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*"Legislative Update: Prepared for
The Arcadia Association of REALTORS®"*



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Where Do Rent Regulations Exist Today?

States With Rent Control (5+1)

California*, District of Columbia, New York, New Jersey, **Oregon*** and Maryland

**- Rent Control Statewide.*

States That Prohibit Rent Control (34)

Alabama, Arizona, Arkansas, **Colorado**, Connecticut, Florida, Georgia, Idaho, **Illinois**, Indiana, Iowa, Kansas, Kentucky, Louisiana, **Massachusetts**, Michigan, **Minnesota**, Mississippi, Missouri, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, ~~Oregon~~, South Carolina, South Dakota, Tennessee, Texas, **Utah**, Vermont, Virginia, **Washington**, Wisconsin and Wyoming

[RED = Rent Control Threats]

States With No Rent Control / No Pre-emption (11)

Alaska, Delaware, Hawaii, Maine, Montana, Nebraska, **Nevada**, Ohio, Pennsylvania, Rhode Island, West Virginia

[RED = Rent Control Threats]

California Cities With Rent Control

...and GROWING!

Alameda, Baldwin Park, Berkeley, **Beverly Hill\$**, Campbell, East Palo Alto, Fremont, Hayward, Los Angeles, Los Gatos, Mountain View, Oakland, Inglewood, Pacifica, Palm Springs, Richmond, Sacramento, San Francisco, San Jose, Santa Monica, Stockton (**NEW**), Thousand Oaks, West Hollywood

- Relocation Benefits Only: Burbank, Long Beach, Santa Barbara, Pasadena, Gardena and Glendale
- Right of First Refusal at Sale or Teardown: Berkeley, Oakland, Richmond, and San Jose

Eviction Moratoriums in the Southland *(Partial List)*

- **State of California**

- **County of Los Angeles**
- **County of San Bernardino**
- **County of Ventura**

- Los Angeles (City)
- Agoura Hills
- Alhambra
- Apple Valley
- Azusa
- Baldwin Park
- Beverly Hills
- Burbank
- Camarillo
- Commerce
- Culver City
- Downey
- Duarte
- El Monte
- Fillmore
- Glendale
- Inglewood
- LaVerne
- Lakewood
- Long Beach
- Malibu
- Maywood
- Monrovia

- Moorpark
- Ojai
- Oxnard
- Pomona
- Pasadena
- Rancho Cucamonga
- Redlands
- Redondo Beach
- San Bernardino (City)
- San Buenaventura (Ventura City)
- San Gabriel
- Santa Monica
- Simi Valley
- South El Monte

- South Pasadena
- Thousand Oaks
- Torrance
- West Hollywood
- Many, Many More...



See: <https://aagla.org/2020/04/temporary-eviction-moratoriums-novel-coronavirus-covid-19/>.

Common Provisions in Eviction Moratoriums

- Evictions Restricted
 - Non-Payment of Rent Due to COVID-19 Adverse Financial Impacts
 - Job Loss or Reduced Hours
 - Increased Medical Costs Due to COVID-19
 - Care for Family Member
 - Child Out of School
 - No Fault Evictions
- Repayment After Emergency Declaration Over – 6 to 12 Months (Likely to Be Extended)
- No Late Fees or Interest Allowed
- May or May Not Require Documentation
 - Owners Can Still Request, But Renters Do Not Necessarily Have to Provide
- Tenant Notice Within 7 to 30 Days of Rent Due Date
- Landlord Notice to Tenant (Cities of Los Angeles, Pasadena and Santa Monica)

Note: Every Local Eviction Moratorium is Different: Read Your Local Ordinance or Check With Legal Counsel



Other Regulations Passed or Pending

- **CARES Act** Tenant Eviction Protections if Receiving Federal Subsidies (Sect. 8) or Federally Back Mortgage
- **Governor's Emergency Order Declaration** Extended Through September 30, 2020
- Governor's **Emergency Declaration** Limits Price Gouging: No > 10%
 - Applicable to Specific Counties
- **City of Los Angeles:**
 - **Rent Increase Freeze** in Place for 12-Months After Lifting of Emergency Order
 - Proposed "**Just-Cause Eviction Rules**" for Non-RSO Units
 - **Right to Counsel** – City to Pay Legal Fees for Renters Facing Evictions in Test Phase
 - **Vacancy Tax** – Potential Ballot Initiative in 2020 or 2022
- **California Judicial Council:** No "Non-Emergency" Eviction Cases for 90 Days After Lifting of Emergency Order
- **County of Los Angeles:**
 - Proposed "**Right of First Refusal**" to Acquire Property Before Foreclosure - Would Force Sale to Non-Profit, County Agency or Tenants in Building
 - **Rental Property Registration:** \$90 per RSO Unit / \$30 per Non-RSO Unit
- **West Hollywood: One (1) Year Lease Requirement** Under Consideration...Again!



