



Cultivate ● Activate ● Legislate

# NEWS & UPDATES

OCTOBER 2019

## CaIRHA PRESIDENT'S MESSAGE

More often than not, the media fails to tell our stories. So many of us represent the tenacity, hard work, and sacrifice that it takes to build businesses to provide for our families, which is, as you know, a very difficult job to undertake. We do it because we love our children, parents, and spouses and want a better life for yourselves. We start small - saving just enough to buy our first rental property and responsibly maintaining it to house a or maybe several families.

This seemingly small sacrifice is a huge first step in building a self-sustainable business that brings income to our households. Soon enough, after making several more sacrifices, we start the process all over again. Putting our finances and wellbeing at risk, we get another property.

With such a shortage of housing, small property owners are able to purchase properties that could go empty for years or be bought out by large corporations looking to build luxury housing. Small property owners keep the character of communities alive and ongoing. Even after making our third or fourth purchase, the troubles we face are an ongoing nature of the industry. We accepted and understand that, yet we continue to work diligently to ensure our business thrives.

Lately, the prices of homes, triplexes, and fourplexes continue to rise making it much more difficult for the average family to buy a home themselves, so instead they look for rental homes with reasonable rental costs. This is why small rental home providers are essential in keeping together the little stability California's housing condition has. Alas, not all community stakeholders are familiar or understand the difficulties of providing rental housing as a small business.

Our stories show the endurance it takes to keep going even when it gets hard. Even though we represent hopefulness and selflessness, our stories are hardly ever told in the media or by elected officials. We need to start telling our stories in 2020.

We encourage you to tell your story of resilience. We want to hear it, and California needs to know it.

With a new year around the corner and a new ballot initiative in the horizon, it is important to start equipping ourselves with a powerful armor to defeat Michael Weinstein's 2020 Initiative. It is stories like yours that inform policy makers and reporters of your side of the coin.

Please stay active and be proud of your story. Reach out to learn about how you can be possibly be featured in the next campaign against Proposition 10 2.0. California needs to hear what you have to say.

- Sid Lakireddy, CalRHA Board of Directors President

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## CalRHA in the News

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Commercial Observer

### Landlords, Property Owners Scramble Ahead of California's New Rent Control

Market Watch

### California governor signs statewide rent-control law

Housing Wire

### California enacts statewide rent control

Curbed San Francisco

### California governor to sign statewide rent control bill in Oakland

Fox News Channel

### California governor signs large-scale law capping rent increases



## GET INVOLVED

### Don't Let Rent Control Steal Your Rights

Rent control is the wrong approach to fix California's housing crisis. Attempting to reinsert failed strategies from the 1970s will not lead us out of our present housing crisis.

### Your Voice Must Lead The Way

Elected officials have been chosen to represent your voice, and they need to hear from you! These officials need to listen to the real stories of men and women like you who provide safe and accessible rental housing and the specific ways rent control makes the housing crisis worse.

# AB 1482: What Now?

## Overview

In October, Governor Gavin Newsom signed Assembly Bill 1482 into law, which is set to take effect in January 2020. Generally, the statewide rent control will cap rent increases at 5% plus CPI and require landlords to have a “just cause” to evict tenants. Units can return to market rent prices after a vacancy is occupied, and the law is set to expire in 2030. The law would apply to all rental properties, except those in cities already subject to local rent control, owner-occupied duplexes, new construction for 15 years, among other exemptions.

Below is a quick summary of what this new law entails:

### Rent Cap

- 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 5% plus CPI

### Just Cause

- Beginning January 1, 2020, requires landlords to have just cause in order to evict 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 the 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
- 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

For more information, visit: <https://socalrha.org/wp-content/uploads/2019/09/ab-1482-calrha-fact-sheet.pdf>

# AB 1482: What Now?

## Frequently Asked Questions

### Annual Rent Increase Limitations (“Rent Cap”)

- Q: How much can I raise the rent each year?  
A: You may raise the rent up to 5% plus the applicable Consumer Price Index (CPI) or 10%, whichever is lower. Percentage change in the CPI would mean the percentage change from April 1 of the prior year, to March 31 of the current year for the region in which the rental property is located. Your calculation must be from the lowest gross rental rate charged for the unit at any time during the 12 months before the effective date of the increase.
- Q: How many times may I increase the rent each year?  
A: For renters who have lived in the unit for more than 12 months, you may raise the rent up to two times within that period, as long as the total increase does not exceed the state’s rent cap.
- Q: What happens if I raised the rent above the allowable amount before January 1, 2020?  
A: If you raised the rent more than 5% plus CPI before March 15, 2019, the rent remains in effect without any change needed. If you raised the rent more than 5% plus CPI after March 15, 2019, you will need to adjust the rent down to the March 15, 2019 rent, plus 5% plus CPI or 10% (whichever is lower AS OF January 1, 2020.) No refund will be due to the tenant for rent collected from March 15, 2019, to January 1, 2020. This is because the bill was written with a retroactive rent date included.
- Q: If the renter moves out, can I raise the rent to more than 5% plus CPI?  
A: Yes, the new law does not affect your right to raise the rent to market once a tenant vacates the unit. However, once a new renter is placed in the unit, any future rent increases on that tenant will be subject to the rent cap.
- Q: What if my unit is currently vacant?  
A: You may choose the initial rent for the new tenant. But once the new renter is in the unit, any future rent increases will be subject to the rent cap.

