President's Message

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Just when you thought it was safe to go back in the water.......

The Legislature is making laws that are destroying the rental property business and adversely affecting the tenants that these lawmakers purport to assist.

How can a housing provider offer reasonably priced housing when the new laws squeeze the Mom and Pop landlords out of the business with price limitations and such onerous demands that they are forced to sell? When the new buyer purchases the real property, they either live there themselves or have to pay higher property taxes due to the reassessment based on the sale; pay higher interest rates because interest rates have increased; pay higher insurance rates because insurance has increased in price and the cost of the new priced home is more expensive to insure. Or, the rental properties are bought up by conglomerate REITs possibly from other areas of the country.

Think about it. It does not work.

I know of several people who have sold. I know of several people who have purchased with a specific purpose in mind such as a condominium for their son or daughter who will be studying at UCSB in a year or so. They had in mind renting out that property until their son or daughter was ready to move in but when they saw all of the local rules, all the local relocation payments and all the potential risks and penalties, they simply decided to leave the properties vacant until their child was ready to move in. There was a loss of a home for someone but the local and state lawmakers have created this problem.

The latest onslaught to housing providers is that Assembly Member Ash Kalra has introduced AB1157.

The state-wide rent cap is currently 5% plus CPI or 10% whichever is less. This Assembly Bill would reduce that amount by 50% or more. AB1157 seeks to limit rent increases STATE-WIDE TO THE LESSER OF 2% PLUS CPI OR 5%.

MOREOVER, AB1157 would no longer allow exemptions for single-family homes, condominiums and ADU's. Thus, ALL RENTAL UNITS would have a cap of 2% plus CPI.

This is an attempted "end run" around the exemptions currently offered by the Costa-Hawkins Rental Housing Act since 1995 which was defeated by the voters last Fall as Prop. 33.

This Assembly Bill also eliminates the current sunset date of 2030 and makes AB1482 never ending.

Well, don't let them get the same legislation through in this manner.

Let the Legislators know that after several years of COVID-era regulations, housing providers have been severely, financially harmed with hundreds of thousands of dollars in uncollected, past due rent. In addition to the harm caused by COVID to housing providers through the loss of their own jobs and family crises, they were demanded to shoulder the burden of their tenants not paying rent and still being allowed to remain in their housing.

Lowering rent caps in the face of rapidly rising costs will further harm the housing industry and REDUCE the availability of housing. The California insurance crisis has doubled or tripled the cost of insurance. That, along with government mandated balcony inspections, seismic retrofitting, waste diversion rates, cost of maintaining the aging housing stock, and more and more mandates has increased cost of providing housing across the board.

Do you see credit card companies being mandated to reduce their interest rates?

Do you see restaurants being forced to provide free or reduced rate restaurant meals?

Do you see insurance companies being forced to reduce their rates?

Do you see grocery stores being forced to provide free or reduced rate food?

Why is the housing industry being forced to provide virtually free housing?

Many Mom and Pop owners struggled their entire lives to buy one rental property scheduled to provide a supplement to Social Security in their old age. This is being cruelly ripped away from them.

This Assembly Bill is the same as Prop 33. Don't be fooled. Don't let this slip by thinking that this is just another innocent Bill. It's NOT.

Take the time to do something now before it is too late.

As a reminder, this is the calendar for the rest of this Legislative year:

May 2nd - Policy Committee Deadline for Fiscal Bills

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May 9th - Policy Committee Deadline for Nonfiscal Bills

May 23rd - Appropriations Committee Deadline

June 6th - Deadline for bills to pass the Floor in their House of Origin

June 15th - Deadline to Pass Budget Bill

July 18th - Policy Committee Deadline in Second House

July 18th - August 15th -Summer Recess

August 29th - Appropriations Committee Deadline in Second House

September 12th - Recess Begins

October 12th - Last Day for the Governor to Sign or Veto Legislation.

Thank you for your membership. Each of you is a valued member of our organization.

Sincerely,

Betty L. Jeppesen

President