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2021



The Advocate for Berkeley's Rental Housing Providers

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Common Renters' Insurance Myths

Mark Tarses, President, BPOA

Many leases require tenants to buy renters' insurance, but quite often, tenants don't do it. Mainly it is because most tenants don't understand why they need it. I send an email to new tenants after they sign a lease to dispel two very common myths about renters' insurance.

1. "Why do I need renters' insurance? Don't you have insurance on this building?"

A lot of tenants think that they don't need renters' insurance because the landlord has insurance on the property. That is just wishful thinking, but it is more common than you might imagine. Sometimes a tenant will ask me: "Why do I need renters' insurance? Don't you have insurance on this building?" I will tell him: "Yes, I have insurance on the building. However, my insurance protects me from loss, not you. If there is a fire, my insurance policy will pay me for the damage to the building and the personal property that belongs to me, like the refrigerator in your apartment. However, my insurance policy won't pay you for the loss of your property. If there is a fire and your computer is reduced to a pile of melted plastic or somebody steals your iPad, you need your own insurance policy to get reimbursed for that." It is important that your tenants understand this. As a landlord, I don't want my tenants to imagine that if their apartment is burglarized, then either I or my insurance company will reimburse them for their loss.

2. "I'm a college student. My parents own their own home and have homeowner's insurance which they say covers me."

This is a widely held belief by college students and the parents of college students, but it is also usually just wishful thinking. Most homeowners have never read their homeowner's insurance policies and don't really know what is in them. A college student may have some limited insurance protection under their parent's homeowner's policy, but that is not a substitute for renters' insurance. To find out what is covered by renters' insurance, tell tenants to go to the website of the Insurance Information Institute, www.iii.org where they can read articles and see videos explaining renters' insurance. These two myths about renters' insurance are very common, and I think it is just human nature that people would like to believe that they don't need to buy insurance.

OCTOBER ZOOM MEETINGS

What to Do When a Tenancy Ends

Wednesday, October 6, 4:00 pm

***Options to Reclaim Possession
of Your Unit***

Wednesday, October 20, 4:00 pm

Check the event calendar at bpoa.org
for information & registration

*Member education meetings will continue to be online for
the month of October. We hope to resume in person
meetings on November 13!*

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Editorial

Is Local Rent Control in California Unconstitutional?

Albert Sukoff, Editor

BPOA Monthly is a regular publication of the Berkeley Property Owners Association, a trade association dedicated to assisting rental housing providers with upkeep and management of residential rental property and coping with Berkeley's rent law.

2021

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About the Newsletter

Our articles are contributed on a volunteer basis by members and other interested parties, although we do accept paid advertising. We are always happy to include material submitted by members and welcome suggestions on how to improve our publication.

All articles in this publication represent the author's viewpoint and not necessarily the position of our organization.

Direct comments and material to our Bancroft Way office or to bpoa@bpoa.org

This is Section I of Fourteenth Amendment to the United States constitution:

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

So, skipping some clauses, we are left with: *no state [may] deprive any person the equal protection of the laws.* If that is so, can California enact legislation which treats citizens of different cities differently based on no more than their residence in one city rather than another. Could California have a state income tax rate that was 9% for residents of Berkeley, 11% for Oakland and 13% for Piedmont? Could the state establish the voting age as 18 in Southern California counties and 20 in Northern California?

If these capricious distinctions among citizens constitute unequal treatment under the law, so would the same result if brought about, not by specific state law, but by state law allowing cities and counties to set their own income tax rate or voting age. The violation of equal protections based on capricious criteria would be no less consequential if enacted city-by-city than if enacted directly in state law. A logical corollary to the equal protection clause therefore would be that no state can authorize lesser levels of government to act so as to produce a result that would be unconstitutional if carried out directly by the state itself.

So therefore, is one level of rent control in Berkeley, another in Oakland, and no rent control in Albany a violation of the right to equal protection? Note that this argument applies to tenants as well as property owners. Tenants in cities with different rent control ordinances are also treated differently from each other. Just as owners in Berkeley are subject to rent control to their disadvantage, so similarly are unprotected tenants in Albany comparatively disadvantaged relative to protected tenants in Berkeley.

