

Manis, Dina

From: Lisa Thomas <lisa@premierhce.com>
Sent: Friday, January 24, 2020 11:59 AM
To: _CityCouncilListPublic
Cc: tschwendhelm@srcity.org; Sawyer, John; Rogers, Chris; Olivares, Ernesto; Tibbetts, Jeff; Dowd, Richard; McGlynn, Sean
Subject: [EXTERNAL] Rental Housing Inspections

Dear Council Members:

I'm writing both as a realtor who sells property to investors to rent, and also as the owner of a Santa Rosa duplex which I rent out. I am blown away by this proposal.

First, I don't believe that the problem of sub-standard housing is a big problem in Santa Rosa. I would like to see the data which proves this is a problem which we need to solve!!! I can not find where anyone has shared this information and if it's not a problem why would you want to expend time, money and resources to solve it? I accept there are some bad actors but ***we already have programs*** which allow you to investigate and take action when you have a complaint. Most of these, to the best of my knowledge, are with larger properties and property owners who own lots of housing and don't take good care of it.

The majority of independent investors, like myself, are now going to be subjected to even more red tape and expense when we're largely not causing a problem. And you're going to have to set up a whole new team of people to enforce this, which I am also going to have to pay for.

And guess what? Like rent control and other obligations that are increasingly being put upon property investors, ***this is causing people to run away from buying or owning investment property***. This REDUCES the amount of available and affordable housing. Why in the world are we doing this? Surely we have real problems to address in this city. I should think the issue of solving the homeless crisis would demand every available staff person in the department to fix that, not drive more landlords away from owning property.

Note that many duplex, triplex & fourplex properties are suitable for conversion back into single family homes, which is eminently true in my case. I am confident that you will cause a reduction in the available housing stock by pursuing this policy and urge you to withdraw the proposal. I shall look forward to your presentation on the 28th and would like to see statistics that show the extent of the problem and your efforts to resolve this under the existing law.

Respectfully,

Lisa Thomas
Premier Homes & Country Estates



404 Mendocino Avenue, 2nd Floor, Santa Rosa, CA 95401
c: 707-217-2683
www.PremierHCE.com

DRE#: 01359810

A black banner with white text and graphics. On the left, there is a white line-art illustration of a house with a signpost in front of it. The signpost has a circular sign that says "Coming Soon". Above the house, there is a crescent moon and several stars. To the right of the illustration, the text reads "View Wine Country homes before they come on the market." In the top right corner of the banner, the word "COMPASS" is written in a bold, sans-serif font. In the bottom right corner, the text "View here" is followed by a right-pointing arrow.

Coming Soon

View Wine Country homes before they come on the market.

COMPASS

View here →

I have not verified any of the information contained in those documents that were prepared by others.

Manis, Dina

From: Ananda Sweet <anandas@santarosametrochamber.com>
Sent: Friday, January 24, 2020 4:28 PM
To: _CityCouncilListPublic
Cc: CMOOffice; Guhin, David
Subject: [EXTERNAL] Rental Inspection Ordinance
Attachments: Rental Inspection Ordinance.pdf

Mayor Schwedhelm and Members of the City Council,

Please see the attached letter regarding the City's proposed rental inspection ordinance.

Thank you,

Ananda

ANANDA SWEET | VP of Public Policy & Workforce Development
SANTA ROSA METRO CHAMBER
50 Old Courthouse Square, Suite 110, Santa Rosa, CA 95404
DIRECT 707-636-3662 | **P** 707-545-1414 | **F** 707-545-6914
SANTAROSAMETROCHAMBER.COM





January 22, 2020

Santa Rosa City Council
City Hall
100 Santa Rosa Avenue
Santa Rosa, CA 95404

Mayor Schwedhelm and Members of the City Council,

On behalf of the Santa Rosa Metro Chamber Advocacy Council, I am writing to urge you to reconsider the proposed rental inspection program. While there are no doubt some bad landlords, there are several things that need to be considered as part of this decision.

There are existing laws already on the books that provide stout tenant protection. Particularly with the addition of the Rental Protection Act, as of January 1, 2020, California state law provides strict protections and a strong legal system through which tenants are protected, and no longer need to fear retribution for reporting bad landlords. Additionally, Sonoma County has an active and skilled Legal Aid organization and a robust panel of plaintiffs' lawyers who take tenants' cases on contingency.

