AB 1482: Questions and Answers

AB 1482 took effect on January 1, 2020 and applies to many residential rental properties in California. AB 1482 has two parts: (1) rent caps and (2) just cause. With respect to rent caps, AB 1482 prohibits landlords from increasing rent by more than 5% plus "the percentage change in the cost of living" (CPI) over any 12-month period. AB 1482 also requires rents that have been increased by more than the allowed amount since March 15, 2019, to be rolled back on January 1, 2020. With respect to "just cause," once the tenant or tenants have lived in the unit for a specified time, the landlord is prohibited from terminating a month-to-month tenancy or choosing not to renew a fixed term leases unless a "just cause" for eviction applies.

AB 1482 does not apply to certain properties, including (1) most single-family homes and condominiums, (2) housing built within the last 15 years, and (3) most properties subject to local rent control and just cause eviction ordinance.

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Applicability and Exemptions

Applicability and Exemptions: Generally [back to top]

1. **Does AB 1482 apply to my property?**

   AB 1482 applies to most residential rental properties in California that are not already regulated by a local rent control or just cause ordinance. It does provide a number of exemptions from its provisions. You can use the widget in the link provided below to determine whether the rent caps and/or just cause provisions of AB 1482 apply to your property:

   www.caanet.org/ab1482/

   The following properties are exempt from both rent caps and just cause under AB 1482:
   - **"New construction":** Housing issued a certificate of occupancy within the last 15 years.
   - **"Separately Alienable Property":** Non-corporate single-family homes/condos (residential real property that is alienable separate from the title to any other dwelling unit) IF (1) the owner is not a real estate investment trust, a corporation, or a limited liability company in which at least one member is a corporation AND (2) the owner provides the tenant with a written notice of the exemption, as outlined below.
   - **Owner-occupied duplexes:** a duplex in which the owner occupies one of the units as the owner's principal place of residence for the duration of the tenancy.
   - **"Affordable housing":** housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes.

   The following properties are also exempt from the just cause provisions of AB 1482:
   - **Shared Facilities:** Accommodations in which the tenant shares bathroom or kitchen facilities with the owner.
   - **Non-Duplex Owner-Occupied Properties:** Single-family owner-occupied residences, including a residence in which the owner occupant rents or leases no more than two units or bedrooms, including, but not limited to, an accessory dwelling unit or junior accessory dwelling unit.

2. **Does AB 1482 apply to a triplex or 4-plex owned by individuals or LLCs with no corporate members?**

   AB 1482 generally applies to triplexes or 4-plexes, regardless of the manner in which they are owned, unless they qualify for the "affordable housing" exemption (see "Applicability and Exemptions – Affordable Housing" below) or were built within the last 15 years (in which case, they will become

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subject to AB 1482 when they turn 15 years of age – see “Applicability and Exemptions – New Construction” below).

3. **Does AB 1482 apply to accessory dwelling units?**

   The rent cap provisions of AB 1482 generally apply to accessory dwelling units unless they qualify for the “affordable housing” exemption (see “Applicability and Exemptions – Affordable Housing” below) or were built within the last 15 years (in which case, they will become subject to AB 1482 when they turn 15 years of age – see “Applicability and Exemptions – New Construction” below). The just cause provisions of AB 1482 also apply to accessory dwelling units unless they:
   (A) Qualify for the “affordable housing” exemption (see “Applicability and Exemptions – Affordable Housing” below) or
   (B) Were built within the last 15 years (in which case, they will become subject to AB 1482 when they turn 15 years of age – see “Applicability and Exemptions – New Construction” below) or
   (C) Are on a lot with a single-family residence that is occupied by the owner

4. **Do I have to do anything if my property is exempt?**

   If the property qualifies for the “separately alienable” single family home/condo exemption, a notice **must** be provided to the tenant. See “Applicability and Exemptions: Separately Alienable (Single-Family Homes/Condos)” below.

   No disclosure of other exemptions is required.

   If the property is exempt as “new construction,” but the 15-year exemption will expire soon, a disclosure can be provided in anticipation of the property becoming covered by AB 1482. CAA’s Notice of AB 1482 Addendum (Form CA-097) allows you to provide the AB 1482 disclosure effective the date your exemption will expire. This can be useful if the exemption is expected to expire during a tenancy.

Applicability and Exemptions: Separately Alienable (Single-Family Homes/Condos) [back to top]

1. **What does “Separately Alienable” mean?**

   A separately alienable dwelling is one that can be sold separately from any other dwelling. For example, if there is an apartment over the garage on the same lot as a single-family home, then the home is not “alienable separate from the title to any other dwelling unit” because it cannot be sold separately, and the single-family home will not be exempt from AB 1482.

2. **Are all separately alienable units exempt from AB 1482?**

   No. A separately alienable unit that is owned by a real estate investment trust, a corporation, or a limited liability company that includes a corporation as a member is subject to AB 1482 unless it qualifies for a different exemption.

3. **What disclosure do I have to provide if my property qualifies for this exemption?**

   Properties that are exempt because they are “non-corporate single-family homes/condos” only get the benefit of that exemption if they provide written notice of the exemption to their tenants using the following statement:

   > “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.”

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For a tenancy that exists before July 1, 2020, the notice should be provided as soon as possible. If the tenancy starts or renews on or after July 1, 2020, the notice must be provided in the rental agreement. CAA has created the following forms to allow landlords of these properties to provide the proper notice to new and existing tenants:

- CA-154 – Notice of Exemption from AB 1482 (Separately Alienable Exemption under AB 1482)
- CA-096 – Exemption from AB 1482 Addendum
- CA-041 – Lease Agreement
- CA-043 – Renewal Lease Agreement
- CA-040 – Rental Agreement Month-to-Month
- CA-042 – Renewal Rental Agreement Month-to-Month

4. **What if my property qualifies for both this exemption and the exemption for new construction? Do I need to provide a disclosure that it is a single-family home not owned by a corporation now?**

   If the property was issued a certificate of occupancy within the last 15 years and the property qualifies for the separately alienable exemption described above, CAA recommends that the landlord provide the separately alienable exemption now because this exemption is permanent and will not expire even when the certificate of occupancy reaches 15 years of age.

5. **I rent out a single-family home that is owned under a family trust. Is that home covered by AB 1482?**

   No, single-family homes are exempt from AB 1482, unless they are owned by a real estate investment trust, a corporation or an LLC that includes a corporation as a member. Properties owned by a family trust are exempt. Remember though, AB 1482 requires a specific notice to be provided to tenants in exempt single-family homes letting them know that the property is exempt from rent control and just cause eviction protections.

6. **My family created an LLC to operate our single-family home rentals. Are the properties exempt from AB 1482?**

   The exemption for separately alienable single-family homes does not apply if the property is owned by an LLC that has a corporation as a member. As long as the members of your family's LLC are all real people, rather than corporations, the single-family homes will be exempt.

