

Jun 2023

# SANTA BARBARA RENTAL PROPERTY

# news



CALIFORNIA'S CENTRAL COAST RESOURCE FOR RENTAL PROPERTY OWNERS, MANAGERS & SUPPLIERS



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## President's Message



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

Good news for Santa Barbara property owners! The City of Santa Barbara has agreed to reduce the required renters' displacement assistance from 3 times the monthly rent to 2 times, thanks to your support of SBRPA's lawsuit.

In December of 2020, the City of Santa Barbara passed an Ordinance mandating that property owners must pay 3 months rent as tenant relocation assistance for no fault just cause lease terminations. This payment is required even in situations where owners personally move into their rental units! You may recall that the City of Santa Barbara commissioned a study by Kaiser Marsden which showed that the average cost to relocate in the City of Santa Barbara was approximately one and a half months' rent including the security deposit to be paid to the next landlord. Despite this study, the City mandated a payment of 3 times the monthly rent. We challenged this in a lawsuit filed in Federal Court and settled with the City. On Tuesday, May 9<sup>th</sup>, the City Council approved the settlement and the reduced renters' displacement assistance of 2 month's rent became effective immediately.

Now, we need to decide if we take on the County. This past month the County of Santa Barbara approved an increase in tenant displacement assistance from 1 month to 3

months of rent to the tenant. For example, if the monthly rent is \$3,000; you must pay \$9,000 to have the tenant move out. Cost to the owner just tripled!

What do you think? *Shall we take on the County next?* Vote YES by contributing to the Legal Action Fund on the sbrpa.org website. (Click on "Contributions" tab on the top menu.)

We also want to thank all of you for reaching out to elected officials. Your communications to the City Council and Mayor both spoken and written are critical to educating them on the impact to the residential rental industry and our ability to keep affordable housing in Santa Barbara. Every new government mandate has an immediate and detrimental effect upon the cost of residential rental housing locally. Elected officials need to hear your personal stories and how these costs affect you and your renters. Your facts and figures are important evidence that they need to see. Don't think that you are just one person. The power of one can be impressive.

Sincerely,

Betty L. Jeppesen

President

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# SBRPA Calendar



## SBRPA MEMBERS

### 2023 Yardi Fall Classic

Friday, Sept 15th, 2023  
Sandpiper Golf Course



This year's Annual Charity Golf Tournament to benefit Santa Barbara's Transition House will be held at the Sandpiper Golf Course on September 15th. Yardi is this year's Presentation Sponsor. See page 21.

Sign up & register online:

<https://sbrpa.org/golf-tournament>

## OTHER EVENTS

### 22nd Annual MrLandlord.com National Convention

June 1-3, 2023 • Columbus, Ohio

This event is put together and designed specifically for mom and pop rental property owners. Learn ways to maximize your rental income.




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If you have an item of interest to our members, please submit it to [magazine@sbrpa.com](mailto:magazine@sbrpa.com)

june 2023

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
				Mr Landlord Convention		
4	5		7	8	9	10
			NAA Apartmentalize			
11	12	13	14	15	16	17
	18	19	20		22	23
24	25	26	27	28	29	30



## Q2 2023 Upcoming Events

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## **New Changes to Tenant Displacement Payments**

*Effective May 9, 2023, the tenant displacement assistance payments required by the City of Santa Barbara for a Just Cause No Fault termination is **REDUCED** from 3 times the monthly rent to 2 times the monthly rent.*

*This is a change from the City ordinance that has been in effect since 2021 requiring property owners to pay 3 month's worth of rent for Just Cause No Fault lease terminations, including repossession of the unit for occupancy by the owner.*

***Your support of SBRPA was critical to getting this done!***

*However, our work continues. This past month the County of Santa Barbara went in the opposite direction, and **INCREASED** tenant displacement assistance from 1 month to 3 months! This means if the monthly rent is \$3,000 you must pay \$9,000 to have the tenant vacate your property. Essentially, your cost just tripled!*

*Shall we take on the County ordinance next?  
Vote **YES** by contributing to the Legal Action Fund on the [sbrpa.org](http://sbrpa.org) website. (Click on "Contributions" tab on the top menu.)*



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# CalRHA Legislative Updates



Kate Bell, KateBellStrategies.com

May 2023

## Budget Update

The Senate Democrats released their budget plan late last month. Fortunately, it includes a Renters' Tax Credit, which CalRHA has been supporting. In particular, their plan provides \$700 million to increase the Renters' Tax Credit and to reform the program to benefit taxpayers with children, making the credit refundable beginning with the 2023 tax year. The improvements will cut taxes for 3,250,000 taxpayers, with the following details:

- For Joint Filers and Heads of Households with no dependents, increases the credit from \$120 to \$250, a 108% increase.
- For Joint Filers and Heads of Households with dependents, increases the credit from \$120 to \$500, a 316% increase.
- For Single Filers with no dependents, increases the credit from \$60 to \$250, a 316% increase.
- For Single Filers with dependents, increases the credit from \$60 to \$500, a 733% increase.
- Makes the Renters Tax Credit refundable, recognizing that lower income Californians often do not have an income tax liability, but still certainly pay other state and local taxes and should benefit from the credit.

The Legislature is working in earnest on the budget and will be passing the budget bill by June 15, 2023.

## Legislative Update

CalRHA and its affiliates had a very productive Legislative Day at the Capitol last month. In fact, we were there during the hearing of our top priority bill, **SB 567 (Durazo)**. SB 567 would have undone a heavily negotiated agreement on just cause eviction rules and rent caps under AB 1482. SB 567 bill eliminates the provision under State law (Assembly Bill 1482) related to termination of tenancy without just cause and requires requires that just cause to be stated in the written notice to terminate tenancy only after a



CA Senator  
Maria Elena Durazo

tenant has continuously and lawfully occupied a residential real property for 12 months. Fortunately, that bill was gutted in Judiciary committee of all of the rent control provisions. We are now in negotiations on the just cause provisions of the bill and have met with the Chair of the Judiciary and Appropriations Committee Chair, etc.

Another top priority bill, **SB 466 (Wahab)**, which would repeal major protections afforded to the state's rental housing providers under the Costa-Hawkins Rental Act of 1995 and expand local rent regulations, was also amended.

Recent amendments agreed upon in the Senate Judiciary Committee will put into effect a 28-year rolling process. That means that in 2024, the 95 date would become 96 and move forward one year each year. The 79 date would become 81 and roll forward two years each year. This would make buildings built between 1978 and 1995 that are protected under AB 1482 to now become subject to local rent control of 3% or less, which will have a very negative impact on smaller rental property providers.



