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OCTOBER QUICK LEARNING LUNCHES

Week 1, 10/6/2020: AB 1482 & Just Cause

What are the ONLY reasons an owner can terminate a tenancy?

Presented by SBRPA President Betty L. Jeppesen, Attorney at Law and CA licensed real estate Broker. This is the first of four October Quick Learning Lunches co-sponsored by SBAOR (the Santa Barbara Association of Realtors) and SBRPA (the Santa Barbara Rental Property Association).

To listen to a recording of the full program, click [here](#) and use password: Wu'MZr.3

Today's topic is **1482 and Just Cause.**

What are the ONLY reasons an owner can terminate a tenancy?

AB 1482 was signed into law last October and became effective January 1, 2020. It is known as the Tenant Protection Act of 2019. It impacts 4.6 million California households which is 40% of total households.

AB 1482 is now a part of certain sections of the Civil Code having to do with residential tenancies.



Governor Gavin Newsom & Assemblyman David Chiu

This law brings rent control to all of California and puts a cap on rent increases with certain exceptions. Specifically, AB 1482 prohibits an owner of residential rental property from, over the course of any 12-month period, increasing the rent more than 5% plus the percentage change in CPI (Consumer Price Index).

The applicable CPI is either the regional CPI as published by the U.S. Bureau of Labor Statistics or if there is no regional index available, the California CPI for All Consumers, All Items, as determined by the California Department of Industrial Relations. These numbers can be found on the California Department of Industrial Relations website at www.dir.ca.gov/OPRL/CAPriceIndex.htm. Simply Google the California Department of Industrial Relations and you will be directed to the right area.



Santa Barbara Rental Properties

Last year, for Santa Barbara, that CPI was 3.34%. Which meant that the highest amount of rent increase could be 8.34%. This April 1st, the CPI was only 1%. This means that the rent increase cannot be more than 6%. In no event is the annual increase to exceed 10%. You may increase the rent twice in one 12-month period but the CUMULATIVE rent increase must not exceed the 5% plus CPI rent cap.

Could you have increased the rent before AB 1482 became effective? No. For this reason, the bill was made retroactive to March 15,

How do you calculate the rent increase? You take the Base Rent which is the lowest gross rental rate charged for the rental unit at any time during the 12 months prior to the effective date of the rent increase and increase it only as we just stated by 5% plus the CPI. And, the CPI is the change from April 1 of the prior year to April 1 of the current year for the area in which the property is located.

Many landlords who would not normally raise rents each year, are beginning to be diligent about annual rent increases due to these limitations.



Once a rental property is completely vacant, the landlord/owner may increase the rent to market value. But, a desire to raise the rent beyond the rent cap is not a permissible basis on which to terminate the tenancy under this Bill.

AB 1482 prohibits an owner of residential real property from terminating a tenancy without "just cause" when the tenant has lawfully occupied the premises for 12 months or longer. If a tenant is added during that 12-month period, it increases to 24 months.

Under AB 1482, if the owner evicts a tenant without just cause, the owner is liable for payment to the tenant the sum of one month's rent either by direct payment to the tenant within 15 calendar days of service of the notice or by waiving the last month's rent in writing prior to that rent becoming due. I recommend waiving the last month's rent in writing since there is no guarantee that the tenant will actually vacate and if the tenant holds over, then the owner will have paid money and still face an unlawful detainer proceeding. Caveat, stay tuned for other laws affecting the amount of the relocation costs.

This law is effective until January 1, 2030. Ten years.

Are any properties exempt? Yes.

Units that are exempt from both just cause and the rent cap:

- Units that can be individually sold, if the owner is NOT a corporation, a real estate investment trust (REIT), or a limited liability corporation (LLC) in which one member is a corporation, AND if the tenant has received written notice that the unit is exempt in the form and manner required by AB 1482. This includes single family homes on their own lot as well as condominiums. However, it does NOT include multiple single-family homes on the same lot.
- Housing built within the last 15 years, including Accessory Dwelling Units (ADU's). Since this law is effective for 10 years, this is a rolling 15-year period. So, you count back 15 years from the year you are in. For example, on January 1, 2020, this would apply to construction for which an occupancy permit was issued on January 1, 2005 or later. On January 1, 2021, this will apply to construction for which an occupancy permit was issued on January 1, 2006 or later.
- A duplex in which the owner occupies one of the units at the beginning of the other unit's tenancy and the owner continues to occupy one of the units.
- Housing restricted by deed, regulatory restrictions, or other recorded document limiting the affordability to low or moderate income households.
- Mobile homes.
- Certain dormitories



Mobile Homes & certain dormitories are exempt from both just cause & the rent cap

Units that are exempt ONLY from the rent cap:

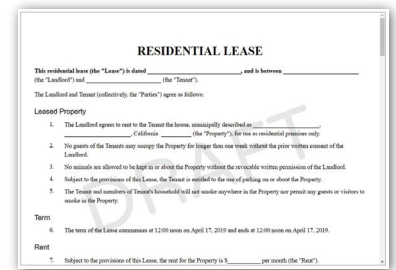
- Housing units that are subject to a local rent control ordinance that restricts the rent to less than 5% plus CPI.

