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SBRPA OFFICE

123 West Padre Street, Suite D Santa Barbara, CA 93105

> Office Hours: By Appointment Only

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Graphic Design

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December 2020

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Articles appearing in this magazine are presented as a public service and may not reflect the opinion of the publisher, its board of directors or its members.



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President's Message



Betty L. Jeppesen Esq. • Attorney at Law and Real Estate Broker

The topic of our second Quick Learning Classes for October was the COVID-19 Tenant Relief Act of 2020. This is also known as CTRA and AB3088. Here are some highlights:

AB 3088 was signed into law on August 31 of this year and became effective the next day, September 1, 2020. It will remain in effect until February 1, 2015. This Assembly Bill was co-authored by Assemblymembers David Chiu (Democrat from San Francisco) and our own representative from Santa Barbara, Monique Limon who is also a Democrat. So, you may contact Ms. Limon to register your displeasure with this Bill.

- The Tenant Relief Act is found in Code of Civil Procedure sections 1179.01 et seq.
- But, you want to know what this act does and what you can and cannot do.
- Under the Tenant Relief Act, landlords are PROHIBITED from evicting a residential tenant or mobile home tenant prior to February 1, 2021 for non-payment of rent with certain exceptions.
- First, the Tenant Relief Act divides the period from March, 2020 to January 31, 2021 into 2 sections. Each section has different rules.
- The first period of time runs from March 4, 2020 through August 31, 2020. This period of time is known as the PROTECTED PERI-OD and you cannot evict for non-payment of ANY rent during this protected period IF the tenant has provided you with Declaration of Hardship within 15 days of being served with your 15-day notice that rent is due. You may not include weekends and holidays in your calculation of that 15 day time period AND YOU must provide a unsigned Declaration of Hardship to the tenant when you serve your 15-day notice. If the tenant did not provide you with a Declaration of hardship, you could proceed with an eviction beginning Monday of last week, October 5th. You can see how current all of these law changes are. And, if your tenant has a household income over \$100,000.00 per year or over 130% of the median income for the geographical area where your property is located, the tenant must provide supplemental documentation of financial hardship to the landlord in addition to the declaration of hardship.

- NOTE for all unpaid rent due prior to September first, you should have served the tenant with a written notice of this new law NO LATER THAN SEPTEMBER 30, 2020. If you did not do so, do it now. We do not know what the courts will do if you did not serve it in time but it is certainly better to serve it late than not at all.
- The second period of time runs from September 1, 2020 through January 31, 2021. The time frame is known as the TRANSITION PE-RIOD. During this time frame, you cannot evict a tenant for non-payment of rent IF the tenant has provided you with a Declaration of Hardship within 15 days of the service of the 15-day notice that rent is due from that time frame again keeping in mind that you may not count weekends and holidays to compute the 15 days AND the tenant pays you at least 25% of the rent due. BUT, here is the nonsensical part of the law. The tenant can either pay you 25% monthly or WAIT UNTIL January 31, 2021 to pay you the lump sum. This means that you cannot evict until February 1st effectively.
- STARTING ON SEPTEMBER 1, 2020, A LANDLORD MAY FILE AN UNLAWFUL DE-TAINER ACTION FOR ANY REASON OTHER THAN NON-PAYMENT OF RENT <u>PROVIDED</u> <u>THE LANDLORD COMPLIES WITH AB1482</u> RENT CONTROL REGULATIONS <u>IF THE</u> <u>PROPERTY IS NOT EXEMPT.</u>
- The law also provides for the COVID-19 Small Landlord and Homeowner Relief Act of 2020 found in Civil Code sections 3272.01 et seq. This is the portion that Assemblyperson Limon was so proud of sponsoring. It is not talked about nearly as much as the Tenant Relief Act.
- What it does it to give anti-foreclosure protections in the Homeowner Bill of Rights to small landlords defined as those who own 1 to 4 units that are non-owner occupied IF the landlord is an individual as that is defined AND the tenant moved in prior to March 4, 2020 AND the tenant fails to pay rent due to loss of income due to COVID-19 hardship.
- It also provides new accountability and transparency provisions to protect small landlord borrowers who request CARES-compliant forbearance and gives the borrower who is materially harmed the ability to file a lawsuit.



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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.

NOW FOR PRACTICAL GUIDANCE.

WHAT DO YOU DO?

First, you calculate how much rent was unpaid by your tenant between March 4, 2020 and August 31, 2020.

