

The Backus Bulletin

"Your Management, Your Way"

UPDATE ON RENT CONTROL

April 2018

There still is not significant activity in Monterey County on this issue. However, Santa Cruz County has become quite a hotbed. There is also some activity on a state level.

First **Santa Cruz**: there is a petition circulating to go onto the November ballot to implement rent control. The proposed ordinance is rather poorly written, and likely will have a number of court battles when it passes, but most likely the change will be on the ballot and will pass. This has caused the city council to immediately implement a freeze on rents because of the concern all landlords will raise rents in anticipation of the new law. It is interesting and appalling that they are willing to take action even before the petition has enough signatures to put the issue on the ballot.

On a **state level**, there is a petition to revoke the "Costa Hawkins law" from 1995, which prohibits cities or counties from invoking rent control ordinances on condominiums, single family homes or any rental property built after 1995 or after a city first established rent control. Costa Hawkins also bans "vacancy control" which means the capping of a landlord's ability to increase the rent after a tenant moves out and another moves in. This

petition has 25% of the needed signatures.

This change had been submitted into the legislature as a bill last year but died in the first committee meeting in January, 2018. It is a very contentious issue.

What does that mean for **Monterey County**? As usual, it is a wait and see. We do our best to keep the rents at or near market, because if a freeze goes into effect unexpectedly like Santa Cruz, we are stuck. Remember that the biggest issue is not the rent control per se, but the deletion of "no cause" evictions that generally goes with it.

On a related issue, the state is currently under a "**state of emergency**" because of the fire and resulting floods. A little known part of a "state of emergency" is that rents are not allowed to be increased more than 10%. We seldom do that, but something we should all be aware of and a good reason to have small increases every year.

On how not to do things: a landlord in San Francisco, on a property that is under rent control, evicted a tenant using the reason that a relative was moving in—which is a lawful reason. The problem? That was just an excuse. They renovated the unit and doubled the rent. The lawsuit lasted five weeks and the tenants were

awarded \$3,500,000. Ouch!

Last Issue: **Home Sale exclusion.** Most of you are aware that homeowners can sell their primary resident and exclude \$500,000 of the gain for a couple, \$250,000 for a single. That has not changed but some of the perimeters have. The time period you must have lived in the home is still two years out of the last five years. This applies only to use after 2008, but they do charge taxes on the percentage of time

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Office Hours: Mon-Fri 9am-4:30pm
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Sundays & Holidays - closed

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WHAT CAN WE DO TO MAKE OWNING A RENTAL PROPERTY EASIER FOR YOU?

We won't know unless you tell us! Don't forget we have an "Eviction Protection" plan for \$20.00 per month that covers the \$1,000-\$1500 attorney fees if you have to evict a tenant. We also have "Rent Protection" at 2% additional management fee that means we will pay the rent if the tenant does not pay on time or not at all. Call or email our office: info@backuspm.com or 831-455-2052.

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If you are thinking of buying or selling, we can assist you. We specialize in residential and multi-residential units and are experienced in conventional sales, purchases as well as short sales. Just call and ask for Bill and we will help you with your Real Estate needs. There is no obligation. Check out your property value today!

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during that time that is was not a primary residence. So the old way of selling your house, moving into a rental for two years and selling again will not work as well. I am not an accountant, and please check with yours. This is just a "heads up."

Happy Spring! Sally