



September 15 marked the end of the Legislative Session in 2017. The Governor now has until October 15 to sign or veto bills. In 2017, SDCAA actively tracked approximately 100 bills. Many of those had their fate decided early on, while others were still making their way through the process right up until the deadline, such as those that were identified as being a part of the “housing package.”

Housing Package Bills

The bills being considered as part of the “housing package” have been passed and await the Governor’s signature or veto. Amongst the bills are SB 2 (Atkins), SB 3 (Beall), SB 35 (Weiner), and AB 1505 (Bloom). SDCAA did not take a position on SB 2, which would assess a fee on real estate document recordings, and the bill had trouble getting the 2/3rds vote requirement to pass. SDCAA supports SB 3, which would leverage \$4B in bonds to help fund affordable and veterans housing. SDCAA has a “watch” position on SB 35, a bill that would offer some by-right development in certain scenarios, however, it also requires “prevailing wage,” something known to add to the cost of housing.

Lastly, AB 1505, which is similar to several bills SDCAA has opposed and defeated over the years, would allow a city or county to require affordable housing as part of a new rental development, whether it is economically feasible or not. Perhaps the most offensive part of the bill is that it would supersede the holding of *Palmer v. City of Los Angeles* in which the Second District California Court of Appeals opined that the City’s affordable rental housing requirement was preempted by the Costa-Hawkins Rental Housing Act. The Costa-Hawkins Act limits the scope of local rent control ordinances and asserts the right for a rental housing owner to set the initial rent level at the start of a tenancy, also known as vacancy decontrol. The court opined that “forcing Palmer to provide affordable housing units at regulated rents in order to obtain project approval is clearly hostile to the right afforded under the Costa-Hawkins Act to establish the initial rental rate for a dwelling or unit.” SDCAA and our industry allies have been actively working to stop this bill as well as any changes to Costa-Hawkins and the protections it provides. SDCAA’s lobbyists have already met with the Governor to urge him to veto the bill, however, last-minute amendments made to the bill may secure his approval.

AB 1506 - Bill to Repeal Costa-Hawkins Rent Control Protections Likely to Return in 2018

Earlier this year, SDCAA was successful in stopping AB 1506 (Bloom), which called for a full repeal of the Costa-Hawkins Rental Housing Act. In an LA Times article on April 6, Assemblymember Bloom stated he requested that no vote be taken on AB 1506 this year because legislative timelines won’t allow for comment from all stakeholders who would be affected by the repeal. It is no coincidence that this occurred the day after SDCAA volunteers and staff were in Sacramento lobbying against the bill as part of the annual Legislative Day trip. While this is good news, the industry will need to be ready for the bill’s return next year. Repealing Costa-Hawkins would mean that Rent Control laws in local jurisdictions could expand to apply to single-family homes, condos and new construction. It would also eliminate vacancy decontrol, removing a landlord’s ability to reset the rent once original tenants have vacated.



SDCAA Volunteers at the State Capitol for Legislative Day, April 4-5, 2017.

Rental Housing Immigration Status Bill Heads to Governor’s Desk

AB 291 (Chiu) seeks to provide renters with some assurance that their landlords won’t report them to ICE due to their immigration status. The bill, as introduced, proposed a myriad of changes to existing law, such as prohibiting a landlord from serving a notice to quit the property or from initiating an unlawful detainer action on the basis of the immigration or citizenship status. AB 291 would also provide a tenant with an affirmative defense in an unlawful detainer action. Existing law is largely due to the fallout from when Escondido proposed requiring landlords to check immigration status, something SDCAA soundly defeated. While the bill overlaps with existing California laws protecting tenants from discrimination based on immigration status, SDCAA understands the intent of the bill and worked closely with the author and other stakeholders to make significant improvements to mitigate unintended consequences to rental housing owners and managers. The Governor is expected to sign the bill.



Bills Opposed by SDCAA

AB 646 (Kalra) - Rental property: disclosures: areas of potential flooding: Requires a rental property owner or manager to disclose in writing if a residential dwelling unit is located within a special flood hazard area (any type Zone "A" or "V") designated by the Federal Emergency Management Agency, prior to execution of a rental agreement. SDCAA opposed the bill and some amendments were made as a result that make the bill less of a concern. SDCAA will be considering new language for rental agreements to fulfill the bill requirements. The bill was sent to the Governor on September 13.

SB 721 (Hill) – Contractors: Decks and Balconies inspection: This bill requires the regular inspection by a licensed individual of specified building assemblies such as decks and balconies with load-bearing components such as jousts or posts in a building with three or more multifamily units. Concerns with this bill include liability and cost as the current version would require inspections of any elevated surface exposed to water and allow for intrusive sampling. The bill is dead for the year.

Bills Supported by SDCAA

AB 1569 (Caballero) - Reasonable accommodations: animal: This bill sought to address the abuse of online portals who issue letters to tenants seeking the use of an emotional support animal. It would have defined reliable verification, what that verification should include, and that online sources are prohibited. Unfortunately, the bill did not proceed this year.

AB 1637 (Gloria) - Local housing authority: mixed-income housing projects: This bill authorizes a pilot program for the City of San Diego to finance mixed-income housing developments that include rental housing units for households whose income is 150% of area median income (AMI) or less. The bill was passed to the Governor on September 15.

AB 494 (Bloom)/SB 229 (Wieckowski) - Accessory Dwelling Units: Both bills seek to clarify law passed last year that requires cities to allow and plan for accessory dwelling units (granny flats). Both bills have been sent to the governor.

RENT CONTROL UPDATE

The other side of this document provided you an update on AB 1506, the bill to repeal the Costa-Hawkins Rental Housing Act. Tenant advocates and others are still waging a war on this vital law. They hope to repeal the act to allow rent control ordinances to apply to new construction, single family homes and condos, and to do away with vacancy decontrol.

On July 27, activists across the state held rallies and press conferences calling for a repeal of Costa-Hawkins and more. While the events held in San Diego were small and yielded very little press coverage, we take any mention of rent control or stabilization very seriously. SDCAA issued a statement to the press highlighting rent control as a failed policy and one that will not add more supply to our marketplace, which is what our region and the state really needs.

SDCAA is tracking the issue very closely. An online petition exists calling for rent control in the city of San Diego. To date, we have seen little to no traction from this. However, more recently, advocates have indicated they wish to see rent control policies in National City and Chula Vista. Rest assured SDCAA will be contacting representatives in these areas and continue to monitor any discussions about rent control or any other policies that will ultimately hurt landlords and tenants alike.

ADDRESSING THE HOUSING SUPPLY SHORTAGE

SDCAA continues to support policies and efforts across Southern California to reduce barriers to construction so that we may begin to address the lack of housing supply plaguing our region and the state. The City of San Diego has begun to tackle policy issues to help add supply and streamline the development process. In early September, the City Council passed measures to make it easier to build Accessory Dwelling Units, commonly called Granny Flats, as well as a broadening of the expedited permitting process for projects that contain low income units, are near transit areas or in a designated promise zone. Another ordinance is awaiting final approval that will increase the costs to file a project appeal from \$100 to \$1,000 and stipulate that appeal hearings must be scheduled within 60 days. This will help offset what are often costly time delays.



To see a full list of the bills SDCAA is tracking on your behalf, visit <http://www.sdcaa.com/sdcaa-advocacy-center.html>

LOCAL ADVOCACY