Rent control by municipal jurisdiction is capricious because housing markets are regional, not local. Albany, Berkeley and Oakland are in the same housing market. Any distinction created strictly by artificial geopolitical boundary makes no economic sense. It makes no more sense than having one set of rules apply to rental units on streets beginning with the letters A through M and a different set of controls for units on streets beginning with letters in the second half of the alphabet.

For many decades after the first rent controls were enacted in California, state law did not address the issue. Eventually the state legislature enacted laws which controlled the controls, but the state neither blessed nor condemned the concept or the practice of rent control per se. Charter cities enacted laws on their own volition while the state just punted on the issue.

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❖ THE COALITION CORNER ❖

By Krista Gulbransen, Executive Director

**The Berkeley Rental Housing Coalition (BRHC)
is the political and legal voice of Berkeley's rental housing providers.**

California State Legislative Wrap-Up

The California legislature ended its 2021 legislative session on September 10. Our state association, the California Rental Housing Association, continues to increase its presence and toehold in policy-making at the state level. They supported several bills throughout the year including:

- **SB 10 (Weiner)** – Planning and zoning: housing development; density – Would allow cities to zone for up to 10 housing units per parcel in urban areas or places close to transit.
- **SB 219 (McGuire)** – Cancellation of property tax penalties and costs
- **SB 607 (Min)** – Professions and Vocations – Includes the CalRHA requested fix to allow balcony inspectors to do repairs for the state's elevated elements program.

Along with SB 10, SB 9 was the other bill supported by Senate Democratic leadership that was approved before the final week of the session. SB 9 allows homeowners to split lots that are zoned for single-family housing and build additional units, including duplexes. (see article herein.)

Unfortunately, although not unexpectedly, there are two bills that made it to the Governor's desk for which CalRHA is requesting a veto of, which the governor must do no later than October 10:

- **AB 838 (Friedman)** – State Housing Law: enforcement response to complaints of substandard housing and lead hazards
- **AB 1487 (Gabriel)** – Legal Services Trust Fund Commission: Homelessness Prevention Fund: grants: eviction or displacement

Overall, the year was successful, in that the majority of the bills that CalRHA opposed were killed. Those wins included:

- **AB 854 (Lee)** – Ellis Act/Withdrawal of Accommodations
- **AB 1000 (Ward)** – Fair employment and housing protections: background check service
- providers: housing status

- **AB 1188 (Wicks)** – Rent Registry
- **AB 1199 (Gipson)** – Homes for Families and Corporate Monopoly Transparency Excise Tax
- **AB 1241 (Jones Sawyer)** – Rental housing unlawful housing practices: applications: criminal records


EVICTIION MORATORIUM SUNSET

Fortunately, the Legislature recessed on the last night of session without extending the moratorium. Therefore, the eviction moratorium is set to expire on September 30, 2021. There are conflicting parts of the state law as it relates to local eviction moratoriums that remain in place, even after the expiration of the state one. BRHC continues to keep an eye on any legal developments and your right to terminate a tenancy based on nonpayment of rent, violation of the lease, or owner move in.

RENT ASSISTANCE

Rent assistance was a top priority for CalRHA in 2021 and we worked hard with the Legislature, as well as the Administration, to establish the program and ensure that 100% of rent was covered. Unfortunately, the program has been very slow to distribute funds, leaving landlords in the lurch. There is a new threat that the state is required to return any unused or uncommitted funds back to the federal government by September 30. Leaders in our industry are concerned that for owners whose applications have not been fully processed, that there may not be funds to pay the back rent. The state will have the opportunity to re-apply for more funds, but rest assured

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Developer Proposes 17-Story Apartment Building Across from UC Berkeley

Nico Savidge, Berkeleyside, September 1, 2021

A developer known for building large apartment complexes in college towns across the country is eyeing the intersection of Center and Oxford streets for a 17-story high-rise across from UC Berkeley.

