

RENTAL PROPERTY NEWS

CALRHA





From the President

Adam Pearce
| CalRHA

Dear CalRHA Members,

It is with great excitement and gratitude that I introduce myself as the **new President of our association**. First, I want to thank Earle Vaughan, our immediate past President, for his incredible leadership and dedication over the past two years. Under Earle's leadership, and with your help, we've defeated countless threats in the halls of the Legislature and at the ballot box, namely Proposition 33. I also want to thank CalRHA's Executive Committee, Board Members, and all of you for the trust and honor of serving as our association's President.

My experience in the housing industry spans over 16 years, during which time I served in fee-based property management, and now in development bringing new single-family and multi-family housing to the market. These experiences have given me invaluable insights into the complexities of our housing landscape and the critical role each of you plays in providing safe, stable, and affordable homes for hundreds of thousands of Californians.

Our state faces unprecedented challenges in housing. From the affordability crisis to regulatory hurdles, the road ahead requires unified action. As an association, we are uniquely positioned to lead the charge, and I am eager to work with you to drive meaningful progress. To that end, I am pleased to share **CalRHA's roadmap for the coming year:**

- 1. Defend rental housing protections, like the Costa-Hawkins Rental Housing Act.**
- 2. Expand the supply of affordable housing by streamlining construction and renovation regulations.**
- 3. Sponsor legislation to protect housing providers from trespassers.**

For more details about these priorities, please click on the video below.

[\[link video\]](#)

I firmly believe that by working together, we can overcome the challenges before us and create a brighter future for housing in California. Thank you for the work you do every day to provide homes for our communities. Together, let's build a California where housing providers and renters have the opportunity to live, work, and thrive.

In partnership,

Adam Pearce

CalRHA President



Insurance Commissioner Press Release

Commissioner Lara issues landmark regulation to expand insurance access for Californians amid growing climate risks

SACRAMENTO, Calif. — Insurance Commissioner Ricardo Lara announced the final major step in his Sustainable Insurance Strategy, issuing a historic regulation aimed at restoring stability to California’s insurance market while addressing the growing risks of wildfires and climate change. The new Net Cost of Reinsurance in Ratemaking Regulation requires insurance companies — for the first time — to increase coverage in high-risk areas, ensuring more options for Californians while limiting the costs passed on to consumers. The regulation works hand-in-hand with other reforms that Commissioner Lara has spearheaded that will have the effect of increasing insurance coverage options for Californians across the state.

“Californians deserve a reliable insurance market that doesn’t retreat from communities most vulnerable to wildfires and climate change,” said Commissioner Lara. “This is a historic moment for California. My Sustainable Insurance Strategy is focused on addressing the challenges we face today and building a resilient insurance market for the future.

With input from thousands of residents throughout California, this reform balances protecting consumers with the need to strengthen our market against climate risks.”

Reinsurance is a financial tool that is part of how insurance companies manage their risk portfolios associated with the policies they write to homeowners and business owners. Its roots date back to the 14th century, when merchants and traders sought ways to spread the risks of perilous ocean voyages, often relying on multiple insurers to cover their ventures. Today, as climate risks escalate across the nation, reinsurance has become an even more imperative component of insurance companies operating in high-risk and distressed areas, including California. Modernizing regulations around reinsurance will enable insurance companies to expand coverage and write more policies in communities across the state facing greater risk, ensuring stability and resilience in our insurance market.

All other states except California allow for costs of reinsurance in rates and, in 2023, the [first systematic review of climate risk strategies](#) by Ceres and the California Department of Insurance revealed that

reinsurance is the primary strategy most insurance companies use to continue to write and expand coverage in higher risk parts of California and across the country.

What it means: Insurance companies must increase coverage in wildfire-prone regions, ensuring they write policies for at least 85% of their statewide market share, with annual increases until the threshold is met.

More coverage for Californians in wildfire-distressed areas: All homeowners insurance companies must increase the writing of comprehensive policies in wildfire distressed areas equivalent to no less than 85% of their statewide market share, whereas there is no current legal requirement today for insurers to provide any coverage in high-risk areas. Companies will have to continue to increase by 5% every two years until they meet this threshold.

Cost caps: The regulation treats reinsurance like other insurance company expenses allowed under Prop. 103 today — such as claims handling or agent commissions — by establishing an industry-wide standard cost of reinsurance and capping the amount of reinsurance costs that can be charged to consumers. Companies spending more than the industry standard cannot pass these costs onto their policyholders.

Greater efficiency: Establishing a standard cost based on an index of what insurance companies spend encourages them to be efficient and compete for the best price for reinsurance, so consumers get the best value.

California-only costs: The regulation limits costs to California-only, so consumers do not pay for the cost of Gulf Coast hurricanes or Midwest windstorms.

