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Good times for East Bay renters: More vacancies, lower prices, officials say

Good times for East Bay renters, researchers say
By Joel Grostephan, Correspondent – Oakland Tribune

Monday, December 06, 2004 - BERKELEY -- East Bay rental services said last week the market for renters is better than it has been for years.

It's "the best in 34 years for tenants," said Becky White, who has been with Cal Rentals for 20 years and has lived in Berkeley since the 1970s. "Every third phone call we get is from landlords saying, 'What happened to the market?'"

RealFacts, a housing data firm in Novato, reported Alameda County rental prices in the first quarter of this year went down 2.3 percent compared to the year before. Tenants are happy. Owners are nervous.

Dana Goodell, owner and manager of Homefinders Rental Service, which lists 80 percent of the vacancies in the Bay Area, said, "For the first time since World War II, when veterans came to Berkeley on the GI bill, it's not that difficult to find housing."

Goodell, who had 30 full time employees in 2000, now has only five.

The Alameda County Rental Housing Association in Oakland is so worried they have set up a committee to research the market.

"We've never had a market condition survey before now," said Link Corkery, the chair of the committee.

Corkery said the committee found rent growth tracks job growth, which his organization has little control over. Corkery also said while interest rates have gone up recently, the long period of low rates had already killed the market. "Good tenants have gone out and bought houses," he said.

White from Cal Rentals said the bubble of the dot-com money in combination with the passage of the Costa-Hawkins law of 1996 that allowed Berkeley landlords to increase rent on vacant units caused a sharp spike in rental prices in the late '90s.

When the 1996 law went into effect, more units also came on the market, said Mike Wilson, president of the Berkeley Property Owners Association.

Wilson said even with the higher vacancy rates, rent control in Berkeley still keeps prices from falling -- once landlords drop the rent on a unit, they have to keep it at the lower rate during the time the tenant remains.

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"If you have a vacant unit you would like to rent for \$1,500 and you have a choice between lowering the rent to \$1,300 or waiting a few months to rent the place, you will keep the place vacant, because once you rent the unit you are locked in by the rent control board," he said.

But others disagreed and said the higher vacancy rates have pushed prices down.

Goodell said she assumes the vacancy rate in Berkeley is about 5 percent, which is considered stable. However, people are used to a 2 percent vacancy rate. RealFacts reports the countywide vacancy rate was 5.6 percent as of March.

To keep their buildings full, landlords offer perks.

"We've had to add different incentives like two weeks off of second month's rent - if we didn't do that, we'd have no hope of renting," said Erica Collins, a building manager with The Lapham Company which owns buildings throughout the Bay Area.

Kevin Hawkins, whose family owns six buildings in Oakland and Berkeley, agreed landlords had to be creative. "If you feel like you can't get that same price you lower the rent, you offer free garage, free parking, free month," he said.

Robert Sincular, who owns properties in Berkeley, said, "We had to do some lowering of prices, and do a lot more showing. It used to be 20, 30, 40 people would show up, now it's two or three people and they don't always call you back."

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