



Jesse Arreguín
Councilmember, District 4

CONSENT CALENDAR
March 25, 2014

To: Honorable Mayor and Members of the City Council

From: Councilmember Arreguin

Subject: Assembly Bill 2405: Ellis Act Reform

RECOMMENDATION:

Adopt a Resolution supporting Assembly Bill (AB) 2405, authored by Assemblymember Tom Ammiano, which would amend the Ellis Act to allow local jurisdictions to impose moratoriums on Ellis Act evictions under specified conditions. Copies of the Resolution are to be sent to Governor Jerry Brown, Senate President Pro Tem Darrell Steinberg, Senator Loni Hancock, Assembly Speaker John A. Perez, and Assemblymembers Nancy Skinner and Tom Ammiano.

BACKGROUND:

Adopted in 1986 as a way to allow landlords to “go out of business” without having to sell their property to another landlord, the Ellis Act allows a landlord to end their provision of housing by simply evicting all their tenants so that they can transform their building for another, more profitable use.

Unfortunately, this kind of no-fault eviction can deeply hurt tenants who lose their housing when a landlord uses the Ellis Act to this end. Evicted tenants have to search for new housing that is often not as affordable, nor near their original community. Many of these tenants also face credit problems down the line when would-be creditors see that these victims were “evicted.”

While property owner’s should have the right to utilize their property as they see fit to a certain extent, the rights of tenants and the resulting impact on affordable housing should also be considered, especially in the midst of the affordable housing crisis as currently experienced in San Francisco. Last year, more than half of the evictions in San Francisco were under the Ellis Act and such evictions have rise over 170% over the last two years.

Assemblymember Tom Ammiano’s recently-introduced AB 2405 would amend the Ellis Act to protect tenants from this potentially crippling loss in two major ways. First, the bill would hide no-fault evictions from credit reports. Tenants who were evicted without having done anything to warrant it would not have to explain to future creditors why the word ‘eviction’ is on their credit record as it would simply not appear on their record.

Second, AB 2405 would allow local governing bodies to establish moratoriums on Ellis Act evictions when necessary. The yardstick for deciding when these moratoriums become 'necessary' would hinge upon whether the region is currently meeting affordable housing goals.

If a region was not meeting affordable housing goals, and a landlord shut down a building full of rent-controlled apartments, the number of housing units in that building would be taken off the market and decrease the amount of affordable housing available in the region. But with AB 2405, if a region was already low on affordable housing, the governing body could stop landlords from negatively impacting the rental market so as to preserve those affordable housing units and keep them on the rental market (and keep tenants in their homes.)

While the City of Berkeley is not experiencing the same level of crisis over affordable housing and Ellis Act evictions, it is prudent to make available to ourselves the option of responding to such a crisis should the demand for housing astronomically outpaces our ability to create supply in Berkeley. Additionally, protecting any tenants who have undergone no-fault eviction by clearing their records of the eviction would better ensure that those tenants can more easily procure housing.

FINANCIAL IMPLICATIONS:

None.

CONTACT PERSON:

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Attachments:

1. Resolution

Additional Information:

1. Assembly Bill 2405 (in the interest of saving paper, please access the bill at http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2405&search_keywords)

RESOLUTION NO. XXXX

SUPPORTING ASSEMBLY BILL 2405, AMENDING THE ELLIS ACT TO ALLOW LOCAL JURISDICTIONS TO IMPOSE MORATORIUMS ON ELLIS ACT EVICTIONS UNDER SPECIFIED CONDITIONS

WHEREAS, the City of Berkeley is has long been at the forefront of tenant-protection legislation, with strong measures in place to ensure that tenants in the City are afforded fair treatment and housing stability; and

WHEREAS, the City of Berkeley recognizes and affirms the goal of preserving affordable housing, which is crucial to protecting tenants and their livelihoods; and

WHEREAS, the Ellis Act of 1986 allows for landlords to 'wipe out' swaths of affordable housing through the eviction of tenants in order to convert the property to another use that is often more profitable; and

WHEREAS, the Ellis Act has been increasingly used to evict tenants out of affordable housing to take advantage of the rising housing market, with San Francisco seeing nearly triple the number of Ellis Act evictions in 2013 than in previous years; and

WHEREAS, the City of Berkeley must be proactive and seek to protect its residents against potential abuse under the Ellis Act in times of a severe affordable housing crisis; and

WHEREAS, allowing local governing bodies to curb exploding Ellis Act evictions during an affordable housing crisis will provide a valuable tool in preserving affordable housing units until the crisis is mitigated; and

WHEREAS, keeping 'no-fault' evictions off of renter's credit records would give renters significantly better chances at finding housing in the future, if they were ever to be evicted without fault; and

WHEREAS, Assemblymember Tom Ammiano has introduced Assembly Bill 2405, which will provide local governments the option to place moratoriums on Ellis Act evictions under specified conditions and protect the records of tenants who are evicted under the Ellis Act through no fault of their own.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it hereby supports Assembly Bill 2405 as an additional and valuable tool in addressing the negative impacts of the Ellis Act on affordable housing during housing crises.

BE IT FURTHER RESOLVED that copies of this Resolution be sent to Governor Jerry Brown, Senate President Pro Tem Darrell Steinberg, Senator Loni Hancock, Assembly Speaker John A. Perez, and Assemblymembers Nancy Skinner and Tom Ammiano.