Reliable rates: The regulation goes hand-in-hand with forward-looking wildfire catastrophe models that can better predict future rates. Under the current system of historical data, insurance consumers are paying balloon premiums and rate spikes after major wildfires, without increased availability.

Prevents “model-shopping”: “Model shopping” describes when insurance companies choose one model that produces higher rates for consumers, and another that lowers their reinsurance costs. To prevent model shopping, the regulation requires insurance companies utilize the same model for both. This promotes more consistent approaches to assessing risks, and balances the scales for consumers.

Largest insurance reform in 30 years: The new regulation is the final major element of the largest insurance reform in 30 years for California. The Department held multiple workshops and hearings in 2024, including a meeting on December 5 which was attended by more than 500 people and received 70 verbal and written comments which helped shape this regulation. Commissioner Lara has met with tens of thousands of Californians in all 58 counties across the state since taking office as well as testifying at four legislative briefings about his Sustainable Insurance Strategy over the past year.

Commissioner Lara announced on December 13 that he had finalized a [wildfire catastrophe modeling](#) regulation with a requirement for insurers to increase their policy offerings in underserved areas of the state as a condition of incorporating catastrophe modeling into ratemaking. These two regulatory efforts work together, with other [Sustainable Insurance Strategy](#) reforms, to increase the availability of homeowners and commercial insurance policies in wildfire distressed areas.



CalRHA's Proposed Solution to Trespassing

SUMMARY

A trespasser has no legal claim or interest in the property. Trespassers who occupy residential property without authorization, also known as squatters, have become a growing problem in California and across the country. The result of such trespass is property damage, income loss for property owners, and reduced available housing for legitimate renters. They also facilitate illegal activity (e.g., narcotics sales and rave parties) that pose safety risks for our communities.

BACKGROUND AND PROBLEM

Trespassers will illegally enter a vacant home, and attempt to establish legal residency through illegal means such as falsely claiming they have a right to live in the home. Oftentimes, trespassers will transfer utilities into their name, or they will forge lease documents. In rare cases, the trespassers may be the victims of a fraudulent scheme having paid rent to a third-party who claimed to be the legal owner of the property.

When the property owner realizes the illegal trespassing and calls law enforcement, officers lack the ability to remove the trespassers due to the existence of forged documents or mere false oral statements made by the trespassers claiming that they have a right to be there.

This leaves the property owner with only one option: the expensive and lengthy unlawful detainer (eviction) process. The property owner must provide proper notice, file a formal eviction complaint in court, and attend (or pay their attorney to attend) a hearing to lawfully remove the trespassers. In many parts of California, this process can take up to a year to fully adjudicate, costing the rightful property owner many thousands of dollars in legal fees and expenses.

In the meantime, the trespasser may have caused substantial damage to the property resulting in additional expense to the rightful property owner.

Other States: A number of states have enacted trespasser eviction laws in 2024, including New York, Pennsylvania, and Georgia, while a dozen other states have pending legislation.

SOLUTION

Provide property owners with a swift and streamlined remedy against trespassers by providing local law enforcement with the tools to intercede when trespassers are present at a property.

The proposed legislation would provide a quick and simple process to reclaim real property from trespassers, avoiding costly delays, litigation, and in the case of rental properties, missed rents.

(i) This bill would permit a property owner to request law enforcement within the county in which the dwelling is located to immediately remove an individual from their property by providing a sworn affidavit that the individual has unlawfully entered the property, remains on the property after being directed to leave, and has no right to occupy the property.

(ii) The affidavit set forth in subsection (i) above contains specified affirmations regarding ownership, unauthorized occupancy, and notice to vacate in a form to be prescribed under the law.

(iii) This bill would create penalties for those engaged in trespassing, including falsifying documents, misleading law enforcement, causing property damage, and falsely advertising the sale or rent of a property without legal authority.

(iv) In order to protect lawful occupants or renters, the bill includes penalties for property owners who wrongfully remove persons who rightfully occupy the property, and provides substantial civil protections for individuals who are wrongfully removed.

(v) The bill includes an immunity provision to protect law enforcement.



Deteriorating Rental Affordability: An Update on America's Rental Housing 2024

By: Airgood-Obrycki, Alexander Hermann, Sophia Wedeen

The number of cost-burdened renter households has reached a new record high, further deepening the affordability challenge that accelerated during the pandemic. Across all income groups, rental affordability has continued to worsen as a growing share of household income has been devoted to rent and cost burden rates have risen. Longstanding disparities in who experiences cost burdens have persisted. Lower-income renters in particular have less left over after paying for housing than ever before, forcing difficult tradeoffs that have implications for well-being and health. The ongoing upward shift in the distribution of rents has contributed to these trends, leaving renters with fewer affordable options each year. The urgency of addressing these challenges through effective policies and subsidies is even more heightened.

