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For renters, when the Judicial Council Emergency Rule is rescinded, tenants will need to come up with the money to cover all unpaid rent.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.

**SUPPORT**
- California Rural Legal Assistance Foundation (Sponsor)
- Housing Now! California (Sponsor)
- Leadership Counsel for Justice and Accountability (Sponsor)
- PolicyLink (Sponsor)
- Public Advocates (Sponsor)
- Public Counsel (Sponsor)
- Western Center on Law and Poverty (Sponsor)
- 99Rootz
- Abundant Housing LA
- ACLU of California
- Affordable Housing Network of Santa Clara County
- Affordable Housing Services
- AIDS Healthcare Foundation
- Alameda County Democratic Party
- Alameda Renters Coalition
- All Home
- Alliance of Californians for Community Empowerment (ACCE)
- Alliance for Community Transit - Los Angeles
- Alliance San Diego
- ACLU of California
- Active San Gabriel Valley
- AFSCME Local 3299
- Alliance for Community Transit - Los Angeles
- Alliance San Diego
- American Friends Service Committee - Los Angeles
- Anti-Eviction Mapping Project
- Asian Inc.
- Asian Pacific Environmental Network
- Bay Area Legal Aid
- Bay Area Regional Health Inequities Initiative
- Bend the Arc: Jewish Action- California
- Bend the Arc San Luis Obispo
- Berkeley Rent Stabilization Board
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- Beverly-Vermont Community Land Trust
- Board of Supervisors, City and County of San Francisco
- Bread Head California
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- Burbank Tenants’ Rights Committee
- CA4Health
- Cal Poly College Democrats
- California Alliance for Retired Americans
- CA Asian Americans Advancing Justice
- CA Conference Board of the Amalgamated Transit Union
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- California Democratic Party
- California Democratic Party Renters Council
- California Environmental Justice Alliance (CEJA)
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- California Labor Federation
- California Latinas for Reproductive Justice
- California League of United Latin American Citizens (LULAC)
- California Low-Income Consumer Coalition
- California Pan-Ethnic Health Network
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Physicians for Social Responsibility-Los Angeles
Politicians and Leaders of Tomorrow
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Property Owners for Fair & Affordable Housing (POFAH)
Public Counsel
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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
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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)
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Stories from the Frontline
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Strategic Concepts in Organizing and Policy Education (SCOPE)
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