FEB
2022

BPOA

The Advocate for
Berkeley's Rental Housing Providers

Founded 1980 • Charter Member, California Rental Housing Association
2041 Bancroft Way, Suite 203, Berkeley, CA • www.bpoa.org

MONTHLY

The Home Office

Mark Tarses, President, BPOA

What will be the most valuable rental amenity here in the bay area in the coming decade? I think it will be a home office. Even before Covid, more and more office workers were working from home either part time or full time. Covid has just accelerated that trend. Also, college students value having a study room in their apartment. Students now do far more of their research online than at the library.

An apartment with a home office rents for more money than an apartment without an office. That's because an apartment with an office is in great demand but is hard to find. Quite often, a person who wants a one-bedroom apartment with a home office will wind up renting a two-bedroom apartment and using one bedroom as his office.

Think about the layout of your rentals. Could you create a home office out of some space that is currently unused or used in a way that is minimally valuable to a tenant? Sixty square feet is not big enough for a bedroom, but it is big enough for a home office.

What does a home office need? A home office needs electrical outlets, preferably on opposite sides of the room. The outlets need to be grounded because surge suppressors won't work if the outlets aren't grounded. The room should have a ceiling light with a wall switch. A window is desirable, but that is often impractical. A home office should have a door so that a person working in the office isn't distracted by noise coming from the rest of the apartment, like somebody watching television in the living room. If there is no good place for the door swing, install a pocket or barn door.

Naturally, a home office needs internet access, and there are several ways of getting that depending on what is available in your location. Your home office should have a coaxial cable jack, and if you can, a telephone jack as well.

The demand for a home office is not going away. This is not a passing fad like trash compactors or avocado green kitchen appliances. Many of the big new buildings in Berkeley have business centers in them, but a business center is much less valuable to a tenant than a home office in the apartment.

There's more advice for Berkeley landlords on my website at:
https://www.tarses.com/constructiontips.html

FEBRUARY EVENTS

Leasing in 2022 & Other Best Property Management Practices

Wednesday, February 2, 3:00 pm

Collecting Rent Electronically: Best Practices in New Technology

Wednesday, February 16, 3:00 pm

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

In-person member education meetings will resume in Spring 2022 on an every-other-month schedule alternating with webinars

Inside this Issue

BPOA

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.

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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

Editorial

TOPA = Taking Our Property Away

Albert Sukoff, Editor

In what may be a more egregious diminution of property rights than rent control, TOPA is back. TOPA stands for Tenant Opportunity to Purchase Act. It was proposed by the mayor last year but was stillborn when its innumerable flaws were exposed. However, given the never-say-die enthusiasm of the true believer, the Mayor's baby is back. He has submitted a reiteration of his ordinance for Council consideration. It was largely written by the East Bay Community Law Center, arguably on your dime. (They get money from the rent Board to assist tenants facing eviction, but they do other things as well, like writing ordinances for progressive pols. Your rent board fees given to EBCLC supposedly go to aid tenants, but dollars are fungible and no one that we know checks.)

In a nutshell, TOPA forces you to offer your property for sale to your tenants and/or non-profits at least 45 days before you offer to sell it to anyone else. The proposed ordinance is over a dozen pages long with references for many more pages elsewhere in the legal lexicon. The process is complicated, convoluted, and clumsy — and those are only the c's.

At the very least, you will not be able to sell your property until you have offered it to your tenants and certified non-profits. At best, there will be no interest in purchase and TOPA will involve *only* serious paper work and significant delay before you will be allowed to sell. After you notify your tenants (involving city filings, disclosure of financial details, postings, certified mailings, etc.), there is a minimum wait-period of 120 days before you can market your property. (Time periods are shorter for rented duplexes and single-family homes.)

