



WINTER 2019

REALSMART

Newsletter

A QUARTERLY JOURNAL OF REALSMART IDEAS

CALIFORNIA LAWMAKERS PASS STATE-WIDE RENT CONTROL

In our previous newsletter, we discussed the probability of seeing a renewed rent control battle in California for the 2020 election. The stage was being set as the sponsor of 2018's failed Prop 10 rent control measure had just been cleared to begin collecting the signatures needed to place a similar measure on the 2020 ballot. However, to the surprise of many, CA lawmakers beat voters to the punch and managed to pass a state-wide rent control bill on their own, leaving no need for another expensive and protracted political campaign.

AB 1482, which narrowly passed through the Assembly floor just before the May legislative deadline, eventually cleared both houses and was signed into law by Governor Newsom in October. The bill, which will take effect January 1, 2020, will limit rent increases in California to 5% plus the local rate of inflation. Also included in the bill is a provision that will require landlords to show "just cause" - such as failure to pay rent - when evicting tenants who have lived in their units for at least a year. These tenants will also be able to "cure" their violation prior to eviction. And, if a landlord wants to evict a tenant in order to convert their rentals to condos or "substantially" remodel the property, they will have to pay relocation fees equal to one month of rent.

The bill will apply to all multi-family housing in the state that is at least 15 years old, as well as to rental houses and condos owned by corporations or real estate investment trusts. To further complicate things, the 15-year marker is a rolling date, so units built in 2006 will be exempt when the bill takes effect in 2020, but will be subject to rent control in

2021 when they turn 15 years old. The bill will not apply to any owner-occupied duplexes.

PLEASE NOTE: If you are a landlord or tenant in Redwood City, Daly City, San Carlos or San Mateo, AB 1482 has essentially already taken effect. These San Mateo County cities have joined a small group of California cities in passing "urgency ordinances" providing renter protections similar to those laid out in AB 1482 from now until the bill takes over in the new year. This was done to keep landlords from preemptively evicting tenants or imposing steep rent increases knowing they wouldn't be able to do so after this year. To my knowledge, these are the only cities in San Mateo County to pass an urgency ordinance at the time of this writing.

While our stance on rent control remains the same, the law is the law. We will do our best to inform our clients of the new regulations and can assure that all of our tenants will receive proper notification as well. If you own rental property and are unsure how this bill will affect you, feel free to give us a call and we will provide you with the appropriate resources.



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IN THIS ISSUE

AB 1482 PASSES	P. 1
RS FUND UPDATE	P. 2
AALTO & PRIVATE LISTINGS	P. 2
WINTER HOME MAINTENANCE	P. 3
MORTGAGE UPDATE	P. 3
NEW HOMES COMING SOON	P. 4

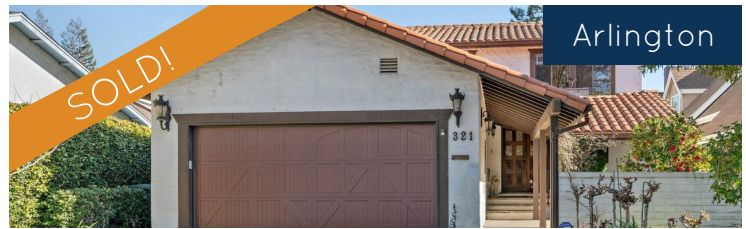
REALSMART FUND UPDATE: NO HOLIDAY BREAK IN SIGHT

In a market that has been less than reliable this year when it comes to homes selling quickly, we are happy to say that our project on Arlington Road in Redwood City sold before we even took it to market. We found a buyer who was open to touring the house before work was complete, and they ended up submitting the offer we were looking for. Thankfully, we were still able to host a Fixer Mixer at the property so many of you were able to see the finished product. For those who couldn't make it, our property on Kansas Street in Redwood City will be the site of our next Fixer Mixer - stay tuned for updates! In other exciting news, we just listed the first two units for sale in our condominium building at 2112 Hyde Street, San Francisco! Take a peek inside these contemporary Russian Hill condos at 2112Hyde.com

For more info on RealSmart projects or general inquiries about the Fund, call: (650) 363-2808



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Arlington



Hyde



Kansas

FROM THE REALSMART BLOG: PRIVATE LISTINGS WITH AALTO



At one of our recent weekly Realtor networking meetings, we met with Stephen Hartley, Head of Growth & Operations at Aalto, a new company offering sellers a private off-MLS platform to list their home for sale. Their model runs counter to the standard Multiple Listing Service (MLS) model, where you enter your home's information, and within minutes that information - including your address - has been posted to countless consumer-facing listing platforms (i.e. Zillow, Trulia, Redfin, etc). This is certainly the best way to maximize your home's exposure, but it comes at the expense of privacy and discretion - an issue that Aalto and other private listing platforms attempt to remedy.

