

## GAD Report June 2023

Locally all jurisdictions are required to update their Housing Elements before the end of 2023. Most cities are in compliance and are preparing legally justified HEs. The cities of Modesto and Patterson have some governmental constraints to housing production that need to be addressed within their HEs so we are monitoring the progress closely in those two cities.

From CAR

A note to the Realtor community from CAR. Many of you are fielding **questions from members regarding the announcement by State Farm and Allstate that they will no longer be writing new homeowners' policies in California**. Just to be clear, as there is a lot of confusion on this issue right now, at present these companies are not leaving California's insurance market and will continue to service existing policyholders. Therefore, for our members the primary problem will be for *new homebuyers* who need insurance when they are purchasing a property or those homeowners who, for whatever reason, need to obtain a new policy.

We want to [make sure you had seen this home page story we posted yesterday](http://www.car.org/aboutus/mediacenter/news/statefarm) ([www.car.org/aboutus/mediacenter/news/statefarm](http://www.car.org/aboutus/mediacenter/news/statefarm)) which includes a [link to the CA Department of Insurance \(DOI\) website](http://www.insurance.ca.gov/01-consumers/105-type/5-residential/index.cfm) ([www.insurance.ca.gov/01-consumers/105-type/5-residential/index.cfm](http://www.insurance.ca.gov/01-consumers/105-type/5-residential/index.cfm)) with information for consumers. The website includes comprehensive information on homeowner's insurance, including an insurance finder to help consumers locate insurance and information on the FAIR plan. We are also in the process of creating a more robust toolkit to assist our members on this issue.

Please know that our Sacramento advocacy staff have been in touch with the Department of Insurance as well as various insurance lobbyists/organizations to discuss the issues surrounding this decision and the status of the ongoing discussion between the Department of Insurance and the insurance industry representatives in California. We are participating in insurance coalition meetings on this issue as well. It is fair to say the actions of these companies have lit a fire under the ongoing discussions on creating a more robust insurance market for property in California.

The [Q&A's that are part of the home page story](http://www.car.org/aboutus/mediacenter/news/statefarm) ([www.car.org/aboutus/mediacenter/news/statefarm](http://www.car.org/aboutus/mediacenter/news/statefarm)) will continue to be expanded over the next few weeks. One issue that we have heard multiple times from members is that rates will now skyrocket. Prop 103 requires "prior approval" by California's Department of Insurance before insurance companies can implement property and casualty insurance rates increase. Here is a direct link to the Prop 103 Information Sheet on the DOI website.

## State Legislative Update

Last Friday was the "house of origin" deadline in the legislature. Bills in California may be introduced in either the Senate (those bills whose numbers start with the letters SB) or the Assembly (those which begin with the letters AB). Last Friday was the last day by which those bills that originated in the Senate had to pass so they could move on to the Assembly or those that originated in the Assembly had to pass so they could move on to the Senate. Keeping in mind that loopholes abound, most bills that die in the house of origin are dead for the year. This is a summary of what happened to our sponsored bills and a selection of other bills.

6/9/23

## Legislative Update

### C.A.R. SPONSORED BILLS

**AB 225 (Grayson) Environmental Hazard Booklet Update** – Risks associated with wildfires, climate change, and sea level rise have increased over the last decade. Property owners both want, and should have, information about the potential risks of these hazards. C.A.R. is sponsoring AB 225 to update the state’s Residential Environmental Hazard Booklet to add three new chapters related to wildfires, climate change, and sea level rise to the booklet to provide consumers with valuable information regarding these risks.

**Status:** Passed by the Assembly on May 22 and is now pending committee assignment in the Senate

**AB 323 (Holden) Density Bonus Law: Purchase of Density Bonus Units: Civil Actions** – It has long been assumed that units offered for sale as the result of local inclusionary zoning policies and the state’s density bonus law would go to owner occupants if those units were intended for owner occupancy upon subdivision map approval. However, current law permits developers to petition a local government to change the designation from ownership to rental, which reduces home ownership opportunities. C.A.R. is sponsoring AB 323 to prohibit local governments from approving a builder's petition to change the deed or unit designation for a density bonus unit or local inclusionary zone developed unit, as required by local ordinance, that was constructed with the intent for owner occupancy from being considered unless the developer can prove that none of the applicants can qualify for the unit as owner occupants. AB 323 has been amended to resolve, among other technical concern, the building industry concerns which require local governments to provide developers a list of pre-qualified applicants eligible to purchase the property upon the completion of unit construction.

