

New group helps Silicon Valley landlords understand flood of new rental laws

By [Janice Bitters](#) – Commercial Real Estate Reporter, Silicon Valley Business Journal
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Over the past year, some Silicon Valley landlords have been left scratching their heads over how to comply with new renter protection rules and rent increase caps, as cities in the region look for solutions to curb the region's growing housing crisis.

For renters, these changes are meant to offer stability in a fast-changing economy with sharply rising rents. But for many Bay Area property owners, the shifts have left them with questions over what's allowed and what's not.

Now, some Silicon Valley real estate companies are starting to respond.

In fact, it's that head-scratching that spurred Silicon Valley Multifamily Group to launch a new property management division, according to [Michael Shields](#), founder and managing broker for the firm.

“Local multifamily owners believe in the long-term strength of their assets,” he said in a statement Monday. “But changing market dynamics — including increasingly stringent rent control regulations — have made it difficult to manage properties without expert guidance.”

Indeed, as the city of [San Jose recently worked to enact rent control limits and tenant protection rules](#) in a series of contentious debates, small property owners showed up in force to say the changes would most affect them. Some told city officials during multiple public hearings over the past year that if the changes were made, they'd likely sell their properties.

San Jose had also earlier this year reduced how much landlords of rent-restricted apartments could increase costs to residents annually, from 8 percent to 5 percent.

“That had a reaction,” Council Member [Johnny Khamis](#) said during one of the meetings leading up to San Jose's passage of new rent control guidelines. “I think the reaction was that people wanted to sell their properties and ... get out of the business. What's really clear to me is that there is going to be reactions to whatever we get done tonight.”

Meanwhile, even larger property owners and developers agreed during the debate that, as much as renters need stable housing, the new regulations could discourage multifamily property ownership. Ordinances related to rent control places the burden of rising costs on the wrong group, said [David Neale](#), president and CEO at the Core Cos., which has developed both market rate and affordable units in San Jose.

“The people who own these older apartments are not responsible for the fact that rents ... have gone up,” Neale [said in an interview shortly after a vote on San Jose's renters protections](#). “The city itself is responsible because they add so many taxes and so many fees and so many restrictions to property owners. That alone will increase the costs.”

The Silicon Valley Multifamily Group has brought on [Jody Marshall](#) to lead the new division to try to help lower costs for property owners, according to Shields.

Before joining the company, she served as the executive director of San Jose-based Westwood Properties for the past 30 years. She was also an education board member for the [California Apartment Association](#) and a co-founder and teacher for the city of San Jose's Project Blossom, which was a training course for multifamily rental property owners in the city.

“I’m excited about the synergy this new division creates with the apartment brokerage that [the Silicon Valley Multifamily Group] is known for,” Marshall said in a statement this week, adding that she is looking “forward to working with larger property owners to make their buildings more profitable.”

Marshall’s aim as the company’s new vice president of property management is to grow what was once a more limited property management group that previously only oversaw the group’s investments and provided limited management services to its existing clients with 50 or fewer units.

Now, the new division is aiming to ramp up those services and help new clients that have a wider range of residential units in their portfolio.