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# NO PLACE LIKE HOME

THE HOUSING CRISIS ACROSS THE COUNTRY HAS BEEN EXACERBATED BY THE COVID-19 PANDEMIC, CALIFORNIA BEING NO EXCEPTION. HOWEVER, STATE LAWS HAVE RECENTLY BEEN PASSED TO ADDRESS THE PROBLEM.

By Janice Zhou

**W**ITH MILLIONS OF PEOPLE out of work and facing financial hardship from the economic fallout of the coronavirus pandemic, concerns over access to affordable housing are at an all-time high. Even before the pandemic hit, California legislators have been trying to mitigate the lack of affordable housing through enacting new policy.

In October, 2019, California Governor Gavin Newsom signed into law Senate Bill No. 329 which prohibits landlords from rejecting tenants using Section 8 housing vouchers. Section 8, otherwise known as the Housing Choice Voucher Program, helps low-income residents better afford decent, safe, and sanitary housing—not just units in subsidized-housing projects, but also including single-family homes, townhouses, and apartments. The vouchers are administered by Public Housing Agencies, however, the current waitlist for Section 8 assistance in California is approximately five years.

We talked to two Best Lawyers-recognized attorneys to discuss the Section 8 assistance along with the impact of COVID-19 on housing in California. **B**



### Amy R. Forbes

Partner at Gibson, Dunn & Crutcher

RECOGNIZED FOR LAND USE AND ZONING LAW  
SINCE 2010

#### What is your opinion on the new legislation regarding Section 8 vouchers?

While the motivating policy behind this legislative action is the positive impulse to expand housing opportunities, in practice, this new law brings with it a variety of unexamined consequences. An owner's refusal to lease to tenants using Section 8 housing vouchers is now a prohibited form of discrimination per Gov't Code Section 12955(a). . . It is one thing, if a landlord voluntarily accepts Section 8 vouchers, to require compliance with the strict regulatory mandates and paperwork. On the other hand, it seems unfair to force involuntary compliance with voluminous regulatory requirements and financial disclosures upon landlords. Under the California Constitution, there is a legally protected privacy interest. Arguably requiring involuntary disclosure of books, imposition of an audit rights, and forcing public disclosure of otherwise private business matters is a potential invasion of that protected privacy.



### Alfred M. Clark

Partner at Locke Lord

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#### What is your opinion on the current state of housing access in Southern California?

Even prior to the COVID-19 pandemic California was suffering from twin crises of homelessness and insufficient affordable housing.

For extremely low-income families in Los Angeles (those whose incomes are not more than 30 percent of the area median income) there are only seven units affordable and available for every 100 of such families. For very low-income families, with incomes between 30 and 50 percent of the area median, things are only slightly better, with 17 units affordable and available for every 100 of such families.

Other recent pre-COVID-19 studies reported that six in 10 families in Los Angeles County were cost-burdened, paying more than 30 percent of their incomes for housing. Sixty percent of extremely and very low-income families are severely cost-burdened, paying more than 50 percent of other incomes for housing.

#### Can you speak more on the Tenant Protection Act of 2019 and how it will address the housing crisis?

In an attempt to address this housing crisis, the "Tenant Protection Act of 2019"—which became effective January 1, 2020—conditions the right of a residential

landlord to terminate tenancies solely upon the basis of "just cause" and limits annual rent increases. Landlords are prohibited from increasing the gross rental rate of a tenancy more than 5 percent plus the percentage change in the cost of living, or 10 percent, whichever is lower. There has been significant research questioning the efficacy of rent-control laws in maintaining affordable housing. Indeed, some studies have concluded that such laws adversely impact the supply of affordable rental housing in favor of more expensive housing.

#### How has housing changed (including rent prices and such) since the pandemic started?

In the midst of this housing crisis the pandemic hit, erasing jobs at a rate not seen since the Great Depression. As of August 2020, unemployment in Los Angeles County stood at 20.3 percent, an increase of 16.3 percent over the prior year's figures.

In a study issued jointly by the UCLA Center for Neighborhood Knowledge and the UCLA Ziman Center for Real Estate on Aug. 27, 2020, it was reported that as of July 2020, over 5 million homeowners, or 8 percent of all homeowners, were delinquent in their mortgages between March and July 2020. In July 2020 approximately 42 percent of homeowners suffering losses of earnings were delinquent in their mortgages. The study concludes that these delinquency rates portend a looming foreclosure crisis.

#### What has California done in terms of the housing crisis since the pandemic started?

Recognizing that lockdown orders would severely impact already burdened renters and households with mortgage debt, in March 2019 California governor Gavin Newsom authorized local governments to enact measures to halt evictions of renters and foreclosure of homeowners adversely impacted by the pandemic. Many counties and municipalities enacted eviction and foreclosure moratoriums, allowing tenants—and in some cases homeowners—to defer rent and mortgage payments, and preventing imposition of late charges or collection fees for a period after the state emergency expires, currently scheduled for September 30, 2020. Any such deferred rent or mortgage payments would be required to be repaid at various schedules depending upon the ordinances.

#### Will the legislation passed help the housing crisis long-term?

The legislation [passed] will likely delay the already heavy cost burdens on renters and homeowners and delay worsening the crisis of homelessness. However, they are temporary fixes. Lost jobs and evaporating income will increase the pain of those already suffering, many of whom will be further burdened with added consumer debt and no prospects for repayment. Landlords with mortgages facing loss of rents are not getting meaningful relief from their lenders and will face a reckoning for repayment of mortgage arrearages without a source of funds.

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