CA Senator  
Aisha Wahab

## Additional Legislation CalRHA is Opposing

**AB 12 (Haney, D-San Francisco) Tenancy: Security Deposits.** Would prohibit a landlord from receiving a security deposit for a rental agreement in an amount in excess of one month's rent, regardless of whether the residential property is unfurnished or furnished. **AB 12 passed the Assembly Judiciary Committee on a party-line vote and is now on the Assembly Floor.**



CA Assemblyperson  
Matt Haney

**AB 309 (Lee, D-Milpitas)**

**Social Housing.** This bill would define "social housing" for purposes of the Zenovich-Moscone-Chacon Housing and Home Finance Act, and make findings and declarations relating to social housing and would state the intent of the Legislature is to further the

Social Housing Act to address the shortage of affordable homes by developing housing for people of all income levels, prioritizing low-income households. **CalRHA is opposing AB 309 along with the Realtors. It is scheduled for a hearing on May 10th in Assembly Appropriations Committee.**



CA Assemblyperson  
Alex Lee

**AB 919 (Kalra, D - San Jose) Sale of Rental Properties: First Right of Offer.** Would require an owner of residential real property to take various actions before offering the residential real property for sale to any purchaser, soliciting any offer to purchase the residential real property, or otherwise entering into a contract for sale of the residential real property. **This is now a two-year bill, which means it is not moving this year and, therefore, a win for the industry.**



CA Assemblyperson  
Ash Kalra

**AB 1035 (Muratsuchi, D- Torrance) Mobile Home Parks Rent Caps.** Would prohibit the management of a mobile home park from increasing the gross rental rate for a tenancy for a mobile home space more than 3% plus the percentage change in the cost of living, as defined, over the course of any 12-month period, as specified. **This is now a two-year bill, which means it is not moving this year and, therefore, a win for the industry.**



CA Assemblyperson  
Al Muratsuchi

**AB 1317 (Carrillo, D - LA) Unbundled Parking.** Would require the owner of residential real property that provides parking with a residential unit to unbundle parking from the price of rent ("unbundled parking" selling or leasing parking spaces separate from the lease of the residential use). **AB 1317 is pending on the Assembly Floor.**



CA Assemblyperson  
Wendy Carrillo

**SB 267 (Eggman, D-Stockton) Credit History of Persons Receiving Government Rent Subsidies.** Would prohibit the use of a person's credit history as part of the application process for a

rental housing accommodation without offering the applicant the option of providing alternative evidence of financial responsibility and ability to pay in instances in which there is a government rent subsidy and would require that the housing provider consider that alternative evidence in lieu of the person's credit history. **SB 267 is now on the Suspense File in Senate Appropriations, awaiting action by May 19th.**



CA Senator  
Susan Eggman

**SB 395 (Wahab, D-Fremont). Statewide eviction database.** Would state the intent of the Legislature to enact subsequent legislation that would require landlords to report all evictions to a new statewide eviction reporting database. **SB 395 is now on the Suspense File in Senate Appropriations, awaiting action by May 19th.**



CA Senator  
Aisha Wahab

**SB 460 (Wahab, D-Fremont). Hiring of real property: Criminal History.** **This is now a two-year bill, which means it is not moving this year and, therefore, a win for the industry.**

As always, CalRHA will keep you informed as these bills make their way through the Legislature. We will be sure to send out Calls to Action when we are at a pivotal juncture and your involvement could help determine the outcome.

The remainder of the legislative calendar for the year is as follows:

**May 19.** Last day for fiscal committee to hear and pass bills to the Floor

**Jun 2.** Last day for bills to pass the Floor in their house of origin

**Jun 15.** Deadline for Legislature to pass budget bill

**Jul 14.** Last day for policy committees to meet and summer recess begins

**Aug 14.** Legislature reconvenes from summer recess

**Sep 1.** Last day for fiscal committee to pass bills to the Floor

**Sep 8.** Last day to amend bills on the Floor

**Sep 14.** Last day for bills to pass the Floor in the second house

**Oct 14.** Last day for Governor to sign or veto bills.

4/28/2023 Good news! Thanks to your efforts and CalRHA members who made the trip to Sacramento during this week's Legislative Day, oppressive rent caps and other anti-housing provisions are being removed from Senate Bill 567! This is a big win for those who provide quality rental housing to Californians!



SB 567 by Senator Maria Elena Durazo (D-Los Angeles) would have limited rent adjustments to CPI or 5%, whichever is lower. In periods of high inflation like what we're seeing today, this would have severe consequences on housing providers and California renters. And SB 567 would have extended these rent caps to single-family homes, condominiums, and other properties that are currently exempted.

While amendments are not yet publicly available, the Senate Judiciary Committee voted to approve the bill with amendments that remove rent caps and other anti-housing requirements. SB 567 now advances to the Senate Appropriations Committee where we will have another opportunity to further fix the bill.

Thank you for joining CalRHA's advocacy efforts. Together, we can do great things!

**Housing is Key Update.** This month, the Business Consumer Services and Housing Agency reported on welcome news from the Department of Finance, which reported strong gains in housing growth in 2022. California added 123,350 net housing units, including more than 20,000 Accessory Dwelling Units and new construction of 116,683 units. These are the largest increases since 2008.

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*Following is a Current List of Important Rental Housing Related Bills, updated 5/5/23*

### **AB 12 (Haney D) Tenancy: Security Deposits**

**Current Text:** Amended: 4/5/2023

**Status:** 4/21/2023-Measure version as amended on April 5 corrected.

**Summary:** Current law regulates the terms and conditions of residential tenancies, and prohibits a landlord from demanding or receiving security for a rental agreement for residential property, however denominated, in an amount or value in excess of an amount equal to 2 months' rent, in the case of unfurnished residential property, and an amount equal to 3 months' rent, in the case of furnished residential property, in addition to any rent for the first month paid on or before initial occupancy. This bill would instead prohibit a landlord from demanding or receiving security for a rental agreement for residential property in an amount or value in excess of an amount equal to one month's rent, regardless of whether the residential property is unfurnished or furnished, in addition to any rent for the first month paid on or before initial occupancy.

**Notes:** Oppose Letter Submitted

### **AB 309 (Lee D) Social Housing**

**Current Text:** Amended: 5/1/2023

**Status:** 5/2/2023-Re-referred to Com. on APPR.

**Summary:** Would enact the Social Housing Act and would create the California Housing Authority, as an independent state body, the mission of which would be to ensure that social housing developments that are produced and acquired align with the goals of eliminating the gap between housing production and regional housing needs assessment targets and preserving affordable housing. The bill would prescribe a definition of social housing that would describe, in addition to housing owned by the authority, housing owned by other entities, as specified, provided that all social housing developed or authorized by the authority would be owned by the authority.

**Notes:** On Realtors' coalition letter

### **AB 919 (Kalra D) Residential Real Property: Sale of Rental Properties: Right of First Offer**

**Current Text:** Introduced: 2/14/2023

**Status:** 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was JUD. on 2/23/2023) (May be acted upon Jan 2024)

**Summary:** Would require an owner of residential real property, defined to include a single-family residential property that is occupied by a tenant or a multi-family residential property to take various actions

before offering the residential real property for sale to any purchaser, soliciting any offer to purchase the residential real property, or otherwise entering into a contract for sale of the residential real property. The bill would exempt certain transfers of a residential real property from its provisions, including, among others, a transfer between spouses, domestic partners, parent and child, siblings, grandparent and grandchild, a transfer pursuant to a court order, and a transfer by eminent domain.

