



# APARTMENT ASSOCIATION OF GREATER LOS ANGELES

## ***Statewide Rent Control, Just-cause Eviction and Relocation Fees Assembly Bill 1482 - Frequently Asked Questions (FAQs)***

*The California State Legislature recently passed legislation that would impose statewide rent control including establishing annual rent increase limits, just-cause eviction rules and relocation fees. The new law is called the "Tenant Protection Act of 2019". It will go into effect on January 1, 2020 and will expire on January 1, 2030.*

### **General: Applicability:**

#### **Q: Does Assembly Bill 1482 apply to my rent-controlled property?**

- No. If your property is currently subject to rent control limitations that are lower than the limits or 'caps' permitted under Assembly Bill 1482, then your property is not subject to the provisions of Assembly Bill 1482 and will continue to be under the rent control laws of your local jurisdiction.

#### **Q: If my property is in a rent-controlled jurisdiction, but is exempt from rent increase limitations under a new construction exemption under local law or the Costa-Hawkins Rental Housing Act (e.g., constructed after 1995 or after 1978 in the City of Los Angeles, etc.), does Assembly Bill 1482 apply?**

- Maybe. If your property is currently exempt from rent increase limitations due to the year it was built, going forward, your building will be subject to the annual rent increase limits in Assembly Bill 1482 beginning fifteen years following the date in which its certificate of occupancy was issued.

#### **Q: My building is subject to annual rent limitations under Assembly Bill 1482. Does Assembly Bill 1482 allow for any pass-throughs of large capital costs or any other costs?**

- No.

### **Annual Rent Increase Limitations ("Caps"):**

#### **Q: How much can I raise the rent each year?**

- You can raise the rent up to 5% plus the change in the regional Consumer Price Index (CPI) or 10%, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months prior to the effective date of the increase. Percentage change in the CPI would mean the percentage change from April 1 of the prior year to March 31 of the current year in the regional CPI for the region where the residential real property is located. *See, United States Bureau of Labor Statistics, or if a regional index is not available, the California CPI for all Urban Consumers for all items, as determined by the Department of Industrial Relations would be used.*

#### **Q: How many times may I increase rent each year?**

- For renters who have lived in the unit over any 12-month period, you may raise the rent up to two times within that period so long as the total increases do not exceed the limitations or "caps" described above.

#### **Q: The new law takes effect on January 1, 2020, but what happens if I increased the rent above the allowable limitation before January 1, 2020?**

- If you increased the rent more than 5% plus the change in CPI prior to March 15, 2019, then nothing happens, and that rent remains in effect without any change needed. If you raised the rent after March 15, 2019 but before January 1, 2020, above the 5% plus CPI limitation described above, you would have to adjust the rent down to the March 15, 2019 rent plus 5% plus CPI or 10%, whichever is lower **AS OF** January 1, 2020. **HOWEVER**, no refund would be due the tenant for the rent collected prior to January 1, 2020.

**Q: Can I raise the rent to market rate after the renter moves out?**

- Yes, the new law does not affect vacancy decontrol, and you are permitted to establish any rent amount. However, once there is a new renter in the unit, future rent increases would be subject to the law's rent increase limits.

**Q: If I have a vacant unit, do the rent increase limits apply?**

- If the unit is vacant, no renter from a prior tenancy is in the unit, you are permitted to establish any rent amount. However, once there is a new renter in the unit, subsequent rent increases would be subject to the law's rent increase limits.

**Just-cause Eviction Requirements:**

*The new law requires all applicable evictions to be based on "Just-cause" as set forth in the new legislation. "Just-cause" can be divided into two categories: at-fault and no-fault evictions. Just-cause evictions require that you provide a reason for the eviction, in the notice to quit, that falls within the permissible reasons as set forth in the law. You cannot simply issue a 30 or 60-day notice of termination of tenancy.*

*It is important to note that the just-cause requirements do not apply to renters who have not resided in the unit for at least 12 months and if any additional renters are added to the lease before an existing renter has lived in the unit for 24 months one of the following two circumstances must be satisfied in order for the just cause provisions to apply: (1) all of the renters have continuously and lawfully occupied the unit for 12 months or more; or (2) one or more of the renters have continuously and lawfully occupied the unit for 24 months or more.*

**Q: What is an "at-fault" just-cause eviction?**

- An "at-fault" just-cause eviction is based on the actions or activities of the renter that fall within the scope of the permissible reasons under the law to issue a termination of tenancy.

**Q: To which renters does the just-cause eviction requirements apply?**

- On January 1, 2020, and thereafter, just-cause eviction requirements apply to renters who have resided in the unit for 12 months or more.
- If an additional renter or renters is added to the lease prior to an existing renter continuously residing in the unit for 24 months, then for the just-cause provisions to apply, all the renters must have continuously resided in the unit for 12 months or one or more renters must have continuously resided in the unit for 24 months or more.