### Just Cause Evictions

- Q: How do evictions work under AB 1482?  
A: All applicable evictions must be based on “just cause” meaning the owner must have a just cause for eviction. “Just cause” is divided into two categories – at-fault evictions and no-fault evictions. The law requires that you provide a reason for the eviction (in the notice to quit) and it must fall within the permissible reasons, as set forth by the law. You may no longer just issue a 30 or 60-day notice of termination of tenancy.
- Q: Which renters do the eviction protections apply to?  
A: As of January 1, 2020, it applies to renters who have resided in the unit for 12 months or more. If an additional renter(s) is added to the lease (prior to an existing renter continuously residing in the unit for 24 months) then the just cause provisions do not apply until all renters have continuously resided in the unit for 12 months or more, or at least one of the renters has continuously resided in the unit for 24 months or more.
- Q: What is an “at-fault” just cause eviction?  
A: At-fault eviction causes are based on the actions or activities of the renter that fall within the scope of the permissible reasons under the law (click on link below for a full list of reasons).
- Q: What is a “no-fault” just cause eviction?  
A: No-fault eviction causes are when the eviction is not based on the actions of the renter, but rather due to the owner’s actions or the owner’s compliance with a government entity.
- Q: What am I required to do if I have a just cause for eviction?  
A: If the eviction is based on a curable violation (e.g. non-payment of rent), you must provide the renter with notice of the violation, setting forth the period in which to cure the violation. If the violation is not cured within the period provided in the notice, a 3-day notice to quit without the opportunity to cure may be served to terminate the tenancy. If the tenant does not vacate the unit by the date of the notice to quit, the owner may move toward an Unlawful Detainer in a court of law.

For more information, go to <https://cal-rha.org/legislative/ab-1482/>

## 'Emergency' City Rent Control

Under AB 1482, rental housing providers will be forced to raise rental costs to meet the expanding expenses of property ownership. Rental home providers will not be able to bank allowed rental costs increases for the following year, so they will have no choice but to increase each year. Having control of who is living on the property and for how long is now more difficult than before, as evictions will now be tied to statewide restrictions. Earlier this year, Inglewood and Culver City enacted new rent control ordinances. Recently, in response to AB 1482, cities up and down the state began to process local moratoriums to prevent rental home providers from preparing for AB 1482. Below is an update on each city:

- Los Angeles: The City Council voted unanimously to ban 'no-fault' evictions. The city also proposed a program to help renters with rent subsidies for those experiencing an 8% or more rental increase.
- Daly City: Local Bay Area tenant activist group is pressuring City Council to pass a moratorium banning 'no-cause' evictions.
- Redwood City: City Council issued an ordinance banning 'no-cause' evictions and capping rental increases at 9%.
- Milpitas: City Council issued a ban on 'no-cause' eviction that took immediate effect, and added a rent relief program for renters. The ordinance also sets new restrictions about discriminating against renters based on their source of income.
- Long Beach: The City Council is considering passing a ban on 'no-cause evictions' mirroring LA's moratorium.
- Burbank: An ordinance banning 'no-cause' evictions came before the City Council and was voted down.
- Santa Cruz: The City Council banned future 'no-cause' evictions and will be applied retroactively to evictions issued back to September 1.
- Pasadena: The City Council is scheduled to vote on an ordinance restricting evictions.
- San Mateo: Recently, the City implemented retroactive rent control and "just cause" eviction, which includes private right of action last night.

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# Looking Ahead to 2020

Only two more months left of this year and we must continue to prepare for what's ahead for rental home providers in the new year. The passing of AB 1482 did not stop Michael Weinstein from gathering signatures to get his damaging statewide rent control initiative on the 2020 ballot. It's never too early to start strengthening our coalition of California's small rental home providers.

Weinstein's 2020 ballot initiative is already gaining traction and making headlines. Soon, the opposition's support will grow in the blink of an eye. We must be ready. What sets apart Weinstein's initiative from AB 1482 is a provision that would limit rental home providers' control over vacant units. Under the initiative, cities and counties could restrict rental home providers from raising rental costs of newly occupied units so long as the property owner is allowed to raise the rent by 15% over three years. Keep in mind that AB 1482 already sets the annual cap at 5% plus CPI.

As it gets more difficult to be a rental home provider in California, many times it becomes more cost-effective to keep a unit empty. Alas, cities like San Francisco, Los Angeles, and Oakland are proposing or have passed a tax on vacant units. With a long history of rent control at all three cities, rental properties there include thousands of empty units to forgo the expensive costs of renting out the place and prevent losing property rights to renters. Vacancy tax proposals may pop up in other cities as the new rent control law goes into effect next year throughout the state.

Another 2020 threatening the health of our businesses is the \$11 billion split-roll property tax ballot initiative. This initiative threatens Prop 13 forcing higher property taxes on commercial properties. The initiative would cost taxpayers \$9 billion each year.

There is a lot to look out for in the coming year, but we will be ready to take on multiple uphill battles. California depends on businesses to create jobs and keep the economy thriving. However, it is up to us to protect small businesses from a troubling policy that can turn California's economy upside down.

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