**Notes:** Letter submitted. Also shared CalRHA TOPA Leg Counsel language with author's office.

### **AB 1035 (Muratsuchi D) Mobilehome parks: rent caps.**

**Current Text:** Amended: 4/10/2023

**Status:** 4/19/2023-In committee: Set, first hearing. Hearing canceled at the request of author.

**Summary:** Would enact the Mobilehome Affordability Act. The bill would prohibit the management of a mobilehome park from increasing the gross rental rate for a tenancy for a mobilehome space more than 3% plus the percentage change in the cost of living, as defined, over the course of any 12-month period, as specified. The bill would prohibit management from increasing the gross rental rate for a tenancy in more than 2 increments over a 12-month period, after the tenant maintains the tenancy over a 12-month period. The bill would prohibit management from imposing an increase in rent on a prospective purchaser or homeowner that purchases a mobilehome if the purchase qualifies as an in-place transfer, as specified. The bill would exempt specified mobilehome spaces from these provisions.

**Notes:** As of 3/14, author is considering aligning language with AB 1482.

### **AB 1317 (Carrillo D) Unbundled parking.**

**Current Text:** Amended: 4/17/2023

**Status:** 4/26/2023-Read second time. Ordered to third reading.

**Summary:** Current law prohibits an owner of residential real property from, over the course of any 12-month period, increasing the gross rental rate for a dwelling or a unit more than 5% plus the percentage change in the cost of living, or 10%, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months before the effective date of the increase, as prescribed. This bill would require the owner of qualifying residential property, as defined, that provides parking with the qualifying residential property to unbundle parking from the price of rent, as specified. The bill would

define “unbundled parking” as the practice of selling or leasing parking spaces separate from the lease of the residential use. The bill would define “qualifying residential property” as any dwelling or unit that is intended for human habitation that (1) is issued a certificate of occupancy on or after January 1, 2025, (2) consists of 16 or more residential units, and (3) is located within the County of Alameda, Fresno, Los Angeles, Riverside, Sacramento, San Bernardino, San Joaquin, Santa Clara, Shasta, or Ventura. The bill would provide a tenant of a qualifying residential property with a right of first refusal to parking spaces built for their unit, as specified.

**Notes:** Oppose letter submitted.

### **AB 1505 (Rodriguez D) Seismic retrofitting: soft story multifamily housing.**

**Current Text:** Introduced: 2/17/2023

**Status:** 5/3/2023-In committee: Hearing postponed by committee.

**Summary:** Current law establishes the Seismic Retrofitting Program for Soft Story Multifamily Housing for the purposes of providing financial assistance to owners of soft story multifamily housing for seismic retrofitting to protect individuals living in multifamily housing that have been determined to be at risk of collapse in earthquakes, as specified. Current law also establishes the Seismic Retrofitting Program for Soft Story Multifamily Housing Fund, and its subsidiary account, the Seismic Retrofitting Account, within the State Treasury. Current law provides that the Legislature will appropriate \$250,000,000 from the General Fund in the 2023–24 Budget Act to the Seismic Retrofitting Program for Soft Story Multifamily Housing Fund for the purposes of carrying out the program. Current law requires the California Residential Mitigation Program to develop and administer the program, as specified. Current law makes these provisions inoperative on July 1, 2042, and repeals them as of January 1, 2043. This bill would, instead, appropriate \$250,000,000 from the General Fund to the CRMP for the purpose of implementing the Seismic Retrofitting Program for Soft Story Multifamily Housing.

**Notes:** Letter sent to author’s office.

### **ACA 1 (Aguilar-Curry D) Local government financing: affordable housing and public infrastructure: voter approval.**

**Current Text:** Introduced: 12/5/2022

**Status:** 12/6/2022-From printer. May be heard in committee January 5.

**Summary:** The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an

additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements. The measure would specify that these provisions apply to any city, county, city and county, or special district measure imposing an ad valorem tax to pay the interest and redemption charges on bonded indebtedness for these purposes that is submitted at the same election as this measure.

**Notes:** On CalTAX coalition letter

### **ACA 10 (Haney D) Fundamental human right to housing.**

**Current Text:** Introduced: 3/6/2023

**Status:** 4/20/2023-Referred to Com. on H. & C.D.

**Summary:** The California Constitution enumerates various personal rights, including the right to enjoy and defend life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness, and privacy. This measure would declare that the state recognizes the fundamental human right to adequate housing for everyone in California. The measure would make it the shared obligation of state and local jurisdictions to respect, protect, and fulfill this right, by all appropriate means, as specified.

### **SB 71 (Umberg D) Jurisdiction: small claims and limited civil case.**

**Current Text:** Amended: 4/20/2023

**Status:** 5/1/2023-May 1 hearing: Placed on APPR suspense file.

**Summary:** Current law provides that the small claims court has jurisdiction over actions seeking certain forms of relief, including money damages in specified amounts and claims brought by natural persons, not exceeding \$10,000, except as specified. Current law requires an action or special proceeding to be treated as a limited civil case if certain conditions exist, including, among others, that the amount in controversy does not exceed \$25,000. This bill would increase the small claims court jurisdiction over actions brought by a natural person, if the amount does not exceed \$15,000, except as specified, and would also increase the amount in controversy permitted in other specified actions within the jurisdiction of the small claims court. The bill would increase the limit on the amount in controversy for an action or special proceeding to be treated as a limited civil case to \$50,000.



### **SB 267 (Eggman D) Credit History of Persons Receiving Government Rent Subsidies**

**Current Text:** Introduced: 1/31/2023

**Status:** 4/10/2023-April 10 hearing: Placed on APPR suspense file.

**Summary:** The California Fair Employment and Housing Act (FEHA), prohibits, in instances in which there is a government rent subsidy, the use of a financial or income standard in assessing eligibility for the rental of housing that is not based on the portion of the rent to be paid by the tenant. FEHA requires the Civil Rights Department to enforce specific provisions of the act, including the provision described above. This bill would additionally prohibit the use of a person's credit history as part of the application process for a rental housing accommodation without offering the applicant the option of providing alternative evidence of financial responsibility and ability to pay in instances in which there is a government rent subsidy. The bill would require the housing provider to consider that alternative evidence in lieu of the person's credit history in determining whether to offer the rental accommodation to the applicant.

**Notes:** Dean Lead - Letter Submitted

### **SB 395 (Wahab D) Statewide Eviction Database**

**Current Text:** Amended: 4/10/2023

**Status:** 5/1/2023-May 1 hearing: Placed on APPR suspense file.

**Summary:** Current law specifies various terms and conditions that apply to all persons who hire dwelling units located within this state, including tenants, lessees, boarders, lodgers, and others. Current law regulates evictions and provides that a tenant who remains in possession of a property after the term of the tenant's lease expires, or who fails to pay rent, is guilty of unlawful detainer. This bill would, beginning January 1, 2025, require a landlord to file with the office of the Secretary of State a copy of any notice of termination or notice of rent increase within 10 days of serving the notice on the tenant, subject to specified requirements. The bill would make failure to file the notice an affirmative defense to a cause of action for unlawful detainer.

