

EP44: A New Law in Oakland & Questions To Ask To Succeed

Welcome to the Landlord Logic Show, hosted by John Tiner. John is the owner and CEO of Tiner Property Management, a three-generation family business since 1976. Tiner Property Management expertly manages over 1,000 properties in the greater Sacramento area to place quality tenants quickly while minimizing your risk. John stays up-to-date on all the new laws and regulations and shares his knowledge with do-it-yourself landlords each week.

The Landlord Logic Show with the Tiner Property Management Pros. Joining us now, John Tiner, along with his wife and business partner, Jenny Tiner.

Well welcome back to the Landlord Logic Show. We're always happy to share these Sunday mornings with you. I am John Tiner and in the studio with me today is my wife.

So glad you always join me, Jenny.

Thank you. Thanks for listening everybody. It's always fun to do this.

We manage rental properties, meaning that we take care of people's rental properties for them and make it very turnkey for them. That's what we do as a company, Tiner Property Management. We're based in Carmichael, right near Carmichael Park, one of the newer nicer office buildings that are near the corner of Landis, and we've been there for quite a while.

We've actually grown over the years. When I joined my parents, they had 40 rentals and we moved from a little place on Windmill to the old Crestview bowling alley before they tore it down, then out to Marconi. Then we moved into this nice office space, kept growing as we went, and eventually bought that out. That was owned by one of the Remax offices, and they closed the office when the real estate crunch happened in 2007.

And so we moved in there, and then later we bought the next building to us. So we're Carmichael-based. We manage any single-family home or duplex. It's within about a 40-minute drive of that office in Carmichael.

But having said that, we have a great team, 30 employees, and many of them live in some of the outlying areas, Elk Grove, Lincoln. So even though we don't have an office in Lincoln, we have hundreds of property in Lincoln, West Roseville, and Rockland, and somebody who lives in the area and drives by the properties.

Same thing for many of the areas around town, Folsom El Dorado Hills. So we're Carmichael based, but we have a really good portfolio of properties and we're growing quickly.

We're signing up one or two new accounts a day, every business day, so a lot of people are calling us for that, needing some help with it. A lot of people can't sell, call us now, or they have a family member who's going into a care home and what are we going to do with dad's home,

those kinds of situations, and we're always glad to come out and meet with owners and help them analyze what's best for them.

And sometimes it's best for them to sell the property. We don't always get them as a property management client. We operate under the philosophy that whatever is best for the client, that's what we want to help them do because ultimately we build these lifelong relationships that come back and sometimes second and even third generations come back to Tiner Properties to either buy and sell real estate or to have their properties managed.

So that's what we do. And we also were realtors ourselves. We saw a lot of properties, but we also work with a lot of realtors that refer their clients to us. Maybe the market is just not great right now. And so if they're not able to sell out the price that they want, then they'll have us manage it for a little bit.

And so those realtor friends that might be listening today, we want you to understand something too. We don't steal clients. If you refer your client to us that you've been trying to sell or that you have sold properties to in the past, we will register them as your client and we will send them back to you when they decide they want to sell at some point.

So the first thing we ever do when someone says they want to sell properties, look to see who it was referred by. And if it was referred by KFBK or Google, then we'll talk to them about the sale. And if it's not, then we'll send them back to the realtor that referred it to us.

We also pay that realtor a referral fee. And so we're happy. We appreciate those accounts and happy to send them back to you and happy to pay you a little bit for sending them to us in the first place.

Yeah. So we've been in the business. John's been doing this for almost 50 years. So we are experts and we like being here and sharing our knowledge.

We don't like keeping the information to ourselves, I think, as much as we can share our listeners, do it yourself landlords. You know, it's good. It just makes everybody better, more knowledgeable.

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So today we're going to share, what do we got, John, a story about from Oakland that's coming down the pipe?

Yeah, this is an interesting one. Oakland has had some of the toughest tenant laws in the country for quite some time, and they just passed a new one. So they already have rent control. They already have just cause eviction. They already have relocation fees.

But they added to it that now, in certain cases, landlords will be required to pay *lifetime* relocation fees if they displace a tenant.

Lifetime. Yeah. And that's the word that caught my attention. So what it means is, if a landlord does a no-fault eviction — so not nonpayment, but maybe an owner move-in, or a substantial remodel, or some other reason that's a legal cause but not the tenant's fault — then the landlord has to pay relocation assistance.

Now that's not uncommon. We see that in a lot of cities. Sacramento has that, San Francisco has that. But what Oakland just did is say that if that tenant is elderly, or disabled, or has been there for ten years or more, then they're entitled to lifetime relocation assistance.

Meaning the landlord has to keep paying them, month after month, forever.

Wow. That's crazy.

It is crazy. And it's a huge disincentive for landlords to ever do any kind of remodel, or to ever move into their own property, or to ever take it back. Because if you do, you might be on the hook for thousands of dollars every month for the rest of that tenant's life.

That's unbelievable.

And the amounts are not small. In Oakland, the relocation assistance starts at around \$7,000, and then it goes up depending on the size of the unit and the characteristics of the tenant. So you could easily be looking at \$15,000 or \$20,000 in relocation fees. And now, on top of that, lifetime monthly payments.

So basically, you're married to your tenant.

Exactly. You're financially tied to them forever if you want to move them out for a no-fault reason.

That just doesn't seem right.

It doesn't. And I think what's going to happen is landlords are just not going to do those no-fault evictions anymore. They'll either sell the property, or they'll just live with whatever situation they've got, because who can afford to take that kind of risk?

Yeah, and we share these stories because California tends to follow these trends. What starts in San Francisco or Oakland or Los Angeles often finds its way up here to Sacramento, sometimes at the state level, sometimes in local ordinances.

That's exactly right. So landlords here need to pay attention. Because while this law is only in Oakland today, it could be in Sacramento tomorrow, or it could be statewide next year.

Okay, so that's the first story. You said you had another one out of Carmichael?

Yes, and this one really hits home because it's right in our backyard. There's a lawsuit that was just filed where a tenant is suing their landlord over habitability issues. And what's interesting is the list of complaints.

They're not just the usual things like plumbing leaks or mold. They included things like "the house is too cold in the winter" and "the windows are drafty."

Oh my goodness.

And they're claiming that makes the house uninhabitable.

So this is really expanding the definition of habitability. Traditionally, habitability has meant things like: do you have working plumbing, working heat, safe electrical, no health hazards, no vermin infestations. But now they're stretching it into comfort issues.

Yeah, and if the courts start agreeing with that, it opens up a whole new world of liability for landlords. Because every older home has drafty windows, or maybe it's not perfectly insulated, or maybe the air conditioner isn't the newest.

Right. And so landlords could be on the hook for tens of thousands of dollars in repairs or damages for things that really aren't defects, just inconveniences.

That's right. So this case is one we're going to be watching closely, because it could set a precedent for what counts as habitability in California.