If you get an offer, you are free to reject it but whoever made the offer then has the right-of-first-refusal; they may match any subsequent buyer with whom you enter into a contract to sell. This will likely take many more months as the tenant/non-profit buyers are guaranteed time to effectuate the sale, including finding financing. They get a statutorily prescribed 120 days to close escrow, more if seeking financing and still more for a continuing good-faith effort, even if your buyer is willing to close within a much shorter period of time. If after all this, they are unable to close, there is no money consequence. You can then sell to the contract buyer, assuming he/she is still around. And all this assumes that you could even find a buyer in the first place, given the legally-mandated constraints imposed by TOPA.

And those are just the highlights; there is more. Like this provision:

> *Price Stabilization; Tenant Protections. A. Affordability Restriction. ...any Rental Unit acquired pursuant to this Chapter shall be subject to a recorded affordability restriction that ensures that each Rental Unit acquired is available to very low, low, or moderate income renters or buyers in perpetuity. The City Manager shall set standards ... for the enforcement of the requirements of this Section.*

Another egregious part of this ordinance considers the sale of a partial interest in a property greater than 50% to be a sale. Against your will, you could easily end up with your tenants and or a non-profit as your partner.

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❖ The Coalition Corner ❖

Krista Gulbransen, BRHC Executive Director

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

Legislative News & Updates

The BRHC Corner is a way to keep our members connected to rental housing legislation both at the local level and the state level. The Berkeley Rental Housing Coalition is the political and legal arm of BPOA with its own membership. Membership provides support to our political efforts, lawsuits, and the employment of Executive Director Krista Gulbransen.

The Legislative Road Ahead

It's very clear that owning and managing a rental property in Berkeley is very risky. Although legislative regulations have been in place since the late 1970s, the past decade has been increasingly rough on owners. Many buildings in Berkeley are at an age where something breaks on a regular basis. And if something's not breaking, then the pressure to do a capital improvement hovers over you. With increased construction costs and a shortage of labor, many rental housing property owners are finding it hard to keep up financially.

The allowable rent increases given to owners under the Rent Stabilization Ordinance only account for 65% of the Consumer Price Index increase. Yet all of us are paying 100% of the cost of inflation. The inability to receive a reasonable rent increase on an expensive capital improvement such as foundation work makes it hard to survive the rental business. Tenant activists will state that tenants are just one car breakdown or medical issue away from not being able to pay rent. And we would add that some owners are just one burst pipe away from not being able to pay a plumber to fix it.

Perhaps you bought your property many years ago — or even inherited it from a family member. Your property tax base might be low, but your rents may be low too. Every additional year a tenant occupies a rent-controlled unit, the smaller your profit margin. Increased costs to maintain and hold the unit are not covered by the annual allowable rent increase making it increasingly difficult to provide the affordable housing you've been forced to provide!

Pair all that with the increased legal risks and other ramifications of owning a rental property. If you haven't had a vacant unit in a while, you may be unaware of all the new regulations that make just showing a unit a legally risky business. Every day we hear stories in which an independent rental operator (someone who owns and manages their own rental property) has made a potential misstep when communicating with a prospective tenant. From a prohibition on asking criminal background history to the inability to deny someone a prospective tenancy based on a housing voucher, the business of renting just got riskier.

While our two organizations do our best to communicate all the rules and regulations, there is growing concern for the liability exposure independent rental operators face daily. When you are managing that risk yourself you may not realize you've made a misstep until you receive a letter from one of the legal tenant aid organizations or worse yet, a complaint filed with the Federal Fair Housing and Employment Department.

The tenant activists, tenant attorneys, and even the City's attorney are looking for owners of whom they can make an example. Did you take too long to perform a repair? Have you let that rodent infestation go on a little too long? Did you say something you weren't supposed to say to a tenant that violates their rights? Whatever the risks, you probably can't keep them all in your mind.

While BPOA and BRHC continue to educate you on the ever-changing landscape, we encourage you to review your practices and behaviors when it comes to your rental property. It might be time to consider bringing in a professional. Maybe you're okay with managing the property on a day-to-day level, but you're a bit rusty when it comes time to fill a vacant unit. While we wish everyone could do everything themselves, we recognize that sometimes the best thing to do is let the professionals handle it.