**Notes:** Oppose Letter Submitted

### **SB 460 (Wahab D) Hiring of real property: criminal history**

**Current Text:** Introduced: 2/13/2023

**Status:** 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was JUD. on 2/22/2023) (May be acted upon Jan 2024)

**Summary:** This bill would prohibit a housing provider from inquiring about an applicant's criminal history, requiring an applicant to disclose their criminal

history, unless they are complying with federal law, as specified. The bill would also prohibit a housing provider from basing any adverse action, in whole or in part, on information contained in an applicant's criminal history, if the housing provider received criminal history information about an applicant, unless they are complying with federal law.

**Notes:** Oppose Letter Submitted - Now a two-year bill

### **SB 466 (Wahab D) Costa-Hawkins Rental Housing Act: rental rates.**

**Current Text:** Amended: 4/12/2023

**Status:** 4/20/2023-Read second time. Ordered to third reading.

**Summary:** The Costa-Hawkins Rental Housing Act prescribes statewide limits on the application of local rent control with regard to certain properties. The act generally authorizes an owner of residential real property to establish the initial rental rate for a dwelling or unit, except in specified circumstances, including, (1) when the residential real property has a certificate of occupancy issued after February 1, 1995, (2) when the residential real property has already been exempt from the residential rent control ordinance of a public entity on or before February 1, 1995, pursuant to a local exemption for newly constructed units, and (3) when the residential real property is alienable and separate from title to any other dwelling units, except as specified. This bill would instead authorize an owner of residential real property to establish the initial rental rate for a dwelling or unit when the residential real property has been issued a certificate of occupancy issued within the 15 years preceding the date on which the owner seeks to establish a rental rate under these provisions.

**Notes:** Oppose letter submitted

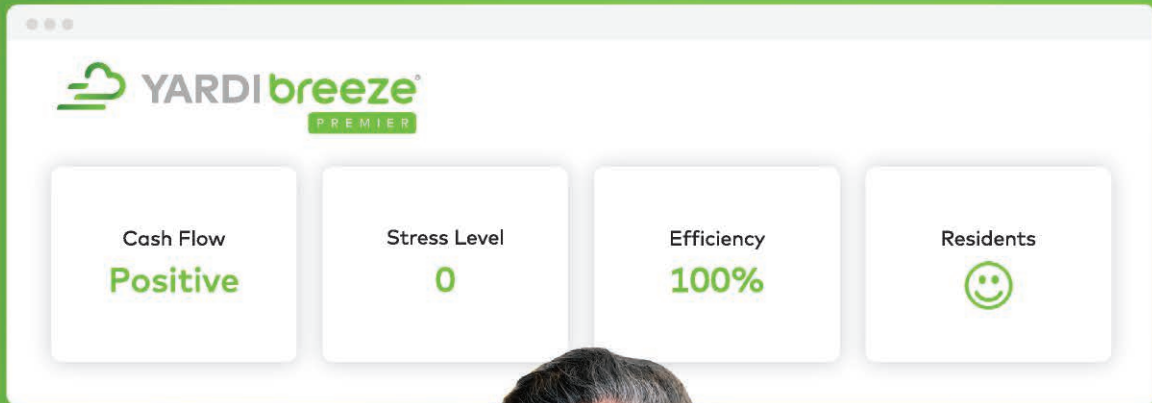
### **SB 567 (Durazo D) Termination of tenancy: no-fault just causes: gross rental rate increases.**

**Current Text:** Amended: 5/1/2023

**Status:** 5/1/2023-Read second time and amended. Re-referred to Com. on APPR.

**Summary:** Current law, after a tenant has continuously and lawfully occupied a residential real property for 12 months, prohibits the owner of the residential real property from terminating the tenancy without just cause and requires that just cause to be stated in the written notice to terminate tenancy. Current law distinguishes between at-fault just cause and no-fault just cause and defines nofault just cause to mean intent to occupy the residential real property by the owner or the owner's spouse, domestic partner, children, grandchildren, parents, or grandparents, withdrawal of the residential real property from the rental market, the owner complying with specified government orders that necessitate vacating the real

*Continued on page 19*



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property, and intent to demolish or to substantially remodel the residential real property. This bill would, among other things, delete the condition for the tenancy termination provision described above that a tenant has continuously and lawfully occupied a residential real property for 12 months. The bill would also limit the applicability of each of those at-fault just causes, including by, with respect to the no-fault just cause related to withdrawal of the residential real property from the rental market, requiring that all of the rental units at the rental property be withdrawn from the rental market for at least 10 years, as prescribed.

**Notes:** Letter Done and Submitted

**SB 569 (Glazer D) Taxation: Renter's Credit**

**Current Text:** Introduced: 2/15/2023

**Status:** 4/24/2023-April 24 hearing: Placed on APPR suspense file.

**Summary:** The Personal Income Tax Law authorizes various credits against the taxes imposed by that law, including a credit for qualified renters in the amount of \$120 for spouses filing joint returns, heads of household, and surviving spouses if adjusted gross income is \$50,000, as adjusted, or less, and in the amount of \$60 for other individuals if adjusted

gross income is \$25,000, as adjusted, or less. Current law requires the Franchise Tax Board to annually adjust for inflation these adjusted gross income amounts. For 2021, the adjusted gross income limit is \$87,066 and \$43,533, respectively. Current law requires any bill authorizing a new tax credit to contain, among other things, specific goals, purposes, and objectives that the tax credit will achieve, detailed performance indicators, and data collection requirements. Current law establishes the continuously appropriated Tax Relief and Refund Account in the General Fund and provides that payments required to be made to taxpayers or other persons from the Personal Income Tax Fund are to be paid from that account. This bill, for taxable years beginning on or after January 1, 2023, and before January 1, 2028, would require the Franchise Tax Board to annually recompute for inflation the above-mentioned credit amounts, as provided. The bill, for credits allowable for taxable years beginning on or after January 1, 2023, and before January 1, 2028, would provide that the credit amount in excess of the qualified renter's liability would be refundable and paid from the Tax Relief and Refund Account to the qualified renter upon appropriation by the Legislature.

**Notes:** Support Letter Submitted



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FOR SALE



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**Tarde Rd, Isla Vista**

*8 Residential + 3 Commercial Units*

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FOR SALE



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**Isla Vista**

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New Price: **\$3,895,000**

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IN ESCROW	Santa Barbara	8-Key Hospitality	\$5,880,000
IN ESCROW	Isla Vista	4 Apartment Units	\$4,500,000
SOLD 2023	Gaviota	Development Parcel	\$4,750,000 (Seller)
SOLD 2023	Isla Vista	Development Lot	\$2,500,000 (Seller)
SOLD 2022	Santa Barbara	Commercial Retail	\$2,150,000 (Buyer)
SOLD 2022	Santa Ynez	Commercial Vacant Lot	\$ 900,000 (Seller)
SOLD 2022	Santa Barbara	4 Apartment Units (beach)	\$8,835,000 (Seller)
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SOLD 2022	Santa Barbara	8 Apartment Units	\$5,950,000 (Seller/Buyer)
SOLD 2022	Santa Barbara	5 Apartment Units	\$3,950,000 (Seller/Buyer)
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SOLD 2021	Isla Vista	Development Lot	\$ 750,000 (Seller/Buyer)
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# Charles V. Eckert III Award for Exceptional Community Service

In 2022 SBRPA created an award to honor Charles Eckert III, a long time SBRPA member and Director, and a man who provided exceptional service to his community.

