



CalRHA
June 14, 2019

Legislative Update

Housing and rent costs continue to be a focal point of discussions at the Capitol. In May, CalRHA was successful in stopping two problematic bills in the Legislature - **AB 1481** by Assemblymembers Rob Bonta and Tim Grayson, and **SB 529** by Senator Maria Elena Durazo. AB 1481 would have required landlords to have "just cause" in order to evict a tenant, and SB 529 would have similarly required just cause for evictions, as well as allowed for the formation of tenant associations. Both bills were stopped on the Assembly and Senate floors, respectively, and are dead for the year.

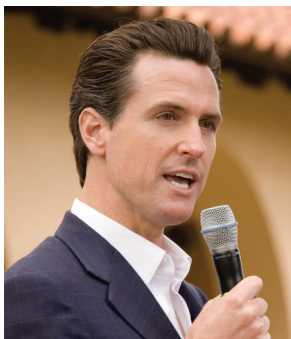
AB 1482, Assemblyman David Chiu's rent control bill, passed out of the Assembly by a relatively slim margin in May. Its passage was in no small part due to the California Association of Realtors' negotiated amendments, which include a rent cap of CPI+7%, an exemption for 10 or fewer single family residences, a sunset of 2023, and clean-up language related to vacancy decontrol language. Although the Realtors had wanted a local opt-out, they went neutral on the bill with the aforementioned negotiated amendments, which made the bill hard to stop. The bill has been referred to the Senate Judiciary Committee, where it will be heard prior to the July 12 policy committee deadline. CalRHA continues to have discussions with key legislators in the Senate regarding our rent control strategy.



Assemblyman David Chiu

This week, the Legislature passed the 2019-20 State Budget, two days ahead of the June 15 constitutional deadline. The \$214.8 billion spending plan puts over \$2 billion toward homelessness and housing and is almost \$6 billion more than the Governor's initial proposed budget in January. This is largely due to the state's significant surplus. The main components of the housing package are:

- \$250 million one-time funding for planning grants to help local jurisdictions work through the Regional Housing Needs Assessment 6th Cycle
- \$500 million in one-time funds for housing-related infrastructure
- \$650 million in one-time funds to help local jurisdictions to combat homelessness
- \$500 million in one-time funds for a mixed-income loan program through CalHFA
- \$500 million in one-time funds to expand the state's Low Income Housing Tax Credit program
- Placeholder trailer bill language to implement these programs.



CA Governor Newsom

Newsom and legislators are still negotiating how to increase housing production via incentives. According to Assemblyman Phil Ting (D-San Francisco), the final deal will not include the use of any SB 1 (gas tax) money. Yesterday, Governor Newsom stated "The sky-high cost of housing and rent is the number one quality of life challenge California families face. We are working with the Legislature on a package of measures to address that crisis head on."

At the initiative level, the LAO has issued its fiscal impact report of the proposed 2020 rent control initiative ("**Rental Affordability Act**"). Under the initiative, the LAO projects some landlords would sell their rental units to avoid rent regulation; there would be a decline in the value of rental housing; there would be lower rents and subsequent lower rental incomes; and renters would move less often. As for the impact on the state, there would be less property tax revenue but more sales taxes paid by renters, among other things. Obviously if AB 1482 passes and is enacted, the initiative would likely be pulled from the qualification process by proponents.

The Legislature will hear bills in policy committees through July 12th, when the will recess for a month prior to the last month of session. The last day of session is September 13th, so all legislation must be passed by that date.