Chicago-based Core Spaces submitted an application Wednesday for the 283-unit development it's calling Hub on Campus Berkeley. If approved, it would be the tallest building allowed under the city's 2012 Downtown Area Plan, and would dramatically remake what is now a popular strip of restaurants and cafes.

Renderings for the project show a terra cotta-hued tower rising at the busy intersection, while another 11-story segment extends down most of the 2100 block of Center Street with a brick facade covering its lower stories and restaurants at street level. The project shares its name with other Hub complexes Core Spaces has built in cities such as Eugene, Oregon, and Madison, Wisconsin.

Jonathan Kubow, senior vice president of development at Core Spaces, said the "student-oriented" project will ultimately house about 800 people, on a prime site just across Center Street from the Crescent Lawn entrance to UC Berkeley.

"We're ecstatic to be entering in the Berkeley market," Kubow said. "This location is just phenomenal."

If past attempts to raise tall apartment buildings in downtown Berkeley are any indication, though, Core Spaces could be kicking off a contentious approval process.

The city's Downtown Area Plan allows for the construction of three new buildings that are up to 180 feet tall. But the first project to seek approval under the plan, at 2211 Harold Way, fell apart after one of the city's most contentious development fights.

That project was debated at 37 city meetings over three years, and challenged with an unsuccessful lawsuit by opponents; its developer ultimately scrapped the plans in early 2020, citing the cost of a community benefits package city officials required as a condition of its approval. A new developer submitted plans in July for an eight-story development at the site.

Former Berkeley Planning Manager Mark Rhoades represented the first Harold Way developer, and is now working with Core Spaces on its Hub project. Rhoades said he believes the city "learned lessons from Harold Way," namely

that "development projects have limitations with respect to what the community benefits can be if our city wants to have these buildings built."

"We badly need housing," Rhoades said, and the Core Spaces proposal "is ideally located and situated housing, targeting the market that is one of the most under-served in the community."

Two other 180-foot-tall projects have moved forward downtown: One, a hotel at 2129 Shattuck Ave., is under construction across Center Street from the parcels eyed by Core Spaces, while the other, at Shattuck and Allston Way, received approval in 2019.

Adding to potential sources of controversy, though, the Hub development would replace two existing buildings along Oxford and Center streets that are home to more than a dozen businesses, including the restaurants East Bay Spice Company and Daryoush, as well as outposts of Top Dog, Bongo Burger and Purple Kow. Core Spaces purchased the properties in May.

Rhoades said the businesses have agreed to move, and Core Spaces will have options for them to rent in the new building. Asked whether the developer plans to give those businesses money to help with their moves, he said, "There are not relocation packages on the table."

One of the existing buildings also has 16 rent-controlled apartment units, though all but one of them is vacant, according to Rhoades. While the project replaces those apartments with 16 units classified as "very low income," reserved for renters making less than half of the area median income, Rhoades said it will not include any additional affordable units. Instead, Core Spaces plans to pay an Affordable Housing Mitigation Fee estimated at more than \$10 million.

Berkeley Mayor Jesse Arreguín said he wants to make sure the businesses and tenants affected by the project are made whole, and affordable units demolished in its construction are replaced.

"We will obviously have to evaluate the application," Arreguín said. "But having student housing so close to campus addresses I think a really critical need that we have as a city, and helps increase the availability of housing for other people in our community."

Newsom Signs Long-Awaited Bills to Increase Housing Density in California

Alexei Koseff, San Francisco Chronicle, September 16, 2021

But the Fight May Not Be Over

Years of pitched legislative battles over single-family zoning and height limits ended Thursday with a long-awaited victory for advocates who have pushed California to embrace denser construction as a solution to its critical housing shortage.

Governor Gavin Newsom signed a pair of bills that promote what supporters call a “light density” approach, loosening zoning rules to make it easier to build out existing neighborhoods with small apartment buildings.

The changes could ultimately help add hundreds of thousands of housing units across the state — though that is still far short of the more than a million new homes that experts estimate California will need in coming years to make up for the affordability gap and to accommodate future growth.