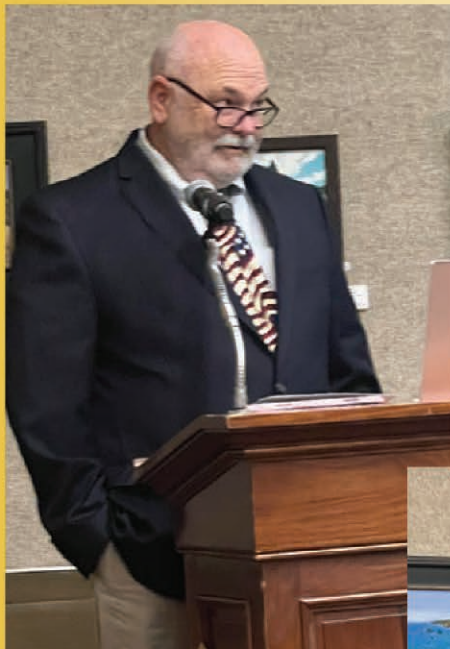
The award will be given annually to a member who exemplifies Chuck's dedication to supporting local groups and his mission to give back to our community.



*Charles V. Eckert III*



The Charles V. Eckert III Award for Exceptional Service's first recipient is our very own President, Betty Jeppesen.



Chuck's son, Chip Eckert, making the award presentation during an SBRPA meeting at the Faulkner Gallery of the SantaBarbara Public Library.



Left to right: Sadie Velasquez, Office Administrator, Chip Eckert, and SBRPA President Betty Jeppesen with her flowers and the award plaque.

# Business Partner Directory

Welcome to **SBRPA's Business Partner Directory**, our Vendors & Supplier listing. This is a special member group created for our Vendors and Suppliers. You get a free listing in the Business Partner Directory on our website, and your page will include a description of your business, your logo and contact information, as well as a link to your own website, LinkedIn/Facebook URLs and Twitter/Instagram handles. To join, please fill out an online application (<https://www.sbrpa.org/membership-information>) or call the office to have one emailed to you. For more information about our Business Partners, contact: Lori Zahn Chair, SBRPA Business Partnerships, Cell 805.451.2712



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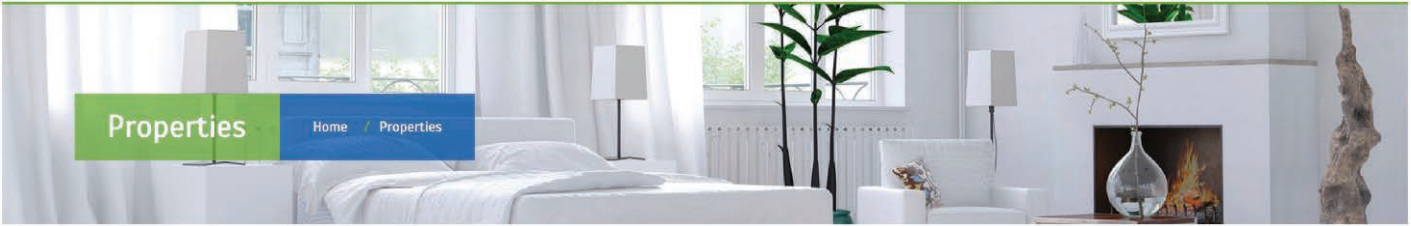
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The challenge on this transaction was navigating a quickly escalating interest rate environment combined with a property with a 40% vacancy factor in need of a major capital improvement budget. Ultimately marketing efforts procured 75 signed NDA's, 30 property tours and 7 offers. The Sellers, longtime owners, were pleased with the winning bid which separated itself with an all cash "as-is" clean terms offer sheet.



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## Rental Owner Updates

### GIVE PROPERTY TO YOUR KIDS

It's a sad reality that wealth created during a landlord's lifetime often does not pass down to the next generation. On our Q&A Forum, one landlord recently shared how he or she is planning to give properties to adult kids in a few years. The landlord wanted to hear from others on the best way to do that.

Over a dozen landlords shared from their experiences on how they will have wealth transferred or inherited by their kids. A couple of landlords even had words of caution. Passing property or wealth to your kids is something that is on the mind of many of our Update readers.

*I'm not a CPA, but adding kids to the deed, I believe, causes a tax consequence. Our kids will inherit our properties and get a stepped up basis so they could sell them with no gain. Time for paid legal estate planning.*  
-Jim in OC

*Remember adding anyone else on the title exposes the property to any lawsuits, divorce settlements and judgments as well as a tax problem. Pay for a good estate attorney for advice.*  
-Kevin in FL

*Instead of the irrevocable trust, I would recommend placing the property into a revocable land trust. Then you can assign the beneficial interest to whom ever you would like.*

*The only irrevocable trust I have created has been my living trust. This outlines what happens when you die. I don't ever plan on becoming undead after I die. The draw back in Pa with using them to transfer real estate, is the state inheritance tax. Maryland might have a different tax structure but in Pa it is 0 % for spouse, 7% for kids (and/or parents), and 15% for everyone else. That living trust does allow you manage your affairs from beyond the grave so they are a good idea though.*

*Now by placing the property into a land trust instead, the transfer of beneficial interest isn't a recordable event - so no tax. The trust still owns the place - it is just who benefits changes. So if the child get hooked on dope after the transfer of the beneficial interest, you can always transfer it to anyone else.*  
-Ray-N-Pa

For more on this subject, go to,  
<https://www.mrlandlord.com/landlordforum/>



At our Landlord Retreat in Jamaica a couple of months ago, one of our instructors was attorney Mary Hart. She did such an excellent job of instruction on various aspects of estate planning and transferring wealth, that I have asked her to be a featured instructor at the upcoming Landlord Convention in Columbus, OH. She will also be doing a special question-and-answer session on estate planning as well.

If you are considering giving or planning to pass on your properties to your kids at some point, to create future success, I would highly encourage you to attend Mary's sessions at this year's Convention in June. The truth is whatever wealth you have accumulated will be passed on (however, if not done correctly, it may not be as much as you hope and not all to who you hoped). Learn from Mary, various effective ways it can be done. She clearly and freely shares numerous specific methods of transferring or passing wealth to others, including your kids, life partners, or others. At our recent landlord retreat, she received the highest rating on any speaker we have ever had on the topic of estate planning. For more Convention info go to <https://landlord-convention.wordpress.com>.

### KNOW YOUR NEIGHBORS

A landlord shared the following simple, yet invaluable tip when owning rental properties:

*If possible, know your neighbors. One of the neighbors next to a problem property saw an additional family moving in and let me know. If you're visiting, you don't bring your furniture. The last time a neighbor tipped me off was when a resident was moving at midnight on the 31st. Also, my gardener is a great "mole" for me.*

A few other landlords agreed with this advice and shared how they also reach out to neighbors next to rental properties they own. See discussion at: <https://www.mrlandlord.com/landlordforum/display.php?id=14686656#14686656>

## ONE WAY TO MAXIMIZE YOUR TAX BENEFITS

Real estate investors most often want to lower their tax bill as much as possible. For example, you will want to learn tax strategies, like how to make expenses that would normally be considered improvements into items the IRS will consider repairs. Thus, you'll get an immediate write off for the total expense rather than having to depreciate the expense.

