

AMENDED IN SENATE MAY 18, 2023

AMENDED IN SENATE MAY 1, 2023

AMENDED IN SENATE APRIL 17, 2023

AMENDED IN SENATE MARCH 