

CalRHA Legislative Updates



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SACRAMENTO – Today, AB 2050, Ellis Act reform was reintroduced by Assemblymember Alex Lee. AB 2050 would curb property speculators who misuse the Ellis Act from evicting buildings full of rent-controlled residents, many who have lived there for decades. The reform to the Ellis Act would ensure that this type of eviction cannot be used until after five years of property ownership.



CA Assemblyperson
Alex Lee

The bill is jointly authored by Assemblymember Wendy Carrillo (D-Los Angeles), principally co-authored by Assemblymember Ash Kalra (D-San José), and co-authored by Assemblymembers Richard Bloom (D-Santa Monica), Mia Bonta (D-Oakland), Adrin Nazarian (D-Van Nuys), Phil Ting (D-San Francisco) as well as Senators Ben Allen (D-Santa Monica) and Henry Stern (D-Los Angeles).

“Protecting our affordable housing supply is one of the important keys in preventing homelessness,” said Assemblymember Alex Lee. “Our broad coalition supports our sensible reform to install guardrails to defend against displacement from corporate real estate speculators while continuing to respect the rights of small-scale landlords.”

The Ellis Act is a 1985 California state law that allows landlords to evict residential tenants when exiting the rental business. While the Act was originally intended to protect small mom and pop landlords who could no longer maintain their rental properties, the Ellis Act's loopholes have been used to acquire rent control housing, evict tenants, and sell the property for a higher profit.

Studies show that the vast majority of Ellis Act evictions occur within the first five years of an owner purchasing a property, indicating that these property owners had no intention of being in the rental business in the first place. There has even been a trend of “serial evictors” who evict tenants from multiple buildings to convert the units to other uses such as condominiums and

tenancies-in-common, and then acquire new rental properties for the same purpose.

Small “mom and pop” landlords, may qualify for an exemption from AB2050 if they meet all of the following:

- Operate the property under their name as a natural person OR manage the property with an LLC in which there is no more than four members, and all members are natural persons OR they hold the title to the property as a trustee in which all beneficiaries are natural persons
- Natural person(s) are the sole beneficial owners of the property, with the exception of a person who holds title to the property as a trustee
- Natural person(s) who own the property each directly or indirectly own four or fewer residential units in the aggregate, not including the owner's principal place of residence including those who operate a Limited Liability Company (LLC) to conduct rental business

“Any effective effort to address our affordable housing crisis must prioritize preserving our existing affordable housing along with producing new affordable housing for we will never solely build our way out of our affordable housing emergency,” said Larry Gross, Executive Director of the Coalition for Economic Survival. “The Ellis Act undermines meaningful efforts to do so, and the passage of AB 2050 must be seen as a crucial component to meeting the state's affordable housing needs.”



Larry Gross
Exec Director, Coalition
for Economic Survival

“We came closer in 2021 than ever before to ending speculator evictions under the Ellis Act,” said Randy Shaw, Executive Director of the Tenderloin Housing Clinic. “By amending the bill to address member concerns we are hopeful that the legislature will restore the original intent of the Ellis Act by passing AB 2050.”

AMENDED IN ASSEMBLY MARCH 17, 2022

CALIFORNIA LEGISLATURE—
2021–2022 REGULAR SESSION

ASSEMBLY BILL NO. 2050

~~An act to amend Section 33080 of the Education Code, relating to state educational agencies. An act to add Section 7060.8 to the Government Code, relating to residential real property.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2050, as amended, Lee. ~~State educational agencies: purpose.~~ Residential real property: withdrawal of accommodations.

Existing law, commonly known as the Ellis Act, generally prohibits public entities from adopting any statute, ordinance, or regulation, or taking any administrative action, to compel the owner of residential real property to offer or to continue to offer accommodations, as defined, in the property for rent or lease.

Existing law authorizes any public entity that has in effect any control or system of control on the price at which accommodations are offered for rent or lease to require by statute or ordinance, or by regulation, that the owner notify the entity of an intention to withdraw those accommodations from rent or lease, and to require that the notice contain specified statements.