And the fight may not yet be over, as deep-pocketed opponents of the measures weigh potential legal and political challenges.

“The housing affordability crisis is undermining the California Dream for families across the state, and threatens our long-term growth and prosperity,” Newsom said in a statement. “Making a meaningful impact on this crisis will take bold investments, strong collaboration across sectors and political courage from our leaders and communities to do the right thing and build housing for all.”

SB9, by Senate President Pro Tem Toni Atkins, D-San Diego, will establish a streamlined process to split lots and convert homes into duplexes, potentially creating up to four units on a property that had just one before.

Under the law, local governments will have to approve applications if the projects meet size requirements and local design standards, fall outside historic and environmentally sensitive districts, and do not require the demolition of housing that is rent-restricted or has been occupied by tenants in the past three years.

A report published in July by the Turner Center for Housing Innovation at UC Berkeley estimated that the bill

would enable new development on about 5.4% of the approximately 7.5 million parcels statewide zoned for single-family homes, making up to 710,000 new housing units financially feasible under current housing conditions. By comparison, California built more than 100,000 housing units last year for the first time in more than a decade.

“It will help our communities welcome new families to the neighborhood and enable more folks to set foot on the path to buying their first home,” Atkins said in a statement.

SB10, by Sen. Scott Wiener, D-San Francisco, will allow cities to rezone some parcels in urban areas, including those near public transit, for up to ten units. Wiener said in a statement that the voluntary process gives local governments, which can spend years on rezoning because of environmental reviews and other steps, “a powerful new tool to get the job done quickly.”

The two measures are the remnants of a far more expansive proposal, first introduced nearly four years ago by Wiener, that ignited intense debate

in the state Capitol over housing costs, local control and gentrification.

In early 2018, Wiener pursued legislation that would have required cities to allow four-to-eight-story apartment buildings and condominiums within a half-mile of major transit hubs and within a quarter-mile of highly used bus or light-rail stops.

“The housing affordability crisis is undermining the California Dream for families across the state, and threatens our long-term growth and prosperity,” Newsom said in a statement.

Tax planning and preparation for landlords

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Is This the beginning of the End of Draconian Rent Control in New York City?

James Burling, Opinion contributor to The Hill, September 14, 2021

A century ago, the Supreme Court upheld the nation's first rent control law in Washington, D.C.. A year later, it did the same for New York's "Emergency Housing Law." Soon, the Second Circuit Court of Appeals will hear the most significant challenge in decades to New York's latest version of its rent law.

The first rent control law responded to the housing shortage caused by the return of World War I veterans. A lot has changed. The Great War is over. Most of us have learned that no rent control law, no matter how well-intentioned, has managed to repeal two fundamental laws of economics: the law of supply and demand and the law of unintended consequences. Virtually all economists from across the political spectrum agree that rent control reduces the housing supply and inevitably leads to shortage-induced price increases.

Yet politicians also have learned that rent control can be immensely popular. As shortsighted as rent control might be, its perceived benefits can last at least through the next election cycle. For many renters, it doesn't matter that they contribute to long-term distortions of the housing market, as long as their rents appear cheap.

The nation's first rent control laws ended when the war concluded. When Washington tried to extend its law, the Supreme Court was not impressed: "[A] law depending upon the existence of an emergency or other certain state of facts to uphold it may cease to operate if the emergency ceases or the facts change even though valid when passed." New York City declared a decade-long tax holiday for new housing construction to alleviate the lack of housing and exempted new units from rent control. Construction took off like Lindbergh's airplane. By 1929, vacancy rates approached eight percent. The lesson is simple: Free markets work.

But those lessons were forgotten by the time the next world war rolled around, and much of New York has had some form of rent control ever since. Recognizing that too strict rent control had led to the large-scale abandonment of buildings, New York ultimately enacted a kinder, gentler form of rent control — the so-called *Rent Stabilization law of 1969*. It was a system that regulated older buildings more strictly than newer ones, and contained exceptions

designed to incentivize new housing construction and the improvement of older buildings.

