



Senator Melissa Hurtado

REPRESENTING SENATE DISTRICT 14

Senate Bill 847 Homeowners Relief Act

Introduced Jan 13, 2022

SUMMARY

SB 847 closes the coverage gap for tenants and homeowners who have applied and been rejected from the state rental assistance program.

THE PROBLEM

As of July 2021, more than 1.8 million homeowners were behind on their mortgages. Many of these homeowners own rental property. When federal mortgage forbearance ends, they may be forced to remove their rental units from the market and sell them in order to avoid foreclosure.

BACKGROUND

The Federal Emergency Rental Assistance Program has provided \$5.2 Billion to California to pay rent for some low-income tenants who have been unable to pay their rent. The Program only provides rental assistance for tenants who make less than or equal to 80% of the area median income ("AMI").

There are property owners with tenants who are behind on their rent but will never receive any form of government rental assistance because they earn too much money to qualify for the Program.

At the same time, California law allowed tenants to pay just 25 percent of their past rent, and in return, they received permanent protection from eviction for the remainder of the unpaid rent. They are not required to apply for funding through the Rental Assistance Program. Rental property owners can attempt to collect unpaid rent from the

tenant by filing a small claims court action, but they are not allowed to evict the tenant. Local governments continue to enforce even stricter eviction bans. In the City of Los Angeles, homeowners are not allowed to evict a tenant who has claimed a COVID hardship for nonpayment of rent or collect until June 2023, even if the tenant has not paid the 25 percent required by state law. In Alameda County, homeowners are prohibited from *ever* evicting any tenants for non-payment of rent due during the moratorium period – which is in effect indefinitely – even if the tenant did not experienced a COVID hardship.

SOLUTION

SB 847 establishes a grant program, administered by the Department of Housing and Community Development that allows for distribution of funds to homeowner applicants, upon appropriation by the Legislature.

FOR MORE INFORMATION

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