



Monthly Newsletter

November 2019

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Summary of 2019 housing legislation.

It seems as if 2019 was the year of housing legislation in California. Here is a brief summary of some of those new measures.

AB 1482 - Subject to various exceptions, this law limits annual rent increases to 5% plus CPI and prohibits landlords from ending a tenancy except with just cause.

SB 329 - Landlords may not discriminate based on whether an applicant's income is from a government assistance program like Section 8 vouchers.

SB 644 - Subject to various exceptions, landlords may collect a security deposit of no more than 1 times the monthly rent for an unfurnished unit or 2 times the monthly rent for a furnished from anyone who is on active duty in the military. The ordinary rule is 2 times the monthly rent for unfurnished and 3 times for a furnished unit.

AB 1485 and SB 330 - Prohibits cities from imposing new regulations that might limit the construction of new housing and provides financial incentives for building new homes.

AB 68, AB 671, AB 881, and SB 13 - Makes it easier to build granny flats by prohibiting cities from imposing regulations that limit the approval of such units.

AB 1255, AB 1486, and SB 6 - Sets up ways to encourage the use of surplus state owned land to be used for the development of new housing.

AB 130, AB 960, and SB 751 - Addresses the homelessness problem by increasing options for homeless assistance, requiring local governments to address the problem, and setup a homeless assistance program in the San Gabriel Valley.

AB 587 and AB 1763 - Allows affordable housing organizations to sell deed restricted housing to eligible low income people and gives more incentives for building affordable housing.

AB 1483 - Requires cities to disclose more information about zoning regulations, fees, exactions, and affordability requirements.

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The holiday season is traditionally a slow season for rentals because people do not enjoy moving when there are so many other things going on at this time of year.

Nevertheless, there are still people who do move for whatever reason but pricing by property owners usually has to be less aggressive at this time of year because of the lower demand for rentals.

In light of this, we usually try to time our leases so they expire in the summer if possible. This is good because families tend to move around while school is out. In the San Luis Obispo student market it is also important to plan leases around the academic year. A few students move around at the beginning of the quarter, but not many.

This year for student rentals we are sending renewal letters before the students leave for Winter Break with a response deadline of January 15 and will begin pre-leasing everything on February 1.

Therefore, it is important to time leases properly. For units that are coming available right now, we may recommend a 6 month lease over a traditional 12 month lease and then renew on a 12 month lease in the summer.

Our San Luis Obispo office will be pre-leasing differently this year for student rentals.

Due to the relatively tough rental season that we experienced this past year in San Luis Obispo, we will be adjusting our pre-lease strategy for the coming year.

In past years, we have sent out renewal letters in February for large apartment buildings and March for everything else. Pre-leasing would then begin on March 1 for the large buildings and April 1 for everything else. This year, we are sending renewal letters before the students leave for Winter Break with a response deadline of January 15 and will begin pre-leasing everything on February 1.

That said, we will be sending a second round of renewal letters later in the season for people who either just moved into their home or who are not really part of the student market. We will still want a summer to summer lease but will give ourselves less time to pre-lease for those non-student properties.

Honestly, the students who are looking for housing in February are generally better renters than the ones who procrastinate until the last minute to get housing. Therefore, in addition to giving ourselves extra time to pre-lease we are hoping with this new strategy to get some of the better applicants in the process.

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