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Kellie Hwang, San Francisco Chronicle, January 27, 2022

Rents in one Bay Area city rose nearly 18% in the pandemic, as other areas saw double-digit declines

In 2021, rental prices rose in most of the Bay Area cities where rents plummeted in 2020, but most are still not quite back to pre-pandemic prices. But the data shows rents in some areas outside of the city centers have blown well past where they were before the pandemic. That's according to data on rents for a median one-bedroom from the online rental site Apartment List.

Rob Warnock, senior research associate at Apartment List, said the biggest takeaway from the data is "the pandemic has smoothed out some of the price gaps between Bay Area cities."

"San Francisco and San Jose used to be significantly more expensive than further-out cities, but since 2020, that price gap has shrunk," he wrote in an email. "Prices in San Francisco and San Jose still sit below pre-pandemic levels, while prices in cities like Petaluma and Santa Rosa and Fairfield are up more than 10%."

The Bay Area's rent recovery has been considerably slower than in the rest of the U.S. Warnock said specifically along the peninsula, the Bay Area "is the only remaining region with a large concentration of cities where prices remain below pre-pandemic levels."

"Most everywhere else, the big cities as well as the smaller suburban regions are all more expensive today than they were at the start of 2020," he added.

Apartment List includes only cities where there are enough apartment transactions each month to accurately model month-over-month price changes. The company uses data from the U.S. Census Bureau for rent statistics on recent movers, and estimates how rents have changed more recently using a growth rate calculated from listing data on its platform.

Big city outliers

The data shows that like San Francisco, Oakland saw its rent prices plummet during the pandemic as city dwellers left for the suburbs and areas even further away. But while San Francisco has seen a notable rent growth rebound of 15% in the past year, Oakland's rent prices actually decreased by 1%.

Warnock said Oakland is an "interesting case" with its much slower rebound compared to San Francisco and San Jose that have seen significant growth in the past year. "It's difficult to pinpoint exactly why this has happened, but clearly in 2021 new renters have decided not to flock to Oakland at the same velocity as other cities," he said. "We have to do some more digging to better understand why this is the case, or to what extent it can be attributed to [Oakland's] higher construction rates compared to San Francisco."

Oakland's median one-bedroom rent, which was almost $500 more than Fairfield's median one-bedroom rent in Dec. 2019, was slightly less in Dec. 2021 at about $1,640 compared to $1,660 in Fairfield. Warnock said this "would have been extremely unlikely to occur absent a pandemic."

Grant Chappell, a broker at real estate firm NAI NorCal, said from his perspective, rents have already rebounded in some areas including around Lake Merritt, north Oakland, Temescal and Rockridge, where there is an alluring mix of restaurants, retail and residential.

He said more people are coming to Oakland to prepare to start commuting into work and want to get in when prices are lower, and that there will be spillover from college students and professionals who can't find a place in Berkeley, but still want to be close.

On the flipside, areas such as downtown Oakland aren't recovering as quickly, according to Chappell, because "all amenities that made downtown really attractive aren't back to where they were pre-pandemic." He added that he believes rents are still down in some areas with higher crime.

With many new units on the way or in the development pipeline in Oakland, Chappell said he doesn't expect big increases in rental prices. "To really go higher than pre-pandemic levels will be challenging with all the new units coming online," he said. From 2018 to 2020, Alameda County built far more units per capita than San Francisco County and Santa Clara County, much of it driven by building in Oakland.

Fremont, the Bay Area's fourth largest city, differed from its other big city counterparts, rising 2% in 2020, and going up 8% in 2021. Warnock said he suspects Fremont is in between the big cities that lost renters and saw rents drop, and smaller cities that absorbed many new renters and saw prices go up.

