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CALIFORNIA  
ASSOCIATION  
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## Legal Update

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### **COVID Tenant Protections Expired and Ongoing; and New Post-COVID Tenant Protections Beginning - A Roundup of Where We Stand Post-COVID**

Although the state of California ended most state COVID tenant protections on June 30, 2022, a few state protections are still ongoing. More concerning are the ongoing local COVID tenant moratoriums in LA County, as well as the imposition of completely new local rent control rules in LA City, and the ongoing federal CARES Act eviction moratorium.

**State law COVID tenant protections: The return of a standard three-day notice to pay rent or quit (for properties not subject to a federally backed mortgage loan)**

Beginning July 1, 2022, under state law, landlords were able to demand payment of rent without the tenant having a right to claim COVID financial hardship, without having to apply for emergency rental assistance or without special COVID era language in a 3-day notice. Indeed C.A.R. has now removed from zipForm all special COVID language tenant demand notices. An exception is if the property is subject to a federally backed mortgage loan. Then a 30-day notice to vacate based upon non-payment of rent is required under federal law. This will be discussed in more detail below.

An ongoing tenant protection based on state law is that tenants who provided their landlord with a timely declaration of COVID financial hardship for rent owed from March 1, 2020, through September 30, 2021, cannot be evicted for non-payment of rent for that period. (They also needed to have paid 25% of their rent for the period from September 2020 through September 2021). However, a landlord can pursue a court case in small claims court for this rent even if the demand exceeds the normal small claims limit.

**An owner of a single-family home in LA County cannot terminate a tenancy without fault until after March 31, 2023**

LA County's eviction moratorium and COVID protection law, originally passed on March 4, 2020, protects all tenants, even a tenant in a single-family property, from no-fault eviction. Practically, this means that a seller of a single-family property cannot promise occupancy to the buyer at closing, since terminating the tenancy without fault might be illegal. (There is an exception for owner move-ins). Even if the owner were able to terminate the tenancy without fault, LA County imposes a hefty relocation fee.

Additionally, effective July 1, 2022, LA County passed a COVID financial hardship rent moratorium which applies to rent due from July 1, 2022, through March 31, 2023, (but only protects tenants whose household income does not exceed 80% Area Median Income).

Both the rent and eviction moratoriums are set to expire on March 31, 2023. As this ordinance has already been extended several times in the past, there is no guarantee that it won't be extended again beyond March 31.

For a plain English explanation of all of [the LA County moratorium see this link](#).

### [LA City expands just cause eviction to all properties including SFP and those built after 1978](#)

Effective January 27, 2023, LA City expanded its just cause eviction rules to include all properties including single-family properties, condos and any properties built after October of 1978. Previously, these properties were exempt from the just cause rules under LA City's Rent Stabilization Ordinance.

To come within the new just cause rules, the tenant must occupy the property for a mere six-months, as opposed to a 12-month vetting period under the statewide Tenant Protection Act ("TPA"). And like the TPA, the LA City ordinance permits certain no-fault terminations. But the difference is that the TPA requires payment to the tenant of only a one-month relocation fee, whereas LA City requires a relocation fee that can sometimes exceed \$22,000.

This expansion of just cause termination rules is not temporary. It is not a response to the COVID emergency but is conceived of as a permanent ordinance. There are other aspects of this new ordinance that are also decidedly anti-landlord including a Rental Debt Threshold (requiring a tenant to be one month behind in "fair market rent" before

a landlord may evict) and a Relocation Rent Trigger (allowing a tenant to vacate and demand a relocation fee if a rent increase exceeds more than 10%). See the City's [explanation of its rules at this link](#).

### [Doesn't Costa-Hawkins prohibit the application of rent control to single-family properties?](#)

In reading the above section, you may be forgiven to wonder how the City of LA is able to apply its just cause termination rules to single-family properties. After all, Costa-Hawkins prohibits the application of a local rent control ordinance to single-family properties, right?

The answer is that Costa-Hawkins only places limits on local rent control rules. It does not limit just cause rules. Thus, an owner of a single-family property in the city of LA is free to increase rent as they see fit.

So then, can the landlord simply increase rent in an effort to terminate a tenancy? There is no specific provision in the LA ordinance that prohibits this. Instead, LA's response to this possibility appears to be the imposition of a Relocation Rent Trigger which allows a tenant to vacate and claim a relocation fee should a landlord increase rent on their rent controlled exempt property by more than 10%. Although this relocation fee is less than the exorbitant relocation fee required for no-fault terminations.

### [The Federal CARES Act 30-day notice to vacate for non-payment of rent](#)

The CARES Act is a federal law passed in 2020 creating a temporary eviction moratorium nationwide. Even though many of its protections expired in 2020, one provision in particular survived the expiration and now continues indefinitely in every state. Namely, for all properties that are secured by a federally backed mortgage loan or participate in various federal subsidy programs such as the Section 8 Housing Choice Voucher Program, a 30-day notice to vacate must be provided

to the tenant prior to a landlord filing an eviction lawsuit based on nonpayment of rent.