**Q: What are the permitted reasons and/or circumstances for which I may evict a renter under the just-cause eviction requirements?**

Under the provisions of the new law, any of the below listed actions or circumstances would be considered reasons under "at fault" just-cause eviction requirements. It is important to note that the owner must have evidence to support the basis for the eviction. These are: (i) failure to pay rent; (ii) breach of a material lease term, as defined by the law; (iii) maintaining, committing, or permitting the maintenance or commission of a nuisance, as defined by the law; (iv) committing waste, as defined by the law; (v) written lease terminated on or after January 1, 2020 and after a written request from the owner, the renter has refused to execute a written extension or renewal of the lease based on similar lease terms; (vi) criminal activity by the renter on

the residential real property, including any common areas, or any criminal activity or criminal threat on or off the residential real property, that is directed at any owner or agent of the owner of the residential real property; (vii) assigning or subletting in the premises in violation of the lease; (viii) refusing the owner access to the unit as authorized under the law; (ix) using the premises for unlawful purposes, as defined by the law; (x) an employee (e.g., resident manager), agent or licensee's failure to vacate after their termination; and (xi) failure to deliver possession of the unit following providing written notice to the owner of the renter's intention to terminate the lease which the owner has accepted in writing.

**Q: When am I required to provide the renter with an opportunity to remedy the issue related to the “at-fault” just-cause eviction prior to serving a notice of termination?**

- If the “just-cause” eviction is based on a curable violation, such as non-payment of rent, you must provide the renter with notice of the violation setting forth the time period in which to cure the violation. If the violation is not cured within the time period provided in the notice, a 3-day notice to quit without the opportunity to cure may be served to terminate the tenancy.

**Q: What is a “no-fault” just-cause eviction?**

- A “No fault” just-cause eviction is when the eviction is not based on the actions of the renter but rather due to the owner's actions or the owner's compliance with a government entity.

**Q: What are the permitted reasons and/or circumstances for which I may evict a renter under “no fault” just-cause eviction requirements?**

- Under the provisions of the new law, the following would be considered a “no fault” just-cause eviction: (i) intent by owner or owner-relative to occupy unit – the owner's relatives are their spouse, domestic partner, children, grandchildren, parents, or grandparents, however, **For leases entered into on or after July 1, 2020, the owner would only be permitted to occupy the unit, if the renter agrees in writing to the lease termination or the lease includes a provision providing for lease termination based on owner or owner-relative occupancy;** (ii) withdrawal of residential real property from the rental market; (iii) intent to demolish or substantially remodel the unit; and (iv) owner is complying with a local ordinance, court order or other government entity resulting in the need to vacate the property

**Q: May I move in a resident manager?**

- No. Moving in a resident manager is not considered to be a “just-cause.”

**Relocation Assistance or Rent Waiver:**

**Q: Under what circumstances am I required to pay relocation assistance or issue a rent waiver?**

- When the termination of tenancy is based on a “no-fault” just-cause eviction, the renter is entitled to relocation assistance or a rent waiver. You can decide whether you wish to provide relocation assistance or a rent waiver.

**Q: If I choose to pay relocation assistance, how much am I required to pay and when must I pay it?**

- The relocation fee amount must be equal to one month of the renter's rent in effect as of the date that the notice of termination of tenancy was issued. The relocation fee must be paid to the renter within 15 calendar days of the service of notice.

**Q: If I choose to issue a rent waiver, what is the rent waiver amount and when is it issued?**

- The rent waiver is the same as the relocation assistance and must be equal to one month of the renter's rent in effect as of the date that the notice of termination of tenancy was issued. A written waiver of the payment of the last month's rent must be provided to the renter prior to the rent due date.

**Q: May I pay part in relocation assistance and part in a rent waiver?**

- No. Assembly Bill 1482 does not account for this circumstance.

**Q: What happens if I fail to pay relocation assistance or provide a rent waiver?**

- The notice of termination is void.

**Q: What if I pay the relocation fee or issue the waiver and the renter doesn't vacate the unit?**

- In those circumstances, the relocation fee or rent waiver may be recovered as damages in an action to recover possession.

**Q: Are there any notice requirements?**

- Yes, if you issue a notice of termination based on a "no fault" eviction, you are required to notify the renter of their right to relocation assistance or a rent waiver. If you decide to issue a rent waiver, then the notice should provide the amount of the rent waiver and that no rent is due for the last month of the tenancy.

**Q: Are there any circumstances where I would not be required to provide relocation assistance or a rent waiver for a "no fault" eviction?**

- Yes, if it is determined by any government agency or court that the renter is at fault for the condition or conditions triggering an order or need to vacate as set forth in the law. Under those limited circumstances, the renter would not be entitled to relocation assistance.