But, alas, those reforms were a thorn in the side of renter advocates who agitated for a return to the era of stricter controls. In 2019, they prevailed and New York adopted punitive new rent regulations. The 2019 law severely limits the ability of landlords to raise rents to recover costs invested in apartment infrastructure improvements. There are new limits on the amount of money that can be spent on improvements, and only some of those costs can be recovered — over a period of 30 years. Non-paying tenants

can have up to a year of eviction-free housing if they can prove certain hardships. Further, the 2019 law made several provisions of the existing law more draconian — including requirements that a property be devoted to residential rental in perpetuity, with the owner effectively unable to reclaim the property, devote it to a different purpose, or tear it down and build a new structure, and the requirement that the incumbent tenant has a right to renewal and ability to pass down the tenancy to others.

These and other changes bring rent stabilization closer to the rent control of old and highlight the danger of adopting any form of "rent control lite" because it is only a gateway to the harder drug of confiscatory rent control.

Landlords represented by the *Community Housing Improvement Program*, or CHIP, and the *Rent Stabilization Association* (RSA) in New York, sued. They argue that because the new law represents such dramatic destruction of their

*For the first time in over
a century, the Second
Circuit Court of Appeals
will have an opportunity
to put limits on runaway
rent control laws.*

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property interests, the old cases upholding rent control are no longer controlling.

The law is an unconstitutional violation of the Fifth Amendment's takings clause. First, it forces landlords to suffer the continuing presence of under- and non-paying tenants.

Earlier this summer, the Supreme Court held that government regulations that allow non-consensual physical invasions by third parties are a violation of the Takings Clause. A week later, the court suggested that San Francisco's law that forced a couple to give a lifetime lease to a tenant might violate the same rule. Are underpaying tenants that a landlord cannot remove any different?

Even if the New York law doesn't effect a physical invasion taking, the court should carefully consider whether there has been a regulatory taking. Three factors must be considered: the "economic impact" of the regulation, the "investment-backed expectations" of the owners, and the "character" of the regulations. The economic impact of rent stabilization on the owners can be harsh; with the new law, it can be draconian. And while landlords could expect some form of rent control, their expectations of reasonableness have been shattered. Lastly, the character of a regulation that forces landlords alone to bear the costs and burdens of

the city's mismanaged housing policy is surely dubious. The landlords also have argued that the law deprives them of due process because it is irrational — which shouldn't be a difficult argument to make considering that rent control is the most irrational of all government policies.

The trial court gave short shrift to all these arguments. Instead, it focused on whether the regulations have been applied in all their force to the affected landlords. Since the CHIP and RSA plaintiffs brought facial claims — meaning that they argue that the law on its face violates the Constitution — the court rejected those claims. For those claims brought by other landlords on an as-applied basis, the court saw no fully-developed injuries. Of course, if the landlords waited until their injuries were fully accrued, the city undoubtedly would argue that their claims are too late. For the first time in over a century, the Second Circuit Court of Appeals will have an opportunity to put limits on runaway rent control laws. When it hears the oral arguments, we should learn the fate of these new draconian rent regulations.

James Burling is vice president of legal affairs at Pacific Legal Foundation, a nonprofit legal organization that defends Americans' liberties when threatened by government overreach and abuse.



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Why Liberals are So Conservative About Housing

Michael Manville, San Francisco Chronicle September 5, 2021

California is arguably the deepest blue state in America. Democrats rarely lose. On issues such as labor rights, the minimum wage and environmental policy, the state and its cities are bastions of progressivism. But California's housing shortage threatens to make a mockery of its other progressive accomplishments.

Our state remains deeply segregated by income and race. Its poverty rate, when living expenses are accounted for, is the nation's highest. Soaring rents and home prices force many people to live far from where they work, contributing to long commutes and climate change. Most visibly and tragically, in a state that prides itself for offering opportunity, over 150,000 people are homeless. They live in cars, sidewalk tents, or rough encampments next to freeways and under bridges.

