



CalRHA  
July 27, 2019

# Legislative Update

## **AB 1482 (Rent Control) and AB 1481 (Just Cause)**

The Legislature adjourned for a month-long summer recess on July 11th. Two days prior to adjournment, **AB 1482** - Assemblyman David Chiu's rent control bill - passed out of the Senate Judiciary Committee on a 6-1 vote (Democratic Senator Tom Umberg abstained from voting on the bill and Republican Senator Andreas Borgeas was absent. Republican Senator Brian Jones was the "no" vote). CalRHA testified in opposition, arguing for preemption/a constitutional amendment, expanding the exemption to include units, increasing the 10-year rolling exemption for new construction, and means testing. The California Apartment Association also testified in opposition, and the California Association of Realtors and others lined up to register opposition well.



Assemblyman David Chiu

Before the Judiciary Committee hearing, **AB 1482** was amended in June to contain the following components:

- Rent cap of CPI+7%, or 10%, whichever is lower
- *Just Cause* to apply to tenancies after 12 months
- Relocation assistance for no-fault evictions for 1 month monthly rent
- Landlords would have to provide notice of just-cause rights to tenants at beginning of tenancy via an addendum to the lease
- Language clarifying the causes for eviction
- Exemption for 10 or fewer single family residences
- 2023 sunset.



Despite the defeat of the Just Cause bill **AB 1481** in May, **AB 1482** was amended to require Just Cause for evictions. The California Association of Realtors agreed to go neutral on **AB 1482** in May with the inclusion of a rent cap of CPI+7% and a 2023 sunset, among other provisions, but CAR did not agree to the Just Cause language and is therefore once again opposed to **AB 1482**. CalRHA also remains opposed.

Amendments were also taken to **AB 1482** in Senate Judiciary Committee that could raise additional issues, however there was one positive clarification that if between March 15, 2019 and January 1, 2020, a landlord has raised or does raise the rent beyond what would be allowed under the bill, the applicable rent on January 1, 2020 will be the rental rate as of March 15, 2019 plus the maximum permissible rent increase under the bill (CPI + 7%). **AB 1482** will now go to Senate Appropriations Committee, where it will be heard in August. CalRHA met with the Governor's Office the day after the Judiciary Committee hearing and continues outreach with Leadership and key legislators on our issues with the bill.

Just prior to the Senate Judiciary Committee hearing of **AB 1482**, The Turner Center for Housing Innovation at UC Berkeley released a report on **AB 1482** and how it would impact 10 specific communities in the state. The report states that **AB 1482** would expand rental price protections to millions of households and that, over the past five years, in all but one of the communities it studied, there was at least one instance where median rents increased 10% or more year over year. However, median rent increases overall in these communities was less than 5%. The communities studied included Vallejo, the Mission District and Potrero Hill in San Francisco, Long Beach, and Oakland, among others. The report concludes that if **AB 1482** advances, its proponents should address two main concerns: whether a rent cap could hurt housing production, and whether it would unintentionally cause steeper increases than what occur in the current market.

## **SB 248 (Renters' Tax Credit) and SB 521 (Section 8 Incentives)**

Beyond rent control, two bills CalRHA is supporting passed out of Assembly Revenue & Taxation Committee in July - SB 248 (Glazer) and SB 521 (Portantino). SB 248 creates a renters' tax credit and SB 521 provides incentives for landlords to rent to Section 8 recipients. Both bills now go to Assembly Appropriations Committee.



Senator Holly Mitchell

### **SB 329**

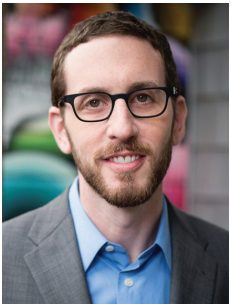
**SB 329**, the bill by Senator Holly Mitchell that would require owners of rental properties to accept all federal, state, and local public assistance subsidies, was placed on the Suspense file in Assembly Appropriations Committee, which is where bills go that are deemed to have a substantial fiscal impact on the state. CalRHA is requesting amendments consistent with Senator Mitchell's comments that her goal with the bill is to prevent property owners from advertising that they won't accept Section 8, but that the bill doesn't mandate that the property owner enter into contract with Section 8 applicants and that they would be free to choose a non-section 8 applicant.

## **2019-20 California State Budget**

On the fiscal front, the Governor signed the 2019-20 California State Budget on June 27th. The Budget includes \$2 billion dollars for housing and homelessness. In signing the budget, Governor Newsom stated that housing costs are a "defining quality-of-life concern for people across California" and that the budget "makes a historic investment to accelerate the production of new housing, and supports local governments to meet their required housing goals." Those investments include:



- \$1.75 billion for new housing production and planning, including support to local governments for production
- Local government accountability measures to meet housing demand
- \$20 million for legal aid for renters to assist with landlord-tenant disputes, including legal assistance for counseling, renter education programs, and preventing evictions.



Senator Scott Wiener

Senator Jim Beall is urging the Governor to convene a special session on the housing crisis. Senator Scott Wiener, the author of **SB 50** (which sought to increase housing near jobs and public transit), stated he would support a special session as well and believes zoning and other land use issues must be tackled. He could potentially reintroduce **SB 50** in a special session, but said he will pursue it in January absent an extraordinary session.

At the statewide level, State Controller Betty Yee released a report on June 18th urging the Legislature to adopt a comprehensive housing package this session focused on meaningful reform, including significant increases in zoning capacity. Specifically, the Controller recommends that the package be comprised of the following components

- Expanded zoning capacity - could be achieved through bills like SB 50, which Yee believes takes an "equitable" approach to zoning and should be the "cornerstone" of the housing package
- Statewide housing standards - recommends universal housing goals for the state as well as regulatory and fiscal incentives to reward jurisdictions that see housing growth; also urges the state to limit forces that prevent development, including NIMBY lawsuits and excessive fees
- Tenant protections - could include rent stabilization, eviction protections, subsidies, and prohibiting source-of-income discrimination
- Dedicated funding - the state should prioritize housing via funding through the state budget and ongoing funding through the Low-Income Housing Tax Credit or the Multifamily Housing Program
- State housing coordination - recommends ensuring the state is making the right investments to boost production by evaluating the organization of the state's housing entities and improve processes to streamline distribution of state funds.
- Labor supply and building cost considerations - need to address the lack of labor supply via things like expanded apprenticeship programs for residential development.

## Legislative Update (continued)

At the ballot level, Attorney General Xavier Becerra issued **Title and Summary** for the rent control initiative. Like Prop 10, it will read "Expands Local Governments' Authority to Enact Rent Control of Residential Property" on the ballot. It notes a potential loss of tens of millions of dollars annually in local and state revenue. Now that **Title and Summary** has been issued, the initiative is cleared for circulation. Michael Weinstein, the backer of the initiative, has stated that his preference is to work with the Legislature on passing a bill rather than going to the ballot again. However, he thinks the tenant protections in **AB 1482** don't go far enough. The initiative needs 623,212 valid signatures by April 1, 2020 in order to qualify for the November 2020 ballot. Weinstein can pull the initiative from the ballot as late as next June. We will have a better idea as to whether he pursues it when the outcome of **AB 1482** is final.

The Legislature will return to Sacramento on August 12th for the last month of session, which will conclude on September 13th.



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