- Then, you serve the tenant with a 15-day notice and a unsigned Hardship Declaration so the tenant does not have to find it him or herself and a copy of the new law if you did not do so by September 30. Again, we do not know how the Courts will deal with the late notice of the new law to the tenant because the law states that the landlord MUST serve the notice of the new law to the tenant prior to September 30th if there was rent due during this period of time from March 4, 2020 through August 31, 2020 which we now know is called the Protected Period.
- Second, you calculate how much rent was unpaid by your tenant between September 1 and the time you intend to serve a 15-day notice that rent is due prior to January 31, 2021.
- Then, you serve the tenant with that 15-day notice to pay or quit along with a unsigned Hardship Declaration. The 15-day notice to pay or quit must state the amount of rent demanded and when it became due;
- Advise the tenant that the tenant cannot be evicted for failure to comply with the notice if the tenant delivers a signed declaration of COVID-19-related financial distress to the landlord on or before the date that the notice to pay rent or quit or notice expires;
- Give the tenant specific disclosure in at least 12 point font of the language in AB3088

KEEP IN MIND THAT YOU CAN COMMENCE AN UNLAWFUL DETAINER ACTION AFTER SEPTEMBER $1^{\rm ST}$ FOR POSSESSION OF THE PREMISES. YOU CANNOT BRING AN UNLAWFUL DETAINER ACTION THAT INCLUDES A REQUEST FOR RENT DUE.

RENT DUE AND UNPAID DOES NOT GO AWAY. THE LANDLORD MAY SUE THE TENANT FOR SUCH UNPAID RENT BEGINNING ON MARCH 1, 2021.

THE PLACE TO SUE FOR UNPAID RENT BEGINNING ON MARCH 1, 2021 IS SMALL CLAIMS COURT. THE AMOUNT OF UNPAID RENT IS NO LONGER A PROHIBITION TO BRINGING SUCH AN ACTION IN SMALL CLAIMS COURT. IN OTHER WORDS THE LIMIT OF THE AMOUNT SUED FOR NO LONGER APPLIES IN TERMS OF RENT.

PROPERTIES SUBJECT TO THE CARES ACT.

If your property is subject to the Federal Coronavirus Aid, Relief and Economic Security Act (the CARES Act), then a landlord must provide a 30-day notice if terminating the tenancy for non-payment of rent instead of a 15-day notice. Examples of properties that are subject to the CARES Act include those that have a Federally backed mortgage or multifamily mortgage loans or federally subsidized properties.

LOCAL EVICTION MORATORIA

Many cities and counties in California have enacted their own eviction moratoria that prohibit a landlord's ability to serve a notice for non-payment of rent. We will be discussing our local ordinances in week 4 of our course.

TERMINATION OF TENANCY FOR REASONS OTHER THAN NON-PAYMENT OF RENT.

If a landlord wishes to terminate a tenancy for reasons other than non-payment of rent then they must follow the "just cause" procedures outlined in AB 1482 discussed last week because additional eviction protections have been temporarily extended to all properties through January 31, 2021.

WHAT IF AN OWNER IS SELLING A SIN-GLE-FAMILY PROPERTY OR CONDO THAT IS OCCUPIED BY A TENANT?

An owner may terminate a tenancy IF they are in an actual contract to sell to a buyer who will take occupancy him or herself and is not buying the property to use as a residential rental unit. All other requirements of the just cause provisions of AB 1482 would still have to be met including delivery of the exemption notice. But, no payment of a relocation fee would be required.

Since then, the City Council met on November 10th regarding the new Proposed Just Cause and Relocation Ordinance to become a part of Chapter 26 of the Municipal Code.

City Council Meeting Outcome:

- 1. Remove the words "at the same rent" from the renewal lease offer which would have frozen rents for 2021.
- 2. Retain the oral agreement in the ordinance but perhaps I can persuade them to change the wording.
- 3. 2 months' relocation costs with an additional month for tenants with special needs. Tenant

Continued on page 9

SBRPA MEMBERSHIP APPLICATION



1. FILL IN MEMBESHIP 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 admin@sbrpa.org.

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

We look foward to having you join the SBRPA community!

| I hereby make application for Membership: | | | |
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| Street Address(es) | | | No. of Units |
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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 **2018 year is 12.4%**.





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President's Message from page 7

groups were advocating for 4 and 5 months' relocation costs.

- 4. Further study of the effect of state-wide rent control under AB 1482 and gather data on tenants relocating
- 5. City Attorney to return to the City Council on November 17 with the revised ordinance.

On November 17th, the City Council decided to take this a step further and ordered that 3 months' rent amount must be given for no fault evictions in the City of Santa Barbara and that the City Council would evaluate next year if this amount has proven to be sufficient.

Please stay vigilant and write, email and phone your City Council members with your views and opinions.

This has been a year of change. We have adapted. We have become nimble and we have weathered adversities together. I appreciate all of your efforts.

Merry Christmas to all. Have a happy and safe holiday season.

Betty L. Jeppesen

President

NOTE: Handouts and Zoom Recordings for all of the "October Lunches Series" dealing with new housing & industry laws are available on our website at: https://www.sbrpa.org/oct-lunches--handouts-and-zoom-recordings

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(4) (4) LEE

SBRPA's Annual Meeting Tue., December 15, 2020 12:00 noon - 12:45 PM

Due to continuing COVID-19 restrictions, this year's annual meeting will be held via Zoom.

President Betty Jeppesen will give opening remarks and SBRPA's lobbyist, Kate Bell, will be the featured speaker. Charles Eckert will present a new slate of candidates for approval as well as bylaw modifications.

Full text of Bylaws and Zoom link instructions will be posted on our website. (see page 13).

SBRPA WEBSITE

Please take a few minutes to check our new updated website (www.sbrpa.org).

