

Newsline Legislative Update 6.17.20

The state Legislature continued to advance proposals that will dramatically impact your business. You've probably heard about several of them. Now more than ever C.A.R.'s Governmental Affairs Division is busy fighting for California REALTORS® and their clients. In addition to the efforts of C.A.R.'s professional advocates and policy staff, Key Contacts, who are REALTOR® volunteers appointed by C.A.R. to work with specific legislators, have been very active in lobbying members of the State Assembly and Senate on the following bills and proposals. Here is a brief update.

Bill Increasing Mortgage Rates Temporarily Defeated

Earlier this week, the California Assembly defeated, at least temporarily, a C.A.R.-OPPOSED bill that would force mortgage lenders to forego collection of payments for an undetermined amount of time and require them to cover payments from a mortgagee's impound account. C.A.R. opposes the AB 2501 (Limón) because it would increase the cost of financing homes for current and prospective homeowners as lenders try to recover the costs of maintaining existing mortgages. While the bill was initially defeated, it was granted the opportunity for another vote this Thursday. This customary procedure, called "reconsideration," is essentially a "do-over" for bills that don't get enough votes to pass on the first try. C.A.R. has been opposing this bill as part of a larger coalition. Key Contacts have been working tirelessly on it and C.A.R. has also issued a targeted Red Alert for all members in specific legislative districts.

C.A.R. Stalls Effort to Raid DRE Fund and Increase License Fees

The California Legislature is faced with an unexpected and significant budget shortfall. The Governor's office and legislative leaders are looking for any revenue source they can to narrow the funding gap. Recently the state Department of Finance circulated a proposal that would have allowed the Legislature to more easily "raid" the Department of Real Estate's special fund to pay for general fund obligations. Currently the law says that if the Legislature borrows the DRE's fund money, licensees are entitled to a significant reduction in their fees. This proposal would have eliminated that reduction in fees that acts as a deterrent to the Legislature raiding the DRE account. C.A.R. opposes this proposal because it would have effectively result in higher renewal fees for real estate licensees than the current law would require in these circumstances and would have opened the door for future raids of the fund. C.A.R. successfully worked with individual legislators and Senate leadership to keep that proposal out of the budget package that was passed earlier this week. Key Contacts were also actively engaged in persuading their legislators that this was a bad idea.

Update on SB 939 – Bill Allows Commercial Tenants to Void Leases

SB 939 (Wiener and Lena Gonzalez) will be voted on by the Senate Appropriations Committee on June 18. C.A.R. opposes SB 939, which forces commercial property owners to provide rent-free space to businesses while still being required to spend money to maintain the property and allow

certain tenants to potentially simply void their leases without penalty. The bill is unconstitutional and could create a severe financial hardship for small businesses who own commercial properties.

Update on AB 1436 – Bill Prohibits Landlords from Recovering Back Rent until 15 Months After COVID-19 Emergency Orders are Lifted

As amended, AB 1436, among other things, forever prohibits a landlord from evicting a tenant for back rent accrued during COVID-19 "state of emergency" orders on the state and local level. A landlord may, 15 months after state and local COVID-19 "state of emergency" orders end, pursue a civil action to recover that COVID-19 back rent, which the court is required to offset against any COVID-19 relief the landlord may have previously received. The bill effectively allows tenants to occupy units rent free for potentially multiple years. C.A.R. opposes AB 1436 and is actively working in coordination with other groups to defeat this measure. AB 1436 will be considered by the Senate after the Senate's summer recess. Please stay tuned for more details.