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AMENDED IN SENATE JUNE 28, 2019

AMENDED IN ASSEMBLY MAY 20, 2019

AMENDED IN ASSEMBLY APRIL 22, 2019

AMENDED IN ASSEMBLY MARCH 28, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 1482

Introduced by Assembly Member Chiu
(Principal coauthors: Assembly Members Bonta, Grayson, and
Wicks)
(Coauthors: Assembly Members Bloom, Carrillo, McCarty, and
Ting)

February 22, 2019

An act to add and repeal Sections 1946.2, 1947.12, and 1947.13 of the Civil Code, relating to tenancy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1482, as amended, Chiu. Tenancy: rent caps.

Existing law specifies that a hiring of residential real property, for a term not specified by the parties, is deemed to be renewed at the end of the term implied by law unless one of the parties gives written notice to the other of that party's intention to terminate. Existing law requires an owner of a residential dwelling to give notice at least 60 days prior to the proposed date of termination, or at least 30 days prior to the proposed date of termination if any tenant or resident has resided in the dwelling for less than one year, as specified. Existing law requires any

notice given by an owner to be given in a prescribed manner, to contain certain information, and to be formatted, as specified.

This bill would, with certain exceptions, prohibit an ~~owner~~ *owner, as defined*, of residential property from terminating the lease of a tenant that has occupied the property for at least 12 months without just cause, as defined. The bill would require, for certain just cause terminations that are curable, that the owner give a notice of violation and an opportunity to cure the violation prior to issuing the notice of termination. The bill would require, for no-fault just cause terminations, as specified, that the owner assist certain tenants to relocate, regardless of the tenant's income, by providing a direct payment of one month's rent to the tenant, as specified. *The bill would provide that if the owner does not provide relocation assistance, the notice of termination is void.* The bill would except certain properties and circumstances from the application of its provisions. The bill would require an owner of residential property to provide notice to a tenant of the tenant's rights under these provisions at the beginning of the tenancy by providing an addendum to the lease to be signed by the tenant when the lease is ~~signed~~ *signed, and to translate the notice into the language that was used to negotiate the lease, if applicable.* The bill would not prevent local rules or ordinances that provide a higher level of tenant protections, as specified. The bill would void any waiver of the rights under these provisions. The bill would repeal these provisions as of January 1, 2023.

Existing law governs the hiring of residential dwelling units and requires a landlord to provide specified notice to tenants prior to an increase in rent. Existing law, the Costa-Hawkins Rental Housing Act, prescribes statewide limits on the application of local rent control with regard to certain properties. That act, among other things, authorizes an owner of residential real property to establish the initial and all subsequent rental rates for a dwelling or unit that meets specified criteria, subject to certain limitations.

This bill would, until January 1, 2023, prohibit an owner of residential real property from increasing the rental rate for that property more than once annually, and prohibit the owner from increasing the rental rate in an amount that is greater than 7% plus the percentage change in the cost of living, as defined, or 10%, whichever is lower, more than the lowest rental rate charged for the immediately preceding 12 months, subject to specified conditions. The bill would exempt from these provisions deed-restricted affordable housing, specified dormitories, housing that has been issued a certificate of occupancy within the

previous 10 years, housing subject to a local ordinance that imposes a more restrictive rent increase cap than these provisions, and specified single-family housing. The bill would require the Legislative Analyst's Office to submit a report, on or before January 1, 2023, to the Legislature regarding the effectiveness of these provisions. The bill would void any waiver of the rights under these provisions. The bill provides that these provisions apply to all rent increases occurring on or after March 15, 2019. *The bill would provide that in the event that an owner increased the rent by more than the amount specified above between March 15, 2019, and January 1, 2020, the applicable rent on January 1, 2020, shall be the rent as of March 15, 2019, plus the maximum permissible increase, and the owner shall not be liable to the tenant for any corresponding rent overpayment.*

The Planning and Zoning Law requires the owner of an assisted housing development in which there will be an expiration of rental restrictions to, among other things, provide notice of the proposed change to each affected tenant household residing in the assisted housing development subject to specified procedures and requirements, and to also provide specified entities notice and an opportunity to submit an offer to purchase the development prior to the expiration of the rental restrictions.

