: Prop 10 rent control policies may reduce the income of property owners. Safe, affordable living options may be reduced if property owners forego maintenance and repairs to cut operating costs.
This is important because: The lack of safe housing is a serious concern for many communities and could cause neighborhood decline. This may reduce property values.
- Finding: Prop 10 allows local governments to dictate rental rates of single-family homes or a room in a home, controlling how much landlords can charge.
This is important because: Current regulation protects landlords of single-family homes, but the passing of Prop 10 places them at risk of losing their critical right to set their own rates.
- Finding: Simply removing the restrictions of the Costa-Hawkins Act does not solve the housing crisis in California.
This is important because: Repealing the Costa-Hawkins Act would not address the problems of supply and demand for affordable housing.

Repealing the Costa-Hawkins Act may create more government agencies, adding administrative costs that could be passed on to renters and taxpayers. Rent control has been associated with a slowing of new construction, a reduced supply of rental units, and rent increases.