CalRHA
CALIFORNIA RENTAL HOUSING ASSOCIATION

Cultivate ● Activate ● Legislate

NEWS & UPDATES

NOVEMBER 2019

CalRHA PRESIDENT'S MESSAGE

A new year is almost upon us, and as we plan for 2020's policy priorities, we want to recognize everyone who contributed to helping raise awareness of small rental housing providers, at the state Capitol. We were successfulin defeating many harmful policy proposals that could have dug a deeper hole for the California housing crisis. Your dedication to our industry, and the attentiveness of our organization to the work, gave our organization greater visibility that it's ever had. This is exactly what we need, heading into the new year.

This holiday, we are especially grateful for our member enthusiasm around advocating for the stability of our industry as well as increasing our avenues of success. Small rental housing providers are the cornerstone of the industry and our organization is dedicated to preserving its value. Your involvement gave a greater voice to a group that is not often recognized as a key stakeholder in the housing crisis.

As we begin holiday celebrations, know that the entire CalRHA team is hard at work planning for the upcoming 2020 battles. Our lobbying team is working on legislative priorities including (but not limited to!) minimum wage requirements for resident managers, marijuana smoking in rentals, and right of first refusal in rental housing sales. And that's only the beginning!

A coalition proposing a statewide tax for property owners is working to collect one million signatures to qualify a split roll tax initiative on the 2020 ballot. Recently, Los Angeles Mayor Eric Garcetti joined Oakland Mayor Libby Schaaf and Stockton Mayor Michael Tubbs in supporting this tax, which we know is a first attempt to dismantle Prop 13. California businesses need your help to get voters to understand the implications of ballot measure. There are many organizations who will be working to oppose the split roll that could cost our industry billions. We will keep you up to date on how to get involved as well as inform you about the impending redux of Prop 10.

We will be working with our coalition to oppose and defeat this initiative in 2020. You can learn more at www.StopRentControl.net.

We will also keep you up to date on vacancy taxes which have gained traction with the help of local officials in various cities across the state. The vacancy tax is the elected officials attempt to force owners to rent to long term tenants with the idea that it will help mitigate their local housing shortage. But it's our job to remind lawmakers that the core housing crisis is greater than just vacant units. We have to stop nonsense proposals like these and expose how harmful they could be to small property owners – the very people supplying housing for the state. We thank you for your activism and devotion to our mutual cause. We wish you a wonderful holiday with those you love.

- Sid Lakireddy, CalRHA Board of Directors President

BOARD OF DIRECTORS

President
Sid Lakireddy
BPOA

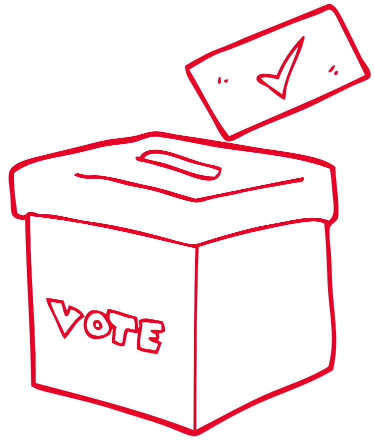
Vice President
Michael Reilley
NVPOA

Treasurer
Christine LaMarca
SCRHA

Secretary
Gary DeLong
AAOC

Legislative Committee
Nick Dunlap
AAOC

Split Roll Update



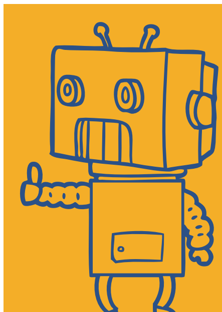
On the 2020 ballot will be the multi-billion dollar split-roll tax initiative. A few weeks ago, the signature gathering process for the split roll property tax began. Attempting to gather one million signatures, its supporters are working to get the item on the 2020 ballot. If those signatures are gathered and voters pass it, property taxes would split commercial and residential property taxes, raising taxes for commercial property owners but not for residential property owners. The burden that this would bear on business owners would be carried down to consumers – including both homeowners and renters.

The split roll would reassess nonresidential and commercial property to its current property value every three years. Inevitably, the cost of services and goods will rise. Living in California will become more expensive. California property owners rely on their property for financial stability, for their family home, and for peace of mind. Losing a property because taxes are unaffordable should never be a reality for property owners. Californians should be able to sleep soundly knowing that their property taxes can be paid off comfortably.

According to the Legislative Analyst's Office (LAO), the split-roll initiative would cost businesses anywhere from $6.5 billion to $10.5 billion per year, with a big chunk going to state bureaucratic agencies. In Los Angeles County alone, the Assessor's office would need $130 million more in the first year. According to the California Assessors' Association, implementing split roll would cost nearly $639 million every year.

Without a doubt, this tax would stipend businesses from investing in future innovation and improvements, and force them to focus on essentials to simply stay afloat. Alert your networks, and make sure they don't sign in favor of the ballot split-roll initiative. Residential property owners would not be taxed more than they already are under split roll, but if the split roll tax is successful, the next step for groups supporting the measure would be to raise home owners' taxes.

To read more, click here: https://advocacy.calchamber.com/policy/issues/split-roll-property-tax/



A Robot than Can Verify Willingness to Pay Rent?

Check out this Wall Street Journal article about harnessing artificial intelligence in our industry:

https://www.wsj.com/articles/robots-are-taking-over-the-rental-screening-process-11574332200

GET INVOLVED

Don't Let Rent Control Steal Your Rights

Rent control is the wrong approach to fix California's housing crisis. Attempting to reinsert failed strategies from the 1970s will not lead us out of our present housing crisis.

