

President's Message

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Thank you to all who came out to speak against the new amendments proposed for Chapter 26 of the Santa Barbara Municipal Code: Housing.

While the majority of the amendments will be voted on January 23rd, 2024, we were able to successfully stop the following being included:

- ❑ The mandate of a second contractor to state under penalty of perjury that in his/her opinion the owner was correct in stating that the tenant could not live in the premises for at least 30 days for the remodel proposed.
- ❑ The rent cap on the right to re-rent by the former tenant for a substantial remodel
- ❑ Termination of tenancy definition
- ❑ The one year after every purchase of a rental property "cooling off" period before any remodel could be commenced.

The fight is not over because we do not know if these revisions will be proposed again and we heard from Megan Harmon during the City Council meeting that she wants a 2% plus CPI cap on rent increases instead of the current 5% plus CPI cap we currently have.

American Strategies was hired to conduct a survey of Santa Barbara Rental Housing Providers from October 31 to November 20, 2023. There were 211 on-line respondents which equals a 21% response rate. For those unfamiliar with surveys, this is a huge response rate.

Notably, the respondents reported the following:

- ❑ 55% - Just over half of housing providers say they have considered selling their rental properties in the past two years.
- ❑ 68% - Over two-thirds of housing providers say that the cost of property taxes and gov-

ernment fees are a moderate or major obstacle to operating their rental properties.

- ❑ 66% - Two-thirds of housing providers say that government rules and regulations are a moderate or major obstacle to operating their rental properties.
- ❑ 76% - Over three-quarters of housing providers say they are likely to consider selling their properties and exiting the rental business if additional rules and regulations are imposed on rentals in Santa Barbara County.
- ❑ 81% - Eight-in-ten housing providers say they own their unit(s) either alone, or with a spouse/family member.
- ❑ 78% - Over three-quarters of housing providers say that their insurance costs have risen by more than 10% over the past two years. Over a third (36%) say their insurance costs have increased by more than 25%.

We have two new Bills coming in 2024. First, SB567 will go into effect on April 1st state wide. The provisions of SB567 are contained in the ordinance amendments to be voted on January 23rd by the City Council. Those items noted above that were not included were added by the Ordinance Committee beyond the state-wide laws. If your rental property is located in the City of Santa Barbara, these will go into effect early if approved on Janu-



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President's Message from page 5

ary 23rd. Please remember to check if your property qualifies to be exempt from these laws and you have notified your tenants properly that the property is exempt. Otherwise, it is not exempt.

The second Bill which is AB12 will go into effect on July 1st state-wide. This Bill limits your ability to collect a security deposit which is greater than 1 month's rent. This Bill has an exemption for those rental housing providers who are natural persons or own their rental property as a family LLC that does not have as a member a corporation AND the natural person owns no more than 2 rental units totaling no more than 4 units for the one property or both properties,

Here are some new traps for the unwary: Unless your property is exempt, you must include with any termination notice the wording in the ordinance that the tenant is entitled to relocation benefits and what that dollar amount is. This is a new requirement. Also note that for the first right of refusal to return to a remodeled unit in the City of Santa Barbara, that is for the remodeled unit or a

similar unit in the complex and lasts two years provided that tenant has provided an address where their notice can be sent. This is particularly troubling because this means that you have to notify the former tenant if you get a vacancy not just when their former unit is remodeled. Even more troubling is that the ordinance amendments say that you cannot offer the unit to the former tenant until all the permit remodel items have been completed and the tenant has 30 days to respond. That means, folks, that you may lose an entire month's rent while the tenant hems and haws about whether they want the unit or not. Finally, if the tenant does want the unit back you are responsible for the difference in the relocation payment you already provided and the tenant's reasonable moving expenses. Please read these last caveats very carefully to see all the financial ramifications these can cause you.

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