November Ballot Initiatives

• **November Ballot Initiatives:**

- **Proposition 21:** Rental Affordability Act (a/k/a, “**Prop. 10, 2.0**”): “Expands Local Governments’ Authority to Enact Rent Control”
 - Loss of Vacancy De-Control – Vacancies Limited to No More Than 15% Increase Over 3-Years
 - Owners of > 2 Single-Family or Condominium Rental Properties Not Exempt
 - Allows Local Jurisdictions to Impose Rent Control on Properties Built Before 2005
 - Eliminates Statewide Rent Limits Passed in 2019 (A.B. 1482)
 - Local Jurisdictions May Impose Stricter Rent “Caps”
 - Subject to Local Jurisdictions Adopting Stricter Regulation
- **Proposition 15:** California Schools and Local Communities Funding Act (a/k/a, “**Split Roll**”)
 - Loss of Proposition 13 Protections on Commercial (Non-Residential) Properties
 - Massive Tax Increase and Business Destroyer: Est. \$71.8 Billion of Los Economic Output



New State Laws Passed in 2020 and 2019

- **New State Laws Effective 2019 and 2020:**
 - **A.B. 1482 - Statewide Rent Control and Tenant Protections: (In General):**
 - Limits Rent Increases to 5% Plus CPI (Currently 5.7% for Los Angeles Area), But No > 10%
 - Just-Cause Eviction Protections for Renters – Evict only for Listed Reason
 - Examples: Non-Payment of Rent, Breach of Lease, Owner Move-In, Substantial Remodel
 - Relocation Assistance of 1-Month's Rent after First Year if Evicted Due to No-Fault
 - Applies to Property Not Under Local Rent Regulation and Older Than (Rolling) 15-Years
 - New Notice Requirements Required for Leases Beginning By July 1st (New Leases) or August 1st (Existing Leases)
 - Exemptions: e.g., Owner-Occupied Duplexes, Single-Family (Not Corp. Owned), New Construction for 15-Years Only
 - Can Evict for "Substantial Remodel": (i) > 30 Days of Work, (ii) Unsafe Conditions for Tenant and (iii) Must Have a Permit
 - **S.B. 222 and S.B. 329 – Source of Income: Cannot Discriminate Against Voucher Holders**
 - **S.B. 644 – Active Military Personnel Security Deposits: 1-Month Only / 2-Months if Furnished**
 - **A.B. 1110 – Noticing Rent Increases: 90-Days of Over 10%**



New State Laws Passed in 2020 and 2019

- S.B. 721 (2019) – Balcony Inspections:
 - Inspection of “Elevated Exterior Elements” by January 1, 2025
 - Any Wood Structure Above 3-Feet Extending Outside of 4-Walls of Building
 - Balconies, Walkways, Decks, Porches, Stairways, etc.
 - Applicable for More Than 2-Units
 - Inspection by Licensed Contractor, Structural Engineer, Architect or Building Inspector With At Least 5 Years of Experience



State Bills Being Considered

Never Waste a Good Crisis...

- State Bills Under Consideration During Current Legislative Session:
 - A.B. 828 – Temporary Moratorium on Foreclosures and Evictions During COVID-19 Declared Emergency + 15-Days
 - ~~25% Required Rent Reduction for 12 Months~~ - **Removed**
 - Limits on Evictions Until Emergency Order is Lifted Requiring Property Owners to Prove Economic Hardship Before Evicting
 - Landlord Must Prove Hardship
 - If 10 or More Properties Owned, Court Presumption of No Economic Hardship
 - Moratorium on Foreclosures and Suspension of Sale of Property By Tax Collectors
 - Courts May Set Up Repayment Plan to Allow Tenants to Remain in Unit
 - A.B. 2580 – Rental Registry
 - Required if 5 or More Units Owned and Accept Rental Assistance Payments



State Bills Being Considered

- State Bills Under Consideration During Current Legislative Session: *(Continued...)*
 - A.B. 3260 – Security Deposit
 - Offer Tenant to Pay Security Deposit Over 6-Months OR Acquire Insurance / Surety Bond
 - S.B. 1079 – Sale of Foreclosure Property
 - Prohibits Purchase of More Than 3 Foreclosed Properties by Buyer and Prohibits Bundling of Foreclosed Properties for Sale
 - Requires Sale of Foreclosed Properties to First be Offered to Owner / Occupants (20-Days First Right of Refusal)
 - S.B. 1157 – Tenant Credit Reporting: Requires Owner of Assisted Housing Development to Offer Option to Tenants to Have Payments Reported to Credit Agency
 - S.B. 1190 – Termination Due to Domestic Violence: Expands Reasons Tenant May Terminate a Lease for Domestic Violence
 - Requires Tenant to Notify Landlord of Domestic Violence of Tenant, Immediate Family Member or Household Member, Including Victim of Crime Causing Physical Injury, Emotional Injury and Threat of Injury, or Death



