



FLOOR ALERT

Senate Bill 1439 (Leno): Ellis Act - **OPPOSE** ***Punishes Small Rental Property Owners***

Senate Bill 1439 amends the long standing State Ellis Act and forces rental property owners to hold their properties for at least 5 years before being able to effectively sell or move their families into to those units. California's Ellis Act provides that no local government can require a rental property owner to continue to offer his or her housing for rent.

The Ellis Act is primarily used by small rental property owners to avoid the potential for bankruptcy or to move into their own rental units. SB 1439 would severely limit these abilities SB 1439 punishes small property owners, without creating a single new housing unit.

Forces Property Owners into Bankruptcy - If SB 1439 becomes law, rental property owners may no longer be able to sell a property, even if they are losing money every month. There is no other industry in the United States where a local government can force a small business owner to stay in business against his or her will, even when they are losing money.

Strict Local Tenant Protections in Place – In San Francisco, owners who utilize the Ellis Act must pay tenants \$40,000-\$50,000 *per unit*. They also must provide up to 1 year notice to tenants.

Prevents Owners from Moving into Their Own Units – SB 1439 would prevent owners and families who own small rental buildings from being able to move into their own units. San Francisco's Owner Move-In law is so stringent, that the Ellis Act is the only way for an owner or his/her family to move into their building. Under San Francisco's Owner Move-In law, only one owner per building can move in, and owners must own at least 25%. In addition, there are "protected" classes of tenants who can never be evicted under San Francisco's Owner Move-In law.

Ellis Act Primarily Used by Small Owners - According to the San Francisco Rent Board, in 2013, there were 192 Ellis notices. There are 218,000 rental units in San Francisco. That represents 0.09%. The vast majority of these 192 units represent small property owners who own less than 5 units. SB 1439 would only punish small property owners, not "speculators."

For these reasons, we respectfully ask that you vote NO on SB 1439.

