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**AB-1482 Tenancy: rent caps.** (2019-2020)

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CALIFORNIA LEGISLATURE— 2019–2020 REGULAR SESSION

## ASSEMBLY BILL

**No. 1482**

Introduced by Assembly Member Chiu

(Coauthors: Assembly Members Bloom, ~~Bonta~~, ~~Bonta~~, Carrillo, McCarty, Ting, and Wicks)

February 22, 2019

An act to add ~~Section~~ and repeal Sections 1947.12 ~~to~~ and 1947.13 of the Civil Code, relating to tenancy.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1482, as amended, Chiu. Tenancy: rent caps.

Existing law governs the hiring of residential dwelling units and requires a landlord to provide specified notice to tenants prior to an increase in rent. Existing law, the Costa-Hawkins Rental Housing Act, prescribes statewide limits on the application of local rent control with regard to certain properties. That act, among other things, authorizes an owner of residential real property to establish the initial and all subsequent rental rates for a dwelling or unit that meets specified ~~criteria and~~ criteria, subject to certain limitations.

This bill ~~would~~ would, until January 1, 2030, prohibit an owner of residential real property from increasing the rental rate for that property in an amount that is greater than 5% plus the percentage change in the cost of living, as defined, more than the lowest rental rate in effect for the immediately preceding 12 months, subject to specified conditions. The bill would exempt from these provisions deed-restricted affordable housing, dormitories, housing that has been issued a certificate of occupancy within the previous 10 years, and housing subject to a local ordinance that imposes a more restrictive rent increase cap than these provisions. The bill would prohibit a landlord from terminating a tenancy for the purposes of avoiding these provisions and would create a rebuttable presumption that the termination of a tenancy is for the purposes of avoiding these provisions in the absence of a written statement showing cause for the termination. The bill would require the Department of Housing and Community Development to submit a report, on or before January 1, ~~2033~~, 2030, to the Legislature regarding the effectiveness of these provisions. The bill provides that these provisions apply to all rent increases occurring on or after March 15, 2019.

*The Planning and Zoning Law requires the owner of an assisted housing development in which there will be an expiration of rental restrictions to, among other things, provide notice of the proposed change to each affected tenant household residing in the*

*assisted housing development subject to specified procedures and requirements, and to also provide specified entities notice and an opportunity to submit an offer to purchase the development prior to the expiration of the rental restrictions.*

*This bill would authorize an owner of an assisted housing development, who demonstrates under penalty of perjury compliance with the provisions described above with regard to the expiration of rental restrictions, to establish the initial unassisted rental rate for units without regard to the cap on rent increases discussed above, but would require the owner to comply with the above cap on rent increases for subsequent rent increases in the development. By requiring an owner of an assisted housing development to demonstrate compliance with specified provisions under penalty of perjury, this bill would expand the existing crime of perjury and thus would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: ~~no~~yes

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 1947.12 is added to the Civil Code, to read:

**1947.12.** (a) (1) An owner of residential real property in the state shall not increase the rental rate for that property in an amount that is greater than 5 percent more than the lowest rental rate in effect for the immediately preceding 12 months plus the percentage change in the cost of living.

(2) The total rental rate increase authorized by this subdivision shall not exceed 10 percent within any 12-month period.

(b) (1) Subdivision (a) shall apply to partial changes in tenancy of a residential rental property where one or more of the tenants remains an occupant in lawful possession of the property.

(2) Subdivision (a) shall not apply to new tenancies where no tenants from the prior lease remain an occupant in lawful possession of the property.

(c) This section shall not apply to the following residential rental properties:

(1) Deed-restricted affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code.

(2) Dormitories constructed and maintained in connection with any higher education institution within the state for use and occupancy by students in attendance at the institution.

(3) Housing subject to a local ordinance that imposes a maximum rental rate increase that is more restrictive than that provided in subdivision (a).

*(4) Housing that has been issued a certificate of occupancy within the previous 10 years.*

(d) An owner shall provide notice of any increase in the rental rate, pursuant to subdivision (a), to each tenant in accordance with Section 827.

(e) A landlord shall not terminate a tenancy for the purposes of increasing the rent in an amount greater than that authorized by this section. There is a rebuttable presumption that, in the absence of a written statement from the landlord to the tenant showing cause for the termination of a tenancy, the termination is for the purposes of avoiding this section.

(f) (1) On or before January 1, ~~2033~~, 2030, the department shall report to the Legislature regarding the effectiveness of this program. The report shall include, but not be limited to, the impact of the rental rate cap pursuant to subdivision (a) on the housing market within the state.

(2) The report required by paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(g) For the purposes of this section, the following definitions shall apply:

(1) "Department" means the Department of Housing and Community Development.

(2) "Owner" means 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.

(3) "Percentage change in the cost of living" means 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 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.

(4) "Residential real property" means any dwelling or unit that is intended for human habitation.

(5) "Tenancy" means the lawful occupation of property and includes a lease or sublease.

(h) This section shall apply to all rent increases occurring on or after March 15, 2019. This section shall become operative January 1, 2020.

*(i) This section shall remain in effect until January 1, 2030, and as of that date is repealed.*

*(j) It is the intent of the Legislature that this section is intended to respond to the unique circumstances of the current housing crisis, and to only apply for a limited time, as described in subdivision (i).*

**SEC. 2.** *Section 1947.13 is added to the Civil Code, to read:*

**1947.13.** *(a) Notwithstanding Section 1947.12, upon the expiration of rental restrictions, the owner of an assisted housing development who demonstrates under penalty of perjury, compliance with all applicable provisions of Sections 65863.10, 65863.11, and 65863.13 of the Government Code, and any other applicable law or regulation intended to promote the preservation of assisted housing may establish the initial unassisted rental rate for units in the applicable housing development. Any subsequent rent increase in the development shall be subject to Section 1947.12.*

*(b) For purposes of this section:*

*(1) "Assisted housing development" has the same meaning as defined in paragraph (3) of subdivision (a) of Section 65863.10 of the Government Code.*

*(2) "Expiration of rental restrictions" has the same meaning as defined in paragraph (5) of subdivision (a) of Section 65863.10 of the Government Code.*

*(c) This section shall remain in effect until January 1, 2030, and as of that date is repealed.*

**SEC. 3.** *No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.*