



Monthly Newsletter

September 2021

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- **Start looking for property tax bills and forward to us if you want us to pay them from your property account.**

California's eviction moratorium expires on September 30 and the legislature has adjourned without extending the moratorium, so it is likely to actually expire this time.

Starting on October 1, landlords in California will, in all likelihood, again be able to evict for nonpayment of rent. This is a really important development and not just as a collection tool. The unfortunate fact is that tenants who fail to pay rent are almost always irresponsible in other ways as well and landlords must be able to terminate a bad tenancy if we are to effectively manage investment property. There was always the pretense that landlords could evict a bad tenant for "just cause" but the sad truth is that proving "just cause" is far more difficult than proving nonpayment of rent and effectively is an option without much practical benefit for landlords.

That said, the loosening of Covid rules brings us back to where we were in January 2020, which as you may recall is a far cry from where we were in December 2019 because of the Tenant Protection Act of 2019 (the "TPA" or "AB 1482"). It seems like a lifetime ago, but the TPA was front and center on our agenda heading into 2020, until it was pushed aside by a global pandemic.

As a refresher, for residential housing subject to the TPA, it imposes statewide rent control and requires "just cause" for terminating a tenancy. At present, the cap on rent increases under the TPA's rules is 9%. This amount changes annually and is tied to inflation. "Just cause" for terminating a tenancy is split into "at fault" reasons and "no fault" reasons. If a tenant is not "at fault" then the landlord must pay relocation expenses equal to one month of free rent. An example of an "at fault" reason is failure to pay rent. A "no fault" reason includes a substantial remodel of a home by a landlord. The substantial remodel cause was temporarily suspended during Covid. Landlords should be careful, though, because this does not mean slapping on a fresh coat of paint and installing new floors. You literally need to pull permits and the project needs to legitimately take more than 30 days to complete if it is to be considered a "substantial remodel." The word "substantial" means something.

Single family homes are generally exempt from these requirements if the landlord provided required notice of exemption in the lease or rental agreement.

In short, starting on October 1 we are back to where we were on January 1, 2020 and figuring out how to effectively manage under the rules of the TPA.

California West is open for business and accepting walk-up visitors but our front lobbies remain closed, our staff is fully vaccinated, and we are following official rules on masks.

At California West, we believe that being open to the public and working together in an office is far more effective than working from home and in our line of work we simply cannot do our jobs as effectively without working from an office.

In our line of business it is simply not practical to work remotely. We have to do property inspections, we have to show vacant units to prospective renters, and we need to communicate as a team in ways that technology simply cannot replicate.

To make this work, our staff is fully vaccinated and we require all visitors to our office to wear masks, even when standing outside our doors, as our indoor lobbies remain closed to the public. We are also following County rules on wearing masks indoors but will likely relax that requirement as soon as we are allowed to do so, since our staff is fully vaccinated.

Working from home is certainly allowing people in some industries, such as technology, to work remotely and still perform at adequate levels of productivity. However, in our line of business it is simply not practical to work remotely. We have to do property inspections, we have to show vacant units to prospective renters, and we need to communicate as a team in ways that technology simply cannot replicate.

That said, we have contingency plans in place and could work remotely if absolutely necessary, albeit at far less efficiency than we are able to do while remaining open and our sincere hope is to never have to implement these plans.

The risk of a virus outbreak at our office is certainly at the forefront of our concerns and we sincerely hope that the pandemic is getting better while still taking reasonable precautions to minimize the chance of an outbreak.

San Luis Obispo Office

1380 Broad Street
San Luis Obispo, CA 93401
Ph: (805) 543-9119
E-mail: slo@calwest.com

Arroyo Grande Office

145 S. Halcyon #H
Arroyo Grande, CA 93420
Ph: (805) 489-9400
E-mail: ag@calwest.com

www.california-west.com

Broker: Derek Banducci
DRE Lic. No. 01276163

Start looking for property tax bills and forward to us if you want us to pay them from your property account.

First installment property taxes in California are due on November 1 and late after December 10. We will pay any such bills that arrive at our office but if you receive bills yourself then please forward to us for payment. Let us know if you have questions.

Please note, you can look up payment history and obtain copies of bills from the local tax collectors' websites, which are as follows:

SLO County: <https://services.slocountytax.org/>

SB County: <https://mytaxes.sbtaxes.org/>