



CalRHA  
October 2019

# Legislative Update

## Governor's Actions

Gavin Newsom wrapped up legislative business in his first year as Governor on Sunday, October 13, approving 870 of the 1,042 bills that made it to his desk. Newsom's final decisions were mostly as anticipated, but his veto rate was higher than many predicted, and the delivery of his signings and vetoes was noteworthy.

Most of Newsom's bill signings occurred in press releases packaged by issue areas, allowing him to demonstrate his Administration's priorities. For example, on October 12th he announced his approval of six anti-fossil fuel bills in conjunction with the appointments of two individuals to the California Department of Conservation. Consistent with this pattern, Newsom launched a statewide "rent and housing tour" on October 8th during which he visited different California cities while signing multiple bills that seek to address the state's housing crisis – including **AB 1482**, which caps rent increases across the state.



California Governor Gavin Newsom

The Governor completed his work on bills Sunday night with a press release thanking the Legislature and touting California's efforts to "defend our state from Trump's attacks." He highlighted his signature on measures that:

- Change California's police use of force laws
- End private prisons
- Allow college athletes to receive compensation for sponsorships
- Enhance wildfire mitigation
- Cap interest rates on loans between \$2,500 and \$10,000.



Sen. Jim Beall

Newsom's veto rate this year matched Governor Brown's highest veto rate at 16.5%. He emphasized that the bills he vetoed would have cost the state \$1.2 billion and referred back to his inauguration speech, in which he "spoke of the California Dream as a house – one that must be built on a strong fiscal foundation". He said that for that reason, he vetoed bills that "would significantly increase costs outside of the state's regular budget process." One of his high-profile vetoes was **SB 5** by Democrat Senator Jim Beall, which would have allowed for millions of dollars in property tax funds to be used for affordable housing. Despite the fact that Newsom has made housing a priority and has called for 3.5 million new units by 2025, he vetoed **SB 5**, stating such a significant cost should be considered through the budget process.

As with every California Governor over the last several decades, far more bills received Newsom's signature than his veto. Several lawmakers this year reintroduced bills that Brown vetoed, taking their chances with a new, more progressive Administration. Those bets paid off in many cases. Smoking at state parks and beaches will now be banned. Childcare workers will now be able to form unions, and public universities have to provide medication abortions to students.

Although voters rejected Prop 10 last year, thereby rejecting any expansion of rent control, Governor Newsom signed **AB 1482**. In his signing message, he stated "About a third of California renters pay more than half of their income to rent and are one emergency away from losing their housing. One essential tool to combating this crisis is protecting renters from price-gouging and evictions. The bills signed into law today are among the strongest in the nation to protect tenants and support working families."

**AB 1482** will cap 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. Beginning January 1, 2020, the law prohibits housing providers from terminating a rental agreement or residential lease, except for a few very limited reasons 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). Despite its passage, another initiative on statewide rent control is likely in 2020, as tenant protection groups (e.g. the AIDS Foundation's Michael Weinstein) do not believe **AB 1482** goes far enough.

Outside of **AB 1482**, several other key bills were considered by the Governor over the past month in the housing space. These measures include additional tenant protections, development incentives, and tax credits. Many of the incentive bills stalled, while the bills placing new requirements on property owners passed to the Governor. Below is an overview of the notable bills:

### Bills that were Signed by the Governor.

As referenced above, **AB 1482** was the most notable housing bill that passed out of the Legislature and was signed by the Governor this year. Other bills approved by the Governor include:



Sen. Nancy Skinner

**SB 18 (Skinner) Keep Californians Housed Act.** This bill removes the sunset on the requirement that tenants receive at least 90 days written notice that they will be evicted due to foreclosure on the property. It was a noncontroversial bill that passed out of the Legislature easily and was signed by the Governor in July.

**SB 329 (Mitchell) Housing Discrimination: Source of Income.** **SB 329** by Democratic Senator Holly Mitchell will require owners of rental properties to accept all federal, state, and local public assistance subsidies. This bill seeks to require landlords to accept more Section 8 vouchers, however, CalRHA argued that the process and requirements that are laid out as part of the Section 8 program are very burdensome and make it difficult for property owners to comply. Despite this argument, the bill passed and was signed by Governor Newsom.



Sen. Holly Mitchell

**SB 330 (Skinner) Housing Crisis Act of 2019.** **SB 330** establishes the Housing Crisis Act of 2019, which places restrictions on certain types of development standards, amends the Housing Accountability Act (HAA), and makes changes to local approval processes and the Permit Streamlining Act. The bill sunsets in 2025. The business community, including realtors and others, as well as tenant groups supported this bill. Numerous local governments were opposed. It was signed by the Governor on October 9.

**AB 206 (Chiu) Lead Paint Abatement Programs.** This bill will protect property owners who voluntarily participate in a lead paint abatement program by providing limited immunity from lawsuits and other claims associated with the participation in the lead abatement program. CalRHA supported the bill and it was signed by the Governor.

**AB 1110 (Friedman) Rent Increase Noticing.** This bill requires month-to-month tenants to receive 90 days' notice for rent increases over 10%. The City of Glendale is the sponsor of this bill and proponents include the AIDS Healthcare Foundation (Michael Weinstein's group that will likely pursue a rent control initiative in 2020). Like **AB 1482**, this was one of the tenant protection bills that passed out of the Legislature this year and garnered the Governor's approval.



Assemblymember  
David Chiu



Assemblymember  
Jesse Gabriel

**AB 1188 (Gabriel) Lodging for At-Risk Individuals.** This bill allows tenants, at a landlord's discretion, to allow a person who is at risk of homelessness to occupy a residence. According to the author, this bill "removes many of the barriers keeping tenants from supporting their loved ones in a time of desperate need. **AB 1188** is not meant to be a permanent solution for homelessness. Rather it acts as a form of rapid rehousing giving the individual the time they need to find a more permanent solution while helping them avoid falling into homelessness." It was signed by Governor Newsom on September 26th.