A New High for Renter Unaffordability

The number of cost-burdened renter households has hit yet another record high. As of 2023, 22.6 million renter households are cost burdened, spending more than 30 percent of their incomes on rent and utilities (Figure 1). This includes 12.1 million severely cost-burdened households, who spend more than half of their incomes on housing costs. Nearly 47.8 million renters live in cost-burdened households, encompassing 13.0 million children under age eighteen and 5.6 million older adults.

The most recent count of cost-burdened renters marks an increase of 209,000 households over the year before and of 2.2 million since 2019, the last data point before the pandemic began. Over the longer term, the number of cost-burdened renter households is up 7.8 million from 2001 levels. The occurrence of severe burdens has also risen substantially, increasing by 1.6 million households since just before the pandemic started and by 4.6 million households since 2001.

While the number of cost-burdened renter households increased last year, the total number of renter households also increased, keeping the share of costburdened renters at 50 percent, including 27 percent with severe burdens. With cost burden rates essentially unchanged in 2023, the burdened share remained

3.2 percentage points above pre-pandemic levels. Pandemic-era increases came on the heels of slightly improving burdens in years leading up to 2019 and have undone all affordability gains from the mid- to late 2010s. This recent surge pushed the renter cost burden rate up by 9.0 percentage points since 2001.

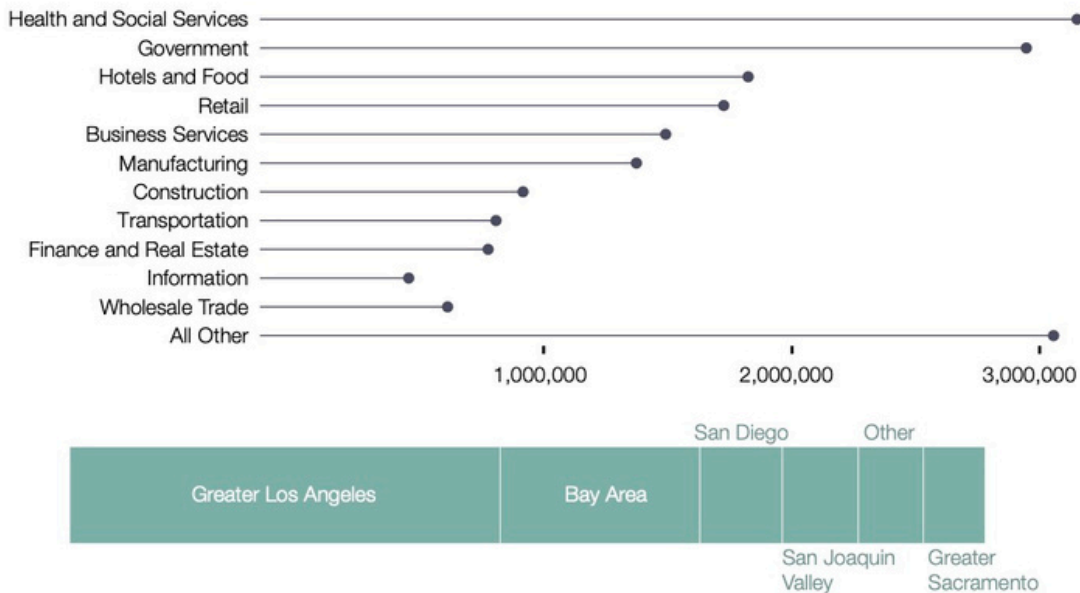
For more information click here the [link:](https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_rental_affordability_airgood-obrycki_2024.pdf)
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Legislative Analyst's Report on CA Economy, Finances, and Programs

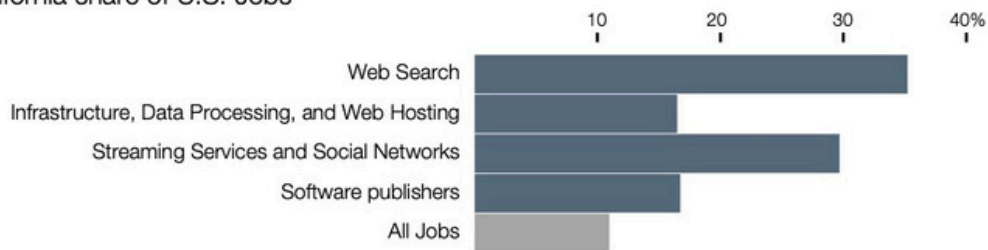
By: Gabriel Petek Legislative Analyst

California's 18 Million Jobs Spread Across Many Sectors and Regions



High Concentration of Technology Jobs

California share of U.S. Jobs

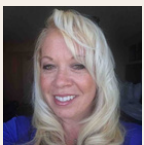


For more information click the [link here](#):

<https://lao.ca.gov/reports/2024/4942/CalFacts-2024-120224.pdf>



What Landlords Should Know About Non-Agricultural Disclosures



By: **Patti Widget**,

Founder, Widget's Way

Patti teaches a wide range of classes on property management topics; she is a keynote speaker on property management and housing issues and has published numerous articles for apartment associations. Patti is a repeat guest speaker at UCLA. She also holds various certifications in the industry related to her field, such as a CA licensed Real Estate Broker, CCRM, lead based paint certified renovator from the EPA, Fair Housing and more.

