

The Backus Bulletin

"Your Management, Your Way"

AND SO IT GOES—

September 2020

Let's all have good thoughts that the cooler weather will bring a slowdown of Covid 19 and maybe things can get back to normal.

The latest on rent control and evictions is a little different based on the number of units, the city the property is in and then California law. We have read the new legislation out of Sacramento very carefully but it is very confusing and I suspect was written that way on purpose. As close as we can determine, tenants can apply for rent deferral through the end of the year. They must fill out the appropriate paperwork and must pay 25% of their income as partial rent. This is in affect from September through January, 2021.

It is not clear if they have to provide proof of that information. They do have to sign that they understand it will be perjury if they give false information. The question of who would prosecute for perjury is very unclear. We are still requiring proof of lower income and copies of bank statements.

Originally, rent deferrals requested in March-August were to become due on September 1, 2020. That has now been delayed to February 28, 2021. As long as the tenants provide the necessary paperwork

and documentation, they cannot be evicted for non-payment of rent. What will happen in February is anyone's guess. Obviously, people will not be able to make up all of the rent so the problem is just being pushed down the road.

There is also the question if you can give a "no cause" notice to a tenant that does not fall under the AB 1482 protection. This should be a no-brainer but the federal law may trump that as well. Most attorneys are advising to "wait and see" but in the meantime the owners will go without rent and are possibly forced to delay their plans to renovate, sell or move in themselves.

The law does not wipe put unpaid rent and landlords can pursue that debt in civil court starting March, 2021. If the small claims court system is used, it is not limited to the usual amount of \$10,000 and can be for any amount as long as it is all unpaid rent. I would imagine that the courts will be overwhelmed at that point. Also, you do not have to evict the tenants to sue for past rent. That has always been the case, but seldom used because you

generally would not have a tenant in place that has not paid rent.

The good news is that the vast majority of our tenants have continued to pay rent as due. If any of your tenants request a deferral, we will contact you immediately.

Rent increases: The city of Monterey has put a freeze on rent increases until September 31, 2020. This only applies to tenants that have lost more than 15% of their income due to Covid 19 issues. This freeze will likely be extended.

We have been hesitant to increase rents during this period of the epidemic. We are raising them as appropriate when there is a turnover, but generally not during the tenancy.

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

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This causes much discussion in the office, because those properties that fall under AB 1482 can only be raised 5% a year (at this time), and if we miss a year we can't make it up. As the Covid 19 restrictions lesson, we will probably go back to small increases.

As a reminder, if your Property Manager thinks an increase is appropriate, please don't decline. We never know when rent increases will be limited and it is important to keep rents as close as possible to market. The bottom line: we have to evaluate each request or issue individually and make a determination based on local, state and national laws. You will always be part of the process.

Fires: Monterey County has had a very bad time with fires this month. We have lost none of the properties we manage, although we did have a few with fire damage. A number of tenants were evacuated. Their lease provides that they do not have to pay rent for the period of time they could not be in the house, but so far none have filed for a rent rebate. The office was evacuated for four days, but our emergency plans worked perfectly and everything is back in order.

We hope all of you are well and have not lost homes to other fires. We are ready for rain!