Assemblymember  
Laura Friedman

### Bills Vetoed by the Governor.

Governor Newsom signed most of the housing bills that made it to his desk, but many measures that put substantial fiscal pressure on the state were rejected. A number of redevelopment bills, including those that would have allowed successor agencies in specific cities to spend stranded bond assets on affordable housing, were vetoed due to General Fund costs. Below is a sample of some of the other housing related bills that didn't make it off the Governor's desk:

**SB 5** (Beall) **Affordable Housing and Community Investment Program**. **SB 5** was one of the first bills introduced this year to address the housing crisis. It would have allocated up to \$2 billion in property tax revenue to fund affordable housing over the next three decades. Cities and counties could have applied for the funding and used it for transit oriented or other housing related initiatives. In his veto, Newsom said "legislation with such a fiscal impact needs to be part of budget deliberations so that it can be considered in light of other priorities."



Sen. Scott Wiener

**SB 127** (Wiener) **Transportation Funding: Active Transportation: Complete Streets**. This bill would have established a process for Caltrans to add complete streets components to certain state highway projects. The Governor, again, supports the concept of the bill but believes the bill is costly and too prescriptive. In his veto message, he referred to his executive order under which Caltrans is increasing its investments in active transportation where feasible.

**AB 386** (E. Garcia) **Agricultural Working Poor Energy Efficient Housing Program**. This bill would have created the Agricultural Working Poor Energy Efficient Housing Program to improve energy efficiency for farmworker housing. Similar to **SB 5**, Newsom vetoed **AB 386** because of the fiscal pressure it would have placed on the state, believing it should be addressed through the budget process.



Assemblymember  
Eduardo Garcia

**AB 684** (Levine) **Building standards: Electric Vehicle Charging Infrastructure**. **AB 684** sought to establish building standards for the installation of electric vehicle charging infrastructure for existing multifamily dwellings and nonresidential developments. Although he agreed with the intent of the bill, Newsom believed the issue should be addressed administratively.



Assemblymember  
Marc Levine

## **Bills That Didn't Make It Out of the Legislature**

**AB 1482** was not the only rent control bill introduced this year. Assemblymember Bloom authored **AB 36**, which would have amended Costa Hawkins to allow local governments to apply rent control to units in use for 20 years or more, and Senator Durazo carried **SB 529**, which would have allowed for just cause and for the formation of tenant associations (CalRHA was integral in stopping this bill). Bills outside the rent control/just cause space that did not make it to the Governor this year include:

**AB 234** (Nazarian) **Seismic Retrofit Tax Credit**. This bill would have created a tax credit until 2025 equal to 30% of the costs paid by a tax payers for seismic retrofits. It died in the spring on the Assembly Appropriations Suspense File.

**SB 50** (Weiner) **Development Incentives**. This bill would have required local governments to allow for the development of apartment buildings near public transit. It would have also prohibited single-family-only zoning statewide. It was held by the Senate pro Tem in May and was not resurrected this session. Although the Governor did not officially endorse **SB 50**, he expressed his disappointment with the fact that it did not move. It is a 2-year bill, so it will likely come up again next year.

**SB 248** (Glazer) **Renters Tax Credit**. This bill by Senator Glazer attempts to address the housing affordability crisis by providing tenants relief through a tax credit. **SB 248** would increase the existing renters tax credit from January 1, 2020 through January 1, 2025. It was held in the Assembly Appropriations Committee in August.



Assemblymember  
Adrin Nazarian



Sen. A. Portantino

**SB 521** (Portantino) **Section 8 Participation**. This is another bill that deals with Section 8 vouchers and attempts to increase landlord participation in the program. **SB 521** differs greatly from SB 329 because it doesn't require landlords to accept these vouchers, rather it incentivizes them to do so by providing a tax credit. Housing groups favored and supported this bill due to the fact that it does not mandate their participation and provides tax incentives. It was held in the Assembly Appropriations Committee in August.



Sen. Steve Glazer

**SB 592** (Wiener) **Housing Accountability Act**. This bill is sponsored by the California Association of Realtors and amends the Housing Accountability Act to extend the Act's protections to Accessory Dwelling Units (ADUs). When it initially surfaced, opponents erroneously believed that it was a reintroduction of **SB 50**. It is much narrower. It was sent to the Rules Committee in the Assembly at the end of session and is now a 2-year bill.

### It's a Wrap

Governor Newsom's first year in office was ambitious and, in many ways, very successful. He accomplished many of the goals he set out to achieve, including **AB 1482**, expanding healthcare coverage, tackling prescription drug costs, and free community college. He differentiated himself from his predecessor by signing bills Brown vetoed and criticizing the Trump Administration on a much louder scale.



*Former Governor  
Gray Davis*

However, as with any new Governor, Newsom experienced a few hiccups along the way. He had limited engagement in the legislative process until late in the session, preferring to issue Executive Orders and work through the budget process to achieve his objectives. At the end of the legislation session, he asked some legislators to pull bills back from his desk after they passed both houses, sowing confusion and frustration. Recent intentional power outages across the state to prevent wildfires could cast a shadow over Newsom's Administration, as some made correlations between the current outages and the energy crisis under former Governor Gray Davis.

Upon conclusion of his bill signings and vetoes, Newsom stated that he looks forward to a continued partnership with the Legislature. Lawmakers will return to Sacramento on January 6, 2020 for the second year of the 2019-20 session, and Newsom's proposed budget will be released the same week. The budget will provide a glimpse into what his priorities will be for 2020, and we expect housing to once again be on the list.

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