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As Housing Prices Continue to Spike, National Rent Hits an All-time High

Chris Morris, FORTUNE, January 25, 2022

The housing shortage has forced many potential buyers to move into rental properties as they look for their next home (and often find themselves on the wrong side of a bidding war). That option, however, is becoming increasingly expensive.

Rent prices jumped 12% last year for a median one-bedroom apartment, hitting an all-time high, according to Zumper, the nation's third largest real estate platform. A median two-bedroom apartment saw rent prices jump more than 14%. The median price for a one-bedroom rent reached $1,374 in January. The median price of a two-bedroom apartment reached $1,698.

The news comes as the latest S&P CoreLogic Case-Shiller National Home Price Index shows home prices for buyers in November jumped 18.8% year-over-year. And experts are predicting a brutal spring housing market.

The rental escalations come after two years of essentially flat rent rates. Year-over-year growth in January 2021 was 0.6%, and in January 2020 it was 0.3%. And the sky-rocketing rent prices are expected to continue.

"For the National Index to move by double digits takes incredible rent growth everywhere, and that's exactly what occurred," the Zumper report read. "The sudden increase in housing demand since the pandemic began in March 2020 exacerbated what was already a national housing shortage that dates back to the financial crisis in 2008, after which annual housing production dropped substantially. While some of the post-pandemic demand might fade as the pandemic becomes endemic, the housing shortage is a long-term issue that will likely continue to push rent up in 2022."

New York, to little surprise, remains the most expensive place to rent, with the price of a one-bedroom jumping over 25% in the past year, while a two-bedrooms costs 27% more. San Francisco is second.

The real surprise, though, is the fast-rising cost of rentals in Boston, which could surpass San Francisco in the coming months. The median one-bedroom now costs $2,720, just $100 less than the California city (a 26.5% jump in one year), while a two-bedroom is $3,150, up 26%.

"It's hard to overstate how astounding that is," says the report. "In the winter of 2019, San Francisco's median one-bedroom rent was $1,300 higher than Boston's."

Other cities that saw increases of more than 20% for two-bedroom units include Miami; San Diego; Scottsdale, Ariz.; Fort Lauderdale, Fla.; Seattle; Orlando and Tampa.

Ellis Act Under Threat

Assembly Bill 854 was introduced into the legislative hopper almost a year ago. It undermines the Ellis Act which is the state law which allow owners of rental property is go out of the rental business. It is currently being actively considered in this session of the legislature.

As written, the Ellis Act, generally prohibits public entities from adopting any statute, ordinance, or regulation, or taking any administrative action, to compel the owner of residential real property to offer or to continue to offer accommodations, as defined, in the property for rent or lease.

AB 854 would eviscerate the Ellis Act by prohibiting rental property owners from filing a notice to withdraw accommodations if not all of the owners of the accommodations have been owners for at least 5 years or that the owner acquired the property within 10 years of providing notice to withdraw accommodations at a different property.

Call or email your state legislator and ask them to VOTE NO on AB 854.

See page 11 for details on AB 854

Thinking about adding an Accessory Dwelling Unit to Your Property?

Many new state laws are designed to make it easier to add an ADU to your existing property. Come to an Open House to learn more and tour a new Berkeley ADU.

Open house Saturday, February 19,
10:00 am- 3:00 pm at 1825 Berkeley Way

Please be respectful of COVID protocols when participating in this event.

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2021 Bay Area Rental Price Report

"One one hand, it's a place where Bay Area renters can get more bang for their buck compared to San Francisco without moving far," he said. "On the other hand, it's still one of the priciest markets in one of the priciest parts of the country. So I think this led to a lot of competing inbound and outbound migration throughout the pandemic that ultimately smoothed out the price changes."

Farther away is still better

The East Bay and North Bay continue to be hot rental markets, even as the major city centers recover. Cities including Walnut Creek, Pleasanton and Dublin that are close to BART, and other suburban cities including Concord and Pleasant Hill, all saw notable rent increases from Dec. 2019 to Dec. 2021, and rents now either match or exceed the pre-pandemic values.

