

July | 2019

SANTA BARBARA RENTAL PROPERTY **news**

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Which district will you vote in this fall?

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SANTA BARBARA RENTAL PROPERTY news



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SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4 <i>July</i>	5	6
7	8	9	10	11	12	13
14	15	16 <i>Office Closed 10 AM - 2 PM</i>	17	18	19	20
21	22	23	24	25	26	27
	29	30	31			

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SBRPA President's Message

James Carrillo • CPM®, SBRPA President



What a pleasure it was to see so many members in attendance at the June 20th meeting at Faulkner Gallery in the Santa Barbara Public Library. The participation and engagement were very encouraging, and we look forward to mobilizing forces for the battles we know will continue to come. Our thanks to Laura Bode, Executive Director of SBRPA, for coordinating and gathering all of the volunteers for this event. We were easily over 200 strong at the meeting, sending a clear signal to the City as to our level of interest in how our coalition is responded to.

As one attendee noted, after the presentation by City Attorney Ariel Calonne, "Well, I don't like what I heard, but at least we know where we stand." And stand we do, in a difficult and tenuous position. As encouraging as our attendance was at the meeting, the unfortunate fact is, the horse has left the proverbial barn and "just cause" and "mandatory one-year leases" are at our doorstep. As noted in our June message, the only way we will be able to turn back the tide of onerous legislation and ordinances in the pipeline, is by changing the people who control the flow of policies that impact property owners in Santa Barbara and beyond. We will have our opportunity this November when four seats on the City Council are up for election. Don't let this opportunity pass you by. Commit now to giving your time, talent and financial support to SBRPA in its efforts to positively impact the composition of the Santa Barbara City Council.

At the state level, we are in an equally difficult position. The multitude of laws wending their way through the legislature is slowly dwindling, and the picture of what we can expect come August, when all bills must be decided on before being sent to the Governor, is becoming clearer. Following are three of the bills still alive in the state legislature that will have a direct and significant impact on our livelihood:

AB 1482 (Chiu): Tenancy: Rent Caps: This bill is just another form of rent control. It would impose limits on annual rent increases not to exceed a certain percentage plus CPI. Currently, the percentages being considered are 5% plus CPI and 7% plus CPI. This bill has been passed by the Assembly and now sits in the Senate for consideration.

SB 329 (Mitchell): Discrimination: housing: source of income: As stated, this bill would require that housing providers accept federal subsidies as "sources of income" on a rental application, even though they are paid directly to the owner, not giv-

en to the resident as income. This includes Section 8 housing vouchers. This bill is being considered by the Senate Judiciary Committee.

AB 1188 (Gabriel): Dwelling units: persons at risk of homelessness: This bill would allow a person at risk of homelessness to occupy a dwelling unit for no more than 12 months, regardless of the terms of the lease or rental agreement, with the written approval of the owner. The rent could be modified to account for the additional occupant in the unit, provided a written agreement is used for the change in rent. This bill will be taken under consideration by the Senate Judiciary Committee in July.

Finally, we are fast approaching our biggest fundraiser of the year, the Annual Santa Barbara Rental Property Association Golf Tournament at Glen Annie Golf Course. The tournament will be held on Friday, October 25, 2019, with a shotgun start at 11:00 am. Don't miss this opportunity to network with industry professionals, suppliers and vendors—while having fun and contributing to a worthy cause. A percentage of the proceeds from the tournament are donated to Transition House. For more information, please call Laura Bode at the SBRPA office at 805-687-7007.



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SBRPA MEMBER MEETING

Mandatory One-Year Lease Requirement



Jenna Harris handles the SBRPA member check-in

On June 20, 2019, SBRPA members attended a special meeting with Santa Barbara City Attorney Ariel Calonne to discuss the City Council's new mandatory One-Year Lease Requirement.

SBRPA 2nd Vice-President Betty Jeppesen spoke about recent Landlord-Tenant developments at the State Level. A copy of her talking points is on page 9.



Mr. and Mrs. Michael Bruce welcome long time members



Santa Barbara City Attorney Ariel Calonne



The standing-room only event was held in the Faulkner Gallery at the Santa Barbara Public Library.



Meeting hand-outs included a survey, *Aftermath of Just Cause and Mandatory One-Year Lease Offer*. John and Loy Beardsmore collected completed surveys at the meeting. If you did not attend the meeting, please complete the Survey on page 19, and mail back to: SBRPA, 123 W. Padre St., Ste. D, Santa Barbara, CA, 93105.





RECENT LANDLORD TENANT LAW DEVELOPMENTS AT THE STATE LEVEL

Betty L. Jeppesen

1. Governor Gavin Newsom has extended a prohibition on rent increases over 10 percent until December 31, 2019 for Mendocino, Napa, Santa Barbara, Shasta and Sonoma Counties. Newsom's Order came on May 31, 2019, the day the protections had been set to expire.



2. There is more legislation on the way that is designed to protect tenants.

a) For example, **AB 1481** (the formerly the Bonta Bill now known as the Grayson Bill) and AB 1697 (the original Grayson Bill) These Bills would with certain exceptions prohibit a landlord of residential property from terminating a tenancy without "just cause". These Bills have been lobbied and are now a combined, 2 Year Bill which means that they will not be enacted this year but will be back next year.

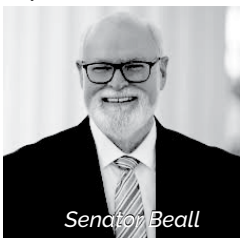
b) **AB 1482** (Chiu) is very much alive and would provide rent caps for residential rentals. It would, until January 1, 2030, prohibit an owner of residential real property from increasing the rental rate for that property in an amount that is greater than 5% plus the percentage change in the cost of living, as defined, more than the lowest rental rate in effect for the immediately preceding 12 months, subject to specified conditions. The Bill would exempt from these provisions deed-restricted affordable housing, dormitories, housing that has been issued a certificate of occupancy within the previous 10 years, and housing subject to a local ordinance that imposes a more restrictive rent increase cap.

c) **AB 724** (Wicks) has become a 2-year Bill. It would require the Department of Housing and Community Development to create a rental registry online portal, which would be designed to receive specified information from landlords regarding their residential tenancies and to disseminate this information to the general public. The Bill would require the Department to complete the rental registry online portal, the form necessary to support it, by January 1, 2021, and would require landlords who own or operate property that includes more than 15 dwelling units to register within 90 days and annually thereafter.

d) **SB 329** (Mitchell) Discrimination: housing: source of income – would change the definition of "source of income" from lawful, verifiable income paid directly to a tenant or paid to a representative of a tenant to "verifiable income paid directly to a tenant, or paid to a housing owner or landlord on behalf of a tenant, including Federal, State, or local public assistance and housing subsidies" as specified.

e) **AB 1110** (Friedman) would require 90 days' notice if a landlord of a residential dwelling with a month-to-month tenancy increases the rent by more than 10% but less than 15% of the amount charged a tenant annually. This Bill would require 120 days' notice if a landlord of a residential dwelling with a month-to-month tenancy increases the rent by more than 15% of the amount of the rent charged to a tenant annually.

3. During the week of June 3rd, a housing rally/press conference was convened by the Housing Production, Preservation and Protection (3P) Coalition at the Capitol. Fred Blackwell, the CEO of the San Francisco Foundation and 3P Coalition Co-Chair stated that solutions to the State's housing crisis involve the following ingredients: a) Comprehensive thinking – must address tenant protection, housing production and affordability. There is no silver bullet. B) broad coalition stakeholders and c) leadership from elected representatives.



Senator Beall stated that he is committed to ensuring tenant protection is part of a housing package in the Senate and he commended the work the Assembly has done in sending Bills to the Senate.

There was also significant discussion from legislators on legislation involving accessory dwelling units, local housing investment, surplus public land for affordable housing and streamlining of local housing measures.

Ariel Calonne Explains the City's Mandatory One-Year Lease Offer Ordinance

On Thursday, June 20, 2019, City Attorney Ariel Calonne spoke before a standing-room only audience of SBRPA members, rental property owners and managers, and real estate professionals at the Central Public Library, explaining the reasons for the new ordinance to require one-year lease offers to residential tenants (Ordinance No. 5885), adopted and approved by the City Council on May 8, 2019, and how, in his estimation, it will work. Calonne had much to say and was articulate in his presentation, though decidedly cautious in his stance, only revealing his biases during the meeting's remarkably few tense moments.



Santa Barbara City Attorney Ariel Calonne

Mr. Calonne prefaced his remarks by explaining that he started his law career in private practice and was mentored by the former business-minded City Attorney Steve Amerikaner.