These problems stem, at least in part, from California's longstanding hostility to development. It's true that allowing more housing cannot by itself solve California's crisis. But it's also true that California's crisis has no viable solution that doesn't involve allowing more housing. And that's a problem, because California's version of liberalism doesn't include liberal housing laws.

Our version of progressive politics espouses limits on new housing development. But a progressivism that limits new housing is a progressivism that limits itself. The dream of a just and generous California will be elusive until we learn to love (or at least tolerate) new housing. California isn't entirely unique in this regard. Liberal people are often conservative when it comes to housing. Many liberals own homes, and an old idea in political science suggests that homeownership bends local politics to the right.

The reason for this influence is simple. Homeowners, though they probably don't see themselves as such, are capitalists. Residential structures are America's largest single source of physical capital, and the returns to that capital account for about 12% of U.S. gross domestic product. For homeowners, new development is competition. And no capitalist likes competition. It's a threat to a vulnerable stock of wealth.

Homeownership, then, can put liberals in a tough position. Their abstract values, like affordability and opportunity, might clash with — and lose out to — the material value of their largest asset.

In practice, this tension manifests as the person who will vociferously favor gun bans or single-payer health care,

but vehemently oppose new apartments down the street. In recent years, social scientists have started to systematically document the connection between homeownership and attitudes toward development. My own research examined statewide public opinion data from Californians and found that homeowners, even liberal ones, were more likely to oppose housing of every kind. Tellingly, owning a home did not influence attitudes about national policies, like gun control or health care; it only shifted opinions about housing.

Not every liberal owns a home, of course, so self-interest can't explain all liberal opposition to development. A second and perhaps larger issue is that allowing more development just doesn't seem liberal.

Denser development requires deregulation — relaxing zoning and other rules — and deregulation is an ideologically charged concept often associated with conservatism. So even if development creates liberal outcomes (more affordability and less segregation), it might do so through what looks like an illiberal process.

And many liberals might not think new housing generates liberal outcomes. History, in the form of urban renewal and its excesses, plays a role here. Too much postwar development was reckless and destructive, needlessly gutting neighborhoods to make room for freeways or star-crossed megaprojects. Development earned some of its bad reputation, and many liberals internalized the idea that fairness required opposing it.

Finally, a lot of people, liberal and otherwise, believe more development makes housing more, not less, expensive. On one level, this perception is understandable. Market-rate development is, at least superficially, strange medicine for a housing crisis, in that it carries all the outward hallmarks of the disease it purports to cure. The housing it produces is often expensive, and the developers who build it aren't trying to cure anything: They're trying to make a profit. And because the new housing is expensive, the people who move in tend to be well-off.

Using market-rate development to alleviate a housing crisis involves rolling back regulations to let profit-minded entrepreneurs build expensive housing for affluent people. We shouldn't be surprised if many people, especially liberals, don't find that persuasive.

But the fact that something isn't persuasive doesn't make it wrong. Counterintuitive or not, California needs

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Chart: Bay Area Rents for One & Two Bedroom Apartments