"The pandemic encouraged some people to move further away from major urban centers, towards smaller places that can still access the big city but offer more square footage per dollar," Warnock explained.

Up north, Fairfield's one-bedroom median rent soared 18% from Dec. 2019 to Dec. 2021, and in the past year, rents are up 11%. Santa Rosa saw rental prices increase almost 10% from Dec. 2019 to Dec. 2021, jumping 13% just last year.

Warnock said this has been a trend throughout the west coast, from the Inland Empire of Los Angeles to the southern and eastern suburbs of Seattle. But it put a lot of pressure on these outlying cities that weren't prepared for the influx.

"These places weren't sitting on a massive reserve of vacant apartments, so the sudden wave of incoming renters created extremely high occupancy rates that in turn drove up prices," he said. "While the initial shock of the pandemic has passed, vacancies remain scarce so we have yet to see any significant cooling."

Life again in Silicon Valley

Silicon Valley's cities saw significant rent drops at the start of the pandemic, as many tech companies went remote and workers stayed home. Median one-bedroom rents in Cupertino, Sunnyvale, Mountain View and Redwood City fell from 7% to 11% from Dec. 2019 to Dec. 2021.

But in the past year, those cities saw major rebounds: Redwood City is up 12%, Sunnyvale has increased 15%, Cupertino is also up 15.% and Mountain View has soared 116%.

Warnock said it's a combination of people returning to the office and wanting to be near activity.

"While a number of in-person jobs have come back, there's no question that office activity still lags pre-pandemic levels," he said. "But cities have more to offer than just proximity to the office, so when rent prices crater like they did in 2020…there are people eager to take advantage of that discount."

City	DEC-2019	DEC-2021	Rent Growth
Fairfield	$1,410	$1,660	17.8%
Petaluma	$1,310	$1,490	13.8%
Santa Rosa	$1,420	$1,550	9.6%
Concord	$1,570	$1,680	7.0%
Pleasant Hill	$1,750	$1,870	6.5%
Pleasanton	$2,090	$2,210	5.9%
Walnut Creek	$2,040	$2,080	2.3%
Fremont	$2,420	$2,460	1.6%
Dublin	$2,720	$2,770	1.5%
Richmond	$1,490	$1,500	0.5%
Milpitas	$2,260	$2,260	0.0%
Hayward	$1,980	$1,970	-0.6%
Union City	$2,380	$2,360	-0.6%
San Jose	$1,980	$1,910	-3.8%
Foster City	$3,250	$3,110	-4.0%
Emeryville	$2,730	$2,620	-4.1%
Alameda	$2,120	$2,040	-4.1%
Santa Clara	$2,440	$2,300	-5.8%
San Bruno	$2,600	$2,420	-7.0%
San Mateo	$2,440	$2,270	-7.0%
Cupertino	$3,320	$3,080	-7.0%
Sunnyvale	$2,440	$2,240	-8.2%
Berkeley	$1,890	$1,710	-9.1%
Palo Alto	$2,540	$2,290	-9.9%
Redwood City	$2,450	$2,210	-9.9%
Mountain View	$2,470	$2,200	-10.6%
Oakland	$1,880	$1,640	-12.8%
San Francisco	$2,730	$2,310	-15.2%

Source: Apartment List

Over 1000 Applicants for 91 Middle-Income Units in Downtown S.F

J.K. Dineen, San Francisco Chronicle, Jan. 17, 2022 [abridged]

The leasing office at The George was still not yet open, but that doesn't mean that the 302-unit apartment complex at Fifth and Mission didn't draw some interest.

More than 1,000 would-be tenants have submitted applications for the 91 units that will rent for below market rate.

Those units target households of two people earning between 100% and 150% of area median income — between $106,000 and $155,000. The overwhelming response shows the need for housing for workers who don't qualify for most of the city's subsidized housing but struggle to afford market rate homes.