The upshot is that a landlord serving a notice to pay rent for a property subject to a federally related mortgage loan cannot use a 3-day notice to pay rent or quit. Instead, a special "3-day notice to pay/30-day notice to vacate" notice must be used. Mind you, C.A.R. does not have such a notice in its form libraries.

For more information about the CARES Act 30-day notice rule see our Quick Guide "[CARES Act 30-Day Notice to Vacate when Demanding Rent.](#)"

#### [Local rent moratoriums were only preempted in part by state law -- Extra for Experts](#)

Under AB 3088 (the COVID-19 Tenant Relief Act passed in September of 2020), some localities were able to continue their rent moratoriums if adopted before August 19, 2020. This would be an issue when the tenant did not qualify for protection under the state law COVID rules. For example, where the tenant did not provide the landlord with a timely declaration of COVID hardship within 15 days of receiving the landlord's demand for rent.

In this case, the tenant could still be protected under local rules. If a locality had adopted a rent moratorium delaying repayment of COVID rental debt before August 19, 2020, then it remained in effect and ran parallel to the state protections. In any event regardless of how long a locality allows a tenant to defer back rent, the final date in which COVID rental debt comes due (that is, rent owing from March 2020 through September 2021) cannot extend beyond August 31, 2023.

Beginning July 1, 2022, it was also possible for a locality to either adopt a new rent moratorium, or rely on an existing one which was no longer preempted under state law. LA county's ordinance is an example of this. It actually passed a new rent moratorium which ultimately came into effect on July 1, 2022, but only permits those tenants with household income at 80% of Area Median Income to claim COVID hardship.

# 2022 C.A.R. IMPACT REPORT



**4K+**

Bills actively monitored by **Governmental Affairs** to support the real estate brokerage industry, housing, private property rights and other policy objectives of its members through lobbying efforts



**\$1M**

Awarded in closing cost grants through HAF's **Closing Cost Assistance** program, providing grants of up to \$10,000 to first-time homebuyers in underserved communities



**95%**

**Transaction Rescue** cases resolved, giving REALTORS® one-on-one assistance in all aspects of financing



**79K+**

Calls to the **Legal Hotline**, allowing members to speak directly to C.A.R. attorneys regarding their real estate transactions

## Your Shifting Needs Are Our Mission.

C.A.R. is committed to bringing you tools and information to help you succeed. We created the 2022 Impact Report to showcase some of the innovative tools, services and education we provided to help you achieve your professional goals in 2022.

[Access the report on car.org.](https://car.org)



## April 11 is C.A.R.'s Fair Housing Day!

C.A.R.'s annual Fair Housing Day returns for the second year in a row, and this time you'll have the chance to hear from fair housing experts and innovators live and in person!

Fair Housing Day is a FREE event, coming to Los Angeles, that will be packed with sessions from innovators, researchers, advocates, and

policy experts about hot fair housing topics including appraisal bias, discrimination in rental housing, and inclusive advertising.

REGISTER  
NOW



## See You in Oceanside!

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Registration is now open for WomanUP!® 2023 Retreat at the SeaBird Resort on June 13-14!

This year, we are hosting a more intimate gathering where you can build deeper connections with colleagues from across the country. There will be a greater emphasis on collaborative sessions and opportunities for reflection, exploration, self-care, and play!



We look forward to connecting, encouraging and celebrating with you and your agents in June!

[Learn more and register here](#)



## Latest Market Statistics

Existing, single-family home sales totaled 241,520 annualized in January, up 0.4 percent from December and down 45.7 percent from January 2021.

The statewide median home price for January was \$751,330 down 3.0 percent from December and down 1.9 percent from January 2021.

The unsold inventory index in January was 3.6 months, up 33.3 percent from December and below the long-run average of about 7 months.

READ MORE



## 90 Percent of Homeowners Will NOT Transact This Year

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It's easy to forget that in any given year most people don't buy and sell homes – they simply live in them. Milestones is the scalable way to provide immense value to homeowners between transactions, keeping you front and center until they're ready to transact again.

Learn more about Milestones [here](#) and activate your free member benefit today.



## Industry Leader Town Halls

Brokers from across the state meet virtually twice each month with C.A.R. Leadership, Member Legal, C.A.R.'s Legislative Team, and others to share the latest information impacting real estate brokerages. Friday, December 9th we will go in depth on the new forms that will impact real estate transactions in 2023. If you are a broker and interested in joining us on these calls, please email your information to Paula Green at [paulag@car.org](mailto:paulag@car.org).