

Statewide Residential Rent Control Passed In California

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The California Legislature has passed AB1482 providing for comprehensive statewide residential rent control and eviction protections and sent it to the Governor for signature, which is expected. Commencing January 1, 2020, AB1482 prohibits a landlord of a residential property from increasing the gross rental rate more than five percent (5%) plus the percentage change in the cost of living, within a 12-month period. AB1482 also requires a landlord to evict a tenant only for “just cause” if the tenant has occupied the property for more than 12 months. AB1482 will be effective only until January 1, 2030. However, AB1482 also contains exemptions from the rent cap and just cause eviction provisions.

Rent Cap

Current law allows a landlord to raise rents at its own discretion, subject only to certain notice requirements. AB1482 will limit the increase of rent by five percent (5%) plus the percentage change in the cost of living; however, the maximum rent increase will be ten percent (10%) per year.

AB1482 will apply to all rent increases occurring on or after March 15, 2019. In the event that an owner increased the rent by more than five percent (5%) plus the percentage change in the cost of living, between March 15, 2019, and January 1, 2020, the applicable rent on January 1, 2020, will be the rent as of March 15, 2019, plus the maximum permissible increase.

AB1482 will not preempt any existing rent control policies that restrict annual increases in the rental rate to an amount less than provided for in AB1482.

Just Cause Eviction

AB1482 will also require a landlord to have just cause to evict a tenant who has occupied the property for 12 months or more or if one or more tenants have continuously occupied the property for 24 months or more.

“Just cause” includes, among other things, failure to pay rent, breach of lease, committing waste, commission of a nuisance and failure to vacate. In the event the owner evicts a tenant based on “no

fault” of the tenant, the owner must, at the owner’s option, either assist the tenant to relocate or waive in writing the payment of rent for the final month of tenancy. Further, any notice of termination on this basis must include notice of the tenant’s right to relocation assistance or rent waiver.

“No fault” causes include, among other things, termination as a result of the landlord’s compliance with a government order or a local ordinance that requires vacating the residence; withdrawal of the residential property from the rental market; or the owner’s intent to demolish or substantially remodel, or to occupy, the residential real property (but for leases entered into after July 1, 2020, only if the tenant agrees to such termination or if the lease allows for that unilateral termination).

Under current law, a landlord is permitted to evict a tenant for any lawful cause, provided that proper notice is given to the tenant. However current law conflicts with the effort of limiting rent increases because a landlord can simply evict a tenant to avoid the rent increase limitation. AB1482 will make it more difficult for a landlord to evict a tenant simply to raise rental rates.

Exemptions From The Rent Cap Requirement:

These restrictions would **not apply** to:

1. Housing subject to existing more restrictive rent control;
2. Owner-occupied duplexes;
3. Deed-restricted affordable housing for low to moderate income housing;
4. Dormitories;
5. Residential property that is alienable separate from title to any other dwelling unit (primarily single-family residences and condominiums), provided that specified notice of the exemption is given to tenants and the property is not owned by a real estate investment trust, corporation, limited liability company; and
6. New construction for 15 years after receipt of a certificate of occupancy (meaning a property built in 2015 would not be subject to rent control until 2030).

Exemptions From The Just Cause Requirement:

In addition to the exemptions above, the just cause requirement would **not apply** to:

1. Residential real property subject to existing more protective “just cause eviction” local ordinances;
2. Tourist hotel occupancy;
3. Housing accommodations in a nonprofit hospital or religious facility;
4. Housing accommodations in which the tenant shares a bathroom or kitchen with the owner who maintains principal residence at the property; and

5. Single-family, owner-occupied residences.

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