Actually, many improvements can be written off completely at the time the expense is incurred. Use the bonus depreciation rules or the de minimis rules to get an immediate write off. The de minimis rules say that any expense under \$2,500 can be fully written off even though it would otherwise be considered an improvement and have to be depreciated. The de minimis rule "converts" the expense to a repair even though it would otherwise be considered an improvement. That means you get the write off today and the expense doesn't affect your basis.

Every year that you claim a de minimis write off for an improvement under \$2,500, you have to file a De Minimis Safe Harbor Election under Section 1.263(a)-1(f) form with the IRS. The form is a piece of paper attached to your tax return. That piece of paper has to be there, or the IRS may disallow the de minimis expenses you have written off. The problem is the form is not automatically generated by your accountant's software. Most of the tax returns we review do not have the election. You have to be aware of the de minimis opportunity and make sure the election gets filed.

By the way, the \$2,500 expense is a "per item" expense. Each expense you claim has to show as a separate item on its receipt. If the contractor bills you \$30,000 for the



deck, you are stuck depreciating it, and it will affect your basis. If, however, he bills you \$2,000 for the railing, \$1,800 for the subfloor, \$300 for the stair stringer, \$500 for the bull nose stair treads, etc., then those all become de minimis expenses and can be written off as if they were repairs.

If you can get immediate write offs for your real estate and business expenses, you can cut your tax bills. Simply put, you can create future success and wealth for yourself. Your real estate investments and your little business are your two most important tax shelters. Unfortunately, your accountant/tax guy isn't going to coach you through the year on how to cut your taxes. If you give your tax guy the \$30,000 bill for the deck, he will not even bother to question whether or not some of it could be written off using the de minimis rules. You just lost money.

At the upcoming Landlord Convention in Columbus Ohio, Lee Phillips, one of the featured Convention instructors, is going to spend a full session going over how to get the maximum tax benefit out of your real estate investments and your landlording business. I guarantee you are giving the IRS thousands of dollars more than you need to. You can create future success for yourself by knowing how to maximize your tax benefits.

The advertisement features a green background with a blurred image of a city skyline. In the foreground, there is a yellow sign on a green post that reads "Future Success This Way". To the right of the sign, the text reads: "22nd Annual MrLandlord.com National Convention" in bold black font, followed by "June 1, 2, &amp; 3, 2023" in a smaller black font. At the bottom of the advertisement, the phrase "CREATE Your Future Success!" is written in a large, bold, black font with a white outline.

There is still time to join us for another awesome time of learning, networking and exchanging of ideas with successful landlords nationwide to increase your rental income!

Here's your chance to experience the most unique and powerful landlording get-together and brainstorming event in the country, June 1-3, 2023. This event is put together and designed specifically for mom and pop rental property owners. Learn how to maximize your rental income, which will allow you to have a greater impact on your future success, your family's security and other aspects of your world.

Let us teach you to:

- CREATE your own pools of qualified applicants.
- CREATE really good residents out of average or marginal residents.
- CREATE greater cash flow by effectively implementing certain proven cash flow strategies.
- CREATE your future success in several landlording and other real estate investing areas.

I invite you to join me, top real estate instructors and landlords from across the country for 3 full days of non-stop learning, brainstorming and networking at our upcoming 22nd Annual Mr. Landlord Convention, Columbus, Ohio! Call 1-800-950-2250 to register.

For details, go to <https://landlordconvention.word-press.com>

## Industry Operations & Compliance



National Apartment Association

### Industry Operations & Compliance

NAA provides legal and compliance resources on important issues that affect rental housing owners and operators. Products include: Click & Lease, Click & Comply, and Income/Expense IQ.



#### Accelerate Your Leasing.

Enhance leasing compliance and delivery with NAA Click & Lease, the industry's trusted platform. Click & Lease is in use in 6 million units, by 3,000 management companies in 25,000 properties.

Features include:

- **Compliant Forms.** Lease forms are automatically updated through an annual review and an ongoing form compliance oversight at the local, state and national level when laws and regulations change.
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- **Online & Paperless.** Fully automated application and leasing process, including fully embedded eSignatures.
- **Simple Application.** Simple, online rental application helps keep information in one place and optimizes the application process for prospective residents.
- **Customizable Database.** Users can setup a lease database that stores information for each community in your portfolio.
- **Litigation Defender Insurance.** Triggered whenever a plaintiff challenges a provision of the NAA Click & Lease Form. (Contact NAA for Terms and Conditions).

The program has additional resources: invoicing, legal webinars, users/accounts and policies.

There is also a subprogram, Student Housing Lease, using the same technology and industry standard template as Click & Lease.

**Student Housing Lease**, along with the addenda, covers the entire rental process, including expert attorneys reviews to ensure compliance with state law and local regulation.

- **Legally Compliant.** Lease forms are automatically updated through an annual review process, as well as reviewed for compliance with landlord-tenant laws and regulations at the local, state and national levels.
- **Lease by the bed.** Bed-by-bed individualized leases instead of units.
- **Litigation Defender Insurance.** Triggered whenever a resident challenges a provision of the NAA Click & Lease Form. (Contact NAA for Terms and Conditions.)

For more information on the Click & Lease program, go to <https://lease.naahq.org>.



NAA Click & Comply is the industry's only maintenance and operations management software, allowing property management companies to consolidate processes and systems into one place for ease of use and transparency. Automate, save time, and trust that your properties are remaining compliant.

Click & Comply offers: Mitigated risk and preventative maintenance for your properties, more efficient onsite teams, improved performance, streamlined communications, dashboards to see property performance across your entire portfolio, asset preservation, and implementation within 60 days.

Click & Comply benefits both property teams as well as owners and management companies.

Benefits include:

### Streamline Processes

#### Standard Operating Procedures.

–Access a single source of daily guidance for onsite teams while offering real-time visibility into what's happening or not at your properties.

–Smart Task Automation allows you to create templates that automatically generate tasks, delegate to specific team members and include recurrences like daily, monthly, annually.

–Assign tasks as critical for easy prioritization and capture important, time-stamped data of tasks completed.

#### On-Demand Instructions.

–Receive notifications when policies, protocols and other important information is updated.

–Access and execute emergency protocol on-the-go

#### Custom Reporting and Dashboards.

Create and save custom reports around any data, and export to Excel and PDF.

### Remain Compliant

#### Compliance

The platform sources and catalogs all applicable federal, state, city and county municipal codes, reviews them for compliance regulations and monitors any changes that may arise. Templates are then created and push these code requirements to your properties based on their location.

#### Inspections

–Utilize ready-made form templates or have your account representative customize forms to your needs for each specific property.