The proposed inspection program will cost significant City time and economic resources to create a new bureaucracy, one that is expensive and punitive for good landlords and would discourage development. There are currently several approved multi-family residential projects that are finding it challenging to meet the minimum returns necessary to "pencil out." These additional fees and resulting reduced property value and cash flow could easily be the tipping point that ensures a project does not move forward. Fewer new projects mean lower inventory leading to higher rents, neither of which the City wants.

The City has worked to convey that it is "open for business." Actions such as this, when viewed through the eyes of investors and developers, convey the wrong message from a community that needs new housing development. Instead, the City could dedicate a fraction of the proposed resources to enhance existing successful programs, like the Neighborhood Revitalization Program, and could create an information campaign to ensure that tenants who need assistance know how and where to avail themselves of the resources that already exist. This would be at a much lower cost, and likely greater effectiveness.

Respectfully,

A handwritten signature in black ink, appearing to read "Peter Rumble", written over a light blue horizontal line.

Peter Rumble
CEO
Santa Rosa Metro Chamber

50 Old Courthouse Square, Suite 110, Santa Rosa, CA 95404

CC: Sean McGlynn, City Manager

P 707-545-1414 | F 707-545-6914

WWW.SANTAROSAMETROCHAMBER.COM

Manis, Dina

From: R-MORGAN <R-MORGAN@SONIC.NET>
Sent: Sunday, January 26, 2020 5:24 PM
To: _CityCouncilListPublic
Subject: [EXTERNAL] Rental Inspection PROGRAM

Council,

And so, the fleeing of those of us who DO provide, accelerates.

Now,
someone,
wants to force me to raise rents to comply with an overpriced unwarranted 'program'.

I house homeless people.

They are now homefull.

I make every attempt to keep our housing units in a decent condition.

I am below market rate.

If I am to be forced to bear another odious TAX, I must raise the rents to cover these costs and suffer another layer of bureaucracy.

Increased Garbage, PG&E, & city water costs are already putting me at my limit to hold down rents.

Charging me hundreds per unit for a cursory inspection, as HUD does for free, and forcing me to be more liable for the lay-abounds and vagabonds who infest our city, is getting beyond the pale.

If there is no complaint, there is no reason for the government to get involved.

This sort of taking, forces me to ponder if I made a mistake moving here 20 years ago to invest the rest of my life.

I am against this "Rental Housing Inspection Program" as proposed.

I will not support any council person who insists I comply with such an unnecessary and costly regulatory stricture without cause.

Units that have complaint might be reasonably included under such a "program".

Those of us who are doing our job, expect you to do yours.

Bad carrot, great stick, folks.....

Sincerely, Ray Morgan,
707-548-6644

Landlord, who lives on-site and provides for four people to have a decent place.

Manis, Dina

From: Forrest Jinks <fjinks@altusequity.com>
Sent: Sunday, January 26, 2020 7:24 PM
To: _CityCouncilListPublic
Cc: Guhin, David
Subject: [EXTERNAL] Rental inspection program

Dear Council,

Between work and family responsibilities it is difficult for me to attend city council meetings, hence the reason you receive emails from me for issues I feel are important and in which I have some level of expertise. The rental inspection matter that is scheduled for vote on Tuesday is important enough that I plan on attending in person, but because my wife works swing shift Tuesday and I will have to pick up the kids from babysitting I am emailing anyway, in case I have to leave before I can my opportunity at the dais.

I do not have a horse directly in this issue. Our company moved most of our business outside Santa Rosa several years ago. Since that time we have spent tens of millions of dollars building and improving multifamily properties, with not a penny of it being in Santa Rosa. However, being born in Santa Rosa, having lived in the area most of my life, and now raising my kids here...I have a definite reason to want to see Santa Rosa as a great place to live, and a place my children will also be able to call home once they become adults and strike out to make their own life.