In his role as City Attorney, he is a non-partisan political appointee accountable to the public. He is there to make sure the Council stays within procedural bounds, and he tries to help them preserve maximum flexibility in their decisions. He stays out of policy. The politics of the Council drives their policy-making, but like an umpire, if the ball is in fair territory, he keeps quiet.

So, he admonished, will any court, hearing litigation regarding an ordinance created by the city council—and the court will not judge the wisdom of the council in creating the ordinance, but only its procedural correctness. If we don't like what the council has come up with, rather than litigate, Calonne suggests that it is up voters to change the makeup of the City Council, and so change the politics operating in the city. And since the courts are biased in favor of the government, per Calonne, we are better off "working together" to best interpret the ordinance as it has been adopted, rather than filing a lawsuit against the City for creating a bad ordinance.

Calonne then gave the background for the Ordinance creation and how we got to where we are today. The one suggestion that was adopted by the City from a list of recommendations made by the hard-working landlord-tenant task force under the guidance of a City-appointed mediator for over a year and a half in 2017-2018 was this one to offer

written leases. The City took that suggestion and added the mandatory one-year term minimum, the requirement to keep offering it ad infinitum, and the requirement to document each offer and response. The City also came up with the Ordinance's prologue, clearly influenced by the social justice group CAUSE, who have had extreme influence upon the Mayor and Council with respect to housing, in which it is stated that, "This ordinance is necessary to protect the public health, safety, and general welfare by reducing the displacement of tenants into a rental housing market which affords them few and expensive options."

Landlord-Tenant Task Force



Although one got the sense that part of the long introduction to his presentation about the ordinance was intended to convey "Don't shoot the messenger," it

turns out that Calonne actually authored this same ordinance in Palo Alto and is now bringing to our city. He wrote it, he likes it, and he thinks it will work. It is an ordinance that requires most landlords offer most tenants a "minimum one-year lease."

The ordinance, which took effect June 8, 2019, and gives all affected parties 90 days to comply (until September 5, 2019), requires a landlord to offer



a "tenant, or prospective tenant, a written lease which has a minimum term of one year. The offer must be in writing." The signed lease will be evidence of such an offer; however, it could also be in writing on a separate form stating the offer and acceptance and signed by both parties. The burden of proof that the offer was accepted is on the tenant.

Any rejection of the offer must be in writing as well, the burden of proof that the offer was rejected being on the landlord. This necessitates a form, and the Ordinance says that it must be "signed by the tenant on a dated single-page form which is either, prepared by the city attorney and made available

through the City's website, or ii) prepared by the landlord or tenant to communicate the rejection." (Note: SBRPA will provide members with a form.) Once that is taken care of, the parties can enter either an oral or written agreement for a rental term of less than one year. With this ordinance, the power to make the decision about how long tenants would like to occupy your property is now put squarely in their hands.

Although a term lease is already unchangeable during the term, the ordinance specifically states that the rent—or rents—stated in the lease cannot be modified. This stability seems to be what the Council and Calonne think is best for tenants. Calonne emphasized that this was not a price control ordinance, but rather "simply an agreement to abide by terms for 12 months." Its goal, in his mind, is to stabilize the market, and in his opinion, it will calm down the market, as he claims it did in Palo Alto.

So, you can set the rent for the minimum one-year lease at whatever you think it is worth. If you want that stability, you can value the term lease at a greater price than a month-to-month rental agreement. If you prefer the flexibility of a month-to-month rental agreement, you can price that option more favorably than the one-year lease and hope the renter chooses the less expensive option. This little control seems to remain to the landlord, though the ultimate decision is in the hands of the tenant. Calonne added that you could, if you wanted, even build in rent increases during the 12-month lease term. So long as they were part of a lease that was written, offered, and accepted, they would be good to go.

When someone asked if she would have to leave her unit vacant if she needed possession back before 12 months—say because she wanted a relative to have it in 9 months or she was planning on selling the property—Calonne indicated the same pricing strategy could be employed in the hope that the renter would choose the lower-priced month-to-month option that could be terminated in fewer than 12 months. I suppose if he still chose the one-year option, you could then decline to rent to him or terminate the tenancy, though it is not clear if this would put you at risk of committing a Fair Housing violation.

What about existing renters already on leases? You just must fall into step with the ordinance at the expiration of those leases by making the mandatory minimum one-year lease offer at that time.

What about at the end of the one-year lease term offered and accepted—are we done then? No, sorry. You must keep offering the one-year lease every time its expiration comes around, and if the

tenant rejects the offer, you must make it again 12 months later as if there were a "term" in place, should the tenancy last that long. So, once you get into the groove of making and documenting these offers, either this summer (no later than September 5, 2019), or when leases now in place expire in the coming months or year, it must become an annual offer and documentation of either the tenant's acceptance or rejection of said offer. Yes, it will mean more paperwork.

To whom does the ordinance apply? Multi-family housing owners and managers—anything over one unit. The ordinance does not apply to single family residences or rooms in a house where the owner lives—and public housing is exempt. Also exempt are condominiums, subleases, tenancies that are a condition of employment, accessory dwelling units (ADUs), and lawfully operated vacation rentals. So, if you own a duplex or property with a greater number of units in the City of Santa Barbara, this ordinance applies to you.

Attorney and property owner Chuck Eckert brought up a question about the "minimum one-year term". Could one, for example, offer a 30-year lease, thus discouraging the person offered from accepting it? That isn't clear. The ordinance just calls for a minimum of one-year and states that whatever that term is, when it expires, it starts all over again with the requirement to offer at least another one-year term. This writer asked if the landlord couldn't be given the right to offer a month-to-month tenancy with the offer of the conciliation meeting rather than this all or nothing approach as the ordinance is currently written. Calonne answered that he would have to give that some thought.

What about getting out of this situation? You still can—through the existing mechanisms of (a) a minimum 30-day notice of termination of tenancy to someone on a month-to-month rental agreement (60-day minimum if the resident has lived there longer than 12 months); or (b) declining to renew a lease when it expires and notifying the resident of intended non-renewal. However, now you will only be able to do this last option by simultaneously offering "a one-session conciliation meeting with the landlord using the Santa Barbara Rental Housing Mediation Board, if available, or a qualified mediator of mutual choice and provided at mutual expense." This seems to be an effort to give the resident a forum in which to voice his opinion of the situation, however, it is entirely optional on his part, and "results of any conciliation meeting shall not be binding unless agreed to by the landlord and the tenant."

As rental property owners and managers know, writ-

ten one-year leases are no guarantee that the 12 months will be stable. It is an ideal for both parties that is often shattered by reality. People sign leases, then lose their jobs or get a job transfer, or get sick, or die. What then? It's messy, but current law requires the landlord to mitigate the tenant's losses by re-renting the unit as quickly as possible. That will still be the case. The possible permutations and hiccups that can come along during term leases are many, and sometimes, people simply want out. This will just be another layer of angst for owners when dealing with the day-to-day reality of property management.

For the very reason that leases protect tenants and not landlords, some owners eschew them and prefer month-to-month rental agreements, which give maximum flexibility to both parties. Either can terminate, at any time, for any reason, and in my experience, some of the longest tenancies in this town are those that started out as one-year leases then went month-to-month years ago. Most owners in this situation still only raise rents once a year, if warranted. All that appears to be impossible under this new ordinance, and it is creating fear and resentment, understandably, in owners who are being told what they must do when things may be working just fine now.

Yet, in his opinion, Calonne thinks it a very modest proposal and not much of an intrusion on private rights. He proposed and defended it in Palo Alto—a similar community to Santa Barbara—in its effort to address a housing shortage without aggressive market interventions. While no statistics were presented, he implied that he had succeeded in Palo Alto and would succeed in Santa Barbara too. Like it or not, his "solution" is now in play, and the City has the power to make decisions that were formerly in your hands. He did concede, "If there are technical defects that make it unworkable, sound off." He is happy to make corrections and invites anyone to give him a call—not something he can do on every issue. Please call him at (805)564-5326 or email him at acalonne@santabarbara.gov, and make your perspective known.

Who will be policing this ordinance? No one. But, as Calonne puts it, you "create a contingent liability" for yourself if you ignore or don't act on the ordinance, even if there is currently no friction between you and your renter and you could carry on blissfully as you have been. If things ever go sour, and you are forced to file an unlawful detainer action against someone for non-payment of rent or other violations of the rental agreement, he can now use your non-compliance with this ordinance as an "affirmative defense" against you, which would result in a "get out of jail card" for the tenant

in ways yet to be shown. The range of "remedies" can be found in the ordinance as Municipal Code 26.40.020, and they are decidedly vague. "Will little old ladies who might not have heard about this ordinance be punished by judges should they find themselves in court some day?" asked Mr. Eckert at one point. "Yes," answered Calonne, "because they should have known."

