

## **New Laws Targeting California's Housing Crisis**

In an earlier newsletter I wrote about the rent control law that was passed in California which capped rents throughout the state at five percent annually. This was met with mixed reviews as California had previously voted against this, and it was later passed through a different bill without California residents voting. Now several new laws are being passed directly by the governor to address the housing shortage in the state. California has a shortage of 1.1 million homes for extremely low-income renters. California also has one of the highest rates of homelessness in the nation.

Senate Bill 330 is being proposed which would speed up construction by reducing the development processing time. The bill aims to decrease the time for building permits, reduce fees for new housing developments, and stop governmental agencies from limiting the number of units that can be built. This law has passed and takes effect January 1, 2020, and goes through 2025.

The governor also signed Senate Bill 113 which approved the transfer of \$331 million in state funds to the National Mortgage Special Deposit Fund. This law sets out to eventually create a trust to provide aid to low-income buyers and renters.

Assembly Bill 1763 passed which approved density bonuses to developments that have all units designated as affordable. Other bills also signed into law focus on practices such as setting aside surplus government-owned

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properties for future affordable housing projects and providing tax exemptions for certain properties that could be used to build affordable housing.

Five bills were passed allowing cities to increase the supply of accessory dwelling units sometimes referred to as "granny flats." The purpose behind this bill is the idea that most of these units are often used to house elderly or ailing family members. The bills remove impediments to constructing small units on properties with existing homes and apartments.

Source: CoStar Newsletter October 2019

**Current SBA 504 Effective  
Rate for  
October 2019 is 3.53%**

## Industrial Real Estate Outlook for 2020

For the past few years we have had record breaking expansion, construction and investment activity. We have seen vacancy and interest rates the lowest in history.

The outlook for 2020 remains strong. However, economists predict we will have continued growth but at a slower pace than the past two years.

E-commerce has been the driving force in industrial activity and is expected to continue to fuel the market. Many industrial developments have been pre-leased which has driven the leasing market especially in the Inland Empire.

Threats to the market include the ongoing tariff battle and trade wars which causes

Volatility and increases materials pricing. The labor shortage also has an effect on the manufacturing industry.

Prices are expected to increase about five percent through next year. Leasing activity is expected to remain strong in core market such as Los Angeles and the Inland Empire.

Source: Industrial Investor Sentiment Report October 2019- SIOR.

## Featured Property: New Listing for Sale



### 760 Arrow Grand Circle in Covina

Approx 19,861 SF Industrial/Flex building situated on an acre of land.

100% HVAC- Ideal for R&D, lab, technology, light manufacturing, etc.

Approx 8,291 SF of two-story offices with 15 private offices, bull-pen areas and conference room. Fios internet.

Two fenced yard areas, 52 parking spaces, 1600 Amp power & 19' CH.

Please contact me for pricing.



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Linda specializes in commercial and industrial sales and leasing throughout the San Gabriel Valley. She has extensive knowledge in 1031 exchange transactions, investment opportunities, and market analysis. Feel free to contact Linda with any questions or requests for information.

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