In order to access Members Only data,

(e.g., legal forms,) and to register for events and meetings, you will need to set up a new password – your old password will not work.

From the home page, you can click on VIEW ARTICLE for more information and links to reset your password. If you need assistance please contact admin@sbrpa.org and we will help you set up your account.

| SUN | MON | TUE | WED | 1110 | FHL | SAL |
|-----|-------------------|-------------------------------------|-----|-------------------------|-----|-----|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 1.5 Annual Meeting 12 noon | 16 | 17 | 1.0 | 19 |
| 20 | 21 Ween Regina | 22 | 23 | 24 Otomass | 25 | 26 |
| 27 | 28 | 29 | 3D | 31 Happy New Year | | |



MAILCHIMP EMAILS

We have been utilizing MailChimp to provide you with up-to-date news & local City Council meetings.

If you have not received our MailChimp emails and wish to, please send a note to admin@sbrpa.org with your current email address in the Subject line.

The most recent MailChimp notices are outlined on page 19.



HOW TO REGISTER FOR DECEMBER MEETING

You must be logged in as a member in order to register for the December Annual Zoom Meeting

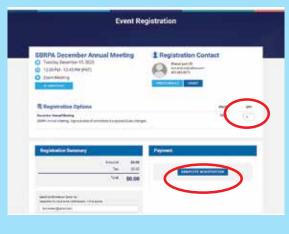
1. Go to www.sbrpa.org.
From the Main page select:
RESOURCES-->SBRPA News & Programs
-->Dec Annual Meeting



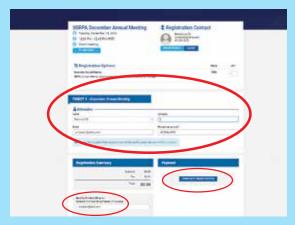
2. Select REGISTRATION OPTIONS



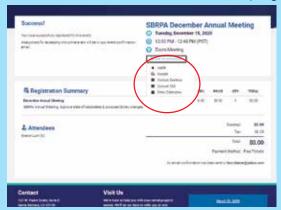
3. Fill in QTY "1". Click COMPLETE REGISTRATION



4. Screen will expand for you to fill out fields: Name, Company, Email, Phone. Make sure email address at bottom left is correct. Click COMPLETE REGISTRATION



5. SUCCESS! An email with details will be sent to you. (You can select "Add to Calendar" which will work with several calendar programs.



6. The email will contain a link that only YOU can use for the meeting. Contact admin@sbrpa.org if you need help.



SBRPA DECEMBER ANNUAL MEETING AGENDA

December 15, 2020 12:00 noon- 12:45 pm

The farther backward you can look, the farther forward you can see. — Winston Churchill



12:00 NOON - 12:05 PM

LOOKING BACK: 2020

SBRPA President, Betty Jeppesen

Please mark your calendars and join us Wednesday, December 15, 2020 at 12:00 noon for our annual meeting.

Zoom Meeting ID: 861 0318 4409. Links, passcodes, and other meeting details are available on our website.

https://www.sbrpa.org/events/december-annual-meeting



12:05 PM - 12:35 PM

LOOKING AHEAD 2021

Guest Speaker: Kate Bell, Capitol Advocacy

Kate Bell, a partner with Capitol Advocacy, has lobbied in the state for over 15 years and is recognized as one of Sacramento's most effective lobbyists on tax, procurement, and general business issues.

She has worked with several industries including: aerospace, aviation, cybersecurity, education, housing, information technology, mental health, retailers, restaurants, and non-profits.



12:35 PM - 12:45 PM

VOTE FOR 2021 BOARD

SBRPA Director, Charles Eckert III

We will vote on the slate of candidates shown below as well as approval of change in bylaws. NOTE: Proposed Bylaw modifications are available on our website, and will only take effect if we are approved for territory expansion.

Chris Agnoli Michael Bruce Lori Zahn Steve Battaglia Michelle Roberson



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| Online applications | ✓ | / |
| Online payments | ✓ | / / |
| Online maintenance | ✓ | |
| Email & text communications | ✓ | / // |
| Walk-in payments with PayNearMe | / | / // |
| Vendor payments | / | \ |
| Owner payments & reports | / | V /// |
| Live chat support | / | / / / |
| Renters insurance [†] | / | \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ |
| Resident screening [†] | / | / /// |
| Corporate websites [†] | / | / // |
| Property websites [†] | | ✓ |
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| Customer relationship management | | ✓ |
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CalRHA 2020 Housing Legislation



Chris Zgraggen, Capitol Advocacy

November 2020

With the Legislature on interim recess it has been fairly quiet in Sacramento. Naturally, all eyes turned towards the election with interesting races both at the national and the state level. Unsurprisingly, California supported the Biden/Harris ticket by an overwhelming margin,



however, there were a number of surprises down the ticket. It was expected that Democrats would expand their majority, however, that expansion seems to be limited to the Senate. Republicans are likely to lose at least two of their seats in the Senate but they may protect the other two targeted seats. Other surprises came in the Assembly where Republicans had six targeted seats to protect. Early vote tallies indicated that Republicans are likely to retain all of these seats and will pick up an additional seat that was open when Democrat Christy Smith decided to run for Congress. This election did reflect the expected trend that California is getting increasingly more blue, however, the scales were not tipped nearly as far as they could have been. One thing that is clear is that Democrats did not sweep the House or the Legislature in California despite many projections that said they would.