Once you list your home for sale in MLS, your address is sent out to all major listing portals (Zillow, Redfin, Trulia, etc.), at which point you have

little control over who will come poking around your home unannounced. You can write "Do not disturb" in the MLS notes, but that won't always stop your neighbor from asking questions, or the occasional rogue buyer from knocking on your door. By contrast, Aalto only reveals your address to agents registered on Aalto, or buyers with an agent. This not only ensures a greater degree of privacy, but it also weeds out lookie-loos, and ensures the people reaching out are serious, motivated buyers.

Privacy isn't the only advantage to listing a home off-MLS. It also gives you the ability to market a home without the risk of your listing getting "stale" as the days on market run up. You can advertise your home on Aalto for as long as you like, and if you eventually do decide to list in MLS, it will show as a brand new listing. This is particularly valuable as a pre-marketing tool during down markets or otherwise slow periods like the holiday season.

For more information on Aalto and listing your home off-MLS, check out the full blog post at: www.realsmartgroup.com/OffMLS



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IMPORTANT HOME MAINTENANCE STEPS FOR THE WINTER SEASON



For homeowner's in the Bay Area, seasonal home maintenance is a cakewalk compared to what our counterparts in other areas of the country have to deal with. We don't have to worry about shoveling driveways and walkways after every snow storm, or thawing out frozen water pipes. However, we do have rain, wind and cold weather, so it's important to prepare your home accordingly. Below are a few important maintenance tips to keep your home safe and comfortable through the winter.

Clean Your Gutters

This is an obvious one, and we're probably not the first to remind you, but clogged gutters can lead to a number of significant issues. When your gutters become clogged, rainwater can overflow and collect

around the base of your home, potentially causing foundation damage. Also, the water trapped in the gutters can rot the wood fascia and soffit boards near where the gutters are attached. What's even more unsettling is that gutter debris, especially when wet, provides an attractive habitat for potentially destructive insects. So get those gutters cleaned!

Remove Suspect Tree Limbs

Every year, we hear about damage being caused to a home by a tree branch breaking off during a particularly gusty storm. It's not always easy to catch, but if you happen to notice a weak or damaged tree branch, be proactive and have it removed.

Check Your Fireplace/Chimney

Fireplaces are great during the winter. But if they aren't properly cleaned they can become a great disaster, as creosote buildup and debris such as leaves and bird nests are a potential fire hazard. If you use your fireplace regularly, it's best to hire a chimney sweep to come and clean it once a year.

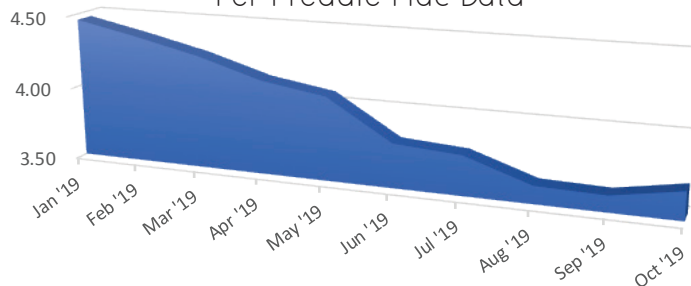
If you need help tackling these jobs, or any other home maintenance tasks, please give us a call and we will refer you to a professional: (650) 363-2808.

MORTGAGE UPDATE

Heading into 2019, the consensus among most economists and industry experts was that 2019 would be a year of growth in mortgage rates, with some forecasting an increase to as much as 5-5.5% by the end of the year. Rates had been trending upwards the previous couple of years, and the usual indicators seemed to point toward continued growth. Instead, what we saw was a year of steady decline fueled by trade wars, economic uncertainty, and three Federal Reserve rate cuts. So what could have been a year in which we saw buyers being pushed out of the market due to rising borrowing costs, turned into a significant window of opportunity for buyers to lock in favorable rates, or refinance a loan taken out in the past couple of years. Continued uncertainty regarding trade relations and foreign economies make it difficult to forecast where rates will go from here, but it is unlikely they will get much lower, given that we are already near historical lows. For more information on current rates and what you may qualify for, give us a call. We will happily put you in touch with one of our trusted loan advisors. (650) 363-2808.

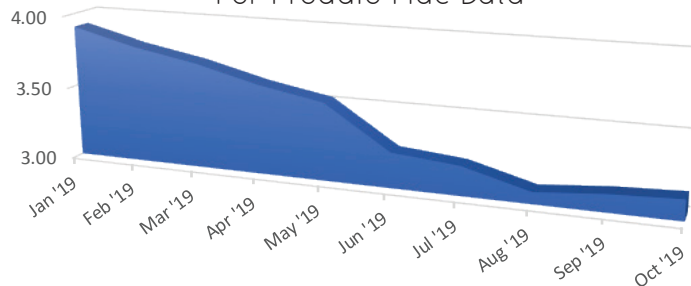
30 YEAR FIXED RATES

Per Freddie Mac Data



15 YEAR FIXED RATES

Per Freddie Mac Data



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FEATURED LISTINGS



NEW CONSTRUCTION IN THE MID-PENINSULA

We work with builders who are constructing immaculate brand new homes across the mid-peninsula. Our buyers are often able to get into the homes before they are complete, allowing them to pick the finishes and certain design elements themselves. Please call us for additional information: (650) 363-2808.