RANKED HIGH TO LOW		1 BEDROOM			2 BEDROOM		
	City	Price	M/M%	Y/Y%	Price	M/M%	Y/Y%
1	San Francisco	\$2,720	-2.5%	-15.0%	\$3,750	1.6%	-10.9%
2	Mountain View	\$2,370	-4.8%	-18.0%	\$3,200	4.9%	-15.1%
3	Emeryville	\$2,310	5.0%	-11.2%	\$3,330	4.1%	-5.4%
4	Santa Clara	\$2,290	5.0%	-11.6%	\$2,730	5.0%	-13.1%
5	San Mateo	\$2,280	0.9%	-10.6%	\$3,030	3.8%	-6.2%
6	Menlo Park	\$2,240	-2.6%	-14.8%	\$3,120	5.1%	-15.7%
7	Redwood City	\$2,200	4.8%	-24.1%	\$3,420	4.9%	-6.8%
8	Walnut Creek	\$2,200	2.8%	-5.2%	\$2,720	3.0%	-3.5%
9	Burlingame	\$2,190	0.0%	-4.8%	\$3,070	0.0%	-11.3%
10	San Jose	\$2,170	0.5%	-5.7%	\$2,740	1.5%	-2.8%
11	Belmont	\$2,130	0.0%	-7.4%	\$2,800	0.0%	-13.8%
12	Berkeley	\$2,100	-4.1%	-10.3%	\$2,900	-3.3%	-6.5%
13	Sunnyvale	\$2,100	5.0%	-14.6%	\$2,700	-1.8%	-9.4%
14	Campbell	\$2,070	1.5%	-1.0%	\$2,500	0.0%	-3.5%
15	Fremont	\$2,030	1.5%	-6.0%	\$2,600	0.8%	0.0%
16	Daly City	\$2,020	3.1%	-13.3%	\$2,870	1.4%	-3.7%
17	Oakland	\$2,000	0.0%	-9.9%	\$2,600	2.8%	-10.3%
18	Alameda	\$1,960	3.2%	-6.7%	\$2,510	0.4%	0.4%
19	Hayward	\$1,900	2.2%	0.0%	\$2,350	2.2%	1.7%
20	San Leandro	\$1,870	-1.6%	-1.6%	\$2,330	3.6%	1.3%
21	Concord	\$1,840	2.2%	5.7%	\$2,170	0.0%	4.3%

Due to continued concerns around COVID-19, we will continue to hold member education online for those that don't feel comfortable attending in person.

We hope to try to resume our in-person meetings on November 13, and look forward to welcoming you back and seeing your shining faces!

<https://www.bpoa.org/eventcal.php>

DATE	TOPIC
October 6, 4:00 pm	Landlord 101: What to Do When a Tenancy Ends
October 20, 4:00 pm	Landlord 101: Options to Reclaim Possession of Your Unit
November 13, 10:00 Am	Insurance New Claim Prevention for Rental Housing Providers

Our Landlord 101 series is for new rental housing providers or members that want to brush up on the basics of being a landlord in Berkeley. Each month we take on two topics in depth, examining everything you need to know to manage your own property. Check the BPOA calendar for more details.

a lot more housing, and the fastest, cheapest way to get housing is to let developers build it. Make no mistake: California must also invest heavily in public and subsidized housing. But those investments will be helped, not hindered, by plentiful market-rate housing.

This admittedly seems strange, because allowing market-rate development does mean producing expensive housing. But so does not allowing development.

When we don't build, the price of existing housing goes up. Instead of turning empty lots into expensive homes, we turn cheap homes into expensive homes. The consequences are less visible — it's easier to notice a new building physically than an old building's price rising — but also more damaging.

Blocking supply doesn't blunt demand. As long as our economy booms, high-income people will come to California. Our housing policy can divert these people into gleaming new buildings when they arrive or unleash them onto older buildings where our lower-income residents currently live.

The former option is clearly better. But embracing that option means coming to terms with some deregulation. And deregulation needn't always be conservative. Many liberals already favor it in immigration and criminal

justice, because they understand that regulations can be hijacked by powerful people to protect the status quo. Housing regulation is no different. It's just harder to see, because many of us, even though it doesn't feel like it, are powerful. We like our capital gains and quiet neighborhoods, and we like to think the housing crisis is caused by something or someone else.

It isn't.

We have a housing crisis because we don't build, and we don't build because we have a fundamentally conflicted relationship with housing. Housing is both a store of wealth and a source of shelter. These goals don't rest easily with each other. Housing grows in value when it is scarce, but when housing is scarce, shelter is insecure.

We cannot have rules that simultaneously restrict housing and make it broadly affordable. Too many of our rules today are regressive: They prioritize value and scarcity over shelter and abundance. As long as that's true, California can't be the liberal bastion of its aspirations.

The progressive thing to do with regressive rules is retire them.

Michael Manville is an associate professor of urban planning at UCLA's Luskin School of Public Affairs.