As landlords, we've all seen it: you get a perfectly pristine apartment back, only to find remnants of the rainforest your tenant left behind. Maybe you rented to someone with a “green thumb”—or more accurately, someone with a jungle thumb. It starts with a couple of potted plants, then it escalates to entire tomato plants taking over the balcony. Oh, and don't forget: they're not the ones paying the water bill. It's time to talk about something that can help prevent this—non-agricultural disclosures.

What is a Non-Agricultural Disclosure?

A non-agricultural disclosure is a notice in the lease that restricts tenants from growing, cultivating, or keeping plants inside or outside the unit, with exceptions usually for decorative houseplants. The purpose is simple: as charming as a little urban jungle might seem, plants can cause significant property damage. This disclosure tells tenants upfront that they don't have permission to grow anything—not even an avocado pit on the windowsill. So, if your tenants fancy themselves the next backyard homesteader, a non-agricultural disclosure in their lease agreement will set the record straight.

Why Non-Agricultural Disclosures Matter?

Landlords who think this is trivial might want to think again. Unregulated plant growth can result in some costly damage. Indoor plants require water, and that water has a way of getting where it doesn't belong. Water damage, mold, or structural issues can arise if tenants decide to turn their unit into a greenhouse. Water from excessive or poorly managed plant setups can seep into walls, floors, and ceilings. And if mold is a risk, trust me, that damage bill will put you in a real bind with tenant lawsuits and complaints. Non-agricultural disclosures help establish clear guidelines to prevent tenants from transforming your property into a greenhouse and putting it at risk.

When to Introduce a Non-Agricultural Disclosure?

In an ideal world, the non-agricultural disclosure would be part of the lease from day one. By incorporating this clause into the lease, you're informing tenants right from the start about restrictions on plant growth and cultivation in their unit. If this wasn't initially included, you can still implement it with a notice of change of terms of tenancy. This requires notifying tenants in writing, generally with at least 30 days' notice, depending on your local laws.

Different Uses for Non-Agricultural Disclosures

While you might not have initially added a non-agricultural disclosure in your lease, there are several ways and times to integrate it effectively:

- **Lease Renewal:** Adding this clause when leases are up for renewal is an opportune time, as tenants are already in the mindset of reviewing and possibly signing off on updated terms.
- **New Tenants:** Including it upfront in the leasing paperwork for new tenants will save you many headaches in the long run.
- **Problem Solving for Current Tenants:** If a tenant has already decided their unit is going to double as a greenhouse, sending them a notice of change of terms can inform them of the new no-gardening policy.

And hey, they can take their green ambitions to the local community garden! **How Non-Agricultural Disclosures Protect Landlords Beyond curbing your tenants' gardening enthusiasm, non-agricultural disclosures offer landlords several tangible benefits:**

- **Limit Water Intrusion Risk:** As mentioned earlier, plants can be a massive source of unintended water problems. Over time, water from plants will seep into places it doesn't belong, leading to mold and other damage.
- **Avoid Mold Claims:** Plants can raise humidity levels, which means an increased chance of mold growth. This disclosure could help insulate you from tenant claims that the property has unsafe mold conditions.
- **Maintain Property Value:** Keeping the property in top shape is a top priority. By enforcing non-agricultural disclosures, you help reduce the need for costly repairs or renovations due to water, mold, or pest damage.

· **Improved Tenant Compliance:** By setting these expectations from the get-go, landlords can cut down on potentially contentious tenant disputes.

Clearly stating what tenants can and can't do leaves less room for "creative" interpretations of lease terms. **What to Include in a Non-Agricultural Disclosure Now, you may wonder what exactly goes into a non-agricultural disclosure. Here's a straightforward guide on drafting an effective one. The more specific, the better:**

- **Scope of Restriction:** Specify that the tenant may not grow plants, herbs, vegetables, or other items that require soil, water, or any level of maintenance that might impact the property.
- **Inside and Outside the Unit:** Make it clear that the restriction includes balconies, patios, window sills, and other outdoor spaces that are part of the property.
- **Maintenance Expectations:** Some landlords allow tenants to keep small, low-maintenance houseplants indoors. If that's the case, add a note about how many are allowed, their size, and where they can be placed (e.g., on furniture rather than directly on floors).
- **Consequences of Non-Compliance:** Mention any penalties or fees for non-compliance, including any costs for repairs or damages caused by unapproved plant growth.