**Status:** Pending committee assignment in the Senate

**AB 717 (Villapudua) Trust Education** – Some homeowners, particularly from low- and moderate-income communities, are unaware of the benefits of revocable living trusts for the transfer of real property to heirs upon the death of the owner. Many low- and moderate-income households do not have access to legal advice, and in comparison to higher income families, are less likely to engage in estate planning for their heirs. Without a revocable living trust, households must then generally utilize the costly and time intensive court probate process. Expansion of educational opportunities that communicate the value of establishing a living trust will help prevent the loss of equity that result in money and time being allocated instead to the probate process. AB 717 will facilitate the development of state informational resources that explain the value of establishing a living trust.

**Status:** Scheduled to be heard in the Senate Judiciary Committee on June 20

**AB 743 (Petrie-Norris) Remote Online Notaries** – AB 743 would allow California notaries to become licensed remote online notaries and utilize the internet and audio-visual technology to notarize documents for signers remotely. California is now only one of a handful of states that do not allow remote online notarization in some form. However, a remote notarization is legally binding in all states, provided it was performed in accordance with state law where the notary is registered. This means California is missing out on 1) allowing our notaries to utilize this business tool for their clients as California notaries cannot perform these services; and 2) Californians are being deprived of the traditional consumer protections that come with laws enacted in California. AB 743 would have brought notarization into the 21st Century in California in a safe and secure way for Californians.

The bill will not be moving forward this year as it was held in the Assembly Appropriations Committee. The bill received an analysis which stated that it would incur high implementation costs. Bills which have significant impacts are having challenges moving forward in our current budget climate.

**Status:** Held in the Assembly Appropriations Committee

**AB 1280 (Maienschein) Natural Hazard Disclosure Form Update** – The Office of the State Fire Marshal and the Department of Forestry and Fire Protection (CAL FIRE) are in the final stages of updating the states Fire Hazard Severity Zone (FHSZ) maps for the State Responsibility Areas (SRA). These revised maps are adding a new category for “high fire severity zones,” which is not currently included within the statutorily prescribed Natural Hazard Disclosure (NHD) form. C.A.R. is sponsoring AB 1280 to update the NHD form to include information related to defensible space mandates imposed on parcels located in high fire severity zones.

**Status:** Scheduled to be heard in the Senate Judiciary Committee on June 20

## **SUPPORT**

**AB 62 (Mathis) Statewide Water Storage: Expansion** – California has about 42 million acre-feet of surface reservoir storage capacity and more storage capacity in underground aquifers (150 million to 1.45 billion acre-feet). In normal years, between 8-14 million acre-feet of water is stored in the wet season and used in the dry season. Consistent with the Governor’s goal to increase water storage in California, C.A.R. supported AB 62 which sought to establish a statewide goal to increase above- and below-ground water storage capacity by 8% by 2030 and almost 10% by 2040. AB 62 would have created more stability in our water storage system that would have helped to bridge our state’s housing supply crisis by facilitating more residential housing development opportunities.

This bill was held in the Assembly Appropriations Committee and will not be moving forward this year.

**Position:** Support

**Status:** Held in the Assembly Appropriations Committee

**AB 265 (Boerner) Property Tax Postponement: Senior Citizens and Disabled Citizens Property Tax Postponement Fund** – Existing law establishes the Property Tax Postponement Program (Program), which allows the state controller to pay property taxes to county tax collectors on behalf of individuals over the age of 62 or disabled persons with an annual household income of \$39,000 or less. A reintroduction of AB 1707 (Boerner, 2022), this bill provides a permanent source of funding to ensure the viability of the Program. C.A.R. supports the need to ensure that this Program continues to operate as it offers individuals on fixed incomes, low-income seniors, and disabled persons assistance with paying their property taxes, which allows them to continue to stay in their homes.