7. **I rent out a single-family home that was built over 15 years ago. I am thinking of adding an accessory dwelling unit to that property and renting out that unit as well. Will AB 1482 apply to either the home or the accessory dwelling unit?**

   AB 1482 exempts "residential real property that is alienable separate from the title to any other dwelling unit" provided that a notice is provided to the tenants and the owner is not a real estate investment trust, a corporation, or an LLC that includes a corporation as a member. Adding an accessory dwelling unit to the property on which the single-family home is situated likely takes the home out of the "separately alienable" category. Thus, the home may no longer qualify for that exemption from AB 1482. If the new accessory dwelling unit receives its own certificate of occupancy, it may temporarily qualify for the 15-year rolling exemption for new construction.

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Applicability and Exemptions: Properties with Two Units [back to top]

1. **Are all properties with two units on a parcel exempt?**

   No. The exemptions depend on the type of units and whether one is owner-occupied. If neither unit is owner-occupied, the property is not exempt.

   A duplex in which the owner occupies one of the units as the owner's principal place of residence for the duration of the tenancy is exempt from both AB 1482's rent caps and just cause provisions.

   Accommodations in which the tenant shares bathroom or kitchen facilities with the owner are exempt only from just cause.

   Single-family owner-occupied residences, including a residence in which the owner occupant rents or leases no more than two units or bedrooms, including, but not limited to, an accessory dwelling unit or junior accessory dwelling unit are exempt only from AB 1482's just cause provisions.

2. **Who is considered an owner for the purpose of the "owner-occupied" duplex exemption?**

   The definition of "owner" comes from the Costa-Hawkins Act: under that act, the term owner "includes any person, acting as principal or through an agent, having the right to offer residential real property for rent, and includes a predecessor in interest to the owner, except that this term does not include the owner or operator of a mobilehome park, or the owner of a mobilehome or his or her agent."

   Any natural person listed on the title is likely to be considered an "owner" occupant for the purpose of this exemption. Please consult with an attorney regarding other types of ownership.

3. **If the owner moves into one side of a duplex, where the other is already occupied by a tenant, does that make the duplex exempt from rent control and just cause under AB 1482?**

   No. A duplex is only exempt if one side is owner-occupied "at the inception of the tenancy." If the owner moves into a unit after a tenant is already in place in the other unit, the duplex is not exempt. If the tenant-occupied unit is vacated and a new tenant moves in, the duplex would be exempt– because the owner moved in before the tenant. That exemption will continue to apply provided that the owner maintains occupancy as their principal place of residence.

Applicability and Exemptions: New Construction [back to top]

1. **How do I determine the age of my property to qualify for the "New Construction" exemption?**

   AB 1482 does not apply to housing built within the last 15 years. To determine the age of your property for purposes of this exemption, you will need to look at when its certificate of occupancy was issued.

   Landlords who suspect their property may qualify for this exemption but who do not have a copy of their certificate occupancy should contact their local housing or building department to obtain a copy.

   It is important to remember that this exemption for new construction is a rolling exemption. This means that on January 1, 2020, housing built on or after January 1, 2005, is exempt. On January 1, 2025, housing built on or after January 1, 2010 will be exempt. A property becomes subject to AB 1482 on the day its certificate of occupancy becomes 15 years old.

2. **The certificate occupancy for my 6-unit property was issued in August 2006. Is it exempt from AB 1482?**

   Yes, and no. AB 1482's 15-year exemption is a rolling exemption. You need to find the specific date in August 2006 on your certificate of occupancy. Let's say it is August 19, 2006. Your property is exempt

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until it reaches 15 years of age, so in this instance until August 19, 2021. On August 19, 2021 your property will no longer be exempt. Basically, you have a couple years to get ready to deal with AB 1482.

3. **My property consists of several units and was built over the course of many years, so the certificates of occupancy are staggered over a few years. Which certificate of occupancy date applies for purposes of the new construction exemption under AB 1482?**

   A landlord must evaluate each rental unit separately to determine whether each unit is subject to AB 1482. Consider, for example, a property that consists of 4 units, 2 of which have a certificate of occupancy that was issued on June 1, 1999, the other 2 of which have a certificate of occupancy that was issued on October 1, 2008. The units with the June 1, 1999 certificate of occupancy date are subject to AB 1482 on January 1, 2020, unless they qualify for a different exemption. The units with the certificate of occupancy date of October 1, 2008 will become subject to AB 1482 on October 1, 2023, unless they qualify for a different exemption.

4. **Are accessory dwelling units added to an existing property exempt if they were built in 2010 even though the original 4-unit property was built in 1970?**

   Yes, the accessory dwelling units that were added to the property and have a certificate of occupancy issued in 2010 are exempt from AB 1482 until that certificate of occupancy reaches 15 years of age (i.e., 2025), unless they qualify for another exemption. The original 4-unit property built in 1970 is subject to AB 1482 unless any of those units qualify for another exemption, such as the affordable housing exemption.

5. **More than one certificate of occupancy has been issued for one of my rental units, which one is effective for determining if I am exempt?**

   The text of AB 1482 does not address this question. However, case law interpreting the Costa-Hawkins Rental Housing Act – which includes a similar "new construction" exemption from local rental control laws – has held that the operative certificate occupancy for exemption purposes is the certificate of occupancy issued *prior to residential use of the unit*. In other words, in most circumstances the first certificate of occupancy should be used to determine whether a unit is exempt. However, in circumstances where a property is renovated to add or subtract one or more units within the confines of one or more existing residential units it's unclear how this requirement would apply. See the following examples:

   <u>Example #1</u> Converted Warehouse

   - The first certificate of occupancy was issued for a commercial warehouse in 1946.
   - The warehouse was subsequently renovated into loft apartments and issued a certificate of occupancy for the residential use in 2016.
   - The 2016 certificate of occupancy would likely be controlling for purposes of determining exemption from AB 1482 because it is the certificate of occupancy issued prior residential use.

   <u>Example #2</u> Bathroom Renovation

   - A duplex was constructed and issued a certificate of occupancy in 1980.
   - In 2016, the duplex was renovated to add a second bathroom to each unit and a new certificate of occupancy was issued after the work was completed.
   - The 1980 certificate of occupancy would likely be controlling for purposes of determining exemption from AB 1482 because it is the certificate of occupancy issued prior residential use. The bathroom renovation did not alter the residential nature of the building and thus likely would not control.

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Example #3 **Subdivided Mansion**

- A large mansion has a first certificate of occupancy dated 1978.
- In 2016, the mansion was substantially renovated to now consist of multiple apartment units and a new certificate of occupancy was issued.
- It's unclear in this situation which certificate of occupancy will be effective for determining exemption from AB 1482. While the 1978 certificate of occupancy was issued prior to residential use, the 2016 certificate of occupancy should arguably control because new residential units were created and thereby altered the residential use of the property. In such a situation, CAA recommends seeking legal advice from an attorney about whether some or all of the units are exempt.

Applicability and Exemptions: Local Ordinances [back to top]

1. **How does AB 1482 apply in cities or counties that already have rent control?**

   AB 1482's rent cap provisions do not apply to a property that is subject to a local rent control ordinance that imposes a lower rent cap. Most local rent control ordinances in place today impose a lower cap than AB 1482, so properties subject to those ordinances will continue to be covered by those ordinances and will not be subject to the AB 1482 rent cap. For more information on cities and counties with rent control, see CAA's Local Rent Control Chart.