After one owner in the audience asked him about the potential difficulty of scheduling the conciliation meeting with a problem tenant, whose tenancy you were terminating, given the volume of such meetings as might need to be scheduled due to the ordinance (because the reality is that owners only terminate tenancies when there is a problem), Calonne snapped, "Do not lay on the City problems created by undermanaging your properties." eliciting a loud collective groan from the audience—and revealing his glaring lack of knowledge of the challenges already facing California landlords and his bias against those landlords. Calonne believes that he knows what is best for you and won't suffer your complaining. He is not unsympathetic to your plight, just not willing to look at the illogic of this distasteful ordinance or the possibility that it will make things worse and not really do anything to help the problem.



He followed that up by saying, "Don't tell me that an ordinance is tying your hands." Clearly, he has as little patience for as he has familiarity with owners and

the unfair burdens they already bear doing business in California. However, he tempered his comments by adding that "entering into a lease does not give the tenant the right to waste your property." Unfortunately, this came across as condescending toward everyone in the room. When these comments elicited another question from Santa Barbara native Sally Hanseth, whose family owns an 8-unit building and never raises rents and was now distressed by this and wondering why the city was punishing good people (to which the audience burst into applause), Calonne (and the meeting's hosts) indicated that concerns and comments should be directed to the City Council.

As if this were not enough, in addition to the mandatory one-year lease ordinance, the Council has directed Calonne to create a "Just Cause Eviction" ordinance, on which he is currently working. In a turn that might make things less onerous for own-

ers, he says that he finds the term “just cause” offensive and would like to steer the process toward a more mediated solution with less inflammatory language. And he plans to separate out the idea of “relocation assistance” from his just cause proposal because the Council did not require that they be joined. He repeated his caveat to speak with your vote if you want to see something different, saying, “If you want to make sure City Hall will screw this up, just leave it alone.” Instead, he admonished everyone to “Tell the City what you want.” The meeting ended with instructions to send questions to SBRPA Executive Director Laura Bode, who will work with Calonne to create a FAQ sheet. Ms. Bode encouraged everyone to show up at City Council meetings this fall when Just Cause will be discussed.

This ordinance is not going to fix anything or improve the high cost of housing in our area. It is only going to inconvenience rental property owners, some of whom see an alarming trend and are getting out, selling their California income properties and buying in neighboring states where regulations aren’t so onerous. It portends to be the beginning of even more restrictions and government intervention to manipulate the market. Surely to come are yet more burdens on rental property owners, who must then pass on the additional burden to renters, who will then pay even more, and the problem goes on and on. Rather than listen to rental proper-

ty owners, who have born the burden of endless government regulation of their industry and day-to-day activities, and try to come up with real and workable solutions, clever politicians publicly punish landlords to promote their political careers, not to help real people, with real needs, or to make any real difference.

What can be done? First, comply with the Ordinance, create the form, make the offer of the one-year lease to those residents you wish to keep and terminate the tenancies of anyone with whom you do not wish to be stuck with for eternity—or for as long as that person should decide. Second, sit down and write to Mr. Calonne or pick up the phone and call him and give him any suggestions you might have for making the Ordinance better. Third, identify the city council member who represents your district and write him or her stating your dismay at this ordinance as well as the upcoming just cause ordinance and the Council’s misguided and nonsensical attempts to create more housing by punishing landlords. Copy the Mayor and all the other Council Members. Fourth, attend the City Council meetings where “just cause” will be discussed and speak against any further regulations that will punish owners and do nothing to help with, and probably worsen, the housing shortage.

Janet M. Eastman, CPM®

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- ENCOURAGE OTHER OWNERS AND PROPERTY MANAGERS TO JOIN SBRPA!** If we want to be heard by City Council, we need to create a united voice that is as strong as the tenant group **CAUSE**. Tell everyone you know they can sign up for membership online on the www.sbrpa.org website.
- VOTE** this November for reasonable people who will respect and listen to business people. . . .



City of Santa Barbara Required One-Year Lease Offers

Krista Pleiser, Santa Barbara Association of Realtors

The City of Santa Barbara recently enacted an ordinance that requires landlords to offer written one-year leases to tenants. This is a brief breakdown of the ordinance. To view the full ordinance, view the Santa Barbara Municipal Code Chapter 26.40 at <http://qcode.us/codes/santabarbara/>.

What is this Ordinance and who does it apply to?

This Ordinance requires landlords in the City of Santa Barbara to offer a one-year written lease to all tenants. The landlord's signing of a lease which has a minimum term of one year shall be considered an offer in writing.

The following do NOT need to offer a one-year lease

- a) A single-family dwelling
- b) Rooms or accommodations in hotels or boarding houses which are lawfully rented to transient guests for a period of less than thirty days
- c) Dwelling units in a condominium, community apartment, planned development or stock cooperative, or in a limited equity stock cooperative as defined in the California Business and Professions Code

When does this Ordinance take effect?

The mandatory offer of a one-year lease shall be implemented no later than September 9, 2019, unless:

- a) There is currently a written lease. When the lease expires then this ordinance shall apply
- b) An owner-occupied unit that is rented to a tenant for less than one year
- c) A rental unit occupied by a tenant who subleases that unit to another tenant for less than one year
- d) A rental unit where tenancy is an express condition of, or consideration for employment under a written rental agreement or contract
- e) Lawfully operated vacation rentals

Is offering the lease a one-time offer or continual?

Leases must continually be offered year-after-year, even if the tenant has rejected the one-year lease offer in the past.

What happens if the tenant or the landlord don't want a one-year lease?

Rejection by prospective tenant or tenant - The rejection must be in writing (signed and dated by tenant). Rejection forms can be:

- a) prepared by the city attorney and made available through the City's website OR
- b) prepared by the landlord or tenant to communicate the rejection

Non-renewal of leases by landlords - If the landlord does not wish to continue the rental relationship, then at the time the landlord delivers notice of such termination, the tenant shall be offered a one-session conciliation meeting (non-binding) with the landlord using the Santa Barbara Rental Housing Mediation Board, if available, or a qualified mediator of mutual choice and provided at mutual expense.

One Year Lease Ordinance

ORDINANCE NO. 5885

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING TITLE 26 OF THE SANTA BARBARA MUNICIPAL CODE BY ADDING CHAPTER 26.40 TO REQUIRE ONE-YEAR LEASE OFFERS TO RESIDENTIAL TENANTS

THE CITY COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Purpose. The City Council finds and declares as follows:

A. In December 2016, the City Council directed preparation of an analysis of potential strategies for residential tenant protections. This analysis was presented on March 21, 2017. The City Council then directed formation of a Tenant/Landlord Task Force (Task Force). On June 27, 2017, the City Council formed the Task Force and appointed representatives from the California Apartment Association, Central Coast Alliance for a Sustainable Economy (CAUSE), Housing Authority of the City of Santa Barbara, Restorative Community Network, Santa Barbara Association of Realtors, and Santa Barbara Rental Property Association. Membership also included an at-large landlord representative and an at-large tenant representative. Councilmembers Dominguez and Hart were appointed as City Council liaisons to the Task Force. Council directed the Task Force to consider and make recommendations on the following: Enhancement options for the City's Rental Housing Mediation Program; mandatory leases; safety inspections; just cause eviction; and other tenant protection alternatives (except rent control) as appropriate.

B. After meeting five times, the Task Force made several recommendations which were supported by a majority vote. The final set of recommendations to Council was approved unanimously.

C. The City Council thereafter directed that a "Joint Protection and Accountability Initiative" be heard by the Ordinance Committee to require landlords to offer tenants renewable leases with specified terms of at least one year (or less if the landlord demonstrates that the property is not available for a full year). If the landlord chooses not to renew the lease, the tenant can request a mandatory, non-binding, one-time conciliation meeting.

D. The Ordinance Committee and City Council have found and determined that the residential rental housing market in Santa Barbara has experienced long-term low vacancy rates in part due to an ongoing housing shortage in the City and on the South Coast generally. As a result, residential tenants experience less security in their housing choices as a result of rapid rent increases or eviction without cause. This ordinance is necessary to protect the public health, safety and general welfare by reducing the displacement of tenants into a rental housing market which affords them few and expensive options.

SECTION 2. Title 26 of the Santa Barbara Municipal Code is amended by adding Chapter 26.40 which read as follows:

26.40.010 Mandatory Offer of Residential Lease.

A. OFFER. If a tenant or prospective tenant wishes to rent a rental unit from a landlord and if the landlord wishes to rent the rental unit to the tenant or prospective tenant, the landlord must offer to the tenant or prospective tenant a written lease which has a minimum term of one year. The offer must be made in writing. The landlord's signing of a lease which has a minimum term of one year shall be considered an offer in writing.