Enforcing a Non-Agricultural Disclosure

Having disclosure is one thing; but enforcing it is another. Many tenants think their plant collection is harmless, so you'll likely encounter tenants who don't see the harm. That's why it's essential to establish a process for handling these cases. Routine inspections are key, especially in areas prone to moisture. And if you do spot a jungle, address it politely but firmly. A reminder of the agreement, plus a gentle nudge to your non-agricultural disclosure, usually does the trick.

So, there you have it—non-agricultural disclosures are more than just an anti-gardening clause. For landlords, it's a tool to help prevent costly repairs, protect property value, and maintain a clear understanding with tenants. By adding a non-agricultural disclosure to your lease, you're doing more than avoiding a few plants. You're taking proactive steps to safeguard your property from unintended water damage, mold, and even disputes down the line.

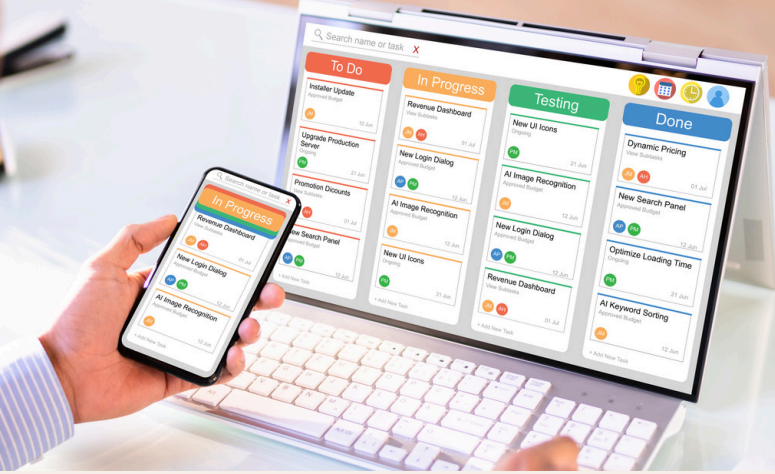
In the world of property management, where every detail can make a difference, non-agricultural disclosures are a surprisingly valuable tool in your arsenal. And with this tool in place, you can keep your properties plant-free, mold-free, and hassle-free. Just think of it as part of the ongoing effort to keep your property thriving without the greenery taking over. After all, if your tenant wants to start a farm, there are plenty of community gardens that would love to have them!

Have you ever been in a sticky situation with a tenant where you didn't know what to do? Have you often thought, "I wish there was someone I can call to help get me out of this mess!" That's where I come in!

Landlords and property managers can use my 25 plus years of experience to get tips and suggestions on how to handle difficult and awkward situations with tenants.

Learn more and become a member of Widget's Way Property Management Consulting at

<https://www.widgetsway.com/become-a-member/>



ASK KARI™: Discover Your Ideal Property Management Software With These Simple Tips



By: **Kari Negri**,
Chief Executive Officer, SKY Properties, Inc.
Chief Executive Officer of Sky Property Management and is a member of the Board of Directors of the Apartment Association of Greater Los Angeles.

Do you have a question for me? Please send your questions and comments to me at KarieSKYprop.LA.

·Hi, Kari! **I am so unhappy with my software, what should I do?**

Choosing the right property management software is like finding a new partner for your business. It's not just about picking a tool but finding one that truly fits your needs and makes your daily tasks easier. With the right approach and a little bit of excitement, you can navigate the options and land on the perfect software that will streamline your property management and boost your productivity.

Are you ready to make the search enjoyable? Let's jump in!

1. Define Your Needs

First things first: What do you need this software to do for you? Are you dreaming of automated rent collection, hassle-free maintenance requests, or top-notch tenant screening? Jot down your must-have features and envision how they'll make your life easier. Think of it like creating a wish list for a new gadget!

2. Evaluate Key Features

Time to channel your inner detective! Compare various software options to uncover which ones offer the essential features you need. Focus on key functionalities such as:

- **Lease Tracking:** Manage lease agreements and renewals seamlessly.
- **Tenant Communication:** Facilitate effective communication with tenants.
- **Financial Reporting:** Generate detailed financial reports for better oversight.
- **Integration Capabilities:** Ensure the software integrates with other tools and systems you use.

3. Consider User-Friendliness

Consider getting software with an intuitive and user-friendly design, just like your favorite phone application. A clean, easy-to-navigate interface will save you time and ease the learning curve, helping both you and your team adapt quickly. Extra points if the software includes a supportive customer service team to assist you with any questions or issues along the way.

4. Assess Data Security

Protecting sensitive information about your properties and tenants is very important. Just as you wouldn't leave your front door open, you shouldn't leave your data vulnerable! Evaluate the software's data security features to ensure your information is safeguarded against breaches and unauthorized access. Look for strong security measures, including:

·**Encryption:** Check that the software encrypts data to keep it secure.

·**Updates:** Look for software that receives regular updates to fix security issues.

·**Access Controls:** Ensure it has measures like multi-factor authentication to restrict access.