   For example, a 10-unit building in San Francisco built in 1940 is regulated by the local rent ordinance. San Francisco allows an increase of 60% of CPI per year, which is lower than AB 1482's rent cap of 5% + CPI. This property would remain subject to the rent cap in the local ordinance because it is lower than the rent cap in AB 1482.

   However, in a city that already has rent control, AB 1482 extends rent caps to some housing that is not covered under the existing local ordinance. For example, a single-family home owned by a corporation built in 1940 and a 100-unit multi-family property built in 2002 are both exempt from San Francisco's ordinance. Both of these properties will be subject to the rent cap under AB 1482.

   For properties located in the City of Sacramento, which currently imposes the same rent cap, we recommend reviewing CAA's Industry Insight, "Sacramento Tenant Protection and Relief Act: Questions and Answers."

2. **Some local rent control ordinances have rent caps based on CPI or a percentage of CPI? Do those local ordinances use the same CPI as AB 1482?**

   Most likely no. The consumer price index is a measurement of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The United States Bureau of Labor Statistics (BLS) currently reports the CPI for 4 regions in California (Los Angeles, San Francisco, Riverside, and San Diego) either every month or every two months. AB 1482 uses the data issued by BLS as of April 1 each year; in areas outside those 4 regions, AB 1482 uses California Consumer Price Index issued by the California Department of Industrial Relations (which is a weighted average of the BLS data for the 4 regions). Other local ordinances also refer to the data issued by BLS but use a different date, require rounding to certain decimal place, require using a particular formula to determine the local cap, or require a local official to declare what the cap is based on this data.

3. **How does AB 1482 apply in cities or counties that already have just cause requirements in place?**

   AB 1482's just cause provisions do not apply to a property that is subject to a local just cause ordinance enacted prior to September 1, 2019. A later-enacted just cause ordinance will only apply if it is more

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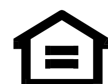

protective than AB 1482 and the local government makes certain findings. Properties subject to those local just cause ordinances will remain subject to them. For more information on cities and counties with just cause requirements, see CAA's Industry Insight "Just Cause Eviction – Local Eviction Control Measures."

4. **How does AB 1482 apply in cities or counties that do not impose rent control but do require rent review?**

   The rent cap provisions of AB 1482 do not apply to "housing subject to rent or price control … that restricts annual increases in the rental rate to an amount less than that provided" in AB 1482. A property subject only to a local ordinance that imposes a rent review program likely does not qualify for this exemption since the rent review program does not necessarily restrict annual increases in rent. Those properties will need to comply with both the local rent review ordinance and AB 1482 (unless they fall into a different exemption from AB 1482).

5. **How does AB 1482 apply in cities or counties that do not impose just cause eviction requirements per se but do impose a right to lease?**

   The just cause provisions of AB 1482 do not apply to a property subject to a local ordinance "requiring just cause for termination of a residential tenancy" adopted on or before September 1, 2019 (or adopted thereafter if the ordinance is more protective than AB 1482). If a local ordinance does not prohibit "no cause" evictions but requires the owner to offer an initial or renewal fixed term lease, a landlord subject to that ordinance and AB 1482 would likely need to comply with both the ordinance and AB 1482.

6. **How does AB 1482 apply in cities or counties that do not impose just cause eviction requirements but do require a relocation payment for certain tenancy terminations?**

   If a local ordinance does not prohibit "no cause" evictions but requires the owner to make a relocation payment for certain terminations, that type of ordinance most likely would not control over the just cause provisions of AB 1482. A landlord with a property subject to such an ordinance would need to comply with that ordinance and also comply with AB 1482's just cause provisions (unless the property falls within a different exemption from AB 1482). Thus, if the local ordinance requires a relocation payment of 4-months' rent for certain terminations, the landlord would likely need to comply with that requirement on top of the requirements of AB 1482 (except that the one-month relocation assistance or rent waiver required by AB 1482 would credited toward the 4-month local relocation assistance requirement).

Applicability and Exemptions: Affordable Housing [back to top]

1. **What types of units are eligible for the "affordable housing" exemption under AB 1482?**
   Both the rent cap and just cause provisions of AB 1482 do not apply to "housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes." CAA recommends that members who suspect a unit may be eligible for this exemption work with their attorneys to confirm that eligibility.

2. **Are units rented to tenants with a Section 8 Housing Choice Voucher exempt from AB 1482?**

   Mostly likely, yes. AB 1482 exempts from both its rent cap and just cause provisions certain types of affordable housing. Included in the definition of affordable housing is housing "subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes."

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The Section 8 program provides housing subsidies pursuant to an agreement with a government agency, and the program is restricted to low income families and individuals. Thus, it appears units rented to Section 8 tenants are exempt from AB 1482's rent cap and just cause provisions for so long as the Section 8 continues to reside in the unit and be assisted under the program.

The Legislative Counsel Bureau has provided CAA an oral opinion that units rented to Section 8 recipients are exempt from AB 1482. However, because Legislative Counsel opinions are not legally binding it is possible a court could conclude differently if the issue was litigated.

In addition, while units rented to Section 8 tenants appear to be exempt from AB 1482, they are still subject to Section 8 regulations. Section 8 regulations require rent increases to be approved by the local housing authority and restrict the both the reasons and procedures for terminations of tenancy. For more information, see CAA's Industry Insight – Overview of the Section 8 Housing Choice Voucher Program.

Mandatory Disclosures/Lease Provisions

Mandatory Disclosures/Lease Provisions: Exempt Properties [back to top]

1. **Do I need to do anything if my single-family home rental is exempt from the rent cap or just cause provisions of AB 1482?**

   Properties that are exempt because they are "non-corporate single-family homes/condos" only get the benefit of that exemption if they provide written notice of the exemption to their tenants using the following statement:

   > "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."

   For a tenancy that exists before July 1, 2020, the notice should be provided as soon as possible. If the tenancy starts or renews on or after July 1, 2020, the notice must be provided in the rental agreement. CAA has created the following forms to allow landlords of these properties to provide the required notice:

   - CA-154 – Notice of Exemption from AB 1482 (Separately Alienable Exemption under AB 1482)
   - CA-096 – Exemption from AB 1482 Addendum
   - CA-041 – Lease Agreement
   - CA-043 – Renewal Lease Agreement
   - CA-040 – Rental Agreement Month-to-Month
   - CA-042 – Renewal Rental Agreement Month-to-Month

2. **How do I prove that I provided the notice of exemption from AB 1482 for separately alienable units?**

   For a tenancy that exists before July 1, 2020, the notice of exemption can be provided using Form CA-154 (Notice of Exemption from AB 1482). In order to document that Form CA-154 was provided, CAA recommends serving the notice personally or by mail and completing the proof of service provided with the form upon serving. For a tenancy that starts or renews on or after July 1, 2020, the notice needs to be provided in the rental agreement itself – this can be achieved by using the CAA lease or rental agreements (Form CA-041 or Form CA-040), the CAA renewal lease or renewal rental agreements (Form CA-043 or Form CA-042), or the Exemption form AB 1482 Addendum with a non-CAA lease or rental agreement (Form CA-096). Landlords should keep the signed original and provide copies to the parties that signed.