Your Voice Must Lead The Way

Elected officials have been chosen to represent your voice, and they need to hear from you! These officials need to listen to the real stories of men and women like you who provide safe and accessible rental housing and the specific ways rent control makes the housing crisis worse.

Vacancy Control Measures

Commercial and residential property owners alike prefer to have ongoing full units year around when it makes sense for the business. As you know, cities like San Francisco and Los Angeles are attempting to approve proposals that would charge property owners for empty units. Claiming this will 'motivate' property owners to fill up store fronts and rental homes, lawmakers seem to be confused about why businesses in San Francisco have trouble surviving or why rental home providers subject to strict eviction laws would rather keep a unit empty rather then take anyone in.

San Francisco

San Francisco's County Supervisors voted on a tax for commercial property owners with empty units. The vote approved the motion unanimously. To become official, voters would have to pass it through in March. Under the tax, any unit left vacant for 182 days will $250 per linear foot of street frontage per year. That would then increase to $500 and then to $1,000.

The measure requires a two third majority of voter approval. This is a problem that could spread to the rest of the state. Property owners are already struggling to get tenants that can afford to pay for labor costs and other expenses required by the City. Businesses are already being driven out of San Francisco, applying another tax will simply drive out more.

Read more here:
https://www.sfchronicle.com/politics/article/SF-vacancy-tax-to-fight-empty-storefronts-14853339.php

Los Angeles

Los Angeles proposed a similar tax, but for rental housing providers. For years, rent control and just-eviction policies have made it more difficult to fill in units while still maintaining a business. Now following in the steps of Oakland, which passed a vacancy tax in 2018, Los Angeles policymakers are under the impression that taxing vacancy is a solution for the state's housing crisis.

A recent report found that there are 41,000 empty units in LA, and 36,000 homeless people. The report said that these units were built for financial investments, many of which are luxury housing, and about half are owned by corporations and investors. The report failed to include input for third-parties, and there is confusion about how the terms "homeless" and "vacant" are defined. As a result, the findings were skewed.

The authors of the report mis stated the number of empty units in relation to the number of homeless. They stated that there were more vacant units than there are homeless, but then a further dig into the numbers revealed that was incorrect and they pulled back their statement. There is now an effort by other local officials to determine what the real vacant unit number is and whether that warrants a vacancy tax or not.

Currently, LA City is working on their own study to determine why there are so many empty homes to justify a vacancy tax on empty rental units.

Read more here:
https://laist.com/2019/11/25/does_la_actually_have_more_vacant_units_than_homeless_people_our_mea_culpa.php

2020 Policy Changes

ADU law (SB 68, along with SB 13 and AB 881)

A series of laws were passed in Sacramento this year that will make it easier for property owners to build accessory dwelling units (ADU). Under the new law, building a second ADU and getting the proper permit for it will be simpler. This was done in the hopes that property owners will feel incentivized to create more housing and increase housing availability in the state, even in areas zoned for single-family homes. The law goes into effect January 1, 2020.

To learn more, go here: https://cayimby.org/historic-adu-legislation/

CA Consumer Privacy Act (CCPA)

Business will also need to begin complying with the CCPA by the first day of 2020. CCPA was created with the intent to restrict what businesses can do with consumers' data. Unfortunately, the law is phrased in a way that 'consumers' applies to every 'California resident,' including residents that are not consumers of the business in question. This new regulation will be a costly process for businesses, including small businesses that will be subject to comply as much as wealthy corporations.

Your business is subject to CCPA, if it:· Yields a gross annual revenue greater than $25 million· Buys or receives data of 50,000 or more consumers/households This includes conducting a minimum of 50,000 credit card transactions per year, or 12 transactions per hour in a 12-hour day; and having a minimum of 50,000 online visitors per year; or a combination of both that hits the 50,000 threshold· Bases fifty percent or more of its revenue on selling data

Businesses will be required to:· Stop targeted ad campaigns· Create a separate system for employment data storage· Disclose what data they collect and what the data will be used for· Share what third parties the data will be shared with· Allow consumers to opt-out of having their data be sold. This may be in the form of an "opt-out" button for every website page or and a 1-800 number· In some instances, collect more data than before· Possibly ditch reward programs, such as from restaurants, retailers, grocers, hotels, and airlines· Purchase expensive software to comply

To read about how the CCPA will affect you, go to https://advocacy.calchamber.com/policy/issues/california-consumer-privacy-act/

AB 5 – Dynamex Decision

Starting next year, Assembly Bill 5 classifying independent contractors as employees will kick in. Approximately 2 million Californians working independently for the flexibility or for a supplemental income will be affected. The industries heavily relying on independent contractors, namely real estate and construction, will redefining the employment status of contractors and freelancer. These new employees will now have to receive unemployment insurance, overtime, healthcare subsidies, among other benefits.

Business will need to defer to an 'ABC test' to determine whether or not a worker is an employee. According to the California Chamber of Commerce, the test is as follows:

A. That the worker is free from control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact; and
B. That the worker performs work that is outside the usual course of the hiring entity's business; and
C. That the worker is customarily engaged in an independently established trade, occupation or business of the same nature as the work performed.

For more information, go here: https://advocacy.calchamber.com/2019/09/19/new-employee-classification-test-signed-into-law/