



CALIFORNIA ASSEMBLY BILL 1482 STATEWIDE RENT CONTROL BULLETT POINT OVERVIEW

The California Senate approved Assembly Bill 1482 (“AB-1482”) on September 10, 2019. The bill will become a law when signed by Gavin Newsom. Signing Following are key points summarizing AB-1482.

IS MY PROPERTY IMPACTED BY AB-1482?

AB-1482 applies to:

- All residential rental properties in California, other than those exempted properties listed below. *AB-1482 recognizes and allows jurisdictions with more stringent rent/eviction control provisions to override AB-1482.

Exempted Properties - AB-1482 does *not* apply to:

- Housing with certificates of occupancy issued within the preceding 15 years
- Single-family homes that are not owned by corporations or trusts, and
- Duplexes where the owner lives in one of the units.

Remember these “Exceptions” to the Exemptions:

- The 15-year exemption rolls forward each year. In other words, those residential units with certificates of occupancy issued after September 2004 are *currently* exempt. However, that exemption will not be available for those same units in 2020 because they will then be 16 years old.
- Properties in which title is held by either an LLC or a corporation as a partner lose otherwise available exemption status.

WHAT IS THE MAXIMUM ANNUAL RENT INCREASE UNDER THE BILL?

Effective January 1, 2020, the maximum monthly rental increase over any 12-month period will be 5% plus the percentage change in the cost of living within the metropolitan area, (currently 3.3384) not to exceed 10%.

- Owners are restricted to no more than two increases per year.
- AB-1482 contains a sunset provision stating the measure will sunset, (expire) as of January 1, 2030. However, similar rent control ordinances initially contained a sunset provision, only to be removed at a later date. Industry leaders have little doubt that this measure will remain in effect in perpetuity.

WILL IT IMPACT MY AFFORDABLE HOUSING PROPERTY WHILE RENT IS RESTRICTED?

Owners of affordable housing properties may establish the initial rental rate for the units upon the expiration of the affordable housing restriction. However, all limitations of AB-1482 will apply on subsequent rent increases.

WHAT IF I ALREADY INCREASED RENT MORE THAN THE MAXIMUM AMOUNT?

In the event that a rent increase in an amount higher than the permissible amount became effective between March 15, 2019 and January 1, 2020, then as of January 1, 2020 the monthly rental amount will be reduced to *the rent as of March 15, 2019, plus the maximum permissible increase*. AB-1482 specifically protects the landlord for those excess amounts collected before January 1, 2020. In other words, the owner shall not be liable to the tenant for any rent overpayment between March 15, 2019 and December 31, 2019. *This does not mean the owner can attempt to collect any unpaid rent for the period between March 15, 2019 and December 31, 2019 in excess of the permitted amounts.

WHAT IF I INCREASE RENT BY LESS THAN THE MAXIMUM AMOUNT THIS YEAR?

If an owner increased the rent by less than the amount specified above between March 15, 2019 and January 1, 2020, AB-1482 allows the owner to increase the rent to reach the permissible increase amount, provided the owner does not exceed the “two increases per year” limitation.

HOW WILL TERMINATIONS OF TENANCY FUNCTION UNDER AB-1482?

There are two types of “Just Cause” terminations of tenancy; “At Fault” and “No Fault”.

• “AT FAULT” TERMINATIONS

- Non-payment of rent
- Breach of Material Terms (other than non-payment of rent) that are curable require owners to provide a warning notice of the violation and an opportunity to cure the violation prior to issuing the notice of termination.
 - In other words, where the tenant violates a material provision of the lease, (e.g., failure to pay utilities; subleasing to unauthorized occupants;) an owner must now serve a warning notice of the violation and allow the tenant an opportunity to cure the violation *before* serving a 3-day notice to *quit*.
 - Furthermore, the reason for terminating must be stated in the notice to quit.
 - The amount of time an owner must permit the tenant to cure the violation is not specified and, therefore, owners should use common sense when giving the tenant a deadline. *In light of California’s current law that allows 3 days to cure most violations, (e.g., failure to pay rent; unauthorized occupants or animals) it seems that a 3-day warning cure period is sufficient for the time being.
- The provisions outlined above do *not* apply to situations where the tenant has occupied the property for less than 12 months. The “less than 12 months” requirement is extended to 24 months where an adult tenant who is not on the original lease is added to the lease within the first 12 months of the original tenants’ tenancy.
 - Under such circumstances, the “Just Cause” requirements do not apply and landlords may terminate tenancies pursuant to existing unlawful detainer laws, *unless* either:
 - All of the tenants have occupied the property for 12 months or more; or,
 - Any tenant has lawfully occupied the property for 24 months or more.

• “NO FAULT” TERMINATIONS

- No Fault terminations, (e.g., Owner Occupied Terminations; Ellis Act Terminations) are not curable and, therefore, the only requirement is that owners either pay relocation funds pursuant to AB-1482 (as set forth below) or follow the requirements of any existing rent/eviction control laws in the jurisdiction in which the property is situated, (e.g., Los Angeles Rent Stabilization Ordinance).
- For “No Fault” terminations, owners are required to pay relocation assistance as set forth below.

DO I HAVE TO PROVIDE RELOCATION ASSISTANCE?

- Under AB-1482, Owners are required to assist certain tenants with relocation by either:
 - Providing a direct payment of one month’s rent to the household; or,
 - Waiving, in writing, the payment of rent for the final month of the tenancy prior to the rent becoming due.
 - Failure to provide the mandated relocation assistance renders any notice of termination void and any subsequent unlawful detainer based on the notice will be unsuccessful.

WHAT ARE THE DISCLOSURE REQUIREMENTS OF AB-1482?

Owners are required to provide prescribed notice to a tenant of the tenant’s rights under AB-1482. A form will be drafted by Brennan Law Firm that can easily be distributed to tenants.

- Brennan Law Firm strongly encourages owners to document the service of such notices in case service of the notice comes into question in litigation.
- For new tenancies, the notice should be included as an addendum until such time that the required language is added to industry leases and rental agreements.