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3. **Do I need to provide a disclosure that my property is exempt because it is less than 15 years old?**

   No disclosure of the new construction exemption is required. If the 15-year exemption will expire soon, a disclosure can be provided in anticipation of the property becoming covered by AB 1482. CAA's Notice of AB 1482 Addendum (Form CA-097) allows you to provide the AB 1482 disclosure effective the date your exemption will expire. This can be useful if the exemption is expected to expire during a tenancy.

Mandatory Disclosures/Lease Provisions: Non-Exempt Properties [back to top]

1. **If my property is subject to the rent cap and/or just cause provisions of AB 1482, do I need to tell existing or new tenants anything?**

   Yes. Properties subject to the just cause provisions of AB 1482 must provide a written notice to the tenant that contains the following language in no less than 12-point type:

   > "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."

   For a tenancy that exists before July 1, 2020, this notice must be provided to the tenant no later than August 1, 2020 by written notice or as an addendum to the lease agreement. For a tenancy that starts or renews on or after July 1, 2020, the notice must be provided either as an addendum to the rental or lease agreement, or as a written notice signed by the tenant, with a copy provided to the tenant. CAA has created the following forms to allow landlords to provide the proper notice to new and existing tenants:

   - CA-085 Property is Subject to AB 1482 (Do not use after August 1, 2020)
   - CA-097 Notice of AB 1482 Addendum

2. **Our current leases are formatted in 11-point font. If we add the required disclosure to our lease, can we have just the disclosure be in 12-point font type?**

   Yes, only the disclosure about rent caps and just cause needs to be in 12-point type. The rest of the lease does not need to be in that font size.

Rent Caps

Rent Caps: Generally [back to top]

1. **What is the cap on rent increases?**

   AB 1482 prohibits a landlord from increasing the rent, in any 12-month period, by more than 5 percent plus the regional percentage change in the cost of living (CPI), or 10 percent, whichever is lower, of the lowest "gross rental rate" charged for the unit during the 12 months before the effective date of the increase.

   However, properties subject to the state's existing Penal Code anti-price gouging law may be subject to additional limits. See more information below.

2. **If I decide to increase the rent by less than 5% plus CPI, can I bank the remaining increase for use in future years?**

   No, AB 1482 does not allow banking unused rent increases for use in subsequent years.

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3. **My tenant pays well below market rent. Does AB 1482 allow me to get the rents up to market?**

   No, AB 1482 does not contain provisions allowing below market rents to come up to market level, except upon tenancy turnover (AB 1482 allows a landlord to establish the initial rental rate “for a new tenancy in which no tenant from the prior tenancy remains in lawful possession of the residential real property”).

Rent Caps: CPI [back to top]

1. **How do I calculate 5% plus CPI for my property?**

   Under AB 1482, CPI is defined to mean the percentage change from April 1 of the prior year to April 1 of the current year in the regional Consumer Price Index for the region where the residential real property is located, as published by the United States Bureau of Labor Statistics. If a regional index is not available, the California Consumer Price Index for All Urban Consumers for all items, as determined by the Department of Industrial Relations, applies.

   To find out the current CPI based on your property’s zip code, use the “Find your CPI” tool in this link: www.caanet.org/ab1482/

2. **Will the CPI I need to use to calculate rent increases change regularly?**

   The CPI you will need to know to calculate allowable rent increases will change every year around April 1.

3. **I went on the CAA website and got the amount of 3.34% for the zip code of 95023. But then I went to the Bureau of Labor Statistics Website which indicated that the CPI for the Western Region is 2.9%. How does CAA calculate the CPI on www.caanet.org/ab1482/? How did it come up with a percentage that is higher than the BLS numbers? Which number is correct?**

   The CPI you must use is very specifically defined in AB 1482 as the "percentage change from April 1 of the prior year to April 1 of the current year in the regional Consumer Price Index for the region where the residential real property is located, as published by the United States Bureau of Labor Statistics. If a regional index is not available, the California Consumer Price Index for All Urban Consumers for all items, as determined by the Department of Industrial Relations, shall apply."

   Therefore, if there is a BLS regional index for the location of your property, the CPI for that regional index will apply. There are only a few regional indexes in California (Riverside, San Diego, Los Angeles, and San Francisco). If your property is outside of a regional index, then you must use the California CPI as determined by the California Department of Industrial Relations.

Rent Caps: Defining “Rent” and “Gross Rental Rate” [back to top]

1. **The cap on rent in AB 1482 is calculated based on the lowest “gross rental rate.” What is the “gross rental rate”?**

   AB 1482 does not expressly define the term “gross rental rate.” It does specify that “any rent discounts, incentives, concessions, or credits” offered by the owner and accepted by the tenant are excluded from gross rent for purposes of calculating rent caps. The landlord must separately list and identify these discounts, incentives, or concessions, and the gross per-month rental rate – CAA recommends that landlords work with their attorneys to develop that language.

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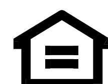

2. **What is considered “rent”? Does it include utilities, pet fees, storage, fees, parking fees, etc.?**

   Many local rent control ordinances define rent to include or exclude certain charges, such as utilities paid to the landlord, parking, housing services etc. AB 1482 does not define the term “rent”. Some rent control ordinances also specifically prohibit the use of ratio utility billing systems (RUBS), but AB 1482 does not contain this type of provision specifically prohibiting RUBS.

   CAA recommends that its members consult with their attorneys to review all charges imposed on Residents to determine whether those charges are subject to the rent cap under AB 1482 and can be used as part of the base “rent” used to calculate future increases. This determination will also be relevant to calculation of the “rent” in effect on March 15, 2019 to determine the amount the rent must be rolled back, if any.

3. **Can a landlord charge a “month-to-month fee” for Residents who select a month-to-month agreement instead of fixed-term lease or a fee for short-term leases?**

   A landlord can still have different rates depending on the type of tenancy, i.e. fixed term or periodic. It is preferable if those different rates are built into the agreement rather than charged as additional fees. The use of “fees” can make determining what constitutes “rent” much more complicated and can create additional complication when trying to evict for nonpayment of rent.

   Also, because AB 1482 imposes just cause after the Resident has lived in the unit for a specified time, leases and month-to-month contracts are not as relevant for the Landlord. The reality in rent control jurisdictions is that landlords are generally content with month-to-month agreements because they want it to be easy for the Resident to leave, creating a voluntary vacancy that can result in an increase to market rent.

Rent Caps: Roll Back [back to top]

1. **Do I need to roll back rent on January 1, 2020?**

   AB 1482 requires landlords to reset rents back to the rent in effect on March 15, 2019 (plus the allowed increase of 5% + CPI), so that any large rent increases taken in anticipation of statewide rent control do not remain in effect. While this may result in a rent decrease for some Residents effective January 1, 2020, it does not require the landlord to pay back “excess” rent that was paid during 2019. See examples at the end of this section for an illustration of the rollback required by AB 1482. Form CA-156 Notice of Rent Rollback can be used to provide notice of a rent rollback required by AB 1482.