With the Legislature gaining seats in the Senate they are poised to continue their progressive agenda when they return to Sacramento in January. Given the impact of COVID-19 we expect that the Legislature will continue to prioritize legislation that addresses the pandemic and California's most wicked problems. We expect that addressing the housing crisis will be amongst those priorities. The Legislature will have to revisit the eviction moratorium for those affect by COVID-19, which was passed at the end of session through AB 3088. This bill is set to expire on January 31, 2021 and we expect that a new proposal will be introduced when the Legislature reconvenes in January and it will likely be passed expeditiously.

While the Legislature remains very progressive, Californians were much more moderate when it came to the ballot initiatives proposed this year. Labor unions, which are a



mighty force in Sacramento with the Legislature, suffered significant losses when it came the ballot initiatives. Proposition 21 was the initiative on rent control and was sponsored by Michael Weinstein with the Aids Healthcare Foundation. It failed passage with only 40.2% of the electorate supporting it. This was one of the initiatives that labor supported and lost on and was one of the few initiatives that were called on election night due to such a significant defeat. Governor Newsom came out in opposition to this initiative citing the passage of the rent control bill passed in 2019, AB 1482.

Another high-profile proposition this election cycle was Proposition 15, otherwise known as the split roll initiative. This would have increased taxes on commercial properties worth more than \$3 million and rolled back tax increases that were passed by the voters through Proposition 13 over 40 years ago. This was a very well-



Governor Gavin Newsom

funded initiative and was backed by labor. Proposition 15 had the support of Governor Newsom, President-elect Joe Biden, and a number of other high-profile individuals. Opponents of this measure painted it as being an attack on businesses in the state and would result in a mass exodus. Ultimately this measure failed with nearly 52 percent of the electorate voting no which amounts to over 550,000 votes.

CALIFORNIA PROPOSITIONS RESULTS 2020 (per Associated Press, 97% reporting)

| Prop 14. Medical Research Bonds | Yes (51%) | Prop 20. Stricter Parole, Sentencing | No (62%) |
|--------------------------------------|-----------|---|-----------|
| Prop 15. Change Commercial Prop Tax | No (52%) | | No (60%) |
| Prop 16. End Diversity Ban | No (57%) | Prop 22. App-Based Drivers as Contractors | Yes (59%) |
| Prop 17. Restore Former Felon Vote | Yes (59%) | Prop 23. Dialysis Cliinic Standards | No (64%) |
| Prop 18. Allow Age 17 Primary Voters | No (56%) | Prop 24. Expand Consumer Privacy | Yes (56%) |
| Prop 19. Change Property Tax Rules | Yes (51%) | Prop 25. Approve Replacing Cash Bail | No (56%) |



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National Apartment Association

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For more information:

www.naahq.org/operation-solutions/sustainable-living

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NAA's legal team provides legal and compliance resources on important issues that affect rental housing owners and operators. NAA also provides a Legal Assistance Program and an Amicus brief program aimed at protecting the rental housing industry by addressing critical industry issues across the nation.

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WEBINARS

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Exploring the Hidden Costs of MRO Procurement https://www.naahq.org/education-careers/online-learning/ webinars/exploring-hidden-costs-mro-procurement

Vendor Discussion - Grow Your Revenue through **Supplier Diversity**

https://www.youtube.com/watch?v=4Y8jM5BUuLQ

Turn Resident Challenges Into Solutions They'll Tell Their Friends About https://www.youtube.com/watch?v=xtNQEqbgapM

Multiculturalism in Rental Housing https://www.youtube.com/watch?v=P54uglvo90k

Five Must-Do Project Steps for Industry **Professionals**

https://www.naahq.org/education-careers/online-learning/ webinars/project-steps-for-industry-professionals

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GART Presents: Eviction Moratoria, Advocacy <u>Strategies and Insights</u> https://www.youtube.com/watch?v=nCF3tforjmU

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- Wed, October 21st 12:37 PM
 SB Happenings, November Report
- Mon, October 26th 2:29 PM
 Just Cause Evictions & Rental Payment Assistance
- Mon, November 2nd 12:07 PM
 Prop 21 Update

- Mon, November 2nd 12:19 PM SBRPA New Website
- Fri, November 6th 6:38 PM
 Relocation Ordinance
- Mon, November 16th 4:50 PM
 Tenant Displacement Assistance Update



Santa Barbara City Council meets on the Tenant Displacement Assistance Ordinance



Last week the Santa Barbara City Council met and voted for the following changes to the Ordinance it was considering on Tenant Displacement Assistance.

