



AB 1482: Tenant Protection Act 2019



Background

- 1996 State Approves Costa-Hawkins
 - Exempts single family homes
 - Exempts new construction after 1995
 - Preserves Vacancy decontrol
- Ellis Act: Can exit rental market
- Rental Housing Construction Statewide trends downward from 1985-2005
- Picks up in 2005-2008, then that thing happened
- Last year we had Prop 10, Measure M, “Exorbitant Rent Increase” in City
- Oregon passes first “anti-gouging bill”, caps rent increases at 7 percent
- Newsom calls for “grand bargain”, implies increases housing production in exchange for stronger tenant protections

What's in the Bill?

- Only allows for annual rent increases of 5 percent plus CPI, or 10 percent (whichever is lower)
 - Exemptions for financial hardship, reasonable rate of return
 - *“A rent cap of CPI + 5% still enables a favorable return for a property owner compared to other business investments. Bureau of Labor Statistics data shows that CPI + 5% is, on average, 100% higher than the actual median annual rent increase in our state's largest regions. Over the last decade, an annual rent increase of CPI + 5% would have cumulatively increased rent four times faster than the actual regional median rent in California.”*
 - Only applies to tenants who have been in their current unit for 12, or up to 12 months if the lease has been amended or changed to include new tenants.
 - **The provisions in this bill sunset after 10 years.**

What's in the Bill? Cont.

- Can only increase by 2 increments per year
- Retroactively applies to all rent increases made after March 15th, 2019
 - Can still raise rent more than twice but only for 2019, and so long as it's still not more than 5 percent gross rent

Exemptions:

- Single family homes exempted
 - Except when the owner lives on site in a duplex
 - Owned by a corporation or legal trust
- All new construction is exempted
- Does not apply to deed restricted affordable housing, or assisted living facilities

At Fault Versus No Fault Eviction

- At Fault, Just Causes for Eviction include:
 - Failure to pay rent
 - Material breach of lease, including “violation of a provision of the lease after being issued a written notice to correct the violation”
 - Failure to vacate
 - Criminal Activity
 - Illegal sublet without owner’s written permission
- No Fault evictions include:
 - Owner move in
 - Significant renovation or remodel
 - Exiting the marketplace
- All No Fault Evictions result in payment of either 1 month relocation assistance, or forgiving the last month’s rent

Local Preemption...?

- This bill outlines the minimum level of protection for tenants across the state
- Local jurisdictions can still enact deeper restrictions regarding causes for eviction or additional relocation assistance
- All existing rent control/just cause measures adopted before September 1st, 2019 will still remain in effect in their entirety.
- Costa-Hawkins remains in effect because this is considered “anti-gouging” not hard rent control—though a test case is likely

Grand Bargain?

- Governor Gavin Newsom identified this bill specifically as being one he would sign, should the proper amendments accompany it.
- Newsome also explicitly mentioned the passage of SB330 as a condition for him signing a larger housing package
 - SB330 create a moratorium on downzoning that is retroactive through last year. This would reverse the Santa Cruz City Council killing of the Corridors Plan
 - Strengthens Housing Accountability Act, \$10,000 per unit of a proposed project that conforms with a local jurisdiction's general plan that is not approved.
 - Furthermore, burden of proof that the housing project doesn't comply with local governments plans is on the local government itself, not the developer

Additional Considerations

- CAR opposed, will be looking to go after vulnerable legislators in 2020
- Prop 10 authors, Michael Weinstein don't think strong enough, already collecting signatures for Prop 10 two, electric boogaloo
- Locally Measure M proponents already looking at creating stronger local protections as well
- Does a 5 percent cap/target actually increase rents faster? Remember the quote...