This bill would, when a public entity has a price control system in effect, prohibit an owner of accommodations from filing a notice with a public entity of an intention to withdraw accommodations or prosecuting an action to recover possession of accommodations, or threatening to do so, if not all the owners of the accommodations have been owners of record for at least 5 continuous years, with specified exceptions, or with respect to property that the owner acquired within 10 years after providing notice of an intent to withdraw accommodations at a different property.

This bill would require an owner of accommodations notifying the public entity of an intent to withdraw accommodations from rent or lease, as provided, to identify each person or entity with an ownership interest in the accommodations, as provided. That information would be available for public inspection. The bill would prohibit an owner or any person or entity with an ownership interest from acting in concert with a coowner, successor owner, prospective owner, agent, employee, or assignee to circumvent these provisions. The bill would provide specified, nonexclusive remedies for a violation.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

~~Existing law states that each child is a unique person, with unique needs, and that the purpose of the educational system of the state is to enable each child to develop all of their own potential.~~

~~This bill would make nonsubstantive changes to this provision.~~

DIGEST KEY

Vote: majority Appropriation: no Fiscal Committee: ~~no~~-yes Local Program: no

BILL TEXT

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1.

Section 7060.8 is added to the Government Code, to read:

7060.8.

(a) When a public entity that, by a valid exercise of its police power, has in effect any control or system of control on the price at which accommodations are offered for rent or lease, all of the following shall apply:

(1) An owner of accommodations shall not file a notice with a public entity to withdraw accommodations pursuant to this chapter, prosecute an action to recover possession of accommodations pursuant to this chapter, or threaten to do either of these things, unless all the owners of the accommodations have been owners of record for at least five continuous years. If an owner of record is not a natural person, then all persons or entities with an ownership interest in that entity shall have held that interest for at least five continuous years. The five-year ownership requirements in this paragraph shall not apply to an owner of accommodations that meets all of the following requirements:

(A) The owner of record is a natural person, a limited liability company in which there are no more than four members and all of the members are natural persons, or a natural person who holds title to the property as trustee in which the settler and all beneficiaries are natural persons.

(B) All natural persons referenced in subparagraph (A) are the sole beneficial owners of the accommodations, with the exception of a person who holds title to the property as trustee.

(C) The owner of record and all natural persons referenced in subparagraph (A) each directly or indirectly own four or fewer residential units in the aggregate, not including the owner's principal residence.

(2) If an owner of accommodations, including a person or entity with an ownership interest in the accommodations, files a notice of intent with the public entity to withdraw accommodations under this chapter, and the owner subsequently acquires a new property containing accommodations within 10 years of that filing, the owner shall not withdraw accommodations pursuant to this chapter, prosecute an action to recover possession of accommodations pursuant to this chapter, nor threaten to do either of these things, with respect to the later acquired property.

(3) An owner of accommodations, or any person or entity with an ownership interest in an entity that owns the accommodations, shall not act in concert with a coowner, successor owner, prospective owner, agent, employee, or assignee, to circumvent the limitations of paragraph (1) or (2).

(4) An owner of accommodations notifying the public entity of an intention to withdraw accommodations from rent or lease shall identify each person or entity with an ownership interest in the accommodations, and if any entity is not a natural person, identify all persons or entities with an ownership interest in that entity. This information shall not be confidential and shall be available for public inspection.

(b) A person or entity that violates the provisions described in paragraph (1) or (2) of subdivision (a) is liable to the tenant or lessee for actual damages, special damages of not less than two thousand dollars (\$2,000) for each violation, and reasonable attorney's fees and costs in an amount fixed by the court. The remedy provided by this section is not exclusive and shall not preclude either the tenant or lessee from pursuing any other remedy provided by law.

SEC. 2.

The Legislature finds and declares that housing, including maintenance of accommodations, is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 1 of this act adding Section 7060.8 to the Government Code applies to all cities, including charter cities.

SECTION 1. Section 33080 of the Education Code is amended to read:

33080.

Each child is a unique person, with unique needs, and the purpose of the educational system of the state is to enable each child to develop all of their own potential.