- Remove the words "at the same rent" in the ordinance. This
 was a very significant improvement as the draft Ordinance
 would have frozen rents for 2021!
- 2. Retain "oral agreements" as being covered by the Ordinance.
- 3. Owners subject to the ordinance must pay 2 months' relocation costs with an additional month for tenants with special needs. (Tenant groups were advocating for 4 and 5 months' relocation costs.)
- 4. Further study will be done by the City of the effect of state-wide rent control under AB 1482 and gather data on tenants relocating
- 5. The City Attorney will return to the City Council this week with the revised ordinance.





uncil to Adopt Relocation Amounts se in Rents Allowed in 2021





tion with Santa Barbara City Attorney Ariel Calonne

opm Today November 10th

reviewing the Just Cause & Relocation Ordinance

this link below, you will register and is to your calendar allowing you to ck on the link before the meeting.

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HACSB Section 8 Housing



Sarah Ettman for the Housing Authority, City of Santa Barbara

SBRPA is pleased to present a series of three articles by Sarah Ettman for the Housing Authority of the City of Santa Barbara on Section 8 Housing. This is article two of three. We will post the articles to our website.

- 1. How Section 8 Works
- 2. Section 8, Landlord Benefits
- 3. Taking the Fear & Stigma out of Section 8

Section 8 Landlord Benefits

Santa Barbara's Housing Choice Voucher Program is not just for tenants: Landlords also receive "pandemic-proof" rental housing benefits

Santa Barbara's award-winning Housing Authority (HACSB) plays a crucial role in providing safe, decent, and quality affordable housing to eligible persons with limited incomes. However, many people-especially private property owners in need of good tenants-may not know that HACSB provides excellent benefits that can help to "pandemic-proof" their rental income. A "Section 8" tenant is no longer view as a liability. In this day and age of economic fallout from COVID-19, they are considered an asset-a partner that will do their share to contribute to stable cash flow and take good care of their investment.

How is this possible? In essence, HACSB is able to assist their clients if their income has been reduced as a direct result of the COVID-19 crisis. Voucher holders can send the change of income to *info@hacsb.org* and the information will be forwarded to their corresponding case worker to make the change in tenant rent. Any reduction in tenant rent will be matched with an increase in the Housing Authority payment made to the landlord by HACSB to ensure the owner receives the full contract rent. And, the amount that's paid by HACSB, which is the "lion's share" of the rent cost, is paid on time at the beginning of every month.

According to Kate Christensen of *RealWeath-Income.com*, "Renting to tenants with housing



Photo by Gustavo Fring - Pexels

vouchers is a great option for many landlords. There are a variety of reasons for this; it can be profitable, the housing authority is not as difficult to work with as many people think, and properties usually rent more quickly (lower vacancy rates mean even more profit). With that said, how well it will work for you as a landlord largely depends on how you run your business." She goes in to point out many of the benefits of renting to Section 8 tenants:

- ♠ Consistent Rent Payments Made by the Government
- Pre-Screened Tenants
- ♠ Constant Tenant Base (Lower Vacancy Rates)
- ♠ Less Turnover (Another Reason for Lower Vacancy Rates)
- Tenants are Motivated To Pay their Portion of Rent
- ♠ Less Delinquency
- Fewer Evictions
- Better Profit Margins
- Free Advertising
- ↑ The Joy of Being Able To Help People in Need.

"We'd like City residents to understand that one accomplishment HACSB is proud of is our success in matching qualified low-income renters with landlords to create sustainable partnerships," says Rob Fredericks, HACSB



Thank you to all the COVID-19 front-line workers and Thank you to our clients, lessees & staff for adhering to the safety mandate protocols of Gov. Gavin Newsom to continue to keep the front-line workers & our community as safe as possible as we all will get through this Together.



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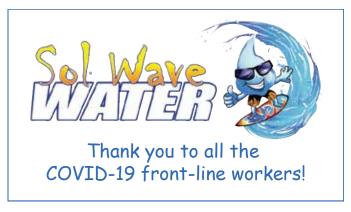
Thank you to all essential workers, first responders, and all those doing their part to support our community through this global health crisis. We are truly grateful for your service, commitment, and courage.

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HACSB Section 8 Housing from page 21

Executive Director/CEO. "During the COVID-19 crisis, this type of mutual economic relationship takes on even greater importance. It's really essential to have a dependable safety net program for both tenants and landlords as we continue to see a steep rise in local unemployment and a reduction in federal pandemic assistance benefits. The nationwide trend is that income are dwindling, savings are being exhausted and rents aren't being paid late or not at all. For the property owner, this directly translates to lost rent, potential default on rental property mortgage payments and a lower credit score. Our Housing Choice Voucher Program makes a positive difference by halting this "domino effect" on both sides of the ownertenant partnership. The tenant gets more financial help to make up the rent amount they are unable to pay and the landlord continue to receive their same rent payment amount. This win-win approach also prevents the devastating, long-lasting impact of homelessness at a time when having a home is essential for staying healthy."

Private property owner Carlos Adame, has firsthand experience with the Housing Choice Voucher Program. He says that, "I started with the Housing Authority about fifteen years ago. I bought this particular property and the owner at that time told me that one of the tenants was in Section 8 and if I wanted to keep him or ask him to go out. And I said, 'Let me try it.' He recommended the program very highly but I had no experience with Section 8. I tried it and as of now I'm still involved with them. I really like it." Adame also shares that "One of the benefits for me as a landlord is having the Housing Authority team helping me if I do need any assistance with the tenant and knowing that they're going to be there for me within 24 hours. The main thing to me is you can call them and they can come and help right away. As of today I've had no problems."