With an eye to the future I am fully opposed to rental inspections for several reasons which are laid out below:

1. Santa Rosa has a terrible housing problem. Santa Rosa has also gone through great efforts to message that "Santa Rosa is open for business" in trying to get developers to come here and build. But despite the very obvious demand, it isn't happening at nearly the pace expected or hoped for. One reason is we talk a game that we don't back up with actions. Implementing a rental inspection program is telling investors/developers that despite telling them how badly we want them to come to town, we don't trust them so need to regulate them more closely.
2. And then there is a financial burden placed upon the investors. While the language of the ordinance doesn't specify the amount of any of the three fees, it seems that \$100/unit/year is not unreasonable. That means on a 100 unit property there is an added **\$10,000** cost to the property every single year. With the way rental real estate economics work this is roughly a 5% impact to cash flow each year. I am happy to go through the economics of such investment with anyone on the council that would like to do so. That cost doesn't include the staff, property management, and ownership time also required to keep the paperwork in compliance.
3. The above paragraph brings me to the next concern. The burden on the landlords are not defined, or even bounded. Can you imagine a company making such a massive change to its business without first having some idea of the cost impact? Not only is the impact not defined, there is no protection for the landlord as to the reasonableness of whatever the costs end up being.
4. Relating to #1, the language of this ordinance is obviously tenant friendly and landlord antagonistic. The way this is written it implies that landlords are responsible for all mitigation costs for issues uncovered by the inspection, even if the fault of the tenant.
5. Along those same lines, and overlaid with the statewide rent control that just went into place (and the accompanying just cause eviction), the language here not only implies the landlord will have to fix issues caused by the tenants, it also clearly specifies that the landlord is responsible for relocating the tenant, again, even if the issue is the fault of the tenant. To those outside the industry this sounds unlikely, but from my own experience, and from those in the industry I work with and around, the single largest cause of code enforcement in rental properties is tenants creating unsanitary living conditions. Unsanitary living conditions are very difficult to use as just cause for eviction. So now we have a landlord that can't get rid of a tenant that creates filth (which is common) but is not only responsible for cleaning up the filth, they are also responsible for providing

replacement housing while cleaning up the filth. Filth is not the only place this comes into play. It will be a problem when more people are living on the property than allowed (super common) so could instead of helping could create a greater housing shortage. It will apply to illegal marijuana growing, etc., etc.

6. I understand the reasoning by exempting properties 10 years old or newer, but in actuality it further messages that Santa Rosa isn't landlord friendly and doesn't trust landlords. Further, it is discriminatory. The purpose of these inspections is not to catch structural or mechanical issues. It is to catch landlords that don't do their contracted responsibility under the lease. The age of the property does not at all relate to a landlords integrity in fulfilling their contract.
7. Which leads to my last point. All the tenant protections that this ordinance is supposed to provide already exist in the state law. Creating overlaying regulation makes compliance all the more difficult (ask anyone trying to develop property with multiple jurisdictions). But further, it just isn't necessary. For far less money and with far less impact on the investor/developers that the City is trying to attract, we could institute communication programs so that tenants know their rights. We can have landlords required to include a disclosure in the lease with the reference information. There are lots of options that are far easier, far less expensive, and far more landlord friendly but can get to the same results.

Friday I had coffee with a small local builder and developer. When I last spoke with him a couple months ago he was moving forward on building ten rental units across two of the properties he owns, one of which already has one rental unit on it. As of Friday he contacted his realtor to sell that property and has changed the plan for the second property so the units will be built for sale instead of rentals (resulting in fewer units being built as well). He will then move the money out of the area. This because he said he is tired of feeling like he is the bad guy for providing rental housing.

The "problem" we are trying to solve is being created by a tiny percentage of the landlords. Let's not penalize all the good landlords because of the actions of a few, especially when there are better options available.

Best Regards,

Forrest Jinks
Chief Executive Officer

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CBRE: 01900030



Website: www.altusequity.com

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Manis, Dina

From: Brad Benson <bbenson@sonic.net>
Sent: Monday, January 27, 2020 11:30 AM
To: _CityCouncilListPublic
Subject: [EXTERNAL] Proposed rental housing inspection

Dear City Council.

We pride ourselves on keeping our properties maintained and safe for our tenants.

Why increase the burden and expense to operate a rental property for those doing the right thing?

For a small operator, this would place a tremendous burden on our company.

We're starting to think about selling our property if this were to pass, as this would increase not only our time and efforts with paperwork, but undo pressure to manage the expense associated with each property.

I would really like to understand what code upgrades your inspectors will be checking.

I urge you to vote NO on this ordinance.

Please forward a copy of your inspection check list.

Thank you,

Brad Benson

Benson Corporate Offices

PO BOX 2246, SANTA ROSA, CA 95405

707-206-0262 office

707-206-0240 fax

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