State Bills Being Considered

- State Bills Under Consideration During Current Legislative Session: *(Continued...)*
 - A.B. 1436 – Eviction Ban
 - Renters to forgo rent payments due to COVID-19 impacts for up to 90-days following the lifting of the State of Emergency, **or April 1, 2021**
 - Landlords providers to defer uncollected rent for **12** ~~15~~-months
 - Failure to repay rent during State of Emergency would not be a basis for eviction
 - Prohibit applying security deposit towards unpaid rent.
 - Converts unpaid, deferred rent into consumer debt requiring Civil Court or Small Claims Court action to collect
 - A.B. 2272 – Statewide Eviction Defense
 - A.B. 2470 – Splitting of Multifamily Dwelling Units: e.g., Duplex Converted to 4-Plex - *Ministerial Decision*
 - S.B. 1015 – Tenant Assistance Fund (Amount Unspecified): “Keep Californians Housed Assistance Fund”

State Bills Being Considered

- State Bills Under Consideration During Current Legislative Session: *(Continued...)*
- S.B. 1410 – COVID-19 Emergency Rental Assistance Program
 - Would Require State to Cover 100% of Unpaid Rent Deferred Due to COVID-19 Impacts Through Tax Credits
 - Over 10-Years Starting in 2024
 - Tenants Would Repay the State of California Over 10-Year Period for Deferred, Unpaid Rent Beginning in 2024
 - While Participation is Voluntary, Owners Would be Required to Offer Agreement to Renters
 - Renters Would More Than Likely “Opt” to Pay Over 10-Years



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Thank you to:

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Rancho Southeast Association of REALTORS®



**Got
Questions?**

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Exhibit A

Assembly Bill 1482 “Deep Dive”

Assembly Bill 1482: **WARNING!**

- **Assembly Bill 1482 leaves a considerable number of terms undefined and several provisions remain vague.**
- **Therefore, it is unclear exactly how Assembly Bill 1482 will be implemented, and it is important that property owners and tenants alike to stay apprised of any regulatory changes or subsequent clarifications.**

Assembly Bill 1482 Statewide Rent Control

- Effective Date: January 1, 2020 *(Signed by Gov. Newsom on October 8, 2019)*
- Limits Annual Rent Increases to the Change in Consumer Price Index (CPI) Plus 5%, but No More than 10%
- Applies to All Rent Increases on or After March 15, 2019 – If Increase Between March 15th and December 31st is Greater Than CPI+5%, Then Rent on January 1st Must be Rolled Back to Rent Charged as of March 15th
- Requires “Just Cause” to Evict Tenants, Otherwise Owners Must Pay Relocation Fees
 - May now only evict tenants for reasons stated in the law
 - Landlords may still evict tenants for “at-fault, just-cause” reasons such as failure to pay rent, breach of lease, criminal activity, creating a nuisance, committing waste, refusal to execute a written extension or lease renewal, or refusal to allow owner to enter premises
 - Landlords may also evict for “no-fault, just-cause” reasons such as 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
- Requires landlords to provide relocation assistance equal to 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
- Owners Can Still Charge “Market Rent” Upon Vacancy of a Unit – ***Vacancy Decontrol is Still the Law!!!***

[THERE ARE EXEMPTIONS – SEE EXEMPTION SLIDES FOR DETAILS](#)

Assembly Bill 1482 Exemptions

- Just-Cause Exemptions:
 - Units subject to more restrictive local ordinance if passed before September 1, 2019;
 - Transient and tourist hotel occupancy; and/or
 - **First 12 months of tenancy (24 if adult renter added to lease in first 12 months)**
- Rent “Cap” Exemptions:
 - **Units subject to existing, more restrictive rent control;**
 - Deed-restricted affordable housing and dormitories;
 - Non-profit or religious hospital or care facilities, and adult residential or care facilities for elderly;
 - Dormitories owned or operated by educational institutions;
 - Housing accommodations where tenant shared bathroom or kitchen facilities;
 - **Single-family homes, except for those owned by corporations, REIs or LLCs with at least one corporate member, AND where owner rents no more than 2 units (bedrooms or ADUs);**
 - **Owner-occupied (principal place of residence) duplexes (this would include accessory dwelling units or “ADUs”)**
 - **New construction for “rolling” 15 years (all units for 15 years after receiving their first certificate of occupancy)**
 - e.g., Starting January 1, 2020, building built after January 1, 2005 are exempt.