HACSB' Fredericks wants the community to know that, "Affordable housing is the foundation for one's life. If you don't have stable housing, everything else falls apart." The organization is actively recruiting new landlords with qualified residential properties. He points out that "Not a lot of people know that from shared housing to renting a room, to renting a studio, a 2-bedroom, a 3-bedroom unit, we can offer rental assistance for a wide variety of housing options that translates to dependable, on-time monthly payments for the property owner. We truly appreciate landlords in the Voucher Program and we would love to have more of them participate to help us get our clients placed in stable, affordable homes so they can be great, long term community residents."





25 Units Sold in Santa Barbara

Jon Standring skillfully represented the buyer through a 1031 Exchange while the seller represented themselves. Property was purchased for \$375k/Unit off market and is the largest apartment sale for 2020 in Santa Barbara!



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The Attorney's Corner

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ATTORNEY FEES CLAUSES

Most form leases have an attorney fees provision. For many years it was considered an "essential" provision in any contract. Today, you should not simply accept the inclusion of such a provision in your contract or lease without evaluating whether it suits your needs and goals of management.

Attorney fees provisions in California are made "mutual" by contract and statute. This means that the prevailing party is awarded its fees in litigation that are incurred in relation to the contract claims, however some attorney fees clauses are broad enough to allow for recovery of fees related to noncontract claims, such as negligence. Where an attorney fees clause is broad enough, and the lawsuit involves noncontract claims, there is some authority to the effect that fees can be awarded to a tenant even if an action is voluntarily dismissed by the landlord. In some cases, the language (most often seen in commercial leases) awards attorney fees whether or not the matter proceeds to a final judgement in litigation. At first such a "mutual" provision appears fair. But is it? Consider the following:

Collectability: When a landlord initiates litigation against a residential tenant, it is usually in the context of a non-payment of rent. The tenant is not usually as financially secure as the landlord, making collection efforts impracticable, if not unlikely. This translates into a one-sided attorney fees provision as a matter of practicality. If the landlord loses, he must pay. If the tenant loses, he may not "have" to pay, because it might be too difficult to try to actually recover the fees awarded. Tenants' attorneys can take advantage of this position and use it to leverage a beneficial settlement.

Moreover, if they recognize a broad attorney fees provision, they might be incentivized to add a cross-complaint with multiple claims to the litigation to inflate the potential attorney fees award. Knowing the tenant would not be able to actually pay a substantial fees award, the landlord might not want to take risks with a more expansive litigation that will necessarily generate higher fees, and thus feel pressure to settle.

Greater Liability of Landlord: As a practical matter, when you compare the obligations of the landlord to the obligations of the tenant, there is a greater probability that something will go wrong on the landlord's side rather than the tenant's side of the performance issue. Landlords have a continuing duty of providing habitable premises, repairs, maintenance of common areas, and security. In addition, if suit is brought by the landlord, the law requires the landlord to strictly comply with all procedural requirements in order to recover possession, including proper notice and proper service. Thus, if a defense is accepted or if some "procedural step" is missed, the tenant may prevail against the landlord, despite the fact that the tenant has not paid rent or has breached some other lease provision. The result would necessarily mean the tenant is the prevailing party and you owe them fees even though they have not paid rent or are in breach of some other provision of the lease!! In short it is the tenant who is most likely to benefit from an attorney fees provision.

Capping of Attorney Fees: Some attorney fees provisions "cap" the amount of fees to be recovered in recognition of the above concerns. This cap mitigates the landlord's downside risk if a suit against a tenant goes wrong and the tenant ends up prevailing. While the cap goes both ways, and would limit the fees the landlord could recover if they prevailed, such a situation might not be so bad for the landlord if they were going to have trouble collecting the fee award from the tenant anyway. How a landlord decides whether to include an attorney fees provision, whether it should be capped, and if so, the amount of the cap, is a business decision that involves consideration of what type of property is involved (i.e., will damages for unpaid rent or damage to the unit be substantial compared to attorney fees?), the type of tenants that rent (i.e. are the tenants likely to have the assets to pay a judgment that includes attorney fees?, are they likely to threaten counter-claims against the landlord or "dig in" and fight an unlawful detainer vs. avoid confrontation and vacate?), and the landlord's overall appetite for risk.

CONCLUSION

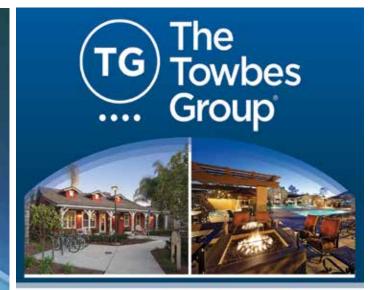
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Attorney's Corner from page 27

you can't explain it, then the tenant is not likely to understand or follow its provisions. Attorney fee provisions are risky and should be evaluated for inclusion in your lease based on tenant composition, goals, and risk analysis.