–Create unlimited versions so you are able to capture the most important data for your specific community. Make changes easily when there's new information to record.

–From mold remediation or incident reports, to pool pH levels and unit turns, your inspection data is stored securely and is quickly accessible with our helpful reporting tools.

### Reduce Risks

#### Risk Management

–Prove that company protocols and procedures are enforced and followed.

–Access best practices in risk management, customized by each community, providing real-time visibility into how properties are complying.

#### Risk Management (continued)

–Qualify for lower insurance premiums and deductibles based on properties performance.

–View real-time updates on which of your properties are putting you at risk.

#### Preventative Maintenance

–Deliver tasks to onsite team at the right time using a comprehensive list of required maintenance schedules based on the equipment, amenities and geographical location of individual sites.

–Preserve the value of your assets by receiving alerts if protocols are not followed.

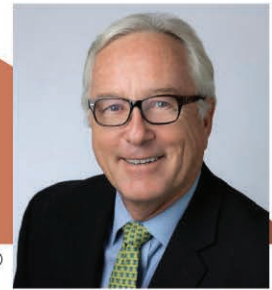
By combining your policies and procedures with NAA Click & Comply's database of industry best practices, we create one centralized source of communication and guidance for your teams. Go to <https://www.naahq.org/click-comply> for more information.



The Income/Expense IQ (I/E IQ) partnership has expanded in 2023 to include the Institute of Real Estate Management (IREM), the Building Owners and Managers Association (BOMA) and the National Apartment Association (NAA). I/E IQ is back with more beneficial benchmarks than ever. Submit your 2022 income/expense data today to get complimentary access to our digitally upgraded apartment property datasets, full of actionable insights.

For more information go to <https://www.naahq.org/income-expense-iq>





David M. Grokenberger, Esq. • Rogers, Sheffield & Campbell, LLP

## LEASE TERMINATION AND RENT CONSIDERATIONS AFTER NATURAL DISASTERS

With the increasing frequency of natural disasters such as fires, floods, and mudflows in our state and local community, it is as important as ever to be aware of the rights and responsibilities of landlord and tenant should the rental premises be impacted by the events. Most leases establish the procedures to be followed, and the parties' respective obligations, and thus it is critical to review your leases to understand which terms control and identify potential gaps in terms, if they exist. Statutes and case law provide context that is often repeated in the terms of a lease. We review these issues, below.



**Lease Termination for Destruction of Premises:** Apart from the terms agreed upon in the lease, the California Civil Code provides for the ability to terminate where the rental is totally or partially destroyed (Civ. Code, §§ 1932(2); 1933(4)). In the absence of a covenant by the landlord to repair or rebuild, the lease terminates, and the tenant is relieved of the obligation to pay rent when the entire leased premises are destroyed. When there is a partial destruction of the premises without the tenant's fault, the tenant may terminate the lease on notice to the landlord if the part destroyed is a substantial portion of the premises, or if it is material to the tenant's use (Civ. Code, § 1932(2)). If the tenant exercises the option to terminate, the covenant to pay rent also terminates (Civ. Code, § 1932). However, advance payments of rent cannot be recovered unless the lease provided for an apportionment of rent (Pedro v. Potter (1926) 197 C 751).

Whether the premises are destroyed to a degree that triggers automatic termination of the leasehold is a question of fact for the trier of fact (see Aguirre v. Lee (1993) 20 Cal.App.4th 1646,

1655 (landlord's election to repair residential rental building damaged in Loma Prieta earthquake "alone provides sufficient evidence from which the jury could lawfully conclude that the earthquake did not destroy the building" (hence no termination of tenancy by destruction)). This can be a point of contention between landlord and tenant, as often times a tenant with a year or more remaining on a high-value lease may see damage to the premises as an "out" and claim the damage entitles them to terminate. Factors affecting the determination would include the percentage of the property rendered unusable, the extent of damage and length of time that a portion or all of the premises are unusable, as well whether the damage affected portions of the rental that are more critical to habitation, such as the bedroom or kitchen as opposed to the attic or laundry room. When presented with a situation where a tenant claims the premises are destroyed to the extent the lease should terminate, the situation should be assessed with respect to the aforementioned factors.

The parties are free to provide in their lease for specific rights and obligations in the event of destruction of the rental property. For example, if the lease requires the landlord to rebuild or repair, the tenant is liable for rent so long as he or she remains in occupancy (Knoblauch v. McKinney (1935) 5 Cal. App.2d 339, 340-341). Likewise, the tenant may, under a provision in the lease, have an option to stand behind the lease and require the landlord to repair or rebuild. In such case, the landlord cannot compel a continuation of the tenancy if the tenant elects to terminate (Alpern v. Mayfair Markets (1953) 118 Cal.App.2d 541, 547).



A lease provision giving the landlord the right to cancel the lease in the event of destruction of the premises overrides the tenant's exercise of a

right to continue the tenancy. Similarly, the tenant cannot cut off the landlord's agreed-upon right to cancel by attempting to exercise an option to renew or extend the tenancy term (C.M. Staub Shoe Co. v. Byrne (1915) 169 C 122, 126-130 (lease provided for termination if fire damaged premises and repair would take more than 60 days); 11382 Beach Partnership v. Libaw (1999) 70 Cal.App.4th 212, 216-218 (lease giving either party right to terminate if fire destroyed premises within 2 years before expiration of tenancy term preempted tenant's exercise of option to renew)).

Ordinarily, lease provisions are to be strictly construed to avoid forfeiture (Civ. Code, § 1442). This means that a judge would try to interpret and apply a lease provision narrowly, to avoid termination of a lease. However, the landlord's exercise of a right of cancellation in the event of destruction of the premises does not constitute a forfeiture (C.M. Staub Shoe Co. v. Byrne (1915) 169 C. 122, 129). As a result, the termination provision would be read broadly and applied more liberally. Thus, it would be easier to terminate a lease under a damage to premises clause than other terms.

**Uninhabitability under Civil Code section 1941:**

If the lease is not terminated after premises are destroyed, the landlord must, in a residential rental context, act to restore them to a habitable condition, even if they had no part in causing the damage. Civil Code section 1941 requires that the lessor of a building intended for human occupation must deliver it in a condition fit for human habitation and repair all subsequent dilapidations that render it unfit for human occupation, except to the extent the lessee caused the dilapidation. A breach of this "warrant of habitability" would subject the landlord to liability for, among other items, rent paid for the period the premises were not habitable.

While the warrant of habitability is a commonly used doctrine to avoid payment of rent while rental premises are not habitable due to some physical issue, its application to evacuation situations is less clear. A tenant may claim that under the principles underlying the warranty of habitability, they should not be required to pay rent for the time period they were unable to live at the premises due to evacuation, regardless of any actual damage. They would argue that if a governmental authority requires that a property be evacuated, that not only has the practical effect of preventing them from using the premises, but it also provides evidence that the premises are not fit for human occupation. On the other hand, landlords would argue that the purpose of the warrant of habitability is to obligate landlords to repair issues with premises that become unfit for habitation, not subject them to risk

for decisions made by governmental entities. While the California courts have not specifically addressed this question, the general policy of the state favors tenants. Considering a landlord would have to repair rental premises if they were partially damaged by an act of God that rendered them uninhabitable (i.e. - a broken window due to weather, damaged heating or utility connections due to lightening) and not charge the tenant rent for the period the premises lacked weatherproofing or heat, a court would likely side with a tenant that objected to paying rent while evacuated. It is important to consider the foregoing when deciding whether to charge a tenant rent for a period they evacuated, despite a lack of damage to the premises.