The George features the highest percentage of middle-income, BMR units included in a market rate building in the city's history.

Named after Hotel George, once located on the corner of Fifth and Howard where the Chieftain now stands, the complex is now open next to the San Francisco Chronicle's newsroom on Mission Street.

The throwback name at the George feels appropriate. The building's double-height lobby has dark herringbone floors inlaid with mosaic tile, a long gas fireplace and curved leather booths with wooden tables.

Supervisor Matt Haney, who represents the neighborhood, said "it's good to see so much new housing open in a transit-rich area that — pre-COVID, at least — was bustling with workers.

"There is a well-known challenge in providing housing for the missing middle," said Haney, "that family with two educators or firefighters or someone who owns a small business, who don't qualify for low-income housing."

The building, which replaced a parking lot, runs along a newly landscaped pedestrian-only paseo on North Mary Street, which will house a cafe and a restaurant. Patrons will be able to grab an espresso from that cafe and drink it in the public lobby next door. While the building has a second entrance on Mission Street, the main door is overlooking the park on Minna Street.

Overall, the development, which several neighborhood groups attempted to block through an unsuccessful lawsuit, will be 40% below market rate units. It will include 83 units of low-income senior housing at 967 Mission St.

from page 2

Editorial: TOPA = Taking Our Property Away

Let's hypothesize as to how complicated selling your Berkeley rental property could become. Here are some possible complications:

- Long term domestic partners failed to register as such with the state. One partner dies and the surviving spouse must sell their income property to pay the estate taxes. TOPA allows for — and may even require — an option period for tenant-oriented buyers of longer than the nine months allowed by the IRS to pay estate taxes. After that, penalties and interest apply.
- You want to sell ASAP because interest rates are low and that would normally facilitate a higher sale price. Being tied up by TOPA for many months blows that opportunity.
- You have a trade you have been working on for many months with an agreement in place as to price and terms. However, you cannot perform to the satisfaction of the other parties because of TOPA. You cannot assure them a specific date for the transfer of your property, and you cannot guarantee the buyer that they will not lose the property to a non-profit in the process. No buyer will agree to such an arrangement.
- You own a building fifty/fifty with partner and he/she wants to sell. You are willing to forego top dollar to simplify things, to accommodate a trusted partner and friend and to facilitate the transfer. You are more than willing to buy his/her share at a fair market price, one which may even be considered a bargain. A non-profit is willing to pay that price. Possible consequences?
  A non-profit swoops in and agrees to the bargain price. The sale bestows upon your new non-profit partner an equal interest in the property. You have virtually lost control of your investment and now have a partner whose stated goal to not make a profit is antithetical to your motivation in owning rental property.
- A worse scenario: your bailing partner owns more than a half interest in the property. As the new majority partner, the non-profit has total control of the property. Most partnership agreements would give them the unilateral right to sell the property. If it did not, they could unilaterally modify the agreement to give themselves that right. They could force a sale of the entire property, set a low price and have a sister organization buy the property for far less than the market value.
  Having encumbered the property with the constraints of TOPA, your share of the property is almost worthless. That's virtually a taking.
- Two couples have been fifty-fifty owners of a property for 45 years. One of the couples particularly relies on the income from the property for their retirement. The husband dies and his pension ceases. The wife is not destitute but not well off either. The other couple, on the other hand, are more than comfortable. The partners were close, lifelong friends. The intact couple want to help by selling their half of the property to the wife. They want to set a price for the wife which is beyond a bargain and they want carry a note for her purchase to spread out their capital gains liability. However, if a bargain price is offered, any tenant, group of tenants or non-profit could then swoop in and grab the property, financing in place, for a song. Vulnerability under TOPA precludes a sale to the wife as envisioned.
- You and a partner own a duplex fifty/fifty. You live in one unit while the other is rented. Your partner planned to occupy the rental unit upon retirement but dies before that happens. The renter has been there for two decades. Blame notwithstanding, you and she really detest each other. Nevertheless, she has saved a substantial nest-egg, not in small part facilitated by years of substantially below-market rent. Her motivation to purchase half your property is now two-fold: home ownership and avoiding losing her long-time home should she not purchase. She can and is willing to pay market value for half the property. You now have an equal partner in the property, which not incidentally is your home, and there is no tie-breaker in any dispute. From repainting to refinancing, you now have an equal partner you cannot stand. She hates the colors you love and cannot keep up her end of a new mortgage. Good luck.