·**Backups:** Verify that it includes reliable data backups to prevent loss.

·**Compliance:** Confirm it meets relevant security standards and regulations.

·**Vendor Reputation:** Choose software from reputable vendors known for good security practices.

5. Compare Pricing

Price matters, but so does value! Review the cost of the software, paying close attention to any hidden fees or additional charges. Assess whether the pricing is justified by the features and benefits provided. Consider the overall value for money and how it fits within your budget. Look for auto renewals to be removed and make sure the amount they can increase at the end of the contract is reasonable.

6. Read Reviews and Get Recommendations

Customer reviews and recommendations from fellow property managers can offer valuable insights into the software's performance and support.

Pay attention to feedback about reliability, customer service, and overall user experience to gauge how well the software fulfills its promises and meets the needs of its users.

7. Test the Software

Before making a commitment, take the software for a test drive. Many offers free trials or demos—so use this chance to see if it's the right fit. This hands-on experience lets you test its functionality, check how well it integrates with your existing processes, and confirm it delivers the benefits you're looking for.

Conclusion

Choosing the right property management software is a big decision—so take your time and make sure you choose wisely. Once you commit to a software, transferring all your information to a different system can be a real headache. In SKY's experience it will be twice as hard and twice as long to switch over than what they tell you. That said, it is worth putting in the effort now to avoid future hassles. Happy software hunting, and may you find the perfect tool to make your property management tasks a breeze!



Is Your Apartment Building 80% Earthquake Safe?



By: **Ali Sahabi**,

Chief Operating Officer, Optimum Seismic

Ali Sahabi is Co-Founder and Chief Operating Officer of Optimum Seismic, Inc., which has completed more than 3,500 structural retrofit and adaptive reuse projects throughout California. He is a recent appointee to Los Angeles Mayor Karen Bass' Transition Team. He previously received the California Governor's Environmental and Economic Leadership Award for taking a sustainable approach toward community development and environmental restoration. As a licensed General Engineering Contractor (GEC), Ali Sahabi is an expert in building resilience and sustainability. Let the Optimum Seismic team help you better understand these risks and your options. Visit optimumseismic.com for more information or call (833) 978-7664. The Optimum Seismic team has the technical knowledge and professional experience necessary to do your balcony inspection or earthquake retrofit right.

Real estate trends are often shaped by changing preferences. Once-popular features like wood paneling and shag carpeting have been replaced by modern aesthetics such as bright walls and wood-style flooring. Beyond design, functionality has also evolved, with tenants now seeking spacious layouts, natural light, and an increasing focus on seismic safety.

A whopping 80% of Los Angeles residents support their city's seismic retrofit law, according to a new Suffolk University/Los Angeles Times poll. Broad nonpartisan support — 88% of Democrats, 77% of Republicans and 78% of independents — was voiced for seismic retrofits. This support among residents demonstrates that earthquake safety is no longer the political issue it was once said to be. It reflects a growing understanding of the serious earthquake risks in Southern California, the personal and societal benefits of seismic retrofits, and the realization among many that safety is an important factor in deciding where to live.

"I'm glad that we did this difficult work and moved to protect lives, not in the wake of a deadly earthquake, but before disaster strikes," former Mayor Eric Garcetti told the Times following the results of the poll, which came in just weeks after the devastating earthquake disaster in Turkey and Syria. "It's my deepest hope that all local jurisdictions in Southern California and across the country will follow this example — earthquakes don't respect municipal boundaries." When Garcetti signed the Los Angeles ordinance into law in 2015, requiring seismic fortification of pre-1977 non-ductile concrete structures, as well as pre-1978 wood-framed soft-story buildings, he said he did it not only for life and safety issues, but to protect the city's ability to function after the long-anticipated monster earthquake strikes. Some thought it was political suicide to mandate seismic retrofits for these vulnerable buildings. Now, public opinion clearly supports the move.

The new poll of Los Angeles residents was conducted about a month after a series of powerful earthquakes — the strongest of which was magnitude 7.8 — sent shaking into Turkey and Syria, killing more than 52,000 people.

Many of the deaths occurred in the same type of non-ductile concrete structures that the City of LOS ANGELES's retrofit law targets, the Times reported. Shortly after those quakes, the Los Angeles County Board of Supervisors took the first step toward a mandatory retrofit law for non-ductile concrete buildings in unincorporated areas, including East LOS ANGELES, Florence-Firestone, Hacienda Heights, South Whittier, Rowland Heights and Altadena. They also ordered an inventory of vulnerable soft-story residential buildings in unincorporated areas. Other communities are expected to follow suit as public belief in the importance of seismic safety continues to gain momentum.