B. ACCEPTANCE. If the tenant or prospective tenant accepts the offer of a written lease which has a minimum term of one year, this acceptance must be in writing, dated and signed by the tenant. The tenant or prospective tenant's signing of a lease signed by the landlord which has a minimum term of one year will be considered an acceptance. The tenant shall bear the burden of proving that they accepted the lease offer.

C. REJECTION. If the tenant or prospective tenant rejects the offer for a written lease which has a minimum term of one year, this rejection must be in writing and signed by the tenant on a dated single-page form which is either i) prepared by the city attorney and made available through the City's website, or ii) prepared by the landlord or tenant to communicate the rejection. On or after the date of the rejection is signed and delivered, the landlord and tenant or prospective tenant may then enter into an agreement, oral or written, that provides for a rental term of less than one year. The landlord shall have the burden of proving that the lease offer was made to the tenant.

D. RENT. If the landlord and tenant enter into a written lease which has a minimum term of one year, such lease must set the rent for the rental unit at a rate or rates certain and these rates shall not be otherwise modified during the term of such lease.

E. RENEWAL OF LEASES. If both the landlord and the tenant wish to continue the rental relationship, upon the expiration of the initial written lease which has a minimum term of one year, a lease shall be offered again in accordance with the procedures of this section:

1. Leases with a term of one year shall be offered annually.
2. Leases with a term longer than one year shall be renewable at the expiration of each lease period for a minimum term of one year.
3. A landlord shall offer annually a written lease with a minimum term of one year to a tenant who rejected an initial offer of a written lease with a minimum term of one year but who has rented a unit from the landlord for a period of at least twelve months.

F. NON-RENEWAL OF LEASES. If the landlord does not wish to continue the rental relationship, then at the time the landlord delivers notice of such termination, the tenant shall be offered a one-session conciliation meeting with the landlord using the Santa Barbara Rental Housing Mediation Board, if available, or a qualified mediator of mutual choice and provided at mutual expense. The results of any conciliation meeting shall not be binding unless agreed to by the landlord and tenant. A tenant need not

participate in a conciliation meeting. The remedies available under this Chapter shall not be affected by a tenant's inability or refusal to participate in conciliation.

G. APPLICABILITY. This Section shall not apply to:

1. A unit which is rented on the effective date of this Ordinance, provided that:

a. If the unit is rented subject to a written lease, when the lease in effect for such a unit expires, the ordinance codified in this Chapter shall then apply; and

b. if the unit is rented without a written lease, within ninety days after the effective date of this Ordinance, the landlord shall offer a written lease to the tenant in accordance with this Section;

2. An owner-occupied unit that is rented to a tenant for less than one year; or

3. A rental unit occupied by a tenant who subleases that unit to another tenant for less than one year;

4. A rental unit where tenancy is an express condition of, or consideration for employment under a written rental agreement or contract, or

5. Lawfully operated vacation rentals.

26.40.020 Remedies.

A. DEFENSE TO ACTION TO RECOVER POSSESSION. Failure of a landlord to comply with any of the provisions of this Chapter shall provide the tenant, for a period of one year from the date of the failure of the landlord to comply with this Chapter, with a defense in any legal action brought by the landlord to recover possession of the rental unit.

B. DEFENSE TO ACTION TO COLLECT RENT. Failure of a landlord to comply with any of the provisions of this Chapter shall provide the tenant with a defense in any legal action brought by the landlord to collect rent increases made in violation of this chapter.

C. INJUNCTIVE RELIEF. A tenant may seek injunctive relief on his or her own behalf and on behalf of other affected tenants to enjoin the landlord's violation of this Chapter.

D. REMEDIES ARE NON-EXCLUSIVE. Remedies provided in this section are in addition to any other existing legal remedies and are not intended to be exclusive.

26.40.030 Definitions.

The following words and phrases used in this Chapter shall have the meaning indicated, unless the context or usage clearly requires a different meaning.

A. LANDLORD. An owner, lessor, or sublessor, or the agent, representative, or successor of any of the foregoing persons or entities who receives, or is entitled to receive, rent for the use and occupancy of any rental unit or portion thereof.

B. RENT. The consideration, including any bonus, benefit, or gratuity demanded or received by a landlord for or in connection with the use or occupancy of a rental unit and any separately charged amenities available to tenants such as parking, storage or other similar charges.

C. RENT INCREASE. Any additional rent demanded of or paid by a tenant for a rental unit.

D. RENTAL UNIT. A dwelling unit in the city of Santa Barbara with the land and appurtenant buildings thereto and all housing services, privileges, and facilities supplied in connection with the use or occupancy thereof, which unit is in a multiple-family dwelling (including a duplex) or boarding house. The term "rental unit" shall not include:

1. A single-family dwelling;
2. Rooms or accommodations in hotels or boarding houses which are lawfully rented to transient guests for a period of less than thirty days;
3. Dwelling units in a condominium, community apartment, planned development or stock cooperative, or in a limited equity stock cooperative as defined in the California Business and Professions Code;
4. Dwelling units in which housing accommodations are shared by landlord and tenant;
5. Housing accommodations in any hospital, extended care facility, asylum, non-profit home for the aged, or in dormitories owned and operated by an institution of higher education, a high school or an elementary school;
6. Housing accommodations rented by a medical institution which are then subleased to a patient or patient's family;
7. Dwelling units whose rents are controlled or regulated by any government unit, agency, or authority, or whose rent is subsidized by any government unit, agency, or authority;
8. Dwelling units acquired by the city of Santa Barbara or any other governmental unit, agency or authority and intended to be used for a public purpose; or
9. Accessory Dwelling Units.

E. TENANT. A person or persons entitled by written or oral agreement to occupy a rental unit to the exclusion of others.

SECTION 3. CEQA FINDINGS. The City Council finds and determines that this Ordinance is exempt from review under the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Questions about the new ordinance?

1. **Email City Attorney Ariel Calonne** (acalonne@santabarbaraca.gov)

If you wish to remain anonymous - send your questions to SBRPA and Laura will ask the City Attorney -- without identifying you.

2. **Copy the SBRPA Executive Director Laura Bode** (laura@sbrpa.org)

We will post questions and Mr. Calonne's responses on the SBRPA website's "Member Only" section — without identifying who asked the question.

3. **Copy your City Council representative.**



City Attorney Ariel Calonne



Jason Dominguez
District 1
(805) 564-5324



Randy Rowse
District 2
(805) 564-5325



Oscar Gutierrez,
District 3
(805) 564-5394



Kristen Sneddon,
District 4
(805) 564-5321



Eric Friedman
District 5
(805) 564-5320



Meagan Harmon
District 6
(805) 564-5319

Jason Dominguez District 1 jdominguez@santabarbaraca.gov	Oscar Gutierrez District 3 ogutierrez@santabarbaraca.gov	Eric Friedman District 5 efriedman@santabarbaraca.gov
Randy Rowse District 2 rrowse@santabarbaraca.gov	Kristen Sneddon District 4 ksneddon@santabarbaraca.gov	Meagan Harmon District 6 mharmon@santabarbaraca.gov

If you are unsure of your district, here is a link to the Santa Barbara City Council District map.
<https://santabarbaramaps.arcgis.com/apps/webappviewer/index.html?id=71f4bb397bd24bf7bcf8a80d6bf968ce>

SBRPA SURVEY

Aftermath of "Just Cause" & Mandatory One-Year Lease Offer



On Tuesday, April 16th, 2019 the Santa Barbara City Council voted to approve a Mandatory One-Year Lease Ordinance and create a "Just Cause" eviction control ordinance. We want to know what, if any, impact the Mandatory One-Year Lease Ordinance AND a "Just Cause" Ordinance will have on your business as a landlord. Please take a few minutes to fill out the questions. Circle answer that applies to you. **This survey is anonymous.**

- A. Which Association are you a member of?
1. Santa Barbara Association of REALTORS®
 2. Santa Barbara Rental Property Association
 3. California Apartment Association

- C. Are you a... MANAGER OR OWNER?
1. Owner/Landlord
 2. Property Manager
 3. Property Management Company

B. Which Santa Barbara City district(s) do you have rental property?

1. District 1 - Jason Dominguez
2. District 2 - Randy Rowse
3. District 3 - Oscar Gutierrez
4. District 4 - Kristen Sneddon
5. District 5 - Eric Friedman
6. District 6 - Meagan Harmon

D. UNITS: How many unit(s) do you own or manage?

1. 1
2. 2-5
3. 6-10
4. 11-15
5. 16-20
6. 21-30
7. 31+

E. Given that the City of Santa Barbara is implementing a mandatory offer of a one year lease AND creating a "Just Cause" ordinance, how likely are you to do the following?

Change your lease contract to be more stringent?