The possibilities are endless; none of them are good. Just the specter of TOPA is costly. Because of the possibility of a forced sale of a part-ownership, even if not contemplating a sale, rental property owners ought to review, amend, and restate any existing partnership operating agreements. Where there is more than one owner, review by an attorney familiar with TOPA is advisable. This suggestion includes rental property owned by a married couple.

Although this proposed law seems outrageous or fanciful in a culture of private property ownership, we cannot assume that such a law would be found to be unconstitutional. Something similar is in effect elsewhere. Unless voters respond passionately in opposition, TOPA most likely is coming to Berkeley — and it may not go away.

Newsom On Homelessness: 'We've Gotta Clean Up Those Encampments'

Manuela Tobias, CalMatters, January 11, 2022

In his January budget proposal to the state Legislature, Gov. Gavin Newsom gave a clear message: California needs to move people off the streets.

"I don't want to see any more people die in the streets and call that compassion," Newsom said Monday, detailing his $286.4 billion blueprint. "There is nothing compassionate about someone dying in the streets or stepping over someone on the streets or sidewalks."

Newsom proposed $2 billion to address California homelessness — including $1.5 billion to buy and set up "tiny homes" and other temporary shelter options, which tend to fall far short of need and which he conceded would only be a "bridge" to permanent housing with services.

While substantial, the governor's request pales in comparison to the funding he and the Legislature approved last year — $12 billion to create mostly homeless housing and board and care facilities, as well as to fund green-lit affordable housing projects.

"What we're offering this year is additional money to find a bridge to the permanent supportive housing, and that's tiny homes, that's procuring treatment, that's house slots and shelter slots in the interim," Newsom said.

The governor projected that the money would mean another 11,000 beds for people experiencing homelessness, on top of 44,000 that will be created with last year's budget.

The remaining $500 million in homeless dollars would go toward grants for local governments to relocate people living in encampments on vacant lots and freeway overpasses — a ten-fold increase from the funding approved last year and that will be distributed this summer.

Demand so far has outpaced supply, according to the agency in charge of reviewing grant applications: on Jan. 6, the state's Business, Consumer Services and Housing Agency reported it had received requests for $120 million from more than 26 cities and 10 counties.

Christopher Martin, policy director for Housing California, lamented the lack of funds to move people experiencing homelessness into already-existing housing more quickly.

"There's not a dime in here that is going towards rental assistance or permanent housing," he said. "Building shelter and treatment beds, that takes time. That's going to take years. These people are dealing with the elements today."

Starting in Spring 2022, we hope to be able to do an in-person meeting every other month, sprinkled with plenty of educational webinars in between!

Be sure to check out calendar regularly for location announcements.

https:
www.bpoa.org/events/

DATE	TOPIC
February 2, 3:00 pm	**Leasing in 2022 & Other Best Property Management Practices**
February 16, 3:00 pm	**Collecting Rent Electronically: Best Practices in New Technology**

And…check out our Landlord 101 series. Whether you're new to rental housing or just want to brush up on your skills, we'll teach you 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.

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...Berkeley, Oakland, San Francisco and Santa Monica were the only towns with rent control. Well now, there are the twenty-one jurisdictions in California that have rent control: Alameda, Baldwin Park, Berkeley, Beverly Hills, Culver City, East Palo Alto, Hayward, Inglewood, Los Angeles, Los Gatos, Mountain View, Oakland, Palm Springs, Richmond, San Francisco, San Jose, Santa Ana, Santa Monica, Thousand Oaks, Unincorporated LA County, West Hollywood.