2. **If a new tenancy began on April 1, 2019, and we increased the rent effective November 1, 2019 by 10%, is a rollback required on January 1, 2020?**

   The safest approach in that case is to roll back the rent to the rent in effect on April 1, 2019 plus the increase allowed by AB 1482 (5% plus CPI).

3. **If I need to roll back rent on January 1, 2020, can I treat that roll back as a “discount” in rent under the language in AB 1482 that refers to rent discounts or does the reduced rent become the new base rent for future rent increases?**

   The reduced rent due the rollback required under AB 1482 should be treated as the new base rent for future rent increases.

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4. **Is rollback required on January 1, 2020 if the tenants are on a fixed term lease? I thought the rent could not be changed during a fixed term lease?**

   This will depend on the timing of the lease and the renewal. For instance, let's say a landlord renewed a one-year lease effective March 1, 2019 for a property in the City of San Diego and that renewal included a 12% rent increase from the rent that was in effect during the previous lease. The rollback provision in AB 1482 applies only if rent was increased by more than 5% plus CPI between March 15, 2019 and January 1, 2020. Because the 12% increase took effect before March 15, 2019, a rollback is not required on January 1, 2020.

   By contrast, let's say the one-year lease was renewed with the 12% increase effective July 1, 2020. The current CPI under AB 1482 for San Diego is 2.2%, so the maximum rent increase for that area is currently 7.2%. In this instance, since the landlord increased the rent by more than 7.2% between March 15, 2019 and January 1, 2020, the landlord must roll the rent back on January 1, 2020 to a level that equals the rent in place on March 15, 2019 plus 7.2%.

5. **Can you provide a rent roll back example?**

   See the following example:

   Rent Rollback Example
   (CPI is assumed here to be 3.5%, all dollar amounts are rounded down to the nearest dollar)

   Example #1 Post-March 15, 2019 rent increase that exceeds cap, must be rolled back partially

   - Rent on March 15, 2019 = $1000
   - Last rent increase effective July 1, 2019 (50%)
   - Rent July 1 - December 31, 2019 = $1500/month
   - Rollback on January 1, 2020 to: $1085 (i.e., March 15, 2019 rent + 8.5%).

   Example #2 Post-March 15, 2019 second rent increase must be rolled back ENTIRELY

   - Rent on March 15, 2019 = $1000
   - Rent increase effective April 1, 8.5% = $85
   - Rent on April 1, 2019 = $1085
   - Additional (more recent) rent increase effective July 1, 2019 (10% = $108)
   - Rent July 1 - December 31, 2019 = $1193/month
   - Rollback on January 1, 2020 to: $1085

Rent Caps: Passthroughs [back to top]

1. **If a unit is subject to AB 1482's rent caps, can I increase the rent by more than 5% plus CPI to cover any of the following costs: (i) the property taxes I pay on the unit, (ii) the cost of capital improvements I make to the unit, (iii) the cost of the insurance I pay for the unit?**

   No, unlike some local rent control ordinances, AB 1482 does not provide for passthroughs of any costs separate from the capped rent increases. Any increases to reflect those costs would need to comply with the 5% plus CPI every 12 months limitation in AB 1482.

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Rent Caps: Timing of Rent Increases [back to top]

1. **Can I take the 5% plus CPI increase in more than one increment in a 12-month period?**

   AB 1482 suggests that the allowable rent increase of 5% plus CPI may be taken in two increments over a 12-month period. However, to simplify compliance with the law, CAA recommends that rent increases be limited to once per year. The rent increase examples that appear at the end of this section use this recommended approach.

2. **If I increase rent now by the maximum amount allowed under AB 1482, when is the next time I can increase rent?**

   Generally, AB 1482 allows a landlord to increase the rent over any 12-month period by no more than 5% plus CPI. In accordance with the CAA recommendation described above to limit rent increase to once per year, if a landlord increases the rent effective November 1, 2019, by the amount allowed under AB 1482, the next increase could not be effective until November 1, 2020.

   Also, for a new tenancy in which no tenant from the prior tenancy remains in lawful possession of the residential real property, the landlord can establish the new rent at any amount. The 5 percent plus CPI cap will then apply to all increases for that new tenancy thereafter..

3. **Does AB 1482 regulate the timing of the first rent increase for a new tenant?**

   No. AB 1482 does not specify an amount of time to wait prior to increasing the rent after a tenancy begins. However, AB 1482's prohibition on rent increases that exceed 5% + CPI in any 12-month period would apply to both the initial rent increase and future rent increases. For example, if the tenant signed a 6-month lease, the landlord could increase the rent in the context of renewing that lease, but the amount of the increase would limited to 5% + CPI.

4. **I increased rent in 2019, but my rent increase was less than what AB 1482 allows. Can I impose another increase to make up the difference? What if the Resident is currently on a fixed-term lease?**

   AB 1482 specifically allows these landlords to take a "catch up" increase within 12 months of 3/15/19. However, if the Resident is currently on a fixed term lease, you cannot increase the rent during the term of the lease. See example # 2 at the bottom of this section.

5. **How much notice is required to increase rent under AB 1482? Are 60-day notices no longer used?**

   AB 1482 did not change the amount of notice required to increase rent. AB 1482 prohibits landlords from increasing the rent by more than 5% plus CPI every 12 months, or 10%, whichever is less. As a result, rent increases under AB 1482 will require at least 30-days' notice. Form CA-158 can be used to provide notice of a rent increase for a property subject to AB 1482's rent caps. CAA does not have a form for rent increases of more than 10% for properties subject to the rent cap provisions of AB 1482 since such a rent increase would be prohibited under AB 1482. For rent increases that are not subject to the rent cap provisions of AB 1482, state law effective January 1, 2020, requires a 90-day notice to increase rent by more than 10% (Form CA-159 can be used to provide notice of that increase).

6. **If we are scheduled to send renewal offers in April and May of 2020, should we use the CPI from 2019?**

   Under AB 1482, CPI is defined to mean the percentage change from April 1 of the prior year to April 1 of the current year in the regional Consumer Price Index for the region where the residential real property

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is located, as published by the United States Bureau of Labor Statistics. The CPI you will need to know to calculate allowable rent increases will change every year around April 1, but there can be a 6-week lag before the new April 1 numbers are available (i.e., CPI numbers for April 1, 2020 may not be available under mid-May 2020). Thus, landlords may need to reconsider their policy of sending rent increase notices during this window.