**Position:** Support

**Status:** Pending committee assignment in the Senate

**AB 516 (Ramos) Mitigation Fee Act: Expenditure Reports And Audits** – Existing law stipulates that a local agency must make available to the public information about the fees collected from a development project. AB 516 seeks to make modest clarifications to existing law which allows for continued updates to the status of the projects based on the report provided in the previous year. The bill also allows increased accountability of funds by disclosing that a local agency must provide information to a person subject to paying a fee that they have the right to request an audit of the funds collected and how the fees are being used. C.A.R. supports AB 516 which, among other things, seeks to add more transparency to development projects.

**Position:** Support

**Status:** Scheduled to be heard in the Senate Governance and Finance Committee on June 14

**AB 556 (Gallagher) Property Taxation: Transfer of Base Year Value: Disaster Relief –**

Existing property tax law provides that the property tax base year value of real property that is substantially damaged or destroyed by a disaster may be transferred to a comparable property located within the same county that is acquired or newly constructed within five years after the disaster. This bill would extend the five-year period by three years if the property was substantially damaged or destroyed by the 2018 Camp Fire. C.A.R. supports the ability of disaster victims to transfer their property tax base to a new property, thereby ensuring they do not get priced out of the market.

**Position:** Support

**Status:** Pending committee assignment in the Senate

**AB 883 (Mathis) United States Department of Defense Skillbridge program –**

The Skillbridge program is a hands-on internship program where service members close to ending their time in the military can intern directly with licensees and learn skills that will serve them once they are working in civilian life. AB 883 would require a licensing board, including the Department of Real Estate, to expedite and assist in the licensing process for an applicant who shows they are enrolled in the Department of Defense's Skillbridge program.

**Position:** Support

**Status:** Scheduled to be heard in the Senate Business, Professions and Economic Development Committee on June 12

**AB 1500 (Irwin) Property Taxation: Disaster Relief –** Existing law allows the base year value of a property that is substantially damaged or destroyed by a disaster, as declared by the Governor, to be applied to a replacement property reconstructed on the site that was affected within five years of the disaster. This bill seeks to provide victims of the 2018 Woolsey Fire or 2018 Camp Fire whose homes were substantially damaged or destroyed an additional three years to reconstruct their home on the same site of the damaged or destroyed property.

**Position:** Support

**Status:** Pending committee assignment in the Senate

**SB 450 (Atkins) SB 9 (Atkins, Statutes 2021) Clean-Up Bill –** C.A.R supported SB 9 (Atkins) which went into effect at the beginning of 2022. This bill established a streamlined approval process for single family residential lots to be converted to duplexes and for owner occupants of property, who agree to reside in their property for three years, to split their lots and build up to two additional units. SB 450 contains modest changes to improve the usability of the statute.

**Position:** Support

**Status:** Scheduled to be heard in the Assembly Housing and Community Development Committee on June 21

**SB 726 (Archuleta) Property Tax Exemption: Disabled Veterans –** Existing law allows homeowners to submit a claim with the applicable assessor to receive tax relief on their principal place of residence if they are a qualified disabled veteran. For a ten-year period beginning January 1, 2024, SB 726 will increase the disabled veterans' exemption to \$863,790. It will also allow an exemption from taxation on that part of the full value of the principal place of residence that does not exceed \$863,790 for a veteran who is 100% disabled or their spouse.

**Position:** Support

**Status:** Pending hearing the Assembly Revenue and Taxation Committee

**SB 834 (Portantino) Homeownership Housing Bond –** This bill would enact the California Family Home Construction and Homeownership Bond Act of 2023 to be placed on the next statewide general election ballot. If approved by voters, it would authorize the issuance of \$25 billion in state general obligation bonds to finance the California Family Home Construction and

Homeownership Program. The bill would authorize the California Housing Finance Agency to award \$18 billion to eligible applicants to use as a down payment or to pay closing costs on the purchase of a new home (i.e., never owner occupied, 5 years old or newer) and \$7 billion for predevelopment infrastructure improvements and other upfront costs typically incurred in connection with new home construction. C.A.R. will support SB 834 if it is amended to: 1) require adaptive reuse projects to reserve 50% of each project funded for homeownership housing; 2) require a minimum two-thirds vote of the Legislature to change the provisions established by the measure; and 3) require buyers complete homebuyer education counseling and obtain a certificate of completion through an eligible homebuyer counseling organization.

