

The Backus Bulletin

"Your Management, Your Way"

This and That:

March 2022

Covid 19 Legislation and rental assistance: we are still getting some requests for delayed payment of rent waiting for promised government assistance. The various assistance programs (particularly City) can be very slow, but do eventually pay up. If you give a tenant notice to vacate (for reasons other than non-payment of rent) you can still get the rent due through the assistance program until the date of tenant's vacancy. March 31 is the last day for Eviction Moratorium so things should be back to normal (?) after that.

Emotional Support Animals: We have not had as much problem with this issue as you might expect, but there has been new legislation that is helpful. Prior to this, a prospective tenant could go on line and get a letter saying they need the animal for support. The letter now must come from a licensed professional who has completed a clinical evaluation of the person and has established a relationship with this person. This actually makes sense. We use a third-party pet/animal policy and screening service Petscreening.com that verifies the information provided by tenants/applicants.

The City of Salinas is likely going to pass legislation that will require all rental dwellings to be registered with the city. The fees would be \$20 annually for a single family home and per unit for multiunit up to a maximum of \$150. There is no caveat to prohibit passing along that cost to the tenants. The biggest concern of property managers is that this is the proverbial "foot in the door" that could lead to future inspections, required reporting, etc. Even just having to notify the city

every time there was a change of tenancy would add a significant additional work load to property managers. What confuses me is that the justification of the law was "hundreds of residents right now in our communities are living in not good conditions and this would be an opportunity to have some level of protection." I fail to see how registering alone would do that.

The city of Monterey is considering a similar regulation. The city of Seaside is adding to the mix providing mediation for disputes over rent increases and other issues. The only way that would fit into the city budget is with much larger registration fees. They referenced similar programs in Los Angeles, Sacramento, San Jose, Fresno and Santa Cruz. Fresno's program has penalties of up to \$1000 for failure to register and has an annual inspection fee of \$100. It will be important to keep track of this.

We are still having problems with the cost of Homeowner's insurance for properties in high wildfire risk areas. However, the State Insurance Commissioner has expanded the moratorium on non-renewals for another year.

AB 854: This bill did not get out of the Assembly but gives you an idea of how wacko some legislators can get. The bill would have required anyone in the rental housing business (that's you!) to stay in that business for at least five years, no matter how much money they were losing. The reasoning was that we have a severe housing shortage and cannot afford to have rental units withdrawn from the market. Truly crazy.

FYI: there has been some uproar lately about the cost of applying for rentals. Having to pay a \$50 application fee multiple times can indeed be a hardship on many families' budgets. At Backus Properties, we try to

mitigate that cost by providing all applicants a clear list of requirements: if they do not meet those requirements, they should not apply. We do accept and process applications until one has been accepted, even if this means multiple applications are processed for the same property. We do this because it is in the owners' best interest to continue to show the property and accept applications until a lease is signed and deposit paid. Otherwise, the accepted tenant may change their mind and if we had put off processing any other applications, it would take much longer to lease the property. If an applicant has paid the application fee, and does qualify but does not get that particular property, we do tell them we will keep their application for 30 days and they can apply for another property at no additional cost.

I subscribe to the San Jose paper (Mercury News) because it covers tenant/landlord/rental information over a larger area. A recent article talked about where in the US rents had gone down the most and up the most. Interestingly, both the greatest decrease (San Francisco at 14.28%) and largest increase (Fresno at

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