The BRHC will continue to fight the harmful legislation and BPOA will continue to educate our members on their responsibilities. Nothing in our mission will change. But when it comes time for you to rethink your own purpose and mission with your rental property, reach out to BPOA for recommendations.

And please continue to help fund our efforts to fight against unbalanced, unfair, and poorly thought-out rental housing policy. Upgrade your membership in the Berkeley Rental Housing Coalition. The BHRC employs the feet-on-the-ground who hold the elected officials' feet to the fire. To lend your support, contact Executive Director Krista Gulbransen, krista@bpoa.org or (510) 304-3575.

QUOTE OF THE MONTH

Although some people are wise, most people are otherwise.

— anonymous

FEBRUARY ZOOM MEETINGS

Leasing in 2022 & Other Best Property Management Practices

with Sam Sorokin, Premium Properties

Wednesday, February 2, 3:00 pm

Collecting Rent Electronically: Best Practices in New Technology

with Evan Do & Michael Bang, Azibo

Wednesday, February 16, 3:00 pm

In-person member education meetings will resume in 2022 on an every-other-month schedule alternating with webinars

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

***BPOA WORKSHOPS** — Go Beyond the Basics*

Going Out of the Rental Business

Krista Gulbransen

A state law known as the Ellis Act (1985) allows owners of rental housing to evict residential tenants to "go out of the rental business" despite the desire of local jurisdictions compelling them to continue. The law was originally enacted as a response to California Supreme Court decision in Nash vs. City of Santa Monica. The legal case upheld that municipalities could prevent rental housing providers from evicting their tenants to withdrawal the property from the rental market.

The Ellis Act is also called the "atomic bomb of rental housing" because it requires the owner to terminate all residential tenancies and withdraw all accommodations on the parcel. But the law did allow for local entities to place restrictions on the future use of the rental property and require that if the tenant offers a withdrawn unit for lease within ten years of withdrawal, they have to offer the previously displaced tenant the right to return.

However, for some owners, this has been the only way to get out from under rental regulations and change the nature of the property. In Berkeley, the Ellis Act has been used ZERO times since 2015 and only 154 times since its inception in 1986. During the various eviction moratoria which prevents owners of all properties from enacting any termination of tenancy (including an owner move in), property owners have been conducting Ellis Act evictions to clear single family homes prior to sale.

Because of this, housing activists have activated the alarm and claim Ellis Act evictions are driving tenants out of their homes. There have been repeated attempts to kill or modify the Ellis Act for the past few years. AB 854 was first introduced at the state legislature in the 2020 legislative year. The author was unable to get traction and moved the bill to a two-year form. This means he had another year to modify the bill, make it more palatable to his peers in the legislature and pass it through the Assembly and Senate.

AB 854 was scheduled to go before the Assembly on January 31. It will severely limit an owner's ability to utilize the Ellis Act to go out of the rental business unless they have owned the property for at least five years and do not have other rental properties in which they have performed the Ellis Act. While this may not directly impact you if you're not considering going out of the business or if you've already owned your property for more than five years, it greatly harms those who have purchased a property and need to fully occupy it with family members or friends. Owner move-in evictions are limited to certain "qualifying relatives" and it is not feasible to fully occupy a building by just utilizing the owner move in provisions. There are times when someone may purchase a duplex, triplex or fourplex with the intention of having it be a family compound. The Ellis Act is a way in which they could reasonably occupy the property under that structure. But with the provisions of AB 854 they would be required to wait at least five years before being able to do so.

Stay tuned for what happens on the Assembly and Senate floors in the months to come.

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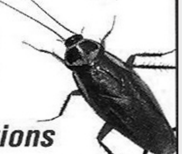

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LANDLORD 101 SESSIONS:

Are you a new member or new to being a landlord? In 2022 we will continue to host Landlord 101 sessions 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.