**Position:** Support if Amended

**Status:** Pending hearing in the Assembly Housing and Community Development Committee

## **OPPOSE**

**AB 309 (Lee) / SB 555 (Wahab) Social Housing Act** – AB 309 and SB 555 propose to establish new state entities to acquire and develop publicly owned and permanently affordable deed restricted social housing. C.A.R. will oppose AB 309 (Lee) unless it is amended to require the development of new housing units through either adaptive reuse of commercial parcels or through new construction, and to eliminate the authority's ability to purchase existing housing units. Similarly, C.A.R. will oppose SB 555 (Wahab) unless it's amended to construct new units instead of using state resources to purchase existing, naturally occurring, market rate units that are vitally important to our states first-time homebuyers seeking to achieve long term housing stability and generational wealth opportunities. Neither bill provides any funding mechanism for these housing programs.

**Position:** Oppose Unless Amended

**Status:** AB 309: Scheduled to be heard in the Senate Housing Committee on June 20 / SB 555: Pending committee assignment in the Assembly

**AB 331 (Bauer-Kahan) Automated Decision Tools** – While C.A.R. supported AB 331's goals to address unlawful discrimination in housing, the bill as drafted was overly broad and unduly burdensome on the housing industry and housing providers. This would have resulted in significant costs and increased liability on affected parties. These costs and burdens would have had an especially adverse effect on small housing providers and would have impeded the lending and financing necessary for families to achieve the dream of homeownership. AB 331 was held in the Assembly Appropriations Committee and will not be moving forward this year.

**Position:** Oppose Unless Amended

**Status:** Held in the Assembly Appropriations Committee

**AB 593 (Haney) Carbon Emission Reduction Strategy: Building Sector** – This bill would require the State Energy Resources Conservation and Development Commission to identify an emission reduction strategy for the building sector. C.A.R. is opposed to AB 593 and is seeking amendments to ensure the identified emissions reductions strategies do not include time of sale requirements.

**Position:** Oppose Unless Amended

**Status:** Pending committee assignment in the Senate

**AB 770 (Kalra) Elderly Residential Care Facilities: Capacity in Residential Neighborhoods** – C.A.R. opposed AB 770 which sought to eliminate the six-bed limitation for a residential care facility for the elderly located within a residential neighborhood. Current law strikes a balance as it allows residential care facilities in neighborhoods without disrupting the residential character of the neighborhood. If the six-bed cap were eliminated, residential care facilities would effectively allow commercial facilities uses within neighborhoods. With a persistent lack of housing supply and constant pressures on housing affordability, converting even more residential housing to commercial uses is of great concern and will likely result in reducing homeownership

opportunities for our working families while serving to further increase the price of median housing in California. AB 770 was held in the Assembly Appropriations Committee and will not be moving forward this year.

**Position:** Oppose

**Status:** Held in the Assembly Appropriations Committee

**AB 1033 (Ting) ADU Conveyance** – Current law does not permit accessory dwelling units (ADUs) to be sold or conveyed separately from the primary residence. AB 1033 reverses existing state law to instead allow for the separate conveyance of accessory dwelling units from a primary residence with very few guardrails or protections for homeowners and the communities where these homes are located.

While the sponsors claim the measure “simply” allows ADUs to be converted into common interest developments with the primary residence, this comes with massive potential consequences to homeowners. Among the most concerning impacts is that conversion of such properties to condominiums could result in homeowners violating their loan terms as such conversions violate current GSE loan standards. For this reason, a broad coalition of groups including the California Association of REALTORS®, California Credit Union League, California Bankers Association, California Land Title Association, California Mortgage Bankers Association, California Association of Community Managers and many others have joined to request the bill be amended to add proper guardrails and protections, ensure compliance with the federal loan servicing requirements, and ensure that local communities may properly regulate such conversions.

**Position:** Oppose Unless Amended

**Status:** Pending committee assignment in the Senate

**SB 395 (Wahab) Statewide Database: Notices of Termination and Rent Increases** – This bill would have required housing providers to file copies of notices of termination and notices of rent increases with the Secretary of State within ten days of serving the notices on tenants. SB 395 would have further specified that failure by a housing provider to file such a notice would have constituted an affirmative defense to a cause of action for an unlawful detainer. Lastly, the bill would have required the creation of a publicly searchable database that would have included the volume of termination of tenancy notices by zip code and the rates of rental increases by address and unit number. C.A.R. opposed SB 395: it would have imposed burdensome and costly requirements on housing providers while providing no benefits for tenants. SB 395 was held in the Senate Appropriations Committee and will not be moving forward this year.

