

CWP

Property Management



March 2019

The Post-Prop 10 Honeymoon Is Over: Landlords Once Again Under Attack In Legislature

When Proposition 10 went down in defeat, the rental housing industry breathed a collective sigh of relief. Now, nearly four months after voters overwhelmingly rejected the statewide rent control initiative, a collective gasp may be in order.

The California Legislature where Democrats now hold a super majority in both houses has introduced hundreds of rental housing related bills for 2019, the largest such batch in decades.

Unfortunately, an alarming number of those proposals would have negative ramifications on rental housing providers.

In the paragraphs that follow, we review some of the worst offenders:

Rent Control: AB 36 – The Legislature intends to stabilize rental prices and increase the availability of affordable rental housing. Although a spot bill, meaning it's yet to be fleshed out with full details, **AB 36** clearly seeks to mandate caps on rent prices in California.

Mandatory Section 8: SB 329 – Requires landlords to consider prospective tenants who use Section 8. The bill would make it illegal to deny a tenancy based on the applicant's participation in the federal Housing Choice voucher program.

Tenant Eviction Defense: SB 18: Establish the Homelessness Prevention and Legal Aid Fund, which would provide legal aid to tenants facing eviction or displacement, using competitive grants awarded by the department.

Rent Withholding: SB 529 – Authorize members of a tenant association, by a majority vote, to withhold rent payments for up to 30 days in response to grievances or complaints with the landlord.

Rent Increase-Extended Notices: AB 1110 – Would increase the length of notice required for rent increases beyond specified thresholds during month to month tenancies. The bill would require 90 days notice for rent increases of more than 10 percent and 120 days notice for rent increases exceeding 15%.

Criminal Background Checks: AB 53 – Would prohibit the owner of a rental housing accommodation from inquiring about or requiring an applicant for rental housing to disclose a criminal record during an "initial application assessment phase" as defined. In 2015, CAA helped defeat a similar bill.

Q&A

Q: I have had numerous problems with residents who smoke tobacco, including complaints from neighbors, damage to the rental unit, etc. Can I institute a policy that my rental property is smoke-free?

A: Yes, California law permits a landlord to designate their property as smoke-free.

Q: One of my tenants has notified me that she has filed for bankruptcy. She has not paid her rent this month. Can I proceed with an eviction?

A: Once a tenant files for bankruptcy, he or she will be entitled to an automatic “stay” of any legal proceedings against him or her. This includes an unlawful-detainer action. You will be required to file a motion for “relief from stay” before serving any notices or bringing an eviction action.

Mortgage Rates Inch Up This Week

Realtor Magazine: National Association of Realtors

After weeks of declines, mortgage rates reversed course, but are still lower than a year ago.

“While mortgage rates vary modestly rose to 4.41 percent last week, they remain below year-ago levels for the fourth week in a row,” says Sam Khater, Freddie Mac’s chief economist. “In late 2018, mortgage rates rose over a full percentage point from the prior year, which was one of the main reasons that weakness in home sales continued into early 2019. However, the impact of recent lower rates and a strong labor market has led to a rise in purchase mortgage demand as we start the spring home-buying season.”

Freddie Mac reports the following national averages with mortgage rates for the week ending March 7, 2019.

- **30-year fixed-rate mortgages:** averaged 4.41 percent, with an average 0.5 point, rising from last week’s 4.35 percent average. Last year at this time, 30-year rates averaged 4.46 percent.
- **15-year fixed-rate mortgages:** averaged 3.83 percent, with an average 0.4 point, rising from last week’s 3.77 percent average. A year ago, 15-year rates averaged 3.94 percent.
- **5-year hybrid adjustable-rate mortgages:** averaged 3.87 percent, with an average 0.3 point, rising from last week’s 3.84 percent average. A year ago, 5-year ARMs averaged 3.63 percent.