This bill would authorize an owner of an assisted housing development, who demonstrates under penalty of perjury compliance with the provisions described above with regard to the expiration of rental restrictions, to establish the initial unassisted rental rate for units without regard to the cap on rent increases discussed above, but would require the owner to comply with the above cap on rent increases for subsequent rent increases in the development. By requiring an owner of an assisted housing development to demonstrate compliance with specified provisions under penalty of perjury, this bill would expand the existing crime of perjury and thus would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1946.2 is added to the Civil Code, to
2 read:

3 1946.2. (a) Notwithstanding any other law, an owner of
4 residential real property, in which the tenant has occupied the
5 residential real property for 12 months or more, with or without a
6 written lease, shall not terminate the lease without just cause, which
7 shall be stated in the written notice to terminate tenancy set forth
8 in Section 1946.1.

9 (b) For purposes of this section, “just cause” includes either of
10 the following:

11 (1) At-fault just cause, which is any of the following:

12 (A) Default in the payment of rent.

13 (B) A breach of a material term of the lease, as described in
14 paragraph (3) of Section 1161 of the Code of Civil Procedure,
15 including, but not limited to, violation of a provision of the lease
16 after being issued a written notice to correct the violation.

17 (C) Maintaining, committing, or permitting the maintenance or
18 commission of a nuisance as described in paragraph (4) of Section
19 1161 of the Code of Civil Procedure.

20 (D) Committing waste as described in paragraph (4) of Section
21 1161 of the Code of Civil Procedure.

22 (E) The tenant had a written lease that terminated on or after
23 January 1, 2020, and after a written request or demand from the
24 owner, the tenant has refused to execute a written extension or
25 renewal of the lease for an additional term of similar duration with
26 similar provisions, provided that those terms do not violate this
27 section or any other provision of law.

28 (F) Criminal activity by the tenant on the premises, including
29 any common areas, or any criminal threat, as defined in subdivision
30 (a) of Section 422 of the Penal Code, directed at any owner or
31 agent of the owner of the premises.

32 (G) Assigning or subletting the premises in violation of the
33 tenant’s lease.

34 (H) The tenant’s refusal to allow the owner to enter the dwelling
35 pursuant to a request consistent with Section 1954 of the Civil
36 Code.

37 (I) Using the premises for an unlawful purpose as described in
38 paragraph (4) of Section 1161 of the Code of Civil Procedure.

1 (2) No-fault just cause, which includes any of the following:

2 (A) (i) Intent to occupy the residential real property by the
3 owner or their spouse, children, grandchildren, parents, or
4 grandparents.

5 (ii) For leases entered into on or after January 1, 2020, clause
6 (i) shall apply only if the tenant agrees, in writing, to the
7 termination, or if a provision of the lease allows the owner to
8 terminate the lease if the owner, or their spouse, children,
9 grandchildren, parents, or grandparents, unilaterally decides to
10 occupy the residential property.

11 (B) Withdrawal of the residential property from the rental
12 market.

13 (C) Unsafe habitation, as determined by a government agency
14 that has issued an order to vacate, order to comply, or other order
15 that necessitates vacating the residential property.

16 (D) Intent to demolish or to substantially remodel.

17 (c) Before an owner of residential real property issues a tenant
18 a notice to terminate tenancy for just cause that is a curable lease
19 violation, the owner shall first give notice of the violation to the
20 tenant with an opportunity to cure the violation pursuant to
21 paragraph (3) of Section 1161 of the Code of Civil Procedure.

22 (d) (1) If an owner of residential real property issues a no-fault
23 just cause notice to terminate a tenancy to a tenant who has resided
24 on the residential real property for 12 months or more, the owner
25 shall assist the tenant, regardless of the tenant's income, to relocate
26 by providing a direct payment to the tenant as described in
27 paragraph (3).

28 (2) If an owner issues a notice to terminate tenancy for no-fault
29 just cause, the owner shall notify the tenant of the tenant's right
30 to relocation assistance pursuant to this section.

31 (3) The amount of relocation assistance shall be equal to one
32 month of the tenant's rent that was in effect when the owner issued
33 the notice to terminate the ~~tenancy~~. *tenancy and shall be provided*
34 *within five calendar days of service of the notice.* The owner and
35 tenant may also agree, in lieu of direct payment, to waive the
36 payment of rent for the month after the notice is given.