0	1	2	3	4	5	6	7	8	9	10
Not at all likely					Likely					Extremely likely

Make your screening process more stringent?

0	1	2	3	4	5	6	7	8	9	10
Not at all likely					Likely					Extremely likely

Sell your rental unit(s)?

0	1	2	3	4	5	6	7	8	9	10
Not at all likely					Likely					Extremely likely

F. Are there any other measures you would implement in response to the mandatory offer of a one-year lease and a "just cause" ordinances?

G. If you have a story, comments, or questions, please add it here.

PLEASE RETURN COMPLETED SURVEY FORMS TO: SBRPA, 123 W. Padre St., Ste D, Santa Barb., CA 93105



SBRPA 2019 OFFICERS & DIRECTORS

President & Director, James Carrillo, CPM®
1st Vice President & Director, Janet M. Eastman, CPM®
2nd Vice President & Director, Betty L. Jeppesen, Esq.
Secretary, Charles V. Eckert III
Treasurer & Director, William B. Brace, CPM®
Executive Director, Laura G. Bode

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Director, Harold Goodman
Director, Danielle Holzer-Burkitt
Director, Joyce Hulsebos
Director, Robert Kooyman, CPM®

MISSION STATEMENT

We are the go-to organization for our members, suppliers, and the rental housing community.

Santa Barbara Rental Property Association **CODE OF ETHICS**

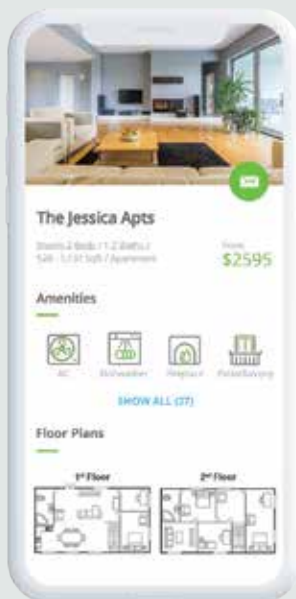
We, the members of the Santa Barbara Rental Property Association, recognize our duty to the public and to those individuals who choose to reside in rental housing. Being ever mindful of the increasing role of the rental housing industry in providing homes, we have united ourselves for the purpose of improving the services and conditions of the rental housing industry. Therefore, we adopt this Code of Ethics as our guide in dealing with all people.

- We conduct ourselves in an honest and ethical manner at all times to better the communities of which we are a part.
- We comply with all laws and regulations applicable to the rental housing industry.
- We respect the rights and responsibilities of our residents and diligently respond to their requests.
- We believe that every resident is entitled to the quiet enjoyment of a safe and habitable residence.
- We strive to conserve natural resources and to preserve the environment.
- We believe in the value of contracts and their enforcement.
- We believe in the importance of continuing education for rental housing owners, managers, and residents.
- We maintain an equitable and cooperative relationship among the members of this association and with all others who may become a part of this industry in order to further the interest of all members of this association.

Welcome New Members

Guy Hamilton, Lynn Gildred, Fujie Weise, Kevin Hansen, Kathryn Segal, Michael Carlyon, Michael & Suzanne Cohen, Shirlee Davies, Nancy Bagshaw, Marek Aguilar and Lisa Daniels, Krista Bollay, Debra and Brian Caird, Mary Casso, Karen Engberg, Eileen Gomez, Kate Ledbetter, Jonathan Ludwick, Alan Jones, Kent and Jeanene Pierce, Donna West-Lunt, Magdalena Verduzco, Carolyn and David Terry, Lehren and Jen Van Schmus, Jake & Rod Delson

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MARKETING

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- Tenant locator services
- 24/7 Phone attendant
- Market to Students, Adults, Seniors

SETTING RENT AMOUNTS

- Full market survey for each vacancy
- Maximize monthly rent
- Minimizing vacancy period

MANAGEMENT

- Collect rents
- Bilingual staff
- Handle slow or non paying tenants
- Pay monthly expenses
- Produce monthly statements for owners
- Distribute monthly proceeds to owners
- Our experienced staff protect your asset
- Regular site inspections

24 HOUR MAINTENANCE

- 24/7 on call maintenance team
- Lic. & Bonded
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- Budgeting for large capital expenses

SCREEN PROSPECTIVE TENANTS

- Credit and background check
- Employment verification
- Past landlord verification
- Prior eviction check and
- Face to face interview with all applicants

LIABILITY

- We confirm you have adequate insurance
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- Conduct any necessary evictions

OUR RESULTS

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NEWS & UPDATES

JUNE 2019

CalRHA PRESIDENT'S MESSAGE

With the pressing need to relieve the housing shortage, there has been multiple legislative proposals to address this growing crisis. Some proposals are bold and challenge the norms — such as SB 50 by Senator Wiener — while others continue to repackage failed decades-old policies that have not resulted in more accessible and affordable housing.

Two bad ideas that were presented in Sacramento are rent control and just cause eviction policy. While the just cause legislation did not advance, the rent control bill was voted by the State Assembly and advances to the State Senate.

Just cause eviction policies exist in 17 of the state's 482 cities and has harmed law-abiding tenants, increased costs, and discouraged additional housing. In San Francisco alone there are about 30,000 empty rental unit properties. We can point to harmful policies like just cause eviction as part of the reason these units are not on the market. The current eviction process on average takes four to six months and costs \$35,000 or more in legal fees, not to mention the loss of rental income if the tenant is not paying rent.

As a result, law-abiding renters are left in the position of having to live with difficult neighbors, who may even create a hostile community. This is a violation of law-abiding renters' rights and would have been made worse by a statewide Just Cause law.

Further, it would not help the residents in the 17 cities that have enacted a just cause eviction policy. We look forward to further conversations at the state and in our communities on how to create housing for everyone. Key elements of a solution should include:

- Permanent shelving of decades-old policies that do not work like just-cause and rent control.
- Creation of more incentives for California property owners to offer properties for rent.
- Embrace bold policies that encourages more housing around transit and where people work.
- Encourage new innovative housing concepts that addresses the growing middle income and workforce housing shortage.

We have the opportunity to end the housing shortage with better policies. We are encouraged with the Legislature's actions to reject some of the failed policies that harm the housing supply. Now it's time to support policies that seek to encourage it.

- Sid Lakireddy, CalRHA Board of Directors President

BOARD OF DIRECTORS

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California
Rental
Housing
Association

1121 L Street, Suite 105,
Sacramento, CA 95814
916.441.4242
calrha@cal-rha.org

WWW.CAL-RHA.ORG

How to decrease resident turnover at scale

Half of all renters move out for reasons beyond your control—like a new job in a new city, or a new baby and the need for more space. But what about the other half, can you convince them to stay? Research can solve for that.

In a survey of 1,200 renters from across the country, we discovered what might affect their decision to renew.



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calrha@cal-rha.org











DID YOU KNOW

that property managers have the opportunity to stop half of all renters from moving out?

1 in 2 residents who move out do so for reasons that are beyond your control.

But what about residents who are on the fence about whether to stay or go? We asked 1200 renters what property managers can do to influence their decision to renew their leases for another year. Here's what they said.

10 Incentives That Convince Renters to Renew Their Leases

	Free utilities for a year	Allowing pets	
	A recurring deal on rent	Cosmetic updates	
	Not raising the rent	Cleaning services	
	Flexible lease term	Gift card or cash bonus	
	Unit remodel	New appliances	

A vacancy results in an average loss of \$40 a day.



Some of the incentives on this list might require an initial investment—but keeping good residents in place for another year just might be worth every penny.

WWW.CAL-RHA.ORG

CaIRHA Legislative Positions

TARGET BILLS

Senate Bill 248: CA Renter's Tax Credit Legislation

SB 248 by Senator Steven Glazier and Assemblywoman Lorena Gonzalez will increase the renters' tax credit which will provide immediate relief for individuals and families across the state. Currently, renters can qualify for a \$60 tax credit for single filers or \$120 for married filers. This bill will increase that total to \$220 for single filers without dependents and \$434 for married filers. Additionally, this bill will make the tax credit fully refundable, which will provide necessary aid to those who do not have a tax obligation.

Assembly Bill 1482: Rent Caps on Tenancy

AB 1482 by Assemblyman David Chiu will which would prevent owners or rental properties from increasing the rental rate greater than an unspecified percent over CPI.

Assembly Bill 1399: Rent Control: Withdrawal of Accommodations

AB 1399 by Assemblyman Richard Bloom will prohibit a payment of punitive damages from being construed as extinguishing a rental housing owner's obligation to off the accommodations pursuant to the Ellis Act and would specify that the last date of withdrawal for accommodations is the last date of an extended tenancy.

