

AMENDED IN SENATE JULY 11, 2019

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:*

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

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

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

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

(A) Default in the payment of rent.

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

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

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

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

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

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

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

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

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

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

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

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

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

(D) Intent to demolish or to substantially remodel.

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

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

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

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

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

(e) This section shall not apply to the following types of 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.

O