ZOOM MEETINGS & WORKSHOP FOR OCTOBER

Landlord 101: What to Do When a Tenancy Ends
Wednesday, October 6, 4:00 pm

Landlord 101: Options to Reclaim Possession of Your Unit
Wednesday, October 20, 4:00 pm

SATURDAY MORNING MEETING IN NOVEMBER

Insurance New Claim Prevention for Rental Housing Providers
Saturday, November 13th, 10:00am

Check the event calendar at www.bpoa.org for information & registration

BPOA WORKSHOPS — Go Beyond the Basics

When a Good Deal is Not a Good Thing

transparentcalifornia.com is a website which posts the salary of all public employees in California. Curious about a tenant I knew made decent money, I checked him out. He has a non-academic position at the University of California. His salary for 2019 is posted as \$66,400. In addition, he had overtime pay just under \$6,000 for a total of \$72,400. (Numbers are rounded to nearest \$100.) With benefits, he costs UC \$94,800.

His rent is about \$700 a month. Recently rented apartments in the same building, virtually identical to his, have rented for just under \$2,000. Before COVID, they were over \$2,000. He has been in his current apartment for about 25 years. He is currently paying less than 12% of his income for rent. The norm commonly used for affordable rent by governments and academics is 30% of income. This tenant is paying 35% of market and 39% of what he can afford for rent.

This tenant approached me about a buyout several years ago but I refused. The point is that he wanted to move. I rented to him when he was in his

20s. Now in his 50s, I assume he wanted a nicer and/or bigger place and knew he could afford it. He stayed. Except for the substantial rent subsidy I am forced by law to provide, he would be living elsewhere. He would presumably be happier, I would be better off, and so would the property. And so would the community as a whole. Even a proponent of rent control should recognize that this is just bad public policy.

Stories abound of abuses of rent control. I looked at building once where a single tenant outlasted her roommates and lived alone in a large, three-bedroom apartment within walking distance of UC. The sum of many anecdotes may not constitute data, but stories have impact. If you have a tale to tell of egregious results of Berkeley's rent law, please share them with BPOA.

[– ed.]

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This legal argument for equal treatment should have more weight now that California has passed a statewide rent control law. Even with overwhelming control of state government, the Democrats have enacted a statewide law that caters to a wider array of interests than do many local laws where political proclivities and/or heavy tenant majorities have led to more draconian ordinances. The state rent control law is therefore far more palatable for owners than most of the local rent control laws.

For purely political reasons, the new statewide law grandfathered-in existing ordinances. Clearly, if the same law had been passed and there had been no local ordinances, Berkeley, San Francisco, Santa Monica, etc. would not have arbitrarily been allowed different rules. The result is state-sanctioned unequal protection under the law. Maybe its time for a Berkeley property owner and an Albany tenant to jointly challenge the California practice of allowing the capricious variation in rent control laws in the state.

QUOTE OF THE MONTH

It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a 'dismal science.' But it is totally irresponsible to have a loud and vociferous opinion on economic subjects while remaining in this state of ignorance.

— Murray N. Rothbard



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that will come with a high price for the owner who might see years go by before they actually see any of the money.

This information is brought to you by me — the Executive Director of the Berkeley Rental Housing Coalition. The only way we can continue to provide you with this information is with your financial support. **Please consider joining the BRHC Your BPOA membership is automatically included.** If you are interested in lending your support so we may continue as a strong organization, please contact Krista Gulbransen, Executive Director at 510-304-3575 or krista@bpoa.org.

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OCTOBER ZOOM MEETINGS

Landlord 101: What to Do When a Tenancy Ends

Wednesday, October 6, 4:00 pm

Landlord 101: Options to Reclaim Possession of Your Unit

Wednesday, October 20, 4:00 pm

*Check the event calendar at bpoa.org
for information & registration*

LANDLORD 101 SESSIONS:

Are you a new member or new to being a landlord? In 2021 we are hosting a Landlord 101 for new rental housing providers or anyone that needs to brush up on the basics of being a landlord in Berkeley. Each month we will take on a new topic in depth, examining everything you need to know to manage your own property. Check the BPOA calendar for more details.



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