

# MONTEREY COUNTY

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August 18, 2020

The Honorable David Chiu  
California State Assembly  
State Capitol, Room 4177  
Sacramento, CA 95814

**RE: AB 1436 (Chiu) Tenancy: rental payment default: mortgage forbearance: state of emergency: COVID-19. As Amended August 10, 2020 – SUPPORT**

Dear Assemblymember Chiu:

I am writing to you on behalf of the Monterey County Board of Supervisors to offer our support for AB 1436 (Chiu), which would prevent 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.

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 ineligible. 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.

For renters, when the Judicial Council Emergency Rule is rescinded, tenants will need to come up with the money to cover all unpaid rent.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

U.S. Census Bureau data from July 9-14th indicates 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.

AB 1436 would provide 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.

This 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.

For these reasons, Monterey County supports AB 1436. Should you have any questions, please feel free to contact Monterey County's Public Policy Advisor, Ashley Walker of Nossaman LLP at 916-442-8888.

Sincerely,

# DRAFT

Chris M. Lopez  
Chair, Board of Supervisors

CC: Members, Senate Judiciary Committee  
Margie Estrada Caniglia, Chief Counsel  
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