



# CALIFORNIA RENT CONTROL LAW

## AB 1482

Imposes statewide rent caps of 5% plus inflation and just cause eviction requirements on rental properties. Various exemptions apply including single family homes and condos (not owned by a corporation or REIT) and properties where a certificate of occupancy has been issued within the past 15 years.

### Rent Cap:

- Rent increases are capped at 5 percent plus inflation, or up to a hard cap of 10 percent, whichever is lower.
- A landlord is permitted to increase the rent twice within any 12-month period but cannot increase the rent beyond the maximum rental rate.
- All rent increases since **March 15, 2019** will count toward the rent cap, and if above the permissible rent cap, will have to be rolled back effective January 1, 2020.
- Owners may retain any "overpayment" if roll back is required

### Just Cause:

Just cause applies only to tenants who have been continuously and lawfully occupying the property for 12 months or more. **If an additional tenant is added before 24 months**, just cause will apply only if:

- All of the tenants have occupied the property continuously and lawfully for 12 months or more or
- One or more of the tenants has continuously and lawfully occupied the property for 24 months or more.

Landlords may only evict for "just cause." There is a list of 15 reasons. The just cause reasons are divided into two categories of "at fault" and "no fault." A landlord who evicts for a no fault reason will owe a relocation fee of one month's rent.

There are **11 at fault reasons** as follows:

1. A default in the payment of rent
2. Nuisance
3. Use the property for an unlawful purpose

**Jeannie Niles Real Estate Investment** (BRE#00594402)

PO Box 317, Palm Desert CA 92261 | (760) 574-8456 | [jniles@realestate-investment.com](mailto:jniles@realestate-investment.com)

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4. Waste
5. Refusal to allow entry
6. Breach of a material term of the lease after notice to cure
7. Refusal to sign new lease of similar terms and duration when tenant had a previous lease that terminated after January 1, 2020
8. Assigning or subletting in violation of the lease
9. Failure to vacate after termination after the employment of a tenant/employee was terminated
10. Criminal activity by the tenant on the property or common areas or any criminal threat involving "great bodily injury" whether made on or off the property directed at the agent or owner
11. When the tenant fails to deliver possession of the property after providing the owner their own termination notice or makes a written offer to surrender that is accepted in writing by the landlord.

Additionally, there are **four no fault reasons** as follows:

12. Withdrawal of the property from the rental market
13. Compliance with a government order to vacate the property
14. Intent to demolish or to substantially remodel the property
15. If the owner, or their spouse, domestic partner, children, grandchildren, parents, or grandparent, decides to occupy the property. But only if a provision of the rental agreement permits such.

To evict for just cause, the reason must be stated on the termination notice, and it must be one of the 15 specified reasons.

#### **Exemptions from both rent cap and just cause:**

1. Residential property alienable separate from the title to any other dwelling unit ( which includes single family properties and condos) if:
  - Notice of the exemption is provided to the tenants (and after July 1, 2020, is provided in the rental agreement) and;
  - The owner is not a REIT, a corporation, or an LLC where an owner is a corporation
2. New construction where certificate of occupancy was issued within the last 15 years
3. Owner occupied duplexes where the owner occupied the property at the beginning of the tenancy and continues to do so
4. Housing restricted by deed for persons and families of very low, low, or moderate income, as defined, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income;

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5. Dormitories in connection with higher education for use and occupancy by students are exempt from rent cap; and dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12 inclusive are exempt from just cause;
6. Housing subject to a local rent control law that restricts rental increase to less than this state law (exemption from rent cap alone)

**Exemption from just cause but not rent cap:**

7. Owner occupied single-family properties renting no more than two bedrooms including Accessory Dwelling Units ("ADU"s) or junior accessory dwelling units;
8. Housing accommodations in which the tenant shares bathroom or kitchen facilities with the owner who maintains their principal residence at the residential real property;
9. Vacation rentals of 30 days or fewer

**Relocation Fee:**

Whenever a tenancy is terminated based on a no-fault reason, relocation assistance must be paid in the amount of one month's rent as of the time the termination notice was issued.

The owner has two options for how this amount is to be paid.

1. The relocation assistance amount may be provided as a direct payment to the tenant with 15 calendar days of serving the termination notice. In this case, the notice of termination must notify the tenant of the tenant's right to relocation assistance. Or,
2. The owner may notify the tenant in writing that the payment of rent for the final month of the tenancy is waived, prior to it becoming due. In this case, the notice of termination must state the amount of rent waived and that no rent is due for the final month.

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