

VIA EMAIL

May 22, 2023

Hon. Gabe Paulson
Mayor
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Hon. Scot Candell
Vice Mayor
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Hon. Catherine Way
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Hon. Kevin Haroff
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Hon. Kevin Carroll
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

RE: May 22, 2023 Special Meeting of Larkspur City Council, Item 4.1

Dear Members of the City of Larkspur City Council,

I write regarding tonight's meeting to discuss rent control and to provide some feedback from the May 8, 2022 City Council Meeting. I will start by reiterating our concern that the effects of rent control on the City of Larkspur have not been adequately studied. Not a single third party, whether consultant or economist, has been hired by the City to evaluate the costs or revenue impacts, nor has there been evaluation on the effects of rent control on the rental market in Larkspur in the short and long-term. While we maintain our opposition to strict rent control as we already have statewide rent control under AB 1482, if the Council is to go down this path of seriously considering a strict rent control ordinance, then it should commission such studies to truly understand the impacts.

I was also struck by Councilmember Candell's comments at the beginning of the May 8 meeting, when he said that he is being put in a position to choose between helping current tenants at the expense of future tenants. That is not only a valid concern, but unfortunately, the situation is much worse: rent control will not help current residents most in need. As discussed previously, owners are constitutionally entitled to a fair rate of return on their investment and currently there is no return at Skylark, much less one that is fair. If broad-based rent control is implemented, and those with above average incomes will get the same protections as those in need, those most in need will likely be subject to the most exception requests for the rent cap, because those rents will likely be furthest from market.

We have made clear in many communications that rent control simply cannot match the benefits that the Skylark Housing Program provides Skylark residents and we don't think the City needs to take any further action. If there is a path forward to addressing the issue of displacement, we believe it starts with means testing. Means testing is how the Skylark Housing Fund is possible, and means testing is also the way to avoid the choice that Councilmember Candell is being put to – if rental assistance is given on a means tested basis, then current residents can be helped, without taking away substantial supply from future residents. In the last meeting, it appeared that some participants dismissed means testing because it has not been utilized in other rent control ordinances, but Marin County has a model of means tested rental assistance that is

already in place. Larkspur has an opportunity to be an innovative leader among cities in providing relief for its residents in need while preserving tax revenue and limiting the administrative burden of rent control.

Finally, we will note that implementing policy changes on this scale is a considerable undertaking requiring time, study and significant resources. Because Prime has addressed the core problem of potential displacement of Larkspur residents with limited financial means through the Skylark Housing Fund, we fail to understand why the city believes it wise to devote such significant resources to the implementation of this regime, when it will increase city expenses, decrease city revenue, and primarily benefit residents with above average incomes at the expense of those residents most in need.

Sincerely,

Will Madison for Prime Residential