**Position:** Oppose

**Status:** Held in the Senate Appropriations Committee

**SB 440 (Skinner) Regional Housing Finance Authorities** – SB 440 authorizes 2 or more local governments to establish a regional housing finance authority to raise property taxes. Under SB 440 these regional housing finance authorities would be granted vast, unchecked bonding and taxing authority, which would be managed by an unelected Agency Board with 3 appointed representatives that may by resolution, or initiative, impose special taxes on real property, a parcel tax, a gross receipts business license tax, a special business tax, a documentary transfer tax, a special land value windfall tax, and a commercial linkage fee. The proposed Agency requires revenues generated to assist in affordable housing preservation (acquiring, rehabilitating, deed restricting, etc.) and encourages the removal of naturally occurring affordable market rate housing from the private market. C.A.R. will oppose SB 440 unless it is amended to, among other things, limit the powers conveyed to the regional housing finance authorities, including requiring a 2/3 voter approval for all proposed taxes and bonds while eliminating the Agencies ability to: 1) impose or recommend ANY taxes on real property or real estate related business services; 2) acquire market rate housing; or 3) impose, recommend, fund, or influence rent control, price controls, or rental evictions policies. C.A.R is additionally

seeking amendments to require 30% of all funds generated by the Authority to be used for downpayment assistance and the production of ownership housing units.

**Position:** Oppose Unless Amended

**Status:** Pending committee assignment in the Assembly

**SB 466 (Wahab) Costa-Hawkins Rental Housing Act** – In 1995, C.A.R. successfully sponsored with others AB 1164, also known as the Costa-Hawkins Rental Housing Act, which creates limits on local rent control ordinances by requiring vacancy de-control/re-control and exempting single-family property and new construction from local rent control. C.A.R. opposed SB 466, which would have amended Costa-Hawkins in order to place more residential properties under rent control in jurisdictions with local rent control ordinances. This bill failed passage in the Senate and will not move forward this year.

**Position:** Oppose

**Status:** Failed passage on the Senate Floor

**SB 529 (Gonzalez) Electric Vehicle Sharing Services: Affordable Housing Facilities** – This bill would have created a program that provided grants to eligible entities that operate electric vehicle sharing services at affordable housing facilities. C.A.R. opposed SB 529 and requested amendments to assure the affordable housing definition is consistent with the state's existing deed restricted affordability restrictions (i.e., 55 years for rental housing units). This bill was held in the Senate Appropriation Committee and will not move forward this year.

**Position:** Oppose Unless Amended

**Status:** Held in the Senate Appropriations Committee

**SB 584 (Limón) Tax on Short-Term Rentals** – This bill imposes a 15 percent tax on owners of short-term rentals, including working families and others who rent out a portion of their residence as a short-term rental in order to generate additional income to help make ends meet. SB 584 creates the Laborforce Housing Fund and deposits those tax revenues into this Fund. Public entities, local housing authorities, and nonprofit housing corporations will then be able to apply to receive those funds for the construction or rehabilitation of "laborforce housing," where the maximum allowable annual rent increase for any unit shall not exceed 3% of the rent or 6% of the Consumer Price Index, whichever is less. The bill excludes those who earn less than one hundred thousand dollars (\$100,000) from facilitating or operating short-term rentals during the previous calendar year from having to collect the tax. C.A.R. opposes SB 584: it harms working families and others who offer short-term rentals.

**Position:** Oppose

**Status:** Pending committee assignment in the Assembly

**SB 567 (Durazo) Expands Statewide "Just-Cause" Eviction Law** – In 2020, millions of small rental properties became subject to the rent cap and "just-case" eviction provisions established by AB 1482. Then the pandemic hit just three months after the bill took effect, forcing small housing providers to comply with a complicated new law while also navigating eviction moratoriums and trying to keep food on the table for their families. SB 567 will subject these properties to more radical restrictions – just as small housing providers were starting to recover and stay afloat financially.

**Position:** Oppose

**Status:** Pending committee assignment in the Assembly