

# The Backus Bulletin

*"Your Management, Your Way"*

## UPDATE ON RENT CONTROL AND RELATED ISSUES

June 2019

At the end of May, the California Legislature passed AB 1482 regarding the implementation of a state wide rental increase cap, backdated to March 15, 2019. It is scheduled to expire in 2023.

This limitation will affect multifamily units and single family homes if the owner owns 10 or more. Please do not panic, because the law is really quite reasonable. You are able to increase rents 7% plus the cost of living in any given year. Right now that would be 9.5%. Provided your rents are at market, this should not prevent you from keeping the rents at market. It actually could work to our benefit because renters will expect an increase each year.

An associated bill, AB 1483, did not receive enough votes in the House to proceed to the Senate, and therefore is dead for this year. That bill provided for the requirements for all notice to vacate (evictions) to be "For Cause," meaning a reason had to be given. Realistically, no tenant who pays rent on time and takes good care of the property is going to be evicted, but we cannot always prove the reason.

The Bill that passed (AB1482) does provide that if a tenant is given notice to vacate, the owner may have to prove that the reason was not in order to raise the rent

more than 9.5%. That would be easy to prove if we re-rented the property for the same or no more than 109.5% of the rent.

The National Associations of Realtors ended up supporting this bill because it is certainly a very watered down version of what could have been voted on. It should also keep local authorities from trying to make local laws.

As I have testified a number of times, landlords are the real heroes here. They are willing to invest their money in rental properties so that others, who cannot afford to purchase a home, have a place to live. Rents are strictly market driven: more supply, lower rents. Less supply, higher rents. The problem is with a shortage of housing, not "rent gauging" landlords. If severe rent restrictions are put into place, rentals properties will be sold and removed from the rental pool. Properties will not be as well maintained. This is a no win situation. Granted, 40% of Monterey County residents are renters, but only 20% of the registered voters, so we do not expect any great change.

The new law does not apply to you if you own less than 10 single family homes. However, it does make sense to keep abreast of what is going on, and that is part of what you pay us for! All that we ask of you is that you allow us to keep rents close to market and to keep the properties in good repair.

### Here is how local communities are handling the issue:

**City of Monterey:** has adopted voluntary rental guidelines which we will abide by whenever possible.

- 1). Reasonable rent increases not to exceed 10%
- 2). 60 day notices for rent increases
- 3). No more than one rent increase a year

**City Of Salinas:** Is working through a process to address the issue of increased rents through meetings with affected parties. Rental registry is being considered. Required city inspections are being considered. This is a long term project, not expected to change any existing regulation sooner than two-three years.

*(Continued on pg. 2)*

### Backus Properties

P.O. Box 1089  
Salinas, CA 93902  
(831) 455-2052  
Fax: (831) 455-2087  
info@backuspm.com

[backuspm.com](http://backuspm.com)



**Backus Properties**  
 P.O. Box 1089  
 Salinas, CA 93902  
 (831) 455-2052  
 Fax: (831) 455-2087

Contact us:

**Sally Backus, MPM**  
 Broker

**Bill Backus**  
 Associate Broker  
 Sales

**Michele Backus**  
 Property Manager

**Cindy Vargas**  
 Property Manager

**Molly Scott**  
 Asst. Property Manager

**Daisy Puente**  
 Asst. Property Manager

**Celeste Serrano**  
 Administrative Asst.

**Cyndie Scott**  
 Administrative Asst.

**Daniel Pinto**  
 Administrative Asst.

**Sally Ann Mejia**  
 Bookkeeper

**Julissa Hernandez**  
 Administrative Asst.

**Office Hours:** Mon-Fri 9am-4:30pm  
 Saturday - by appointment  
 Sundays & Holidays - closed

## Announcements & Services

### 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](mailto:info@backuspm.com) or 831-455-2052.

### THINKING OF BUYING OR SELLING?

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!

### ON-LINE STATEMENTS

Contact our office or e-mail our office at [info@backuspm.com](mailto:info@backuspm.com) to sign up or for further information.

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#### How other areas are handling the problem:

**Oregon:** same limitation on rent increases but "for cause only evictions" is part of the package. 90 days' notice must be given for increase and landlords are required to assist with moving costs.

**Oakland:** current regulations require landlords to pay moving expenses to tenants if landlord or relative is moving back into the property. This law is being challenged in the courts with no decision yet.

**Mountain View:** increases capped at 5% and requires "just cause" evictions.

**Menlo Park:** landlords are required to offer tenants a one year lease each year.

**San Jose:** properties built before 1979 are tied to a maximum 5% rent increase each year

**Santa Clara County:** Landlords are required to accept Section 8 applications if they meet rental requirements

