

AMENDED IN ASSEMBLY APRIL 22, 2019

AMENDED IN ASSEMBLY MARCH 28, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1482**

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**Introduced by Assembly Member Chiu**  
**(Coauthors: Assembly Members Bloom, Bonta, McCarty, Ting,**  
**and Wicks)**

February 22, 2019

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An act to add Section 1947.12 to 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 subject to certain limitations.

This bill would prohibit an owner of residential real property from increasing the rental rate for that property in an amount that is greater than ~~an unspecified percent~~ *5% plus the percentage change in the cost of living, as defined*, more than the *lowest* rental rate in effect for the immediately preceding ~~year~~, *12 months*, subject to specified conditions. The bill would exempt from these provisions deed-restricted affordable housing, dormitories, 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, 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.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1947.12 is added to the Civil Code, to  
 2 read:  
 3 1947.12. (a) (1) An owner of residential real property in the  
 4 state shall not increase the rental rate for that property in an amount  
 5 that is greater than \_\_\_\_\_ 5 percent more than the *lowest* rental rate  
 6 in effect for the immediately preceding ~~rental term~~. The \_\_\_\_\_  
 7 ~~percent~~ maximum increase shall only include the following: *12*  
 8 *months plus the percentage change in the cost of living.*  
 9 (1) ~~Up to \_\_\_\_\_ percent to reflect increases in the rental market.~~  
 10 (2) ~~The percentage change in the cost of living.~~  
 11 (2) *The total rental rate increase authorized by this subdivision*  
 12 *shall not exceed 10 percent within any 12-month period.*  
 13 (b) (1) Subdivision (a) shall apply to partial changes in tenancy  
 14 of a residential rental property where one or more of the tenants  
 15 remains an occupant in lawful possession of the property.  
 16 (2) Subdivision (a) shall not apply to new tenancies where no  
 17 tenants from the prior lease remain an occupant in lawful  
 18 possession of the property.  
 19 (c) This section shall not apply to the following residential rental  
 20 properties:  
 21 (1) Deed-restricted affordable housing for persons and families  
 22 of very low, low, or moderate income, as defined in Section 50093  
 23 of the Health and Safety Code.  
 24 (2) Dormitories constructed and maintained in connection with  
 25 any higher education institution within the state for use and  
 26 occupancy by students in attendance at the institution.

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

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

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

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

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

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

22 (1) “Department” means the Department of Housing and  
23 Community Development.

24 (2) “Owner” means any person, acting as principal or through  
25 an agent, having the right to offer residential real property for rent,  
26 and includes a predecessor in interest to the owner.

27 (3) “Percentage change in the cost of living” means the  
28 percentage change from April 1 of the prior year to April 1 of the  
29 current year in the *regional Consumer Price Index for the region*  
30 *where the real property is located, as published by the United*  
31 *States Bureau of Labor Statistics. If a regional index is not*  
32 *available, the California Consumer Price Index for All Urban*  
33 *Consumers for all items, as determined by the Department of*  
34 *Industrial-Relations-Relations, shall apply.*

35 (4) “Residential real property” means any dwelling or unit that  
36 is intended for human habitation.

37 (5) “Tenancy” means the lawful occupation of property and  
38 includes a lease or sublease.

1 (h) This section shall apply to all rent increases occurring on or  
2 after March 15, 2019. This section shall become operative January  
3 1, 2020.

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