CaIRHA DEFEATED

Assembly Bill 724: Rental Property Data Registry

AB 724 by Assemblyman Tim Grayson will require The Department of Housing and Community Development to create a rental registry online portal by January 1, 2021, and require rental property owners to register within 90 days of that date.

Assembly Bill 1697: Tenancy Termination - Just Cause

AB 1697 by Assemblyman Tim Grayson will require a rental property owner to provide a written notice to a tenant who has occupied a property for over 12 months stating just cause of eviction prior to terminating a lease.

Assembly Bill 1481: Tenancy Termination: Just Cause

AB 1481 by Assemblyman Rob Bonta will place additional requirements and prohibitions on rental housing owners pursuing the eviction of a tenant.

Assembly Bill 36: Residential tenancies: Rent Control

AB 36 by Assemblyman Richard Bloom will modify the Costa-Hawkins Rental Housing Act and would allow local jurisdictions to apply rent control policies to units that are more than 10 years old.

**FOLLOW
US!**



@CaIRHA



@CaIRHA

Let us know about your
upcoming events!

We want to feature you on Facebook and Twitter.
Please send us event photos and exciting
announcements. Also help us grow our social media
platforms by liking and following us.

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1121 L Street, Suite 105,
Sacramento, CA 95814
916.441.4242
calrha@cal-rha.org

WWW.CAL-RHA.ORG

You can fill out the attached and mail to SBRPA, 123 W. Padre St., Ste D, SB, CA 93105, or Membership Application can be made online at www.sbrpa.org.

SBRPA MEMBERSHIP APPLICATION



1. **FILL IN MEMBERSHIP APPLICATION, save form as PDF file.**
2. Mail with check to SBRPA, 123 West Padre St., Suite D, Santa Barbara, CA, 93105, or if paying by credit card or you wish to be invoiced, please email application to info@sbrpa.org.

If you have difficulty completing the form, call the office for assistance at 805-687-7007 or info@sbrpa.org.

We look forward to having you join the SBRPA community!

I hereby make application for Membership:

Name(s)

Mailing Address

City State Zip

E-mail Address

Telephone Work Home

 Cell FAX

How did you hear about us?

RENTAL UNITS OWNED OR MANAGED (continue on separate page if necessary)

Street Address(es)	No. of Units
<input style="width: 95%;" type="text"/>	<input style="width: 5%;" type="text"/>
<input style="width: 95%;" type="text"/>	<input style="width: 5%;" type="text"/>
Total Units	<input style="width: 5%;" type="text"/>

ASSOCIATION FEES: *How to calculate membership fees*

Registration Fee (First year only) \$ 25.00

Basic Annual Membership Dues \$150.00

Unit Fees (calculate as follows)

Up to 200 units, add \$5.00 per unit No. of Units up to 200 x \$5.00 = \$

Over 200 units, add \$1.00 per unit No. of Units over 200 x \$1.00 = \$

PAC CONTRIBUTIONS: (\$40 recommended)

Your contribution goes to support or oppose ballot issues and candidates through SBRPA's participation in local, state and national level PACs. \$

Total Paid

METHOD OF PAYMENT:

Check enclosed (payable to SBRPA) Credit card: Visa MasterCard AmX

Credit card # Exp (MM/YY)

Name on Card Billing Zip SecCode

Contributions or gifts to SBRPA are not deductible as charitable contributions for federal income tax purposes. However DUES PAYMENTS ARE DEDUCTIBLE by members as an ordinary and necessary business expense. In accordance with the "Revenue Reconciliation Act of 1993," the portion of our SBRPA dues that are allocable to non-deductible lobby expenditures for the 2017 year is 7.8%.



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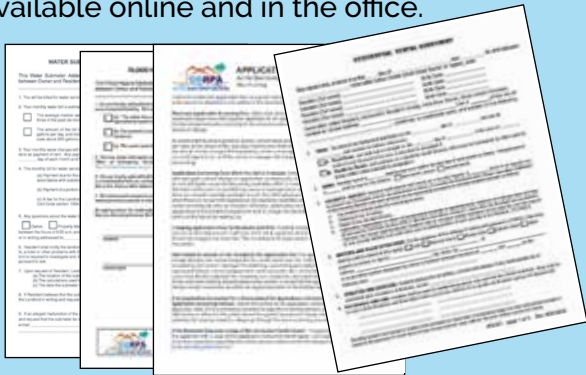
SBRPA

MEMBERSHIP BENEFITS

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Educational Programs, Seminars, Workshops & Fun

- Speakers on topics of current interest
- Annual Fair Housing & Property Management Seminars
- Keeping members abreast of changes in the law that affect how we do business
- Networking with other rental property owners, managers, and vendors
- Annual charity golf tournament, and other outings of interest



Credit Reporting Services for Residents & Employment Screening

(on the phone or online)

- Credit Reports
- Eviction Searches



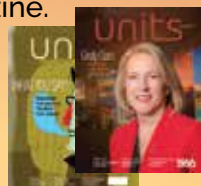
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Experienced and effective legislative advocacy in Sacramento and Washington D.C., constantly working on your behalf!



State & National Affiliations

With your SBRPA Membership you also gain membership in the California Rental Housing Association (CalRHA) and the National Apartment Association (NAA), and the use of their resources, benefits, and publications including the NAA's monthly Units magazine.



Rental Property News Magazine

Articles of interest, including:

- SBRPA President's Message - current events
- Attorney's Corner - timely topics in property management from a legal perspective
- Santa Barbara Happenings - local goings-on, for rental property owners and managers
- CalRHA and NAA Updates - state and national news updates

Copies of the 2019 and 2018 Rental Property News are available online: www.sbrpa.org





North County: Santa Maria Fair Housing Seminar

Salina Walker



On June 4, 2019 the Santa Barbara Rental Property Association and the Legal Aid Foundation of Santa Barbara jointly held a North County Fair Housing seminar for members and their guests at the Radisson Hotel in Santa Maria, with approximately 40 people in attendance.



*Chandra Carr
Legal Aid Foundation*

Guest lecturer Chandra Carr from the Legal Aid Foundation provided information regarding the protected classes, Fair Housing laws, best practices for compliance, and the most common reasonable accommodations and modifications for disabilities, including assistance animal requirements.

After Ms. Carr's presentation, SBRPA board member Steve Battaglia and Executive Director Laura Bode welcomed questions from the audience. Most concerns were from rental property owners regarding the City of Santa Barbara's current minimum one-year mandatory lease ordinance, its upcoming "just cause" ordinance, and the possibility that similar ordinances might eventually be enacted in the North County.

SBRPA encourages all members to stay alert regarding changes happening in Santa Barbara County and to reach out to their local representatives to make known their voices and interests as valuable contributors to the vital housing industry in the County. SBRPA will continue to support its members in this same endeavor.



SBRPA Board Member Steve Battaglia taking questions from participants.



Thank you Harold Goodman and Santa Maria Properties for hosting the seminar at the beautiful SANTA MARIA RADISSON HOTEL!



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SBRPA Board of Directors

If you are interested in joining us, please contact Executive Director Laura Bode for more information.

Laura@sbrpa.org or 805-687-7007.

NORTE COUNTY NEWS, OLD SANTA YNEZ DAY 2019



Photos: www.visitsyv.com

Santa Ynez, dubbed "A Sophisticated Cowboy Town" on the Santa Ynez Valley website, (www.visitsyv.com) is home to stores with vintage facades and hitching posts for horses.



The town features a variety of shops, restaurants, and galleries, as well as an old-west carriage house. In addition to their annual fall Vacaro Show, the city celebrates "Old Santa Ynez Day" every June. The event highlights include a parade, a street fair, and country-western entertainment and contests.



On June 8, 2019, SBRPA set up a booth at the 57th Old Santa Ynez Day. Board Members and Executive Director Laura Bode were available to discuss the current local and state legislation and how it would impact the rental property business.



SBRPA's Street fair booth was located adjacent to SBRPA Board Member Danielle Holzer's *DMH Properties* booth.



Old Santa Ynez Day Western-themed badge



Danielle Holzer-Burkitt,
SBRPA Board Member & Chairman of Membership Committee

I was born and raised in Santa Barbara. Five years ago I moved to Santa Ynez where I live with my husband and daughter. After decades managing rental property, in 2018 I opened my own property management company, *DMH Properties*, because I wanted to offer special personal service to property owners in Santa Barbara County.

Looking forward to competing in the Fiesta Rodeo this year with my family!!!

