SB 1439 (Leno) - Ellis Act - Oppose

April 7, 2014

Dear Members of the Senate Transportation and Housing Committee:

As members the San Francisco Apartment Association (an affiliate of the California Apartment Association), we have worked in good faith over the years provide protections for tenants when a rental property owner decides to exit the market. We believe these protections are adequate and balanced. (e.g., state law mandates that owners give a minimum 120 day notice to tenants and a one-year notice to seniors and the disabled when they Ellis their building; local governments can impose relocation fees paid by owners to the tenants; and local governments can limit the type of use of the building after it has been "Ellised.") By limiting what property owners can do with their buildings for five years after purchase, SB 1439 (Leno) unfortunately adds unfair restrictions to the state and local laws.

What you also need to know is that San Francisco has already imposed additional hurdles for property owners and is proposing one of the most onerous proposals to date.

- Owner Move-In San Francisco property owners are prohibited from altering property to accommodate a growing family if a building has been Ellised. For example, the owners of a Victorian home could not convert/combine existing four rental units within the Victorian to create a single family home for their family.
- Current Relocation If a San Francisco property owner elects to Ellis a building, he/she must pay <u>each</u> tenant a relocation fee of \$5,265.10 plus an additional \$3,510.06 if they are senior or disabled.
- No Additions San Francisco property owners are prohibited from adding units to a building in order to, for example, move in a caretaker if a building has been Ellised.
- More Relocation San Francisco property owners will soon be responsible for relocation payments to tenants in the approximate amount of \$45,000 for each Ellised rental unit. This soon-to-be-passed local law attempts to calculate the difference between a tenant's current rental rate and the market rate, and then multiplies the number by 24 months to cover two years of living expenses. Once passed, a three-unit building owner could owe \$135,000 in relocation payments.

We respectfully ask that you not agree to place another onerous provision on our buildings in San Francisco. Thank you for your consideration.

Respectfully submitted by the following San Francisco Property Owners:

Aaron Danzig Andres Esparza Anthony B. Pace Avedano Ramos Aki Murashige Angela Bell Ara Tehlirian Barbara Sturla Alan Billingsley Anna Beecroft Arrigo Sturla Beth Newman



SAN FRANCISCO APARTMENT ASSOCIATION

Educating, advocating for and supporting our Rental Housing Community

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