**Notice Requirements:**

**Q: What, if any, notice requirements are included in the law?**

- The new law sets forth several notice requirements related to relocation assistance eligibility and property exemptions.
  - Relocation Assistance: generally, renters evicted based on a "no fault" eviction are eligible to receive relocation assistance or a rent waiver. When a "no fault" notice of termination is served on the renter, the renter must also be informed of their right to relocation assistance or a rent waiver. If you decide to issue a rent waiver, then the written notice should provide the amount of the rent waiver and that no rent is due for the last month of the tenancy. If you decide to pay, any relocation assistance shall be provided within 15 calendar days of service of the notice to quit.
  - Property Exemption: properties that are exempt from the law must provide renters with written notice stating: ***"This property is not subject to the rent limits imposed by Section 1947.12 of the Civil Code and is not subject to the just-cause requirements of Section 1946.2 of the Civil Code. This property meets the requirements of Sections 1947.12 (d) (5) and 1946.2 (e)(8) of the Civil Code and the owner is not any of the following: (1) a real estate investment trust, as defined by Section 856 of the Internal Revenue Code; (2) a corporation; or (3) a limited liability company in which at least one member is a corporation."***

This notice must be included in rental agreements commenced on or after July 1, 2020. For tenancies that existed prior to July 1, 2020, the rent agreement may but does not have to include the notice provision.

- **Property Subject to the Law:** an owner of residential property subject to the law is required to provide the following notice, in no less than 12-point type: ***“California Law limits the amount your rent can be increased. See Section 1947.12 of the Civil Code for more information. California law also provides that after all of the tenants have continuously and lawfully occupied the property for 12 months or more or at least one of the tenants has continuously and lawfully occupied the property for 24 months or more, a landlord must provide a statement of cause in any notice to terminate a tenancy. See Section 1946.2 of the Civil Code for more information.”***

For tenancies that started or were renewed on or after July 1, 2020, the above notice should be included as an addendum to the lease or as a written notice signed by the renter, with a copy of the signed written notice provided to the renter.

For tenancies that existed prior to July 1, 2020, the above notice must be provided as a written notice to the renter no later than August 1, 2020 or as an addendum to the lease.

**Exemptions to the Law:** *“Just-cause” Eviction Requirements: A residential real property will not be subject to both a local ordinance and the state law.*

**Q: Is my property exempt from the law’s “just-cause” requirements?**

- Yes, if your residential real property is subject to a local ordinance ***adopted on or before September 1, 2019***, requiring just-cause for tenancy terminations – those properties would be subject to the local law requirements and not the state law just-cause provisions; or
- If your residential real property is subject to a local ordinance ***adopted or amended after September 1, 2019*** requiring just-cause tenancy termination that is more restrictive than the state law. This is defined as the local ordinance is consistent with the state law’s just-cause provisions, the ordinance further limits the reasons for a tenancy termination, provides higher relocation assistance or additional tenant protections. In addition that the local government has made a binding finding within their local ordinance that the ordinance is more protective.

**Q: What if my property is not subject to a local ordinance, could it still be exempt?**

- Yes, if your residential real property is one of the following it would be exempt from the state law’s just-cause provisions, irrespective of the adoption of a local ordinance. Exempt properties include:
  - Transient and tourist hotel occupancy as defined in the law;
  - Housing accommodations in a nonprofit hospital, religious facility, licensed residential care facility for the elderly, as defined by the law;
  - Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12, inclusive, school;
  - Owner-Occupied Housing accommodations in which the tenant shares a bathroom or kitchen facilities with the owner who maintains principal residence with the residential real property;
  - Owner-occupied duplex in which one of the units is the owner’s primary residence at the beginning of the tenancy and the owner continues in occupancy
  - New Construction – housing that was issued a certificate of occupancy within the previous 15 years. **This means some of the housing previously exempt under Costa Hawkins will now be subject to the State’s rent control provisions.**
  - Single-family homes and condominiums if the owner is not a real estate investment trust, a corporation, or a limited liability company in which at least one member is a corporation

**Rent Increase Limitation:**

**Q: Is my property exempt from the State Rent Increase Limits?**

- If your residential property is included in the list below, it is exempt from the State rent increase limits:
  - Housing restricted by a deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined by the law,
  - Dormitories constructed and maintained in connection with any higher education institution within the state for use or occupancy of students in attendance at the institution,
  - **Housing subject to more restrictive rent control ordinances**
  - New Construction – housing that was issued a certificate of occupancy with the previous 15 years. **This means some of the housing previously exempt under Costa Hawkins will now be subject to the State’s rent control provisions.**
  - Single-family homes and condominiums if the owner is not a real estate investment trust, a corporation, or a limited liability company in which at least one member is a corporation
  - Owner-occupied duplex in which one of the units is the owner’s primary residence at the beginning of the tenancy and the owner continues in occupancy.

**Got Questions? For More Information:**

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