**Summary of SB 567 Pillars- Homeless Prevention Act (Durazo)**

**As Amended April 17th**

**Lower The Rent Cap**

**Background:** Current law sets the annual rent cap at an amount equal to Consumer Price Index  (CPI) plus 5%, not to exceed 10% per year.

**Proposal:** This bill would eliminate the additional percentage above CPI, setting the annual rent cap at an amount equal to CPI. It would also lower the maximum cap from 10% to 5% per year.

**In regards to question about rent cap impacting new housing production-**

* SB 567 does not change existing law that places an exemption of rent caps on new properties within the first 15 years.
* This 15 year exemption was on input from market rate developers (investors assume they achieve desired return prior to year 15)
* **This is an accepted industry standard.**
* SB 567 does not alter that.

Affordable housing units are exempt from AB 1482, existing law, and will remain exempt under SB 567 so this bill does not impact affordable housing rent caps.

**Key facts and statistics on need for rent cap-**

* A $100 increase in rent prices has contributed to a 9% increase in homelessness (Source: U.S. GAO (Government Accountability Office Report)
* A full-time worker would have to earn $39.01/hr in order to afford a 2-bedroom rental home at Fair Market Rent
* Renters need to earn 2.9 times the state minimum wage to afford average asking rent in California, which increased by 4%.
* [**Median rent in California has increased 38% since 2000 while median renter household income has only increased by 7% (adjusted for inflation).**](https://chpc.wpenginepowered.com/wp-content/uploads/2023/03/HNR_CA_CHPC-Master2023-FINAL.pdf)
* The [Terner Center](https://ternercenter.berkeley.edu/wp-content/uploads/2022/09/AB1482-Brief-Final.pdf)  found that when AB 1482 was passed in 2018-2019 rent appreciated at a rate of 3-4%, **in 2021-2022 rents have appreciated about 16%-11%**.
* A [USC review](https://dornsife.usc.edu/assets/sites/242/docs/Rent_Matters_PERE_Report_Final_02.pdf) of numerous studies about rent control showed that rent stabilization ordinances have little to no impact on new construction.

**Strengthen Existing Law for “No Fault” Evictions**

**Background:** Current law requires that for a tenant covered by the TPA, a landlord must have just cause for evicting the tenant. Just cause includes certain “no fault” causes, where the landlord may evict a tenant for a cause that is not based on any fault of the tenant including:

* The landlord intends to remove the unit from the rental market;
* The landlord or a relative intend to move into the unit; and
* The landlord intends to substantially rehabilitate the unit.

These three provisions are too vague and difficult to enforce. As a result, they have routinely  been exploited by landlords. Removal from the rental market and owner move-in are often used by landlords who have no real intention in following through and instead intend to re-rent the unit at a rate that is higher than what they could have charged the evicted tenant because of the rent cap. Substantial rehabilitation is used to push tenants out of their units and drive up rents above the allowable increase permitted by AB 1482.

In addition, renters are not covered by the just cause provisions until they have lived in the unit for 1 year and sometimes as long as 2 years.

**Proposal:** This bill would strengthen these provisions by:

* For removal from the rental market, establish protections that include adequate notice to tenants and a right for the evicted tenants to return.
* This bill will also establish consequences for landlords returning the unit to the rental market after evicting the tenants.
* For owner or relative move-in, expand the law to include protections common in many local rent control ordinances (RSO). For example, the bill would require the landlord or a qualified relative to move in within three months and live there for three years and establish common-sense notification requirements. This will reduce the likelihood that a tenant will be evicted so that someone can move in for two months or never move in at all, then the landlord  re-rents the unit to a new tenant at a higher price.
* For substantial rehab, the bill would prohibit a permanent eviction and allow the tenant to move back in at the same rent once the repairs are complete. It would additionally require that the repairs will take at least 60 days for a landlord  to use substantial rehab as a reason to remove a tenant from a unit. Also, the landlord must tell the tenant in the termination notice what repairs they intend to make, and the repairs must be necessary for health and safety reasons.
* Make the just cause provisions applicable immediately.

**Expand Enforceability of the TPA**

**Background**: The TPA does not include any express remedies or private rights of action. Private enforcement relies primarily on the tenant using a violation of the TPA as a defense in an eviction action or by relying on the Consumer Legal Remedies Act (B&P Code §17200). The ability of local governments to enforce the TPA, is uncertain.

**Proposal:** This bill would enhance the ability of tenants to defend themselves in eviction actions by requiring that a landlord must strictly comply with the TPA and requiring that the landlord’s stated reason for eviction is the good faith reason for eviction. In addition, the bill would expand public and private enforcement.

1. Public Action-A local government within whose jurisdiction the residential real property is located shall have the authority to do both of the following:
   1. Enforce the provisions of this section.
   2. Bring actions for injunctive relief on behalf of the city or county or on behalf of tenants seeking compliance by landlords with this section.
2. Private Action-
   1. A landlord who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent allowed by this section shall be liable in a civil action to the tenant from whom those payments are demanded, accepted, received, or retained for all of the following:
      1. Reasonable attorney’s fees and costs.
      2. Injunctive relief.
      3. Damages in the amount by which any payment demanded, accepted, received, or retained exceeds the maximum allowable rent.
      4. Upon a showing that the landlord has acted willfully or with oppression, fraud, or malice, a civil penalty of treble the amount by which any payment demanded, accepted, received, or retained exceeds the maximum allowable rent.

**Authors amendments removed the following provision from**

**the Bill ahead of Senate Judiciary**

**Expand Units Covered by TPA**

**Background:** The TPA does not apply to all renters. Renters living in single-family homes are not protected by the rent cap or the just cause provisions unless the home is owned by certain corporations. Homeowners living in a mobilehome park are not covered by the rent cap (they do have just cause protections under the Mobilehome Residency Law).

**Proposal:** Expand the applicability of the TPA in the following ways:

* Eliminate the exclusion for renters living in single-family homes and condos.
* Eliminate the exclusion for homeowners living in mobile home parks.

**This specific provision to include mobilehome parks and single family homes has been removed from the bill.**