Assembly Bill 1482 Exemptions: *Are You Exempt?*

Assembly Bill 1482 Exceptions	Rent Increase Limitations	Just-Cause Eviction Rules
• Rental housing subject to MORE restrictive rent “caps”	✓	✗
• Rental housing subject to MORE restrictive just-cause eviction rules	✗	✓
• Housing issued a certificate of occupancy less than 15-years ago	✓	✓
• Dormitories	✓	✓
• Owner occupied duplex	✓	✓
• Single-family home or condominium NOT owned by corporate owner or LLC that has a corporate member	✓	✓
• Single-family home or condominium owned by corporation or LLC with corporate member	✗	✗
• Deed restricted affordable housing (low to moderate income)	✓	✓
• (1) Housing in non-profit hospital or religious facility; (2) housing with shared bathroom or kitchen with owner; (3) tourist hotel long-term rental	✗	✓

✓ = Exempt; ✗ = Not Exempt

Assembly Bill 1482 “At-Fault, Just-Cause” Evictions



- **Failure to pay rent;**
- **Breach of material lease term**, including failure to correct violation(s) following written notice;
- Committing a nuisance or “waste” (impair premises or cause damage) upon the premises;
- Refusal by tenant to execute a new lease following written request (similar duration and terms only);
- **Conducting criminal activity** or use of premises for unlawful purpose;
- Assigning or subletting in violation of the lease terms;
- Refusal to allow owner entry to the premises;
- Employee (e.g., manager) failing to vacate the premises following termination;
- Failure to vacate and deliver possession of premises following tenant notice to vacate.

For curable violations, an owner must notify tenant with an opportunity to cure violation. If tenant fails to cure violation, owner may give 3-Day Notice to Quit.

Assembly Bill 1482 “No-Fault, Just-Cause” Evictions



- Owner intends to occupy the property (includes spouse, domestic partner, children, grandchildren, parents);
- Withdrawal of property from rental market (e.g., Ellis Act);
- Owner complying with government or court order to vacate the property;
- Intent to demolish or “substantially remodel” the property in such a way that work cannot be completed safely without vacating the property.

“Substantially remodel” means the replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a government agency, or the abatement of hazardous materials (e.g., lead-based paint, mold, etc.) in accordance with applicable law that cannot be completed in a safe manner with the tenant in place and requires the tenant to vacate for at least 30 days. Cosmetic improvements such as painting, decorating or minor repairs that can be performed safely with tenant in place DO NOT QUALIFY.

- *Relocation fees due (offset or payment) = 1x Month Rent Within 15 Days*
 - *If tenant fails to vacate, owner can seek recovery of the relocation fees paid*

Assembly Bill 1482 Notice Requirements “If Exempt”

- Written Notice of Exemption Required

Owners of exempt properties must provide tenants with a notice of exemption for **NEW LEASES** starting July 1, 2020. For tenancies existing before July 1, 2020, this notice must be provided by August 1, 2020. The Notice must be provided this notice may be provided in the rental agreement or as an addendum to the lease or rental agreement.

- ***“This property is not subject to the rent limits imposed by Section 1947.12 of the Civil Code and is not subject to the just cause requirements of Section 1946.2 of the Civil Code. This property meets the requirements of Sections 1947.12(d)(5) and 1946.2(e)(8) of the Civil Code and the owner is not any of the following: (i) a real estate investment trust, as defined by Section 856 of the Internal Revenue Code; (ii) a corporation; or (iii) a limited liability company in which at least one member is a corporation..”***

Assembly Bill 1482 Notice Requirements “If Covered”

- Written Notice Required if **Subject to** Assembly Bill 1482 (e.g., If Not Exempt)

Owners of rental properties subject to Assembly Bill 1482 must provide tenants with a notice for **NEW LEASES** starting **July 1, 2020**. However, for tenancies existing before July 1, 2020, this notice must be provided by **August 1, 2020**. Notice may be provided in the rental agreement or as an addendum to the lease or rental agreement.

- ***“California law limits the amount your rent can be increased. See Section 1947.12 of the Civil Code for more information. California law also provides that after all of the tenants have continuously and lawfully occupied the property for 12 months or more or at least one of the tenants has continuously and lawfully occupied the property for 24 months or more, a landlord must provide a statement of cause in any notice to terminate a tenancy. See Section 1946.2 of the Civil Code for more information.”***



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