Units that are exempt ONLY from just cause:

- Single-family, owner-occupied residences where the owner rents up to two bedrooms or units, including ADU's and junior accessory dwelling units (JADU's).
- Housing accommodations in which the tenant shares bathroom or kitchen facilities with the owner, if the owner lives at the property as their principal residence.
- Housing provided by a nonprofit hospital, Church, extended care facility, licensed extended care facility for the elderly, or an adult residential facility.
- Hotels.

What Notice is Required?

Beginning July 1, 2020, all new rental agreements must contain the language about whether the property being rented is subject to the provisions of 1482 or whether it is exempt.



Our second subject today:

What are the only permissible reasons to evict a tenant?



First, it should be noted as we stated earlier that the "just cause" requirement begins 12 months after a tenant has occupied the rental premises. This means ALL tenants in the unit. If someone moves in during those 12 months, this time frame changes to 24 months.

"Just cause" applies to both month-to-month as well as fixed-term lease renewals.

"At fault" reasons includes failure to pay rent although this reason has been severely cut back by other laws such as AB3088, the federal CDC Order and Governor Newsom's Executive Orders as well as local ordinances all of which we will be discussing in the next 3 Quick Learning Classes. At this point, you can assume that you cannot evict a tenant for non-payment of rent until February 1, 2021 provided the tenant gives you a COVID-19 hardship Declaration and pays at least 25% either monthly or in a lump sum by January 31, 2021 unless your rental property is exempt.

The owner must provide a NOTICE TO QUIT with a legally permissible cause for ending the tenancy. This will be either "at fault" or "no fault".

At-fault Causes for Termination of Tenancy:

- Failure to pay rent BUT only after the time-period we just discussed mandated by other state, federal or local laws.
- Breach of a material lease/rental agreement term like subletting.
- Nuisance. The two types of nuisance are private nuisance and public nuisance. A private nuisance is a civil wrong; it is the unreasonable, unwarranted, or unlawful use of one's property in a manner that substantially interferes with the enjoyment or use of another individual's property, without an actual **trespass** or physical invasion to the land. A public nuisance is a criminal wrong; it is an act or omission that obstructs, damages, or inconveniences the rights of the community.

Most landlords are dealing with a private nuisance.

- Criminal activity on the property. I highly recommend that you get police reports to substantiate the criminal activity.
- Refusing the owner access. This can be either to make necessary or agreed repairs following the required written notice under Civil Code section 1954 properly served. OR, it can be refusing to give the owner access to show the property to prospective purchasers with the real estate agent or owner him or herself if it is for sale by owner (referred to as FSBO) again following the proper COVID-19 safety requirements. It should be noted here that another reason for eviction is the sale of the property to a buyer actually intending to occupy the property him or herself. This must be stated in the purchase agreement.
- Using the premises for unlawful purposes. Again, police reports are highly recommended to document this.
- Failure to deliver possession such as when an employee who lives on site fails to vacate their unit after their employment has been terminated or the tenancy has ended through some other legal means and the tenant refuses to deliver possession to the landlord.

What are "No-fault" Causes for Termination of Tenancy?

- Intent by the owner or owner's close relative to occupy the unit.
- Withdrawal of the rental property from the rental market entirely.
- When the owner is complying with a local ordinance, court order or other government entity resulting in the need to vacate the property.
- Intent to demolish or substantially remodel the rental unit. What does substantially remodel mean? It means that the remodel will make the unit untenable for at least 30 days.

This is an overview of AB1482. As stated, there are other California laws recently enacted such as AB3088 aka the COVID-19 Tenant Relief Act of 2020 to be discussed next week, other state laws discussed in week 3 of our classes and finally local ordinances to be discussed in the 4th and final week of our classes. To give you an indication of the complexity of these intertwining laws, Santa Barbara City Attorney, Ariel Calonne, on September 18th, just a couple of weeks ago, issued a 57-page Supplemental Report on AB 3088's Impacts on the Temporary Eviction Moratorium Ordinance (TEMO) currently in effect here in Santa Barbara.