



# Monthly Newsletter

June 2022

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## Maximum rent increases are now ten percent per year for non-exempt properties in California.

As we have discussed in prior years, the maximum amount that landlords may raise rents on tenants of non-exempt residential units is five percent plus the relevant consumer price index (CPI), but never to exceed ten percent in a twelve month period. Relevant CPI now exceeds five percent, which means that the maximum increase is ten percent.

Previously, the limit was nine percent (five percent plus relevant CPI of four percent). Since the new CPI number pushes us over the ten percent maximum increase amount, that maximum limit is presently what matters.

The relevant CPI is determined by looking at the April to April change in the consumer price index for all urban consumers in California, as published by the Department of Industrial Relations. For counties that have their own urban consumer index, they must use those figures. San Luis Obispo and Santa Barbara counties have no such index, which is why we use the index for all urban consumers in California.

The April 2022 CPI for all urban consumers was 316.847 and that gets compared with the April 2021 figure of 294.274. The difference is 7.67 percent:  $(316.847 - 294.274) / 294.274 = 7.67$  percent, which when added to five percent exceeds ten percent. (See <https://www.dir.ca.gov/oprl/CPI/PresentCCPI.PDF>.)

This new limit of ten percent will be effective for rent raises that take effect from August 1, 2022 through July 31, 2023.

An important caveat to all this is that it only applies to non-exempt residential properties. Generally speaking, exempt properties include any “separately alienable dwelling unit” that is owned by an individual, a trust, or a limited liability company with no corporate member. Properties owned by corporations, whether directly or indirectly through a limited liability company, are not exempt from rent control.

A “separately alienable dwelling unit” basically means any single family home or condominium.

Finally, for a property to be exempt the landlord must have included a very specific notice of exemption in the rental agreement or lease.

## Homeless people are a continuing and growing problem for property managers.

Homelessness is a complicated and unfortunate problem. The lack of affordable housing and mental health problems in our area (and nationally) is causing homelessness to become a bigger and bigger problem for everyone.

*At one of the apartment buildings that we manage, the nearby homeless population has decided that the swimming pool is a good place for a bath.*

Property managers and landlords cannot solve the homelessness problem but must deal with its consequences.

At one of the apartment buildings that we manage, the nearby homeless population has decided that the swimming pool is a good place for a bath. This is of course unacceptable to us and we are dealing with the problem by better securing the pool area and we hope that solves the problem. If it does not, then we may be forced to shut down the pool entirely.

Another solution for dealing with the homeless is floodlights and cameras. Floodlights add safety and discourage sleeping. Cameras help deter vandalism and assist in tracking down who is responsible when vandalism does occur. Ring floodlight cams have become a standard tool at many of the larger apartment buildings that we manage.

The homeless problem is not going away anytime soon and we will continue to work on solutions for making sure the properties we manage are protected and our residents are as safe as possible.

## Most statewide Covid-19 eviction barriers will expire on June 30.

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According to the California Apartment Association, barring surprise action in the state Legislature, most of the final remnants of California's COVID-19 eviction moratorium will expire at the end of this month, although some local governments are eager to fill the void.

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At California West, we have not heard of any local governments in our area that are seeking to fill that void.

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The laws that are lapsing are portions of the COVID-19 Tenant Relief Act (CTRA) and the COVID-19 Rental Housing Recovery Act that were extended under AB 2179. This includes a moratorium on nonpayment-based evictions for tenants with pending applications for COVID-19 rental assistance. In March, the Legislature passed a three-month extension of this protection but at California West we were mostly avoiding this issue by only pursuing eviction against tenants for non-payment of rent that arose after March 31, 2022.

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