As always, it is important to seek independent legal counsel as to your specific objectives and circumstances to make sure your lease meets your needs. 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](mailto:David@rogerssheffield.com); or Scott Soulages at [Ssoulages@rogerssheffield.com](mailto:Ssoulages@rogerssheffield.com).

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# Santa Barbara Happenings



Terry A. Bartlett – Reetz, Fox & Bartlett LLP

## City of Santa Barbara Budget Faces Rising Deficits

The total budget for the City of Santa Barbara in 2024-2025 amounts to \$667 million, \$220 million of which will be allotted to the 2024 General Fund. This means a \$1.1 million deficit for the general fund in 2024, as well as a projected \$4.8 million shortfall in 2025. The main culprit is pension liability. Unfunded pension liability cost the City \$344 million in 2021 and is expected to cost even more in 2024-2025. Two-thirds of the city's General Fund is used to pay city employee salaries and benefits. Each department has been asked to cut spending 2% in 2024 and 3% in 2025 in order to help mitigate the projected deficits.

## Homelessness and the Role of Government

Over the last decade, homelessness has been increasing in certain areas of the U.S. even as it has decreased nationwide. In California, for instance, homelessness has increased by more than 40 percent, while homelessness in Texas has decreased nearly 30 percent. These differences in the homeless populations of various states and even cities may be at least partially explained by differences in policy.



*image mlf.org*

On the outskirts of Austin, at the religious non-profit Loaves and Fishes, have constructed a village of tiny houses called, Community First! Village. These houses, some of which are 3D printed while others are preconstructed, vary in size and amenities and have different rents, but all are constructed with front porches facing each other in an effort to build community connectedness. According to CEO Alan Graham, loss of family and social support networks is often the cause of homelessness, thus Community First! Seeks to remedy this.

Organizations like Community First! Village

demonstrate that voluntarism can be extremely effective. The success of the 'housing first' approach points out that regulations and laws can impede solving problems.

## Risks Posed by Artificial Intelligence

Experts in the field of computer science are worried by recent advances in artificial intelligence. Over 1,000 leaders in the field signed an open letter calling for a 6-month moratorium on the development of A.I. Geoffrey Hinton, whose machine learning research dating back to 1970's helped make these advances possible, resigned from Google over his concerns. Hinton was a pioneer in the field of machine learning where he designed mathematical systems or 'artificial neural networks'. These algorithms allow machines to 'learn' from analyzing large amounts of data.

According to Hinton, the competition between Google and Microsoft to develop A.I. could lead to dangerous advances that are both poorly understood and capable of being misused. He worries that A.I. could flood the internet with false information that would be very difficult for the average person to recognize as false. The most dangerous situations could arise if A.I. were used by nefarious people in order to destroy or defraud. In order to prevent such catastrophes, Hinton says that global regulation needs to slow down the creation of products based on generative A.I. until we are better able to understand it and its effects.

## Biden Administration Proposes To Increase Cost of Electric Power Nationwide

The Biden administration recently proposed more stringent regulations on fuel emissions for electric power generation. These rules include the mandatory addition of carbon capture technology in newly built power plants, as well scheduled retirement of coal plants, among other measures. These changes will be expensive. Studies show that carbon capture technology uses energy and water and would thus add to pollution, and that the added cost will be passed to consumers through their utility bills. Get ready!

## State Street Vehicle Closure Effects Retail Sales

According to local business developer, David

*Continued on page 37*

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Weinert, and local business owner, Kevin Boss, building a permanent pedestrian mall on State Street would destroy already struggling, local retail businesses. Many businesses are already leaving downtown, largely due to the closure of 10 blocks of lower State in order to create the current pedestrian, bicycle, electric motor bicycle, and parklet promenade. Those who have left include Restoration Hardware, Rooms and Gardens, and K. Frank. Business owners cite an inability to receive deliveries, lower sales, larger numbers of homeless and an overall "degraded appearance" as their reasons for leaving or for considering leaving. Santa Monica's Third Street promenade, which is the example being followed by MIG consultants and the State Street Advisory Committee in their attempts to create a permanent pedestrian mall even though it has many homeless people and high vacancy rates.



Image Santabarbara.com

**Authorized Cannabis Growers Leaving S.B. County**

Many growers who cultivate cannabis in the County are leaving. Approximately 285 acres of approved cannabis cultivating operations have left since last year, the largest of which, SFS Farms OPCo 1, left in 4874 Hapgood Road, West of Buellton, in April. Because of the exodus, remaining cannabis farms have been offered expansions but it is less profitable to grow cannabis in California now as the price has fallen to \$660 per pound from \$1,400 per pound in 2020. It's supply and demand combined with the heavy hand of government. More cannabis is being grown than residents can consume and many sales are still taking place on the black market.

**Wade Horton Appointed County Assistant Executive Officer**

Wade Horton will replace Jeff Frapwell as Assistant Executive Officer for the County of Santa Barbara. He began carrying out duties in May. As assistant executive officer, Horton's duties include an interdepartmental leadership role in Planning and Development, Community Services, Public Works, General Services and Agriculture. According to County CEO, Mona Miyasato, Horton has demonstrated leadership capabilities in his previous roles for the County of San Luis Obispo (as an administrative officer and Public Works Director).

Horton, who is registered as a civil engineer with an environmental engineering degree from Cal Poly, worked in Santa Barbara's private sector as an engineer prior to his public service career.

**Finally a Class Students Want to Take [We Need it Here]**

At Stuyvesant High School, a STEM high school in New York City, math teacher David Peng teaches a personal finance class that was originally requested by students. STEM schools focus on science, technology, engineering and mathematics so the students are typically doing high level math. Still, Peng's class quickly became one of the most popular, with students auditing (attending without receiving a grade) when the class was full. In the class, Peng taught students about mortgages, student loans and taxes, among other things. The popularity of the class indicates that students want to learn more practical skills and more schools should offer these kinds of classes.

According to the results of the most recent National Assessment of Educational Progress testing for 8th graders, understanding of civics and U.S. history among young people is declining, alongside literacy and math skills. Although to some extent these lower skills can be considered due to the changes implemented during the beginning of the COVID-19 pandemic, that alone wouldn't account for such low scores. The average 8th grader scored 258 in U.S. history which is 36 points below what is considered proficient and indicates an inability to discuss or describe the workings of the U.S. government.

*Terry Bartlett is a real estate, housing, and landlord-tenant attorney at Reetz, Fox & Bartlett LLP in Santa Barbara. Any opinions expressed are her own and do not necessarily represent the views of SBRPA.*



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www.yardi.com  
(805) 699-2040

## WATER TECHNOLOGY

### **Sol Wave Water Steve Nipper**

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