Sending a Shout-out to our Santa Ynez Members:

Anne Twigg, Cecelia Carmargo, Annie Cole, Lisa Crowder, Dana Sachey, Kathy & Alain Clenet, Bill McMillen, James Nielsen, Inger Olson, Lehren & Jen Van Schmus, and Mark & Tracy Sauter





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CalRHA
June 14, 2019

Legislative Update

Housing and rent costs continue to be a focal point of discussions at the Capitol. In May, CalRHA was successful in stopping two problematic bills in the Legislature - **AB 1481** by Assemblymembers Rob Bonta and Tim Grayson, and **SB 529** by Senator Maria Elena Durazo. AB 1481 would have required landlords to have "just cause" in order to evict a tenant, and SB 529 would have similarly required just cause for evictions, as well as allowed for the formation of tenant associations. Both bills were stopped on the Assembly and Senate floors, respectively, and are dead for the year.

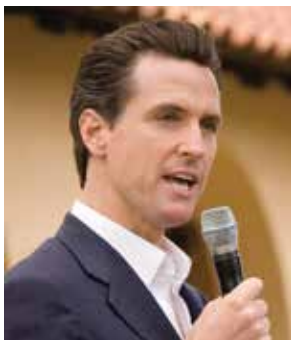
AB 1482, Assemblyman David Chiu's rent control bill, passed out of the Assembly by a relatively slim margin in May. Its passage was in no small part due to the California Association of Realtors' negotiated amendments, which include a rent cap of CPI+7%, an exemption for 10 or fewer single family residences, a sunset of 2023, and clean-up language related to vacancy decontrol language. Although the Realtors had wanted a local opt-out, they went neutral on the bill with the aforementioned negotiated amendments, which made the bill hard to stop. The bill has been referred to the Senate Judiciary Committee, where it will be heard prior to the July 12 policy committee deadline. CalRHA continues to have discussions with key legislators in the Senate regarding our rent control strategy.



Assemblyman David Chiu

This week, the Legislature passed the 2019-20 State Budget, two days ahead of the June 15 constitutional deadline. The \$214.8 billion spending plan puts over \$2 billion toward homelessness and housing and is almost \$6 billion more than the Governor's initial proposed budget in January. This is largely due to the state's significant surplus. The main components of the housing package are:

- \$250 million one-time funding for planning grants to help local jurisdictions work through the Regional Housing Needs Assessment 6th Cycle
- \$500 million in one-time funds for housing-related infrastructure
- \$650 million in one-time funds to help local jurisdictions to combat homelessness
- \$500 million in one-time funds for a mixed-income loan program through CalHFA
- \$500 million in one-time funds to expand the state's Low Income Housing Tax Credit program
- Placeholder trailer bill language to implement these programs.

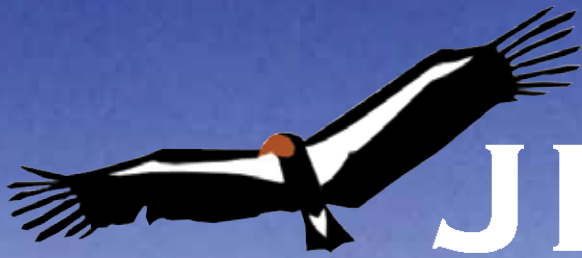


CA Governor Newsom

Newsom and legislators are still negotiating how to increase housing production via incentives. According to Assemblyman Phil Ting (D-San Francisco), the final deal will not include the use of any SB 1 (gas tax) money. Yesterday, Governor Newsom stated "The sky-high cost of housing and rent is the number one quality of life challenge California families face. We are working with the Legislature on a package of measures to address that crisis head on."

At the initiative level, the LAO has issued its fiscal impact report of the proposed 2020 rent control initiative ("**Rental Affordability Act**"). Under the initiative, the LAO projects some landlords would sell their rental units to avoid rent regulation; there would be a decline in the value of rental housing; there would be lower rents and subsequent lower rental incomes; and renters would move less often. As for the impact on the state, there would be less property tax revenue but more sales taxes paid by renters, among other things. Obviously if AB 1482 passes and is enacted, the initiative would likely be pulled from the qualification process by proponents.

The Legislature will hear bills in policy committees through July 12th, when the will recess for a month prior to the last month of session. The last day of session is September 13th, so all legislation must be passed by that date.



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The Attorney's Corner

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Flood Disclosure Requirement and the Benefits of Renter's Insurance

In 2018 a new law came into effect requiring landlords to disclose information to tenants about rental properties in flood zones. With the recent mudslides and flooding in Santa Barbara resulting in new and revised flood zones, it is important to be aware of one's responsibilities when managing a rental property located in a flood zone. The law requires residential landlords with actual knowledge that their rental property is in a flood zone to disclose this fact to the tenant in the rental agreement. Disclosure is required where a landlord has actual knowledge that the property is in a flood zone, or is presumed to have actual knowledge, such as when a public agency has notified the landlord in writing, or when the landlord has, or is required to have, flood insurance. On top of disclosing the fact that the property is in a flood zone, the disclosure must be in at least 8-point font and include: (1) that the tenant may obtain information about hazards from the website of the Office of Emergency Services, along with the website where such information may be obtained (currently <http://myhazards.caloes.ca.gov>); (2) that the tenant needs to consider insuring his possessions, as the landlord's insurance does not cover loss of his possessions; and (3) that the landlord is not required to provide additional information about flood hazards.

Landlords with properties in flood zones may see another disclosure requirement as a negative, but there is a silver lining. Tenants who rent properties in flood zones are more likely to be receptive to renter's insurance, as they are at greater risk of damage to their personal property. Renter's insurance not only benefits the insured tenant, but can also reduce a landlord's risk. Most tenants do not have renter's insurance or any insurance that might cover losses related to their tenancy. As such, a tenant without insurance may try to seek recovery from a landlord, regardless of entitlement to do so, if something happens to his possessions through an act of god or nature (which is generally not covered by landlord policies), or if he finds himself faced with potential legal liability (such as if a fight breaks out at party thrown by a tenant, resulting in injury and/or property damage). Moreover, po-

tential litigants, when presented with a choice of targets for suit, often seek out the deepest pocket, which is usually the insured party. Thus, where the tenant has renter's insurance, a landlord is more protected against these potential scenarios.

The concept of renter's insurance can be sold to the tenant as a relatively minor expense considering the protection it provides for his personal residence. Where the property is in a flood zone, especially in an area in proximity to recent flooding, the benefit will be even more apparent. Most renter's insurance policies cover loss or damage caused by events such as fire, smoke, theft, vandalism, wind-storm or hail, lighting, explosions, falling objects, weight of snow, ice or sleet, water (caused by plumbing failure, appliance failure, fire sprinklers or other accidental discharges of water), and electrical surges. Policies also typically cover injuries that others sustain while at the residence (including medical expenses and any resulting lawsuits), damage to other people's property (e.g., breaking a neighbor's window while playing catch), and housing costs (if the rental unit is damaged and the tenant needs to live elsewhere while it's being repaired, renter's insurance will pay for additional living expenses). Renters can also obtain flood insurance policies through FEMA, which can cover any risks not covered by traditional renter's insurance policies. Policies will replace stolen, damaged or destroyed personal property such as electronics, clothes, furniture, sports equipment, appliances, and even jewelry or collectibles in certain instances. What's even more compelling is that these policies cover personal property regardless of whether the loss occurs in the rental unit, or someplace else (such as a stolen laptop at a coffee shop or bicycle from a rack on campus) and that renter's insurance policies can often be bundled with existing auto insurance policies at relatively low cost.

Landlords benefit from an independently insured tenant as well. The tenant will be less likely to try to blame a landlord for property damage after a weather event or other loss, saving time, expense and hassle. Third parties who are injured on the premises, but have inadequate health insurance,

Continued on page 39

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will be able to file a claim against the tenant, even if they have few assets, rather than the landlord. This is particularly applicable in student rentals, where mischievous and potentially dangerous behavior amongst young people with few assets can result in serious injury or damage with no one to take responsibility. In those situations, unfortunately the landlord's insurance carrier is the deepest pocket if the tenant doesn't have renter's insurance. Having an insured tenant also avoids disputes over relocation expense (if the renter's insurance policy covers loss of use), which may arise in an emergency situation where the rented premises are temporarily uninhabitable (of course it may later be established that the landlord is at fault and owes those expenses to the tenant, but those issues are more easily dealt with outside of the "heat of the moment").

As always, it is important to seek independent legal counsel as to your specific objectives and circumstances. If you have questions on these topics and/or need legal advice on these subjects—or any others—please call (805) 963-9721 or email David Grokenberger at David@rogerssheffield.com; Michael Brelje at Mike@rogerssheffield.com, or Scott Soulages at ssoulages@rogerssheffield.com.



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Santa Barbara Happenings

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Santa Barbara City Council Elections Upcoming: Now Is the Time to Get Involved! Local Landlord-Tenant Rules Are Being Changed in Ways That Hurt Landlords.

The Santa Barbara City Council is currently made up of a majority of anti-property owner anti-landlord Councilmembers. Some of whom are up for re-election in November.

Several Councilmembers have openly professed their support for rent control (i.e. government control/regulation setting what landlords can be charge for rents). Perhaps even more concerning is the majority of the Council's desire to push through significant landlord-tenant reform with no factual reasoning for it. This may be because they feel they have the votes now and may not in the future.

As it stands now, the City Council passed a One-Year Mandatory Minimum Lease Term Offer Ordinance (Chapter 26.40 of the Santa Barbara Municipal Code). While this will likely require most landlords to change their renting practices, it should not be a giant burden to those that are aware and comply with it.

Unfortunately, the same cannot be said for the "just cause eviction" ordinance that the City Attorney has been instructed to draft.

No drafts of the "just cause eviction" ordinance have been circulated for public review (as of the writing of this article). Accordingly, no one knows for sure what will be in the draft ordinance and how burdensome it will be. It is likely that the ordinance will require relocation assistance if a residential tenancy is terminated for a reason apart from one enumerated in the ordinance. What this means is that it will be more difficult, contentious, and expensive, to get rid of problem tenants.

It is very possible that rent control will soon follow.

So where does this leave residential property owners? It leaves them in a fight for their livelihood. The last chance to change course before significant change is the upcoming November 2019 elections. The "just cause eviction" ordinance may be delayed until after the elections. Regardless, rent control will almost certainly be put forward by the City Council unless changes occur.

As candidates begin to kick off their campaigns for City Council, it is important that property owners

support candidates that will support reasonable and rational landlord-tenant reform in the City of Santa Barbara. Currently, the councilmembers up for re-election are: Jason Dominguez, Oscar Gutierrez, and Meagan Harmon. Randy Rowse has termed out and cannot run for re-election. Michael Jordan from Santa Barbara's Mesa District is running for this seat.



Jason Dominguez



Oscar Gutierrez



Meagan Harmon



Michael Jordan

Property owners should get involved in this upcoming election and support candidates who will be sympathetic to their cause. The questions to ask are: (1) Does the candidate support the just cause eviction ordinance? (2) Does the candidate support rent control? If the candidates dodge these questions, then do not support them.

Santa Barbara City Council Grants Exception to Allow an Extra Tall New Mental Health Building Downtown

In June, mental health and homeless advocates requested more funds be allocated to serve mental health and homeless people. Despite the existing zoning ordinance limiting building height to 45 feet, the Santa Barbara City Council granted a permit allowing Sanctuary Centers of Santa Barbara to build a 59-foot multi-purpose mental health building. The proposed building would be built in the parking lot behind 115 W. Anapamu Street.

Concerns were raised over how this building would impact the City as a whole. In an attempt to preserve the Hispanic character of Santa Barbara, the City, in 1930, adopted its first zoning ordinance which lowered the maximum height of buildings to 45 feet in multiple-family zones. In the past, the City has maintained these limits, except in cases when the building is determined to be a special benefit to the community.

Continued on page 43

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Sanctuary Centers plans to build a five-story apartment building to provide affordable housing for the mentally ill. In addition to apartments, the building will include a medical and dental clinic, a disorders center, meeting rooms, and support services. The current on-site clinic had 4,071 visits last year, and that number is expected to double with the new building.

The City Council granted the permit to Sanctuary Centers in a 5-0 vote. In the meantime, Sanctuary Centers still needs to submit a formal application to build, but this exception to the City's height limits allows them to move forward.

Santa Barbara County Purchases Montecito Home for Debris Basin

After the devastating mud flows in 2018, the Santa Barbara County Board of Supervisors developed a \$25 million plan to create a debris basin for San Ysidro Creek. The projected plan includes the purchase of eight parcels in Montecito. The first step the County has taken involves the purchase of 640 Randall Road for \$4 million. This property is located in the center of the proposed debris basin and is the only property with a viable house on it.

Often, debris basins are considered to be the last resort at preventing downstream flooding because they are expensive to build and maintain over time. Concerns were also raised about the possibly negative environmental impact.

In addition to the expense and environmental concerns, this proposal brings up questions surrounding property prices. Although all eight parcel owners are willing to sell their properties, it is unclear whether the sale price will reflect pre-disaster values or post-disaster values. It is also uncertain as to whether the Federal Emergency Management Administration's grant covering 75 percent of costs will be applied to pre-disaster or post-disaster values.

Ultimately, County Supervisors approved the purchase of 640 Randall Road at a price of \$4 million, but any sufficiently large debris basin still needs years to develop.

Santa Barbara County Adopts Budget for Fiscal Year 2019 to 2020

In June, the Santa Barbara County Board of Supervisors adopted the County Budget for 2019-2020. Of note is the \$143.8 million retirement contribution that the County has budgeted to pay for 2019-2020. This is over 10% of the entire budget for the year.

Should the County be paying more than 10% of its annual budget in retirement costs alone?

Even the \$143 million does not fully address the unfunded pension liability that the County is still required to pay.

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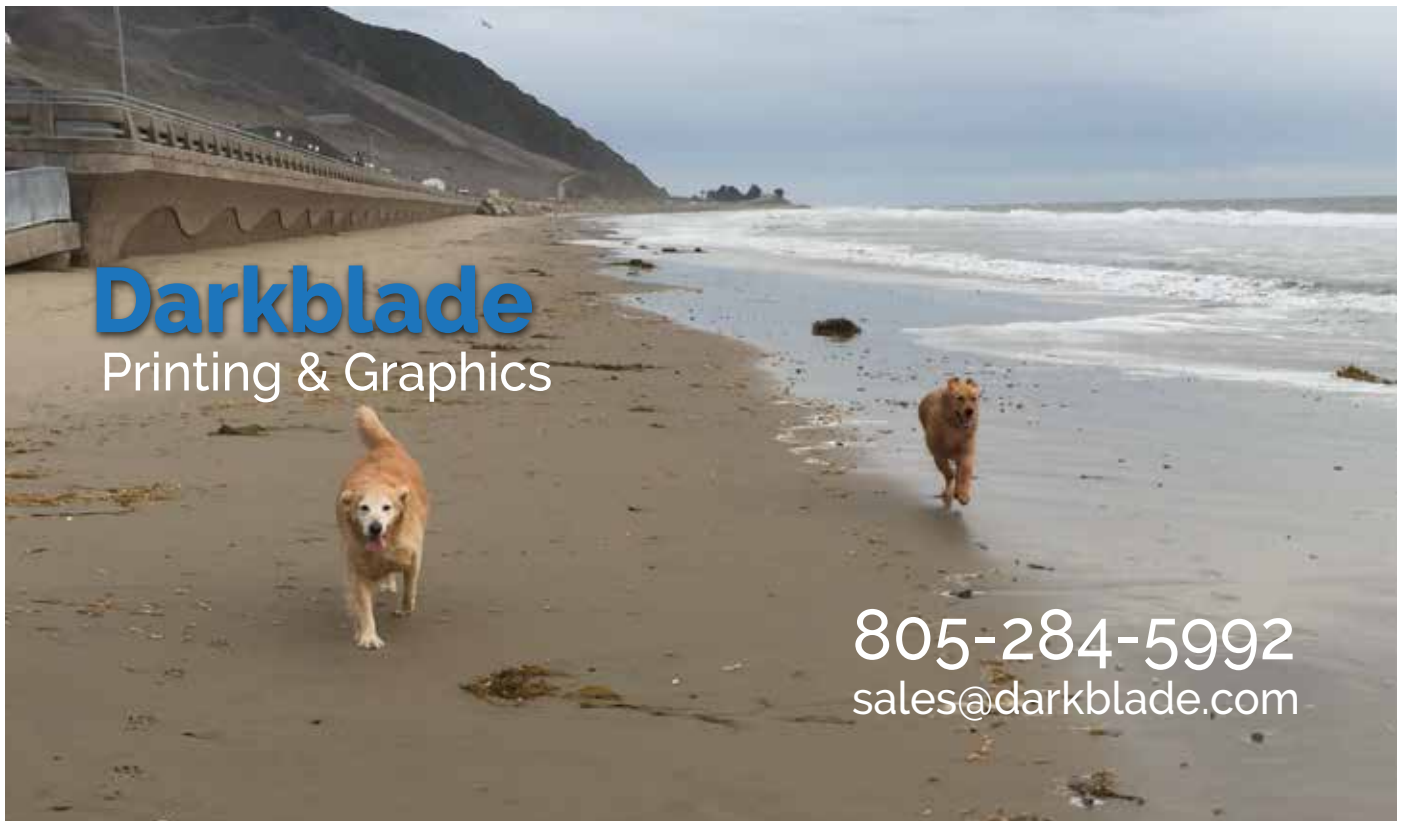
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