7. Can you provide an example of the timing of rent increases under AB 1482?

See the following two examples:

Rent Increase Examples
(CPI is assumed here to be 3.5%, all dollar amounts are rounded down to the nearest dollar)

Example #1. No rent increase since March 15, 2019. Any increase after January 1, 2020, is limited to 5% + CPI (i.e., total of 8.5% increase)

- Last rent increase February 1, 2019
- Rent on March 15, 2019 = $1000
- Rent on December 31, 2019 = $1000
- Landlords opts to wait until 2020 to increase the rent and imposes a rent increase of 8.5% effective February 1, 2020
- Rent on February 1, 2020: $1085
- Next increase allowed on February 1, 2021 (in accordance with CAA recommendation of limiting rent increases to once per year): 8.5% of 1085 is $92
- Rent on February 1, 2021: $1177

A landlord in this position would benefit from taking the allowed increase prior to January 1, 2020 if possible (i.e., if the tenancy is month-to-month or if the lease will be renewed prior to January 1, 2020) since that increase does not have to be rolled back. This would move up the date of future increases as follows:

- Last rent increase February 1, 2019
- Rent on March 15, 2019 = $1000
- This landlord could increase the rent effective December 1, 2019 rather than waiting until February.
- Increase effective December 1, 2019: 8.5% of $1000 is $85
- Rent on December 1, 2019: $1085
- Rent on January 1, 2020, $1085 – No rollback necessary
- Next increase allowed on December 1, 2020 (in accordance with CAA recommendation of limiting rent increases to once per year): 8.5% of 1085 is $92
- Rent on December 1, 2020: $1177
- Next increase allowed on December 1, 2021 (in accordance with CAA recommendation of limiting rent increases to once per year): 8.5% of 1177 is $100
- Rent on December 1, 2021: $1277

Example #2. Post-March 15, 2019, for a rent increase that is less than 5%+ CPI – "Catch-Up" provision of AB 1482.

- Rent on March 15, 2019 = $1000
- Increase effective May 1, 2019: 5% of $1000 is $50. Since the increase was less than the allowed increase, the owner has the opportunity to take an additional increase prior to March 15, 2020.
- Rent on January 1, 2020, $1050 – No rollback necessary
- Catch-up Rent Increase effective February 1, 2020: 3.5% (of $1000) = $35
- Rent on February 1, 2020 = $1085

- Next increase allowed on February 1, 2021(in accordance with CAA recommendation of limiting rent increases to once per year): 8.5% of $1085 is $92
- Rent on February 1, 2021: $1177

Rent Caps: Changing Terms other than Rent [back to top]

1. **If my rental unit is subject to AB 1482 rent caps, can I still change the terms with 30-days' notice for month-to-month tenancies or at renewal for fixed term leases?**

   If the tenancy is month-to-month, you can still serve a thirty-day notice of change of terms. However, CAA recommends that you consult with your attorney if the change of terms will increase the Resident's cost of living at the property – depending on the charges and the circumstances, the change of terms may arguably constitute a "rent increase" that is subject to the rent caps in the law. If the tenant has a fixed term lease, say for one year, you cannot change the terms during the lease. At the end of the lease, you can require the tenant to sign another one-year lease but only if the terms and duration are the same. If that fixed term lease goes month-to-month instead, you can change the terms as with any other month-to-month tenancy.

Rent Caps: State of Emergency – Price Gouging [back to top]

1. **Does the state's anti-price gouging law still apply?**

   Properties subject to the rent caps in AB 1482 also remain subject to the state's anti-price gouging law, which is triggered when an emergency is declared by the Governor or by local officials, (declarations like those that came after the major fires in Santa Rosa and Paradise, and the Governor's statewide declaration of emergency on October 27, 2019.) Landlords are prohibited from increasing the rent in place at the time of the emergency declaration by more than 10%. That prohibition applies for the length of the emergency, irrespective of the duration of the emergency and regardless of whether a vacancy occurs. For more information on this anti-price gouging law and the gubernatorial states of emergency still in effect, see CAA's Industry Insight, "**Anti-Price Gouging Laws – States of Emergency**" and **CAA's Wildfire Resource Center**.

Just Cause

Just Cause: General [back to top]

1. **If my property is subject to AB 1482, does AB 1482 limit when I can terminate a tenancy?**

   Yes, starting January 1, 2020, you cannot terminate a month-to-month tenancy or refuse to renew a fixed term lease without "just cause" if the tenant or tenants have occupied the unit for a specific period of time, as outlined in "Just Cause: Minimum Duration of Occupancy for Protections" below.
   What is "just cause" under AB 1482?

   AB 1482 defines "just cause" to mean either "at-fault" just cause or "no fault" just cause. "At fault" just cause covers scenarios in which the tenant's conduct is the reason for the termination. "No fault" just cause covers limited scenarios in which the landlord can terminate the tenancy due to no fault on the part of the tenant.

2. **What is "at fault" just cause under AB 1482?**

   "At fault" just cause covers scenarios in which the tenant's conduct is the reason for the cause. Under AB 1482, "at fault" just cause is any of the following:

   - Default in the payment of rent.
   - A breach of a material term of the lease, as defined.

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- Maintaining, committing, or permitting a nuisance, as defined.
- Committing waste, as defined.
- The tenant had a written lease that terminates on or after January 1, 2020, and after a written request or demand from the owner, the tenant has refused to execute a written extension or renewal of the lease for an additional term of similar duration with similar provisions.
- Criminal activity by the tenant on the residential rental property, including any common areas, or any criminal activity or criminal threat, on or off the residential rental property, that is directed at any owner or agent of the owner of the property.
- Assigning or subletting the premises in violation of the tenant's lease.
- Refusal to allow the owner to enter the unit as authorized under the law, as defined.
- Using the premises for an unlawful purpose, as defined.
- An employee's failure to vacate the unit after the employee has been terminated.
- When a tenant fails to deliver possession of the unit after providing the owner written notice of his or her intention to terminate the lease, which the owner has accepted in writing.

3. What is "no fault" just cause under AB 1482?

"No fault" just cause cover limited scenarios in which the landlord can terminate the tenancy due to no fault on the part of the tenant. Under AB 1482, "no fault" just cause means any of the following:

- An owner's intent to occupy the unit, including the owner's spouse, domestic partner, children, grandchildren, parents, or grandparents. For leases entered into on or after July 1, 2020, the owner can use this cause only if the Resident agrees in writing to the termination or if a specific provision is included in the lease. CAA has created the following forms to allow Landlords to add this provision to their lease/rental agreements:
    - Form CA-153 Notice of Change of Terms of Tenancy (Owner Move-In Provision)
    - Form CA-095 Owner Move-In Under AB 1482 Addendum
- Withdrawal of the residential property from the rental market.
- An order relating to habitability that necessitates vacating the property, an order issued by a government agency or court to vacate the property, or a local ordinance that necessitates vacating the property.
- Intent to demolish or to substantially remodel the residential real property.

4. Pets are prohibited at my rental property. If a tenant has a pet, do I have just cause to terminate their tenancy under AB 1482?

The causes for which a tenancy may be terminated under AB 1482 include a breach of a material term of the lease. This may include having a pet if the lease agreement prohibits pets (but please note that pets do not include assistive or service animals). Because this is a curable violation, the landlord must generally give the tenant an opportunity to cure the violation – this can be achieved by providing Form CA-231 (Three-Day Notice to Perform Conditions and/or Covenants). If the resident does not comply by the time that notice expires, the landlord must then serve a three-day notice to quit without an opportunity to cure – Form CA-234 (Final Three-Day Notice to Quit for Breach of Covenant(s)) provides that notice.

