

AB 1436 (CHIU, LIMÓN, BONTA, FRIEDMAN, GONZALEZ, SANTIAGO, AND WICKS)

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COVID-19 TENANT AND HOMEOWNER RELIEF ACT OF 2020

SUMMARY

AB 1436 prevents unnecessary evictions and foreclosures in the wake of the COVID-19 crisis by: (1) giving tenants and landlords a path to address unpaid rent while keeping tenants housed, and (2) providing homeowners and smaller rental property owners with temporary relief from mortgage payments.

BACKGROUND

Since Governor Newsom declared a State of Emergency on March 4, 2020 due to COVID-19, millions of Californians have lost their jobs or significant income. In recognition of this situation, on April 6, 2020, the California Judicial Council adopted Emergency Rules to effectively halt evictions and judicial foreclosures; the Rule halting evictions was originally set to expire 90 days after the Governor's COVID-19 State of Emergency ends, but the council is now considering rescinding the rule as soon as August 14, 2020.

Before COVID-19, many California tenants struggled to pay rent, over half of renters were considered rent-burdened, paying over 30 percent of their income on rent. During the COVID-19 emergency, this number has only gotten worse, as the state's unemployment rate has skyrocketed. Without action to prevent evictions, hundreds of thousands of renters are at risk of eviction and homelessness.

Similarly, the state's high cost of housing leaves many homeowners vulnerable to falling behind on their mortgage payments and losing their home to foreclosure. While the federal CARES Act enacted on March 27 provides up to 360 days of mortgage forbearance for homeowners with federally-backed loans, many California homeowners do not have federally-backed loans and are not eligible. Additionally, landlords with federally-backed multifamily mortgages (i.e., loans on properties with 5 or more units) were only given 90 days of mortgage forbearance under the CARES Act.

THE PROBLEM

For renters, when the Judicial Council Emergency Rule is rescinded, tenants will need to come up with the money to cover all unpaid rent. For households that lost months of their normal income, this is simply not a realistic expectation. There is very likely to be an unprecedented number of evictions once unlawful detainer cases resume.

For homeowners and landlords who are at risk of falling behind on their mortgage payments due to the pandemic's economic impacts, they face the prospect of foreclosure and the loss of their property. Additionally, when a landlord's rental property is foreclosed on, the tenants living there also find themselves without a home. Though many lenders have voluntarily offered mortgage forbearance to property owners left out of the CARES Act, the voluntary nature of this relief means that there is no standard for forbearance from financial institutions and protections could be changed or ended at any time.

Likewise, some landlords and tenants are making voluntary arrangements to address unpaid rent through repayment plans or forgiveness. However, voluntary agreements are not enough as they leave the fates of renters and mortgage holders at the whims of their landlords and lenders. Instead, the state needs a framework that gives renters and homeowners meaningful relief during this time of unprecedented social and economic upheaval.

US Census Bureau data from July 9-14th indicate that over 4.3 million of California's renters report "little or no confidence" in their ability to pay next month's rent while 1.7 million California homeowners indicated "little or no confidence" about making their next mortgage payment. A failure to act could lead to widespread displacement for millions of Californians.

THE SOLUTION

AB 1436 provides renters and homeowners a chance to get back on their feet without the fear of losing their home, while also giving landlords and mortgage lenders a path to be made whole without having to resort to immediate evictions or foreclosures. Specifically, this bill

does the following for tenants, homeowners, and small landlords:

Tenants:

- Protects renters with COVID-19 financial impacts from eviction due to unpaid rent from the beginning of the COVID-19 emergency declaration on March 4, 2020 until the earlier of: April 1, 2021 or 90 days after the COVID-19 emergency ends;
- Holds tenants accountable to resume regular rent payments no later than April 2, 2021 and allows landlords to pursue normal evictions for any future missed rent payments;
- Gives tenants 12 months to repay back rent and preserves the ability of landlords to pursue unpaid rent through civil actions, as is currently the case for unpaid rent that is more than a year old;

Homeowners and Small Landlords

- Provides property owners with COVID-19 financial impacts with up to 12 months of mortgage forbearance for residential properties (i.e., 1-4 unit dwellings) and up to 180 days for multi-family properties (i.e., those with 5 or more units)
- Allows for mortgage forbearance requests to be submitted until the earlier of: April 1, 2021 or 90 days after the COVID-19 emergency ends
- Requires mortgage servicers to work with borrowers on options after forbearance to avoid lump sum repayments for residential properties (1-4 unit properties)

The bill does not cancel or forgive any amount owed by renters or homeowners; rather, it gives extra time for those with COVID-19 impacts to make payments. AB 1436 provides a path for transitioning out of the COVID-19 emergency in a way that balances renter and homeowner protections with the ability of landlords and mortgage holders to recover what is owed to them.

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California Partnership to End Domestic Violence
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 Dolores Huerta Foundation
 Downtown Women's Center
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 East Bay Housing Organizations
 East Yard Communities for Environmental Justice
 Empowering Pacific Islander Communities (EPIC)

Ensuring Opportunity Campaign to End Poverty in Contra Costa County
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 Lawyers' Committee for Civil Rights of the San Francisco Bay Area
 Legal Aid Foundation of Los Angeles
 Legal Aid of Marin
 Legal Aid of Sonoma County
 Legal Aid Society of San Mateo County
 Lift To Rise

Los Angeles Alliance for a New Economy (LAANE)
 LOOM
 March and Rally Los Angeles
 Marin Environmental Housing Collaborative
 Maternal and Child Health Access
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 Mayor Libby Schaaf, City of Oakland
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 Mi Familia Vota
 Monument Impact
 Move LA
 Multi-faith ACTION Coalition
 National Association of Social Workers, California Chapter (NASW-CA)
 National Center for Youth Law
 National Housing Law Project
 Natural Resources Defense Council
 Neighborhood Legal Services of Los Angeles County
 Neighborhood Partnership Housing Services
 One Redwood City
 Orange County Communities for Responsible Development
 Organización en California de Líderes Campesinas, Inc.
 PACT: People Acting in Community Together, Inc.
 Parable of the Sower Intentional Community Cooperative
 Pasadena Tenant Union
 Peace and Freedom Party of California, San Diego County Central Committee
 People Organized for Westside Renewal
 Physicians for Social Responsibility-Los Angeles
 Politicians and Leaders of Tomorrow
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 Professional and Technical Engineers, Local 21
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 Public Interest Law Project
 Public Law Center
 Public Health Justice Collective
 Public Health Alliance of Southern California
 Rancho La Paz Mobile Home Park HOA
 Regional Asthma Management and Prevention
 Rent and Mortgage Relief for All – SLO
 Rise Together Bay Area

Roman Catholic Diocese of Fresno
 Root and Rebound
 SAJE
 Sacred Heart Community Service
 Sacred Heart Housing Action Committee
 Safe Routes Partnership

 San Francisco Board of Supervisors
 San Francisco Community Land Trust (SFCLT)
 San Francisco Renters Alliance
 San Francisco Tenants Union
 SEE-LA (Social Eco Education-LA)
 Senior & Disability Action
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 SEIU, Local 1000
 Showing Up for Racial Justice (SURJ) - Bay Area
 Showing Up for Racial Justice at Sacred Heart
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 University of California Student Association
 University Council - AFT
 Urban Habitat
 Utility Workers Union of America

Valley Beth Shalom Homelessness Task Force
Voices for Progress
Women Organizing Resources, Knowledge and Services
Working Partnerships USA

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