

# ASSEMBLY BILL 1436 (CHIU, LIMÓN, BONTA, GONZALEZ, SANTIAGO, AND WICKS) COVID-19 TENANT AND HOMEOWNER RELIEF ACT OF 2020

## SUMMARY

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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

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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

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For renters, when the Judicial Council Emergency Rule is rescinded, tenants will need to come up with the money to cover all unpaid rent.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

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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)  
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 ACLU of California  
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 Affordable Housing Services  
 Alameda County Democratic Party  
 Alameda Renters Coalition  
 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  
 American Friends Service Committee - Los Angeles

Asian Pacific Environmental Network  
 Baldwin Leimert Crenshaw Local, Los Angeles Tenants Union  
 Bay Area Regional Health Inequities Initiative  
 Bend the Arc: Jewish Action- California  
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 Berkeley Rent Stabilization Board  
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 California Healthy Nail Salon Collaborative  
 California Labor Federation  
 California Latinas for Reproductive Justice  
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 California Low-Income Consumer Coalition  
 California Pan-Ethnic Health Network  
 California Partnership to End Domestic Violence  
 California Reinvestment Coalition (CRC)  
 California Renters Caucus  
 California School Employees Association  
 California Teachers Association  
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 California Work & Family Coalition  
 Catholic Charities  
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 Central California Asthma Collaborative  
 Central California Environmental Justice Alliance  
 Central Valley Air Quality Coalition  
 Central Valley Empowerment Alliance, Inc  
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 ChangeLab Solutions  
 Chispa  
 City Heights CDC  
 Clergy and Laity United for Economic Justice  
 ClimatePlan  
 Coalition for Humane Immigrant Rights (CHIRLA)  
 Code Pink  
 Community Action to Fight Asthma  
 Community Organizer Faith in the Valley, Kern

Community Power Collective  
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County of Marin  
Courage California  
Cultiva La Salud  
Democratic Socialists of America, Los Angeles  
Democratic Socialists SLO  
Disability Rights California  
Dolores Huerta Foundation  
East Bay Community Law Center  
East Bay Housing Organizations  
East Yard Communities for Environmental Justice  
Empowering Pacific Islander Communities (EPIC)  
Ensuring Opportunity Campaign to End Poverty in Contra Costa County  
Environmental Justice Coalition for Water  
Every Neighborhood Partnership  
Eviction Defense Collaborative  
Eviction Defense Network  
Faith in Action Bay Area  
Faith in the Valley  
First Unitarian Church of Los Angeles  
Fresno Metro Black Chamber of Commerce  
Gay and Lesbian Alliance: SLO  
Greenfield Walking Group  
Ground Game LA  
Heart L.A.  
HOA Rancho La Paz Mobile Home Park  
Hollywood NOW  
Homeless Health Care Los Angeles  
Housing CA  
Housing Equality & Advocacy Resource Team  
Housing Rights Committee of San Francisco  
Human Impact Partners (HIP)  
Inclusive Action for the City  
Indivisible SLO Rapid Response Team  
Inner City Law Center  
Inland Equity Partnership  
Inlandboatman's Union of the Pacific  
Inquilinos Unidos  
Investing in Place  
John Burton Advocates for Youth  
Korean American Center  
Koreatown Immigrant Workers Alliance (KIWA)  
LA Forward  
LA Homeless Services Authority  
LA Voice  
Latino Coalition for a Healthy CA  
Latino Health Access  
Law Foundation of Silicon Valley  
Legal Aid Foundation of Los Angeles  
Legal Aid of Marin  
Legal Aid of Sonoma County

Legal Aid Society of San Mateo County  
Lift To Rise  
Los Angeles Alliance for a New Economy (LAANE)  
LOOM  
Maternal and Child Health Access  
Mi Familia Vota  
Monument Impact  
Move LA  
National Association of Social Workers, California Chapter (NASW-CA)  
National Center for Youth Law  
National Housing Law Project  
Natural Resources Defense Council  
Neighborhood Legal Services of Los Angeles County  
One Redwood City  
Orange County Communities for Responsible Development  
Organización en California de Líderes Campesinas, Inc.  
PACT: People Acting in Community Together, Inc.  
Parable of the Sower Intentional Community Cooperative  
Pasadena Tenant Union  
Peace and Freedom Party of California  
People Organized for Westside Renewal  
Physicians for Social Responsibility-Los Angeles  
Politicians and Leaders of Tomorrow  
Postmates  
Power California  
Prevention Institute  
Professional and Technical Engineers, Local 21  
Property Owners for Fair & Affordable Housing (POFAH)  
Public Interest Law Project  
Public Law Center  
Rent and Mortgage Relief for All – SLO  
Roman Catholic Diocese of Fresno  
Root and Rebound  
Sacred Heart Housing Action Committee  
Safe Routes Partnership  
San Francisco Board of Supervisors  
San Francisco Community Land Trust (SFCLT)  
San Francisco Tenants Union  
SEE-LA (Social Eco Education-LA)  
Senior & Disability Action  
Service Employees International Union (SEIU) California  
Showing Up for Racial Justice (SURJ) - Bay Area  
Showing Up for Racial Justice at Sacred Heart  
Sierra Business Council  
Sierra Club Tehipite Chapter Executive Committee  
SLO Climate Coalition  
SLO County Progressives  
South Pasadena Tenants Union  
Stonewall Democratic Club  
Stories from the Frontline  
Strategic Actions for a Just Economy (SAJE)  
Strategic Concepts in Organizing and Policy Education

(SCOPE)

Sunflower Alliance

Tenants Together

TechEquity Collaborative

The Future Left

The Jakara Movement

The Kennedy Commission

Tipping Point Community

UAW 230

UAW 2865

UAW 5810

UAW Local 4123

UFCW Western States Council

Unite Here

United Way of Greater Los Angeles

University of California Student Association

Urban Habitat

Utility Workers Union of America

Valley Beth Shalom

Voices for Progress

Working Partnerships USA

## **FOR MORE INFORMATION**

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