



# Monthly Newsletter

December 2022

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## New housing laws for 2023: the good, the bad, and the ugly

2022 was another year of intense scrutiny on housing law by California legislators. This scrutiny resulted in some new laws and other unsuccessful legislative proposals that will likely come for vote again in 2023. Here's a summary of the good, the bad, and the ugly:

*AB2791:* Writs of possession will no longer require a wet signature. This law will streamline and expedite eviction processing by requiring that Sheriffs must accept electronic signatures from judges and landlords. This law will not fully take effect until 2026.

*SB1477:* The amount of income a debtor can earn and still be protected from wage garnishment from creditors who are owed money for unpaid rent is raised, making it harder for landlords to collect on unpaid rent from tenants even after obtaining a court judgment entitling them to the money.

*SB971:* Residents of certain newly built affordable housing in California will be allowed by law to own a common household pet.

*AB2559:* With a landlord's consent, prospective tenants may submit reusable credit reports when applying for rental housing. This law was directed more at credit reporting agencies rather than specifically at landlords.

*SB1017:* Tenants who claim to be victims of domestic abuse can use that status as a defense to eviction. Prior law allowed (and still allows) victims to move out of rental housing without financial consequence if they claim to suffer from domestic abuse.

Various other proposals for changes in rental housing law included: a statewide rental registry, additional rent control measures, additional taxes on rental property, limits on the ability to sell rental property, prohibitions on using credit history to screen tenants, and other measures. These proposals failed to advance but will in all likelihood resurface in some manner in 2023.

### Financial statements for December will include the full month, for tax reporting purposes.

At California West, we usually send out financial statements to our clients near the end of the month, around the same time as we send regular monthly distributions.

The reason for preparing and sending financial statements before the end of the month is partly logistical and partly to time it with distributions. We find that timing it with distributions makes sense so that our clients can see exactly why they are receiving whatever amount we are able to send each month. In addition to that, though, our accounting workflow is very intense at the beginning of the month as we receive lots of rent checks at that time. Therefore, we are less able to focus on preparing and auditing financial statements when we are busy posting rent payments to our system and depositing those payments at the bank.

All that said, the month of December is unique in that we like to provide a full calendar year of financial reporting on a single document to our clients to aid in tax preparation. Therefore, although we sent distributions in late December we are not sending financial statements until early January, after we've had a chance to post all our rent receipts for the month.

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### Occupancy Rates and rental demand.

The rental market is softening but not significantly. Rents are still significantly higher than they were twelve months ago, so we are still recommending rent raises when leases expire and when tenants move. However, the magnitude of those raises is less than a few months ago and the upward trend has stopped.

Occupancy rates for local cities where we manage more than 20 units:

City	December 2022	December 2021
Arroyo Grande	95.2%	96.9%
Atascadero	98.6%	97.1%
Grover Beach	94.9%	94.6%
Los Osos	100.0%	95.8%
Lompoc	97.4%	N/A
Nipomo	93.5%	96.6%
Oceano	98.5%	96.9%
Pismo Beach	86.5%	91.1%
San Luis Obispo	96.8%	96.7%
Santa Maria	96.9%	98.4%
Shell Beach	91.7%	100.0%

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