5. If I decide to leave the rental housing industry, is there a just cause to terminate the tenancies of my tenants?

Yes, the causes for which a tenancy may be terminated under AB 1482 include "withdrawal of the residential real property from the market." CAA recommends that members work with their attorneys when seeking to use this cause.

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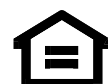

6. **If a tenant provides a 30-day notice that they will be vacating and they change their mind, do I have just cause to terminate their tenancy?**

   Yes, AB 1482 provides that "just cause" includes when the tenant fails to deliver possession of the property after providing 30-days' written notice of their intent to vacate as provided in Civil Code section 1946. If the tenant provides notice of their intent to vacate orally (or by email or text), or provides less than 30 days' notice, see Form CA-254 (Response to Resident's Defective Notice of Intent to Vacate) and consult with an attorney before proceeding with an eviction based on this cause.

Just Cause: Minimum Duration of Occupancy for Protections [back to top]

1. **How long does a tenant have to live in a unit before they are protected by "just cause" under AB 1482?**

   The initial tenants who move into the unit will be protected by "just cause" after having lived in the unit for at least 12 months. In other words, on day 366, that tenant(s) will be protected by just cause.

   If an additional tenant or occupant moves in, the tenants will be protected by just cause if:
   - Any tenant has continuously and lawfully occupied the unit for 24 months or longer; or
   - All tenants have continuously and lawfully occupied lived in the unit for 12 months or longer.

2. **Does the 12/24-month clock for "just cause" under AB 1482 start on January 1, 2020? Or is my long-term Resident already protected by just cause on January 1, 2020?**

   The just cause clock under AB 1482 does not start on January 1, 2020. If the Residents have already lived in a unit long enough to trigger the just cause provisions, those provisions apply on January 1.

3. **My Residents moved in with an initial 12-month lease. Does "just cause" apply once that lease expires?**

   The answer to this question depends on how the lease is written. Some leases have automatic month-to-month rollover provisions, which means that if at the end of the lease term, if neither party gives notice of ending the tenancy, the tenancy continues to roll over month-to-month. The CAA lease does not have that automatic rollover provision; thus, if the landlord did not want to continue the tenancy, no notice is required to the tenant and the tenancy ends at the expiration of the term. When a new tenant moves in with a one-year CAA lease, that tenancy will automatically end before the tenant is protected by just cause. The decision of whether to renew (and have a tenancy that is covered by just cause) is entirely within the landlord's control. By contrast, if the lease contains an auto-renewal provision or automatically goes month-to-month, that tenant will gain just cause protections on their 366th day in the unit unless the landlord takes timely, affirmative, action, consistent with the lease, to terminate the tenancy at the end of the 365th day.

4. **I have tenants on their initial 12-month CAA lease in a unit that is subject to AB 1482's just cause provisions. We plan to send a notice of non-renewal of the lease. What happens if the tenants do not move out on or before the end of that 12th month? Do they have just cause protections under AB 1482?**

   The CAA lease does not have an automatic rollover provision at the end of its term; thus, if the landlord does not want to continue the tenancy, no notice is required to the tenant and the tenancy ends at the expiration of the term. CAA does recommend providing at least 90 days' written notice of the non-renewal of the lease. If the tenants have not moved out by the end of the term, the next step is for the landlord to proceed with an unlawful detainer action. However, if the landlord accepts rent from the resident after the end of the lease, a month-to-month tenancy is created and the tenant will likely be protected by the just cause provisions of AB 1482.

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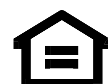

5. **Does the clock for "just cause" under AB 1482 reset whenever a roommate is added?**

   Once any tenant (defined to include lawful occupants) has been in the unit continuously and lawfully for 24 months, the just cause eviction provisions of AB 1482 will apply so long as that tenant remains in occupancy even if a new roommate comes along later. The clock does not re-set when a new roommate is added if any of the roommates have been in continuous occupancy for 24 months.

   For example, consider a tenancy that begins with Tenant A only. At month 11, Tenant A adds a roommate, Tenant B. At the end of month 12, only one of the tenants has been in occupancy for 12 months so just cause does not apply until Tenant A has been in occupancy for 24 months. Let's say at month 15, Tenant B leaves and is replaced by Tenant C. Just cause still doesn't apply because all the tenants haven't been in occupancy for 12 months. At month 24, just cause will apply even though Tenant C has only been in occupancy for 9 months.

   If Tenant A does not add a roommate, Tenant A will enjoy the protections of just cause after having lived in the unit for 12 months. It doesn't matter whether that occupancy is under a month-to-month tenancy, or a fixed term lease, or multiple fixed terms leases. On day 366 of occupancy, the tenant is protected, until a roommate is added.

   While the 24-month timeframe was added for new roommates who come to the unit within the first 24 months, the 24-month cap (or end time frame) was intended to "protect" a tenant who may have lived in the unit for 30 years, for example. That long-time tenant, who may need to bring in a new roommate to help make the rent payment, will not "lose their just cause protections" just because they need a new roommate at year 30 (because at least one tenant has lived in the unit for 24 months).

6. **Does the clock for "just cause" under AB 1482 reset when tenants move to a different unit on the same property?**

   Probably. Generally speaking, the just cause provisions of AB 1482 apply after a tenant has continuously and lawfully occupied a residential real property for 12 months. This language was modeled after the language in the Civil Code that requires 30 days' notice to terminate a tenancy if any tenant has resided in the dwelling for less than one year. CAA recommends consulting with an attorney to confirm how the particular tenant move you are considering affects the just cause clock under AB 1482.

7. **Should I allow a tenant to add a roommate under AB 1482?**

   There are pros and cons to allowing roommates under AB 1482. Landlords with units subject to AB 1482's just cause provisions should develop policies and procedures regarding changes of occupancy in consultation with their attorney and should apply those policies and procedures consistently.

<u>Just Cause: Notice Requirements</u> [back to top]

1. **If I serve a 60-day notice to terminate a tenancy before January 1, 2020, and that 60-day period expires after January 1, 2020, is my notice valid to terminate the tenancy?**

   If you need to serve a 30 or 60-day notice to vacate that expires after December 31, 2019, and the tenant has lived in the unit long enough to be protected by AB 1482 just cause, we recommend that you consult with an attorney prior to serving the notice of termination.

2. **Does AB 1482 change the procedures for three-day notices?**

   AB 1482 (at Civil Code section 1946.2(c)) provides that for "at fault" causes that are curable lease violations, two notices are required – one with an opportunity to cure and one as a notice to quit without opportunity to cure. Some of the "at fault" just causes may be incurable, like nuisance, waste, criminal activity, etc. CAA recommends that an attorney be consulted prior to serving any three-day notice on a tenant protected by the just cause provisions of AB 1482 until the courts have provided some clarity.

