

President's Message

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IS YOUR RIGHT TO BRING RENTS TO MARKET WHEN TENANTS VACATE GOING UP IN SMOKE????

IT IS, unless you help defeat Proposition 33 this Fall.

Since 1995, when the enactment of the state-wide Costa-Hawkins Rental Housing Act, codified as Civil Code, §§ 1954.50 to 1954.535 occurred, housing providers **have been able to reset the rents to market rate following voluntary departure by the prior tenants or following proper evictions.**

In technical terms, Costa Hawkins has preempted local laws to allow "vacancy decontrol" i.e.. It abolished "vacancy control." In plain language, local governments could not prevent you from raising low rents to market upon a complete vacancy of your rental unit.

Proposition 33 would give city and county politicians vastly more power to impose fees and rent control mandates.

It's confusing you say? So, what is Proposition 33? Let's go over it again:

Proposition 33 seeks to repeal the Costa-Hawkins Rental Housing Act described above which is the State's strongest rental housing protection law. Costa Hawkins currently limits local government rent control and preserves vacancy decontrol allowing owners to adjust rents to fair market rates for new move-ins upon a complete vacancy of the rental property.

Why is proposition 33 bad for owners and renters?

Strict vacancy control. Cities and counties would be able to enact vacancy control preventing owners from adjusting rents to market after a vacancy. These rate adjustments pay for quality housing upgrades.

Worsens the housing crisis. Proposition 33 would discourage investment in rental housing, decreasing rental housing availability and exacerbating the housing crisis. The 539 rent boards around the State would be allowed to impose fees increasing the already burdened cost to provide housing.

Rent control overreach. **Local governments would be allowed to impose rent control on privately-owned single-family homes, new-**

ly-constructed housing, and condominiums. Please recall that these types of rental properties are currently EXEMPT from rent cap. This is huge, people.

Loss of rental income and property value. Vacancy control would mean that owners might never catch up to market rates, EVER. This would result in perpetual income loss. As investors shift money away from rental properties to alternatives with a higher rate of return, rental property would be worth far less. **THE ESTIMATED LOSS IN VALUE IF PROPOSITION 33 PASSES IS 20%-40% LOSS IN THE VALUE OF YOUR PROPERTY.** Each rental property association in the state will soon have a calculator on its website on which you can each input the address of your rental property to find out the exact loss to you.

Less funding for public services. State officials estimate lower tax revenue of tens of millions of dollars per year if Proposition 33 passes. That tax revenue currently funds local law enforcement, senior services, parks and homeless programs among others.

What is even more scary is that most people are completely unaware or indifferent to the potential passing of Proposition 33. It is amazing how many people do not know about it and/or do not think it will affect them. IT WILL affect ALL rental property owners. And, NO, someone else is not going to prevent it for you. YOU have to step up and vote against it this Fall. YOU have to contribute money to either SBRPA, CalRHA or both to fight it. YOU have to tell all your friends, acquaintances and yes, even your enemies, about it so that it can be defeated.

CalRHA has established a site you can go to for further information and updates. It is www.Prop-33Facts.org.

SBRPA will be sending out e-blasts as we get closer to the election but whatever you do, do not ignore this danger to the value of your rental property and/or your life.

As always, we thank you for your membership.

Betty L. Jeppesen

President