Enhanced Marketability, Value

A recent study by the University of Colorado, Boulder, determined that seismic retrofits of single-family homes not only make the property more marketable, they can increase the resale value of the home by 9.85%.^[i] Structural engineer Keith Porter, PhD, has calculated even more dramatic benefits in the City of Los Angeles, where more than soft story 8,000 apartment buildings have been retrofitted, by saying retrofits will "reduce future financial losses by \$41 billion and avert 1,500 deaths and 27,000 nonfatal injuries and cases of post-traumatic stress disorder." These earthquake retrofits are also "expected to prevent 5,000 housing units from collapsing and an additional 60,000 from being significantly damaged."

Porter called retrofits "a very cost-effective investment" and said "every dollar invested in a retrofit will save \$32 had the property owner not paid for seismic upgrades."

1 in 16 Buildings Compromised

Officials estimate there are as many as 300,000 structures in Southern California standing today that could crumble or collapse in an earthquake. These numbers equate to one in every 16 buildings, a USGS assessment determined^[ii]. These vulnerable structures include but are not limited to:

- Soft-story structures built before 1978
- Unreinforced masonry built before 1975
- Concrete tilt-up built before 1994
- Non-ductile concrete built before 1977
- Steel moment frame built before 1996

If your building falls within one of these categories, you should consider getting an engineering study to assess the structure's unique circumstances, which includes not only structural design and composition, but also soils composition and proximity to nearby fault lines.

The Benefits of Knowing Your Risks

An engineering study of your property can help to clearly establish your parameters of risk. That will help in calculating the type of action you should take to guard your investment and your tenants against harm in the event of a major earthquake. This information can ultimately lead to structural upgrades that can help to:

- Protect your building's equity
- Guard against liability
- Preserve a building's cash flow
- Avoid demolition costs
- Qualify a structure for earthquake insurance
- Enhance the overall value of the property

Most apartment owners have worked very hard for their property. It's what they rely on for their retirement income, and it's definitely in their best interest to protect it. Keep yourself informed about the potential risks of earthquakes not only to your building, but to your financial health and well-being.

Visit optimumseismic.com for more information or call us at (833) 978-7664.



Renters' Affordability Challenges Worsened Last Year



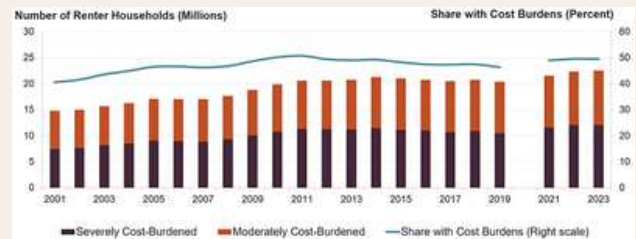
By: **Whitney Airgood-Obrycki**

Is a Senior Research Associate, working on research related to affordable rental housing for low-income households and serving as the project manager and lead author of our signature report *America's Rental Housing*. Dr. Airgood-Obrycki's research interests include affordable housing policy, affordability measures, rental housing markets, and suburban neighborhood change. Her work has been published in *Housing Policy Debate*, *Urban Studies*, *Journal of Urban Affairs*, and *Environment and Planning A: Economy and Space*. She holds a BA in History from Simmons College, an MS in Historic Preservation from Ball State University, and a PhD in City & Regional Planning from The Ohio State University.

The number of cost-burdened renter households hit yet another record high last year, according to the most recent data from the American Community Survey. In [a new research brief](#), my co-authors and I update the data in our [America's Rental Housing 2024 report](#) to highlight the current affordability challenges US renters face. We find that affordability has worsened across several dimensions, affecting more households up and down the income scale and leaving the lowest-income households with less left over than ever before.

In 2023, the number of renter households spending more than 30 percent of their incomes on rent and utilities hit an all-time high of 22.6 million (Figure 1). This included a record-high 12.1 million severely burdened households that spent more than half of their incomes on housing costs. The most recent count marks an increase of 209,000 households in the last year, 2.2 million since 2019, and 7.8 million since 2001. With this rise, half of all renter households were cost burdened in 2023. While this rate was essentially unchanged compared to the year before, it rose 3.2 percentage points from pre-pandemic levels and 9.0 percentage points since 2001.

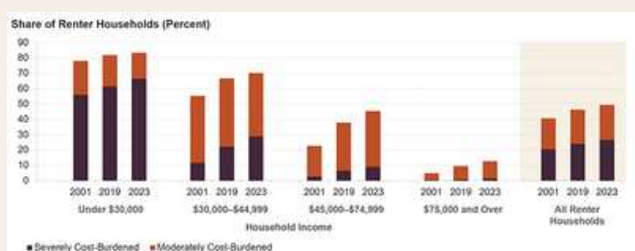
Figure 1: **The Number of Cost-Burdened Renters Has Hit Another Record High**



Rapidly rising rents, driven by strong demand and undersupply, have led to worsening affordability at every level of household income. Renters making less than \$30,000 saw their cost burden rate rise 1.5 percentage points since 2019 and 5.2 percentage points since 2001, reaching 83 percent (Figure 2). While middle-income renters are less likely to be cost burdened, their rates are rising the fastest. In 2023, 70 percent of renters earning \$30,000–44,999 were burdened, an increase of 15.0 percentage points since 2001, including a 3.5 percentage point rise since 2019. Affordability challenges for renters earning \$45,000–74,999 have grown even more dramatically with their burdens nearly doubling in two decades to 45 percent, which also marked an increase of 7.7 points since 2019.

