

AB 1482 - Frequently Asked Questions

October 16, 2019

Disclaimer: This document is not intended as legal advice. To answer specific questions, it may be necessary to contact an attorney.

Q. What is the rent cap allowed by the bill?

A. The maximum increase within a 12-month period is 5% + inflation, as measured by the Consumer Price Index (CPI), or 10%, whichever is lower.

Q. When does this bill apply?

A. The bill goes into effect January 1, 2020. It expires on January 1, 2030. The rent cap provisions of AB 1482 are retroactive to March 15, 2019, as explained in more detail below.

Q. What homes are covered by and exempted from this bill?

A. All rental housing in California is covered by this bill except the following:

Units 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 the bill. 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 (ADUs).
- 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 a deed, regulatory restrictions, or other recorded document limiting the affordability to low or moderate income households.
- Mobile homes.
- Certain dormitories.

Units exempt only from the rent cap:

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

Units exempt only from just cause:

- Single-family, owner-occupied residences where the owner rents up to two bedrooms or units, including ADUs and junior accessory dwelling units (JADUs).
- 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.

Q. How does the new construction carve out work?

A. Housing that has been issued a certificate of occupancy within the last 15 years is exempt from both just cause and the rent cap. This means that on January 1, 2020, all units that received a certificate of occupancy on or after January 1, 2005 are exempt. The exemption is removed from these units when the first certificate of occupancy for the building reaches at least 15 years.

Q. What is the applicable Consumer Price Index?

A. 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 for 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. The currently applicable CPIs (that is, from April 2018 - April 2019) are as follows:

- Los Angeles and Orange Counties: 3.3%
- Riverside and San Bernardino Counties: 2.8% (as calculated March to March)
- San Diego County: 2.2% (as calculated March to March)
- Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties: 4.0%
- The rest of California: 3.3%

Q. How often can the rent be raised?

A. For units to which this bill applies, the rent can be raised twice in a 12-month period, as long as cumulatively the increases do not exceed the rent cap of CPI + 5%.

Q. Can a landlord raise the rent above the cap before the bill becomes effective?

A. The rent cap provisions of the bill govern any rent increase on or after March 15, 2019. If a rent increase effective on or after March 15, 2019, but before January 1, 2020, exceeds the rent cap, then it must be reset on January 1, 2020, to no more than the rent on March 15, 2019 plus the amount allowed by the rent cap. However, the landlord will not be responsible for repaying any rent that exceeded this amount collected between March 15, 2019 and January 1, 2020.

Q. Can a landlord raise the rent beyond the cap in the bill after a tenant moves out and the unit is vacant?

A. Yes, but note that a desire to raise the rent beyond the cap is not a permissible basis on which to terminate a tenancy under the bill.

Q. Can a landlord pass through the cost of improvements to a building?

A. No, except that which is included under the rent cap.

Q. When is a landlord allowed to evict a tenant?

A. The bill enumerates the just causes to evict a tenant. If the landlord does not have one of these reasons to justify the eviction, attempting to evict the tenant would be unlawful. The just causes for eviction include “at fault” reasons and “no fault” reasons.

“At fault” reasons include:

- Defaulting in the payment of the rent;
- Breaching a material term of the lease;
- Committing a nuisance on the property;
- Illegally subletting the unit;
- Refusing to let an owner enter the unit as required by state law;
 - However, note that tenants have the right to privacy and the quiet enjoyment of their home. Thus, except in specific situations such as an emergency, state law does not require the tenant to let an owner enter unless the landlord has a lawful purpose, proposes to enter during regular business hours, and has given at least 24 hours advance written notice. See Civ. Code Sec. 1954 for details.
- Committing a criminal act on the property;
- An employee who lives on site failing to vacate their unit after their employment has been terminated.

“No fault” reasons include:

- If a landlord wants to move into the unit or move in a close family member;
- If a landlord plans to take the unit off the rental market;
- If a landlord intends to demolish or substantially remodel the unit such that it is uninhabitable for at least 30 days.

In the instance of a no fault eviction, the landlord must provide each tenant with relocation assistance equal to one month’s rent.

Q. When do the just cause provisions apply? Is there a grace period during which a tenancy can be terminated without cause?

A. The just cause protections do not apply until a tenant has been renting a unit continuously for 12 months. However, if during the first 24 months, the tenant adds a new adult to the lease, just cause does not apply until either:

- Any one tenant has been in the unit for 24 months OR
- All of the tenants have been in the unit for at least 12 months.

Q. How does this bill affect leases? If a tenant's lease is up, can the landlord choose not to renew the lease?

A. The bill's tenant protections -- just cause for eviction and the rent cap -- apply to both month-to-month tenancies and fixed leases. If the tenant is protected by just cause, the landlord must have a cause as provided in AB 1482 to terminate the tenancy. The expiration of the lease alone is not cause for eviction. Once a lease expires, a landlord can require a tenant to sign a written extension or renew a lease (that is substantially similar to the prior lease), but just cause also applies to that extension.

Q. What kind of notices are tenants required to receive about the rent cap?

A. All tenants in units covered by the bill must receive a notice explaining the just cause and rent cap protections. For a tenancy existing prior to July 1, 2020, this notice must be provided in writing to the tenant no later than August 1, 2020, or as an addendum to the lease or rental agreement. For any tenancy commenced or renewed on or after July 1, 2020, this notice must be provided as an addendum to the lease or rental agreement, or as a written notice signed by the tenant with a copy provided to the tenant. The notice language must read:

“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.”

In addition, an owner claiming an exemption under the single-family home or condo exemption must provide a written notice to the tenant. For a tenancy existing before July 1, 2020, this notice may be provided in the rental agreement. For any tenancy commenced or renewed on or after July 1, 2020, this notice must be provided in the rental agreement. If the owner does not provide the required notice, then the property is NOT exempt from just cause or the rent cap. The notice language must read:

“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.”

Q. How does a renter living in a single family home know if they are covered by AB 1482?

A. A renter in a single family home is covered by the rent cap and the just cause for eviction requirement if the home is owned by a corporation or real estate investment trust. A landlord is also required to notify the renter if the single-family home is exempt from the rent cap and just cause. If the owner does not properly notify the renter that the home is exempt as required by the bill, then the home is not exempt.

Q. For tenants living in cities with rent control, how would they know if they are covered by the local rent control policy or AB 1482?

A. Housing units that are subject to a local rent control ordinance with an annual rent limit lower than the rent cap are covered by that ordinance, not by AB 1482. All other rental units within the jurisdiction are covered by AB 1482 unless the unit meets one of the exemptions provided in the bill (e.g. units constructed within the past 15 years). Per state law known as the “Costa-Hawkins Rental Housing Act,” local rent control can only apply to units built prior to 1995 (and in some instances earlier) and cannot apply to single family homes and condos. AB 1482 covers some units that local rent control policies cannot cover under Costa-Hawkins. As a result, in jurisdictions with local rent control ordinances, the bill would be additive, covering some units not already covered by the local rent control ordinance.

Q. What should a tenant do if they think their landlord has raised the rent higher than the cap in AB 1482, or otherwise broken the law?

A. The tenant should contact an attorney. Additionally, a hotline has been set up to assist tenants: 1-888-428-7615.

Q. What should a tenant do if they think their landlord is trying to terminate the tenancy and evict the tenant without just cause?

A. The tenant should contact an attorney immediately. In many cases, a tenant will have only five days to respond in court. Additionally, a hotline has been set up to assist tenants: 1-888-428-7615.

Q. How is this law enforced?

A. Just cause and the rent cap must be enforced through the courts.