



CalRHA  
September 2019

# Legislative Update

The Legislature adjourned for the year on September 13th, capping off the five-week frenzy of legislative activity known as the "end of session" that runs from when lawmakers return from summer recess until they adjourn. 2019 will unquestionably go down in history as one of the most memorable sessions in California history. Democrats embarked on the year with unprecedented numbers in the Legislature and a progressive in the Governor's office, who wasted no time issuing executive orders to outline his agenda. The Legislature was eager to implement many of Governor Newsom's policy goals, viewing him as more of an ally than his predecessor (Jerry Brown). One of Newsom's first stated policy proposals was statewide rent control. Several bills were introduced in the rent cap/just cause space shortly thereafter, but **AB 1482** by Assemblyman David Chiu (D - San Francisco) was the one that was ultimately passed by the Legislature.



2019 California Legislature (Photo, Politico.com)



Assemblyman David Chiu

For CalRHA, **AB 1482** was the primary focus during the final month of session. Unfortunately, given the Governor's support of the bill and the fact that the California Apartment Association and California Business Roundtable went neutral at the beginning of September, **AB 1482** passed out of the Senate on September 10th on a 25/10 vote, then passed out of the Assembly on 48/26 vote. The Governor is expected to sign the bill soon.

CalRHA was strongly engaged in negotiations and advocacy on **AB 1482** throughout the legislative process, and was instrumental in stopping the original just cause bills in the spring. CalRHA also helped to secure numerous amendments that made the bill less onerous - including exempting "natural persons" (LLCs and trusts); clarifying preemption; increasing the 10-year exemption for new construction to 15-years; and getting relief on the just cause provisions (triggering the just cause requirements on leases of a minimum of 12 months and up to 24 months if a roommate signs onto the lease). CalRHA also secured the amendments exempting owner-occupied duplexes and ADUs.

The key provisions of **AB 1482** are as follows:

- Caps annual rent increases at 5% plus the change in cost of living, as measured by the Consumer Price Index (CPI), for all rent increases occurring on or after March 15, 2019
- If a landlord increases rent by more than this cap between March 15, 2019 and January 1, 2020, the rent on January 1, 2020 must be what the rent was on March 15, 2019, plus 5% plus CPI
- Authorizes landlords who increased rent by less than 5% plus CPI between March 15, 2019 and January 1, 2020 to increase the rent twice within 12 months of March 15, 2019, but not more than what the rent was on March 15, 2019 plus 5% plus CPI
- Beginning January 1, 2020, requires landlords to have just cause in order to evict tenants for tenants who have occupied a unit for at least 12 months, or up to 24 months when an adult tenant adds onto a lease (change in roommates)
- Landlords will still be able to evict for at-fault reasons, e.g. failure to pay rent, breach of lease, criminal activity, creating a nuisance, committing waste, refusal to execute a written extension or lease renewal, refusal to allow owner to enter
- Landlords can also evict for no-fault reasons, e.g. when the owner or their family plans to occupy the property, if they want to remove the property from the rental market, if they intend to substantially remodel the property, if they are ordered to vacate by a government agency or court

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- Requires landlords to provide relocation assistance via one month's rent or rent waiver for no-fault evictions within 15 calendar days of serving notice, and to notify tenants of the relocation assistance
- Does not amend Costa Hawkins, so local governments cannot apply a local rent cap to units not covered by Costa Hawkins (i.e. single family homes, multi-family units built after 1995)
- Does not contain vacancy decontrol provisions, so units can return to market rent prices when vacated
- Contains a 10-year sunset, so the requirements in the bill will expire in 2030.

The following residential properties are **exempt** from the requirements in **AB 1482**:

- Units subject to existing rent control or just cause eviction requirements - as long as those requirements are **NOT** less restrictive than AB 1482
- Deed-restricted affordable housing and dormitories
- Single-family homes, except for those owned by corporations, REIs or LLCs with at least one corporate member
- Owner-occupied duplexes (this would include ADUs)
- New construction for 15 years (all units for 15 years after receiving their first certificate of occupancy).

Owners of exempt properties must provide tenants with a specific notice regarding the exemption starting July 1, 2020. For tenancies existing before July 1, 2020, this notice may be provided in the rental agreement, but written notice must be provided by August 1, 2020, or as an addendum to the lease or rental agreement. For tenancies starting or renewed on or after July 1, 2020, this notice must be provided as an addendum to the lease or rental agreement, or as a written notice signed by the tenant, with a copy provided to the tenant.



*Senator Holly Mitchell*

Outside of **AB 1482**, the Legislature also passed **SB 329** by Senator Holly Mitchell, which will require owners of rental properties to accept all federal, state, and local public assistance subsidies. CalRHA advocated for 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. CalRHA has submitted a letter to the Governor requesting that he veto SB 329 on these grounds.

Not all of the activity at the end of session revolved around vote counts and the passage of bills. While every end-of-session has its fair share of drama, the final night of work this year in the Legislature got bloody - literally.

Just when it seemed like the final hours of session would be anti-climactic, an anti-vaccination protestor threw a cup of blood from the Senate gallery onto the floor, splattering several Senators. Now a crime scene, the Senate floor was evacuated and session was halted for two hours while law enforcement investigated the matter and Senate staff found a new location for the Senate proceedings. Senator Richard Pan - the author of legislation this year that tightens vaccination medical exemption requirements - was the presumed target of the attack. The anti-vaccination protestors descended upon the capitol en masse on Friday, the culmination of several weeks of protests leading up to and after Governor Newsom signed Pan's legislation. The incident put a wrench in the evening and kept the Senate at the Capitol longer, but ultimately Senators concluded their business and adjourned at around 3am on Saturday, September 14.

The Legislature is in recess until the second year of the 2019-20 legislative session, which will kick off in early January. All eyes are now on Gavin Newsom as he decides to sign or veto the bills that were passed by the Legislature. This is Newsom's first year as Governor, so his bill signing and veto "style" remains to be scene. Although he was not shy about his policy objectives this year (he issued multiple executive orders to prove it), he was not overly involved in the legislative process until the end of session. We know where he stands on some of the big issues like Dynamex and rent control, and he is expected to give more bills from his fellow progressives in the Legislature his stamp of approval than Jerry Brown did. Nonetheless, Newsom may throw a curveball or two at lawmakers in the coming weeks. His must act on all legislation by October 13.