37 (4) *An owner's failure to strictly comply with this subdivision*
38 *shall render the notice of termination void.*

39 (e) This section shall not apply to the following types of
40 residential real properties or residential circumstances:

- 1 (1) Transient and tourist hotel occupancy as defined in
2 subdivision (b) of Section 1940.
- 3 (2) Housing accommodations in a nonprofit hospital, religious
4 facility, or extended care facility.
- 5 (3) Dormitories owned and operated by an institution of higher
6 education or a kindergarten and grades 1 to 12, inclusive, school.
- 7 (4) Housing accommodations in which the tenant shares
8 bathroom or kitchen facilities with the owner who maintains their
9 principal residence at the residential real property.
- 10 (5) Single-family owner-occupied residences, including a
11 residence in which the owner-occupant rents or leases *no more*
12 *than* two units or bedrooms, including, but not limited to, an
13 accessory dwelling unit or a junior accessory dwelling unit.
- 14 (6) Housing that has been issued a certificate of occupancy
15 within the previous 10 years.
- 16 (7) Housing that is a detached single-family residential dwelling
17 unit that meets both of the following requirements:
- 18 (A) The owner is a natural person who owns and leases no more
19 than 10 units and does not have an ownership interest in any other
20 rental residential real property through any other entity.
- 21 (B) There is a written lease for the dwelling that includes a
22 provision certifying that the owner meets the provisions of
23 subparagraph (A) and notifying the tenant that the dwelling is not
24 subject to this section.
- 25 (f) An owner of residential real property subject to this section
26 shall provide notice to a tenant of the tenant's rights under this
27 section at the beginning of the tenancy by providing an addendum
28 to the lease which shall be signed by the tenant when the lease is
29 signed. *The provision of the notice shall be subject to Section 1632.*
- 30 (g) This section does not prevent the enforcement of an existing
31 local rule or ordinance, or the adoption of a local rule or ordinance
32 that is consistent with Chapter 2.7 (commencing with Section
33 1954.50), that requires just cause for termination of a residential
34 tenancy that further limits or specifies the allowable reasons for
35 eviction, requires longer notice or additional procedures for
36 evicting tenants, provides for higher relocation assistance amounts,
37 or is determined to provide a higher level of tenant protections
38 than this section.
- 39 (h) Any waiver of the rights under this section shall be void as
40 contrary to public policy.

1 (i) For the purposes of this section, “owner” means the same
2 as defined in Section 1954.51.

3 (i)

4 (j) This section shall remain in effect only until January 1, 2023,
5 and as of that date is repealed.

6 SEC. 2. Section 1947.12 is added to the Civil Code, to read:

7 1947.12. (a) Subject to the provisions of subdivision (b), an
8 owner of residential real property shall not increase the rental rate
9 for that property more than once annually. The annual increase
10 shall not exceed 7 percent plus the percentage change in the cost
11 of living, or 10 percent, whichever is lower, of the lowest rental
12 amount charged for that property at any time during the 12 months
13 prior to the effective date of the increase.

14 (b) (1) Subdivision (a) shall apply to partial changes in tenancy
15 of a residential rental property where one or more of the tenants
16 remains an occupant in lawful possession of the property.

17 (2) Subdivision (a) shall not apply to new tenancies where no
18 tenants from the prior lease remain an occupant in lawful
19 possession of the residential real property.

20 (c) This section shall not apply to the following residential rental
21 properties:

22 (1) Deed-restricted affordable housing for persons and families
23 of very low, low, or moderate income, as defined in Section 50093
24 of the Health and Safety Code.

25 (2) Dormitories constructed and maintained in connection with
26 any higher education institution within the state for use and
27 occupancy by students in attendance at the institution.

28 (3) Housing subject to any form of rent or price control through
29 a public entity’s valid exercise of its police power that restricts
30 annual increases in the rental rate to an amount less than that
31 provided in subdivision (a).

32 (4) Housing that has been issued a certificate of occupancy
33 within the previous 10 years.

34 (5) Housing that is a detached single-family residential dwelling
35 unit that meets both of the following requirements:

36 (A) The owner is a natural person who owns and leases no more
37 than 10 units and does not lease any other residential property
38 through any other entity.