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3. **What just cause termination notices does CAA have available for purposes of AB 1482 just cause?**

   CAA has created the following AB 1482 just cause termination notices:

   - CA-230 Three-Day Notice to Pay Rent or Quit (Proof of Service)
   - CA-231 Three-Day Notice to Perform Conditions and/or Covenants or Quit (Proof of Service)
   - CA-233 Three-Day Notice to Perform Conditions and/or Covenants or Quit Failure to Provide Access
   - CA-232 Three-Day Notice to Perform Covenants or Quit for Monetary Breach
   - CA-237 Notice of Termination of Tenancy Due to Owner Move-in (Properties Subject to AB 1482)

Just Cause: Relocation Assistance [back to top]

1. **When is a landlord required to pay relocation assistance under AB 1482?**

   A landlord must make a relocation payment to a tenant if the termination is for a "no-fault" just cause. (See "Just Cause: General" above.) In particular, the landlord must do one of the following:

   - Make a direct payment to the tenant equal to one month of the tenant's rent (in effect when the notice of termination is issued), within fifteen calendar days of service of the notice; or
   - Waive in writing the payment of rent for the final month of the tenancy, prior to the rent becoming due.

   The termination notice must inform the tenant of their right to a relocation payment or waiver. If the owner elects to waive the rent for the final month of the tenancy, the notice must state the amount of rent waived and that no rent is due for the final month of the tenancy. In these situations, CAA recommends that landlord select the option for waiving the final rent payment since tenants are likely to stop paying rent after receiving the termination notice.

2. **Does the right to relocation assistance need to be included in the rental/lease agreement or only in the termination notice?**

   The right to relocation assistance must be included in the termination notice if the termination is for a "no fault" just cause. (See "Just Cause: General" above.) It does not need to be included in the rental or lease agreement.

3. **Who gets to choose between sending a relocation check or waiving last month's rent – the landlord or the tenant? Does the tenant need to agree to the rent waiver option?**

   The landlord gets to decide whether to make a direct payment equal to one months' rent or waive the final rent payment. Tenant approval or agreement is not required. An earlier version of AB 1482 would have required the owner and tenant to agree to a rent waiver, but that language was eliminated in the final set of amendments to AB 1482.

4. **Which option should I pick – sending the relocation check or waiving the last month's rent?**

   If the tenant is going to remain in the unit for at least one month for which rent has not already been paid, CAA recommends that landlords waive the last month's rent, rather than sending a check. This is because once the tenant receives the termination notice, they are likely to stop paying rent anyway.

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5. **My city has a local relocation ordinance (not a just cause ordinance) that requires a larger relocation payment when terminating a tenancy in certain situations. Does that ordinance still apply?**

   If the ground for termination under AB 1482 would require a relocation payment under the local ordinance, then yes, you need to make the greater relocation payment required by the local ordinance.

Just Cause: Substantial Rehabilitation [back to top]

1. **I have a unit that needs to be updated. The tenants have all lived in the unit for more than 12 months. Can I terminate their tenancy to make the updates?**

   Probably not. Under AB 1482, the "no-fault" causes include intent to demolish or "substantially remodel" the property. However, the term "substantially remodel" is defined in AB 1482 to cover limited scenarios. More specifically, "substantially remodel" means "the replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a government agency or the abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable federal, state, and local laws, that cannot be reasonably accomplished in a safe manner with the tenant in place and that requires the tenant to vacate the residential real property for at least 30 days. If the work does not require the tenant to move out, or if the tenant must vacate the premises for less than 30 days, the landlord likes needs to make some arrangements for the tenant to move out temporarily.

Just Cause: Enforcement of Tenant's Intent to Vacate [back to top]

1. **If a Resident fails to vacate after providing the owner written notice of their intent to vacate, does the Landlord need to serve a notice to terminate the tenancy?**

   No. One of the causes listed in AB 1482 occurs when the tenant fails to deliver possession of the unit after providing written notice of their intent to vacate as provided in Civil Code section 1946. That failure to vacate is not a violation of the lease. A separate notice to terminate the tenancy is not required. However, if the Resident does provide at least 30 days' written notice of their intent to vacate, we recommend that the Landlord send a written acknowledgement of that intent using Form CA – 248 (Acknowledgement of Resident's Thirty-Day Notice to Vacate), which confirms the move out date and any rent that will be due prior to move out.

2. **Is a Landlord required to acknowledge a Resident's notice of intent vacate in order to evict when the Resident fails to vacate?**

   There is no requirement to acknowledge the Resident's notice, but it is a good idea. CAA's Acknowledgement (Form CA - 248) notifies the Resident of the consequence of their notice. Because the Resident's notice can serve as the basis for an eviction, it becomes much more important for the Resident's notice to be in writing, to provide the correct amount of notice, and for the notice to be served correctly on the Landlord.

   See also Form CA – 254 (Response to Resident's Defective Notice of Intent to Vacate)

3. **Does AB 1482 prohibit or regulate making a "buyout offer" to a tenant?**

   A "buyout offer" is an offer to make a payment to the tenant in return for the tenant's agreement to move out of the unit. These offers are strictly regulated by some local rent control ordinances in order to protect tenants from harassment or coercion. AB 1482 does not prohibit or regulate these offers, but agreements obtained by means of duress, harassment or coercion may not be enforceable (and may subject the landlord to penalties for violation of other laws). The tenant is not required to accept any buyout offer. CAA recommends that any such offer only be made in consultation with an attorney.

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Just Cause: Refusal to Sign Lease with Similar Duration and Terms [back to top]

1. **AB 1482 lists as a just cause for eviction "the tenant's refusal to execute a written extension or renewal of the lease for an additional term of similar duration with similar provisions." Can you explain what this means?**

   This means that if your tenant has a one-year lease, you can require the tenant to sign another one-year lease with the same rules in it. If the tenant refuses to sign the lease, that refusal is a valid reason to terminate the tenancy. You are not required to make this offer to the tenant. If you prefer, you may allow the lease to expire and then allow the tenancy to continue on a month-to-month basis based on the payment of rent.
   See Form CA – 242 (Notice of Expiration of Fixed Term Lease and Renewal Offer (Tenancies Subject to AB 1482 Just Cause)

Just Cause: Changing the Terms of Tenancy [back to top]

1. **If my property is subject to AB 1482 and the tenants have occupied the unit long enough to be protected by AB 1482's just cause provisions, can I still change the terms of the tenancy and enforce those changes?**

   Yes, and no. If the tenancy is month-to-month, you can still serve a thirty-day notice of change of terms. However, CAA recommends that you consult with your attorney if the change of terms will increase the Resident's cost of living at the property – depending on the charges and the circumstances, the change of terms may arguably constitute a "rent increase" that is subject to the rent caps in the law. If the tenant has a fixed term lease, say for one year, you cannot change the terms during the lease. At the end of the lease, you can require the tenant to sign another one-year lease but only if the terms and duration are the same. If that fixed term lease goes month-to-month instead, you can change the terms as with any other month-to-month tenancy.

Enforcement [back to top]

1. **What are the penalties for noncompliance with the Act?**

   No penalties are listed. The challenges may come from tenants when you attempt to evict and they respond to the "cause" you listed or they claim your rents are not in compliance with the law. Landlords could also be subject to wrongful eviction and unlawful business practice claims based on violations of AB 1482.

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