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Assembly Bill 1482: Rent Caps & Just Cause Evictions



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Recently, Governor Newsom signed into law Assembly Bill 1482. For those who may not yet know, AB 1482 adds new Civil Codes, sections 1946.2, 1947.12, and 1947.13, which establish a Rent Cap and Just Cause eviction. While this article provides information related to this new law, it is of the utmost importance that landlords, property managers, and tenants subleasing their properties consult legal counsel to address their individual concerns as the law is complex and ambiguous.

Rent Cap

Under these new Civil Codes, rent increases on residential property are capped at five percent (5%) plus regional CPI, up to a hard cap of ten percent (10%). At this time, the law does not apply to commercial property and includes a vacancy decontrol provision which permits rent increases by more than the statutory limit so long as no tenants from the prior tenancy remain in possession. However, the law does prohibit local ordinances from expanding its coverages to commercial property as well. Thus, it is of the utmost importance that local ordinances are also reviewed for purposes of assessing compliance with rent control laws.

For purposes of this law, regional CPI can be determined by the Consumer Price Index which is published by the U.S. Bureau of Labor Statistics. CPI, which measures the costs of living within a particular region, must be measured based on the location of the property.

If a property is subject to AB 1482, the law requires that the landlord or property manager provides specific statutory language in written notice to the tenant which notifies them of their rights under the rent cap laws. If notice is required, the landlord, property manager, or sublessor should review the language of the original contract to ensure the notice of rights matches the language which the contract was negotiated in.

In addition, the law establishes exceptions to rent caps, subject to certain requirements. These requirements can be ambiguous and

require the landlord, property manager, or sublessor to take specific steps to avail themselves to the exceptions. Legal counsel should be sought to provide guidance related to the exceptions as facts related to the tenant and individual properties may vary the availability of particular exceptions.

Significantly, the law includes a rollback provision which retroactively applies to rent increases since March 15, 2019. Landlords and property managers should ensure that all of their rent increases since March 15, 2019 comply with the new law before January 1, 2020. It is of the utmost importance that action is quickly taken as the rollback provision will expose landlords and property managers to avoidable liability for recent rent increases.

Just Cause Eviction

In addition, the Just Cause Provisions of the law become effective January 1, 2020 and apply to any tenancy where a tenant has continuously and lawfully occupied the premises for a period of twelve (12) months. The law defines fifteen (15) reasons which qualify as Just Cause. These reasons include but are not limited to a tenant's breach of lease, non-payment of rent, refusal to allow entry, nuisance, criminal activity, and more.

Under the law, Just Cause is broken down into two categories, At Fault and No Fault. If a tenant is being evicted for No Fault, the landlord, property manager, or sublessor is required to pay a relocation fee equal to one month's rent at the time of notice. Moreover, if the Just Cause for the termination is curable, the tenant must be provided with a notice and an opportunity to cure prior to the termination of tenancy.

Similar to the Rent Cap provisions, the law includes exceptions to the Just Cause requirements. Again, property managers, landlords, and sublessors should contact legal counsel to determine if the Just Cause provision or exceptions apply.

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Summary

Prudent landlords and property managers should be aware of new C.A.R. Forms which are aimed to address the changes established by AB 1482. The C.A.R. Form will act as a tool for both landlords and property managers to help bring their properties into compliance with this new law. Notably, unique situations will lead to different outcomes under the law. Legal counsel should be sought in the event that questions or concerns arise relating to the enactment of AB 1482.

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