



January 5, 2021

To: President Pro-Tem Toni Atkins
Speaker Anthony Rendon

CC: Governor Gavin Newsom

Re: Support of SB 3 and Opposition to AB 15 and SB 64

On behalf of the above-signed rental property owners and real estate industry groups that provide housing for Californians, we are writing concerning the recently introduced package of bills intended to extend the provisions of AB 3088 for various lengths of time.

We are writing to express our support for SB 3 (Bradford / Caballero), which is the simple extension of AB 3088's provision until March 31, 2021, because we believe that this provides sufficient time for all the parties affected by COVID-19 to come together to find workable and timely solutions to ensure that our members can get through the pandemic and hopefully continue to provide housing for millions of California's renters. We express our strong opposition to AB 15 (Chiu) and SB 64 (Leyva). Simply extending the current provisions of AB 3088 for one more year, or longer, without reexamining how those policies adversely affect the state's housing providers and the long-term effect on the housing market does not help residents or small family rental property owners. Even if SB 3 were to pass, for many of the state's rental housing providers, they would have gone without collecting all or a portion of rental income for more than one year.

Our members range from small to large, but we would argue they are all essential and are experiencing the effects of COVID-19 firsthand, both personally and professionally, just like millions of other Californians. We hear firsthand about the pandemic's impact on their families and jobs, and the people for whom they provide housing. Right now, for people on both sides, housing providers and renters

alike, the outlook does not look promising. This is especially true for small, “mom and pop” family rental housing providers who are the majority of all rental property owners in the state. These “moms and pops” rely upon their rental property as primary income for their families or to supplement their retirement income such as Social Security benefits, and employ thousands of Californians who depend upon them for their livelihoods from maintenance to landscaping to property management, fire prevention, and insurance.

While our members understand that the Legislature wants to ensure people affected by COVID-19 have a roof over their heads, the Legislature should also ensure that property owners, their employees, and the vast array of businesses that service their properties can survive this crisis too. What is needed here is a holistic approach to this problem – the Legislature needs to create a financially stable environment so that rental property owners can continue to exist and provide housing to those within our communities.

We hope the Legislature recognizes that many of our member rental housing providers across every region of California are being adversely affected by their residents' inability to pay their rents, many since the pandemic began in March 2020. At the same time, our members are also working with their residents to provide rental relief and other policies to help lessen the impact. None of us invests in rental property to be in the eviction business, which is always a last and expensive outcome.

If the Legislature extends AB 3088 for more than a month or so, for one more year or longer from current expiration without any discussion about the severe effect those policies are having, many of our members will be forced to sell their properties (obviously devalued), or begin to default on their bank loans or, in some cases, will be forced to file for bankruptcy. Mortgage lenders, experiencing the affects government interference with rental contracts has had on borrowers, will surely no longer wish to lend to smaller rental property owners. This will also harm the very tenants the legislature is seeking to help as the quantity and quality of available rental housing in California is severely diminished.

Many of our members, like the people they house, may never fully recover, as a result of current government solutions. This is the unfortunate reality of merely extending the provisions of AB 3088 for one more year or longer without discussing how to help property owners stay in the housing business and exacerbating the growing debt for everyone involved.

While we do not have specifics yet, our groups estimate that the people we house have not paid over \$53,000,000 in rent since the pandemic began, not to mention the untold millions in property devaluation and subsequent lost tax revenue as a result. Data from the State of California predicts that since March of this year through January 2021, there will be approximately \$1.7 billion of unpaid rent. That is \$1.7 billion that rental housing owners need to pay for their properties' operating expenses and their personal and family obligations. Rental housing owners cannot be expected to continue to provide housing at a such a catastrophic financial loss. As the outstanding rental debt continues to grow, it will become even more challenging for people to recover, trickling down, and make it harder for our members to pay their obligations to those businesses that service our properties.

Our members have families, and they are trying to pay their taxes and mortgages too. They are trying to put food on their tables, trying to put kids through college, and trying to save for retirement, just like everyone else. Just because our members may own a rental property does not mean they have not experienced the impacts of fulltime job loss or contracted the Coronavirus or cannot work while caring for a family member that may be ill. This is not to say they are any more or less affected than anyone else. We recognize that and, in fact, we are all in this together. Lawmakers can implement some policies right now that can help the people that we house and help our members stay in the housing business.

That is why we support SB 3 (Bradford/Caballero), the least of all evils, so that all parties can come together and find real fact-based solutions to help all affected parties get through the pandemic. We believe we can all unite behind a solution by sharing ideas and having a reasonable discussion. But we must have time to work these issues out together.

We understand and empathize with the people for whom we provide housing. We know the Legislature is tasked with finding ways to lessen the COVID-19 crisis' effects, especially for those who can least afford it or those on the front lines. However, we believe any temporary or permanent discussion about how to help those affected by COVID-19, must involve our groups and our members.

We recognize that we are all in this together, and we must work together to find ways to ensure that we come out of this with the ability to provide housing to millions of Californians.

Respectfully submitted by the following organizations:

Western Manufactured Housing Communities Association
California Rental Housing Association
Southern California Rental Housing Association
California Mobilehome Parkowners Alliance
Security Investment Company
East Bay Rental Housing Association
Apartment Association of California Southern Cities
Apartment Association of Orange County
Apartment Association of Greater Los Angeles