Even households earning more than \$75,000 have not been insulated from deteriorating affordability with their cost burden rate rising to 13 percent in 2023, up 3.3 percentage points over the pandemic and 7.8 points since 2001.

Figure 2: Cost Burdens Are Rising for Renters of All Incomes



Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households spend 30-50% (more than 50%) of income on rent and utilities. Households with zero or negative income are assumed to have severe burdens, while households that are not required to pay rent are assumed to be unburdened.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Increasing cost burdens across income groups reflects the fact that full-time work no longer guarantees that a household can afford housing. The share of fully employed renters—households headed by someone who worked at least 50 weeks in the prior year and 35 hours in a typical week—was under 25 percent in 2001. But as rents have skyrocketed, the share of fully employed renters with cost burdens climbed all the way to 36 percent last year. In 2023, over half of fully employed renters working in personal/care services (55 percent) and food preparation (54 percent) were cost burdened, along with high shares of renters working in office and administrative support (42 percent) and education (38 percent).

While cost burdens have climbed the income scale, lower-income renter households continue to bear the brunt of the affordability crisis. Among households earning less than \$30,000, median rents rose 18 percent from 2001 to 2023 as their incomes fell by 12 percent, all in inflation-adjusted terms. These trends have pushed up the share of income these renters spend on housing.

In 2023, lower-income renters dedicated a staggering 80 percent of their household incomes to rent and utilities, compared to 60 percent in 2001 and 68 percent in 2019. With this increase, their residual incomes—the amount a household has left over each month after paying rent and utilities—plummeted to a record low of \$250, a 55 percent decrease since 2001 (Figure 3). Residual incomes for this group dropped 44 percent between 2019 and 2023 alone.

Figure 3: Residual Incomes for Lower-Income Renters Have Fallen Sharply



Notes: Household incomes and residual incomes are adjusted for inflation using the CPI-U for All Items. Households that are not required to pay rent are excluded. Data for 2020 are based on 2019 and 2021 values because of pandemic data disruptions.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The upward shift of the rent distribution helps explain why lower-income renters live in increasingly unaffordable housing. Since 2013, the number of units with contract rents under \$1,000 in inflation-adjusted terms has fallen by 7.5 million, including the loss of 2.5 million units renting for less than \$600 and 2.5 million units renting for \$600 to \$799. Meanwhile, net additions have entirely been among units renting for more than \$1,400. The number renting for \$1,400 to \$1,999 has risen by nearly 5 million since 2013 while the stock with rents of \$2,000 or more increased by 5.5 million.

While the latest cost burden data come from 2023, the affordability challenges have likely continued. According to the Census's Household Pulse survey, 41 percent of renters surveyed between January and September 2024 reported that their monthly rent had increased by at least \$100 in the last year

despite a boom in multifamily construction that is adding new units in many markets of the country. While rents are still going up, the multifamily housing surge has likely helped slow rent growth in some markets. But relief may be short lived as multifamily construction has slowed sharply while renter household growth is picking up. The construction slowdown will likely contribute to tightening markets that could push rents back up at a faster pace.

Ultimately, the future of rental affordability will depend on our ability to increase supply in constrained markets and increase subsidies that offset high rents for lower-income households. Affordability will also depend on the quality of employment opportunities that are available, prevailing wage trends, and the existence of policies that increase household incomes through the tax code or through guaranteed income programs.

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“CASH-FOR-KEYS”: A STRATEGY UPDATE FOR TENANT BUYOUT AGREEMENTS

JANUARY 07, 2025 @ 11:00 AM - 12:00 PM PST TUESDAY

Join us for another legal strategy discussion and learn all about tenant buyout agreements (a/k/a, “Cash for Keys”). Our expert, Sasha Struthers, Esq., joins us to answer all your questions on how to get out of tough tenant situations!

Join us to hear from our leading “cash-for-keys” expert, Sasha Struthers, Esq., who will be explaining the key strategies and legal aspects of tenant buyout agreements. Tenant buyout agreements can save you a great deal of time, headache and sometimes even some money. **THIS IS YOUR CHANCE TO GAIN KNOWLEDGE OF THIS IMPORTANT LEGAL STRATEGY FOR DEALING WITH TENANT ISSUES. YOU’LL ALSO GET ALL YOUR QUESTIONS ANSWERED, AND IT’S ALL FOR FREE!**

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From timesofsandiego.com

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