The information contained in this article is not intended as legal advice for any specific situations or individuals, and 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, 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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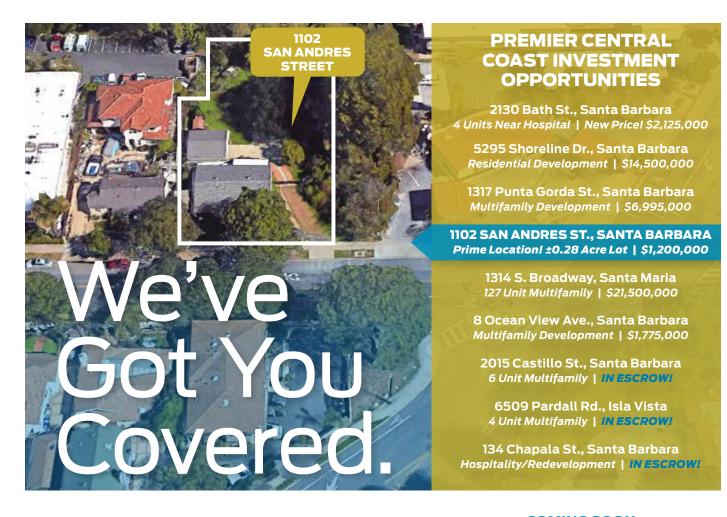
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| Santa Barbara | 5 Units | \$1,550,000 (Buyer) |
| Santa Barbara | 4 Units | \$1,840,000 (Buyer) |
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| Isla Vista | 2 Units | \$1,290,000 (Seller) |
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- 2 units | \$1,165,000
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Santa Barbara Happenings



Terry A. Bartlett - Reetz, Fox & Bartlett LLP

Santa Barbara City Council Votes to Require Three Months of Tenant Relocation Assistance for No-Fault Just-Cause Evictions

On November 17, 2020, the Santa Barbara City Council voted 5-2 to adopt an ordinance requiring property owners to pay relocation costs equal to three months' rent if an eviction is due to no fault of the tenant. As of this writing, no final ordinance has been released. The City Council plans to reexamine the ordinance in a year after more data is available. Common instances of no-fault just cause eviction occur when the property is taken off the market or the property owner wants to do a substantial remodel.

The new ordinance will not apply to duplexes, singlefamily homes, or accessory dwelling units. Relocation expenses will be given per unit, not per tenant.

With strict state laws already in place, more regulations are not the answer. Many property owners are already financially burdened from the loss of income due to COVID-19. More regulations will further stifle the housing market, likely decreasing the supply of rental units, negatively impacting both renters and property owners.

Goleta Union Schools Return to In-Person Learning in January...Maybe

The Goleta Union School District unanimously voted on November 4, 2020 to re-open schools 5 days a week for in-person learning starting January, 2021. The decision still gives families the option to continue virtual and flex programs. With Santa Barbara County recently reverting back to the most restrictive purple tier, the Goleta Union School District Board of Trustees plans to re-evaluate their original decision. As of this writing, no final decisions have been made as to whether or not Goleta Union still plans to open classrooms in January.

Some schools in the area, such as Montecito Union, have already successfully transitioned back to inperson learning. In contrast, Santa Barbara Unified School district chose a hybrid model beginning January 19, 2021, in which students are only

allowed to come into the classroom 2 days per week (presumably because the COVID-19 virus is active the other 3 days). Goleta Union will be able to have smaller groups of 19-students and expanded outdoor tent classrooms.

The American Institute for Economic Research maintains that closing schools in the first place was a huge mistake. Not only have children lost almost a full year of quality schooling, a UK study revealed no consistent changes in risk of recorded infection and severe outcomes from COVID-19 comparing periods before and after school closures. Let's face it: It's important that we move away from the lockdown narrative.

A Look Into Santa Barbara's 2020 Commercial Real Estate Sales

After a devastating second quarter of 2020, Santa Barbara County's commercial real estate sales in the third quarter were able to recover. 2020 began with 15 sales in quarter one accounting for \$39 million in dollar volume, then dropped to 9 sales in quarter two with a dollar volume of \$14 million, then rose again in quarter three with 23 sales and \$115 million in dollar volume. 2020 in total included 47 total sales and \$169 million dollar volume. In comparison, 2019 had 58 sales and \$320 million dollar volume.

Of the 47 sales, approximately 2/3 have been to owner-users, and in quarter three alone, about half of the sales were to owner-users. This reflects the uncertainty of income streams and the consequential trend of investors taking a more conservative approach. Additionally, 1/3 were for properties that were not publicly listed at the time they sold.

Despite the active State Street Promenade, the vacancy rate has continued to grow to 16.87% in quarter three. There were 9 sales for the year, with 6 of them coming from quarter three. Most sales were outside the central area, between the freeway and Micheltorena Street.

With regard to office space, Santa Barbara, Goleta, and Carpinteria have all seen a not-so-surprising



Thank You

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Santa Barbara Happenings from page 35

rise in vacancies, after many "non-essential" businesses had to close in-person operations. The future of offices still remains unknown as businesses try to modify operations in response to COVID-19.

City Approves New Downtown Apartment Development

The City of Santa Barbara recently granted approval for the construction of 84 apartment buildings on the parking lot between Staples and Reid's Appliances. The new tenant received a 99-year ground lease from the City of Santa Barbara for the 1.5 acres of commercial land.

Given the central location on lower State Street, these apartments will hopefully open up the current housing supply and stimulate the struggling businesses in the surrounding downtown area.

Amazon Comes to Oxnard

Amazon recently announced that a major distribution center will be opening in Oxnard next year. The distribution center will complement a larger facility located in Newbury Park. Amazon currently has many operations along the central coast, including its technology Hub in San Luis Obispo, Alexa Hub that came to Santa Barbara in January, and distribution center in Camarillo.

Amazon's revenue has greatly benefitted from the impact COVID-19 had on the economy, specifically, the increase in online shopping. During the initial stages of the coronavirus, Amazon's share price dropped much less than the market as a whole. On October 13, 2020, the share price closed at \$3,443.63, which is more than 90% over its low point for the year. For the quarter ending on June 30, 2020, Amazon's revenue was \$88.9 billion, which is a 40% increase from the previous year. Net income and earnings per share for the second quarter also saw substantial increases.

Given the City of Oxnard's current economic status, City Councilwoman Carmen Ramirez was hopeful that the new development will provide reliable jobs for more than 1,500 community members and pave the way for future business development in Oxnard.

Amazon also plans to open another smaller distribution center before the end of the year in Camarillo, similar to one that currently exists in Thousand Oaks.

Santa Barbara Resident to Develop New Technology

Santa Barbara resident Eli Harris is the co-founder

and president of R-Zero, a new tech development focused on workplace health and safety. R-Zero uses UVC technology to emit a short form of ultraviolet light into unoccupied bathrooms, dining areas, kitchens, or any other contained space. The germicidal UVC rays kill 99.99% of existing microorganisms including viral, bacterial, or fungal. UVC technology is already being used in hospitals as a sanitizing agent and may be key to many inperson operations/businesses re-opening.

Many classrooms, sports locker rooms, and offices across the country have also been implementing this technology. Santa Barbara was one of the first places to adopt this new technology. Currently, some establishments in the Funk Zone have invested in the R-Zero disinfecting lamps.

R-Zero has integrated GPS technology to offer a tracking system in order to ensure that each desired zone was treated with UVC. R-Zero also kills the microorganisms that cause food poisoning, the flu, and even the common cold. With new products emerging in 2021, this may be the extra layer of protection needed in order for shared space to reopen with a sense of normalcy.

Apprenticeship Grows as Alternative to College

With the average American student accumulating \$30,000 in college debt after graduation and most colleges requiring full tuition for online schooling, the bubble of higher education is likely to pop, or at least deflate. Many students do not need a traditional college degree in order to pursue their goals, as exemplified by the Federation for Manufacturing Education ("FAME") Apprenticeship Program profiled by the Wall Street Journal.

Students in the FAME program, ranging from new high school grads to experienced workers, typically spend two days in class and three days in the factory, earning a part-time salary. Along with teaching factory skills, FAME teaches soft skills such as ethics and teamwork, as well as traditional subjects such as Math and English.

The program's success is clear based on the 97% of graduates who said they made the right decision by participating. To contrast that number, 75% of humanities majors across the country said they regretted their college education, according to a 2019 study published by CBS News. Maybe COVID-19 and virtual education is the final straw that will trigger a reassessment of the current higher education system.

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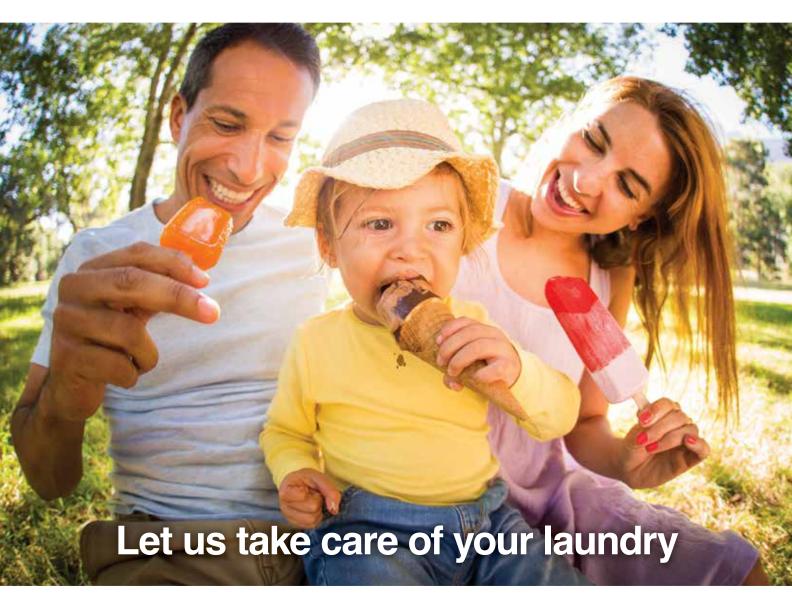
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