39 (B) The dwelling has a written ~~lease~~ *lease, compliant with*
40 *Section 1632*, that includes a provision certifying that the owner

1 meets the provisions of subparagraph (A) and notifying the tenant
2 that the dwelling is not subject to this section.

3 (d) An owner shall provide notice of any increase in the rental
4 rate, pursuant to subdivision (a), to each tenant in accordance with
5 Section 827.

6 (e) (1) On or before January 1, 2023, the Legislative Analyst's
7 Office shall report to the Legislature regarding the effectiveness
8 of this section and Section 1947.13. The report shall include, but
9 not be limited to, the impact of the rental rate cap pursuant to
10 subdivision (a) on the housing market within the state.

11 (2) The report required by paragraph (1) shall be submitted in
12 compliance with Section 9795 of the Government Code.

13 (f) For the purposes of this section, the following definitions
14 shall apply:

15 (1) "Owner" shall mean the same as defined in Section 1954.51.

16 (2) "Percentage change in the cost of living" means the
17 percentage change from April 1 of the prior year to April 1 of the
18 current year in the regional Consumer Price Index for the region
19 where the residential real property is located, as published by the
20 United States Bureau of Labor Statistics. If a regional index is not
21 available, the California Consumer Price Index for All Urban
22 Consumers for all items, as determined by the Department of
23 Industrial Relations, shall apply.

24 (3) "Residential real property" means any dwelling or unit that
25 is intended for human habitation.

26 (4) "Tenancy" means the lawful occupation of residential real
27 property and includes a lease or sublease.

28 (g) (1) This section shall apply to all rent increases subject to
29 subdivision (a) occurring on or after March 15, 2019. This section
30 shall become operative January 1, 2020.

31 (2) *In the event that an owner has increased the rent by more*
32 *than the amount permissible under subdivision (a) between March*
33 *15, 2019, and January 1, 2020, both of the following shall apply:*

34 (A) *The applicable rent on January 1, 2020, shall be the rent*
35 *as of March 15, 2019, plus the maximum permissible increase*
36 *under subdivision (a).*

37 (B) *An owner shall not be liable to the tenant for any*
38 *corresponding rent overpayment.*

39 (h) Any waiver of the rights under this section shall be void as
40 contrary to public policy.

1 (i) This section shall remain in effect until January 1, 2023, and
2 as of that date is repealed.

3 (j) It is the intent of the Legislature that this section is intended
4 to respond to the unique circumstances of the current housing
5 crisis, and to only apply for a limited time, as described in
6 subdivision (i).

7 SEC. 3. Section 1947.13 is added to the Civil Code, to read:

8 1947.13. (a) Notwithstanding Section 1947.12, upon the
9 expiration of rental restrictions, the owner of an assisted housing
10 development who demonstrates under penalty of perjury,
11 compliance with all applicable provisions of Sections 65863.10,
12 65863.11, and 65863.13 of the Government Code, and any other
13 applicable law or regulation intended to promote the preservation
14 of assisted housing may establish the initial unassisted rental rate
15 for units in the applicable housing development. Any subsequent
16 rent increase in the development shall be subject to Section
17 1947.12.

18 (b) For purposes of this section:

19 (1) “Assisted housing development” has the same meaning as
20 defined in paragraph (3) of subdivision (a) of Section 65863.10 of
21 the Government Code.

22 (2) “Expiration of rental restrictions” has the same meaning as
23 defined in paragraph (5) of subdivision (a) of Section 65863.10 of
24 the Government Code.

25 (c) This section shall remain in effect until January 1, 2023, and
26 as of that date is repealed.

27 (d) Any waiver of the rights under this section shall be void as
28 contrary to public policy.

29 SEC. 4. No reimbursement is required by this act pursuant to
30 Section 6 of Article XIII B of the California Constitution because
31 the only costs that may be incurred by a local agency or school
32 district will be incurred because this act creates a new crime or
33 infraction, eliminates a crime or infraction, or changes the penalty
34 for a crime or infraction, within the meaning of Section 17556 of
35 the Government Code, or changes the definition of a crime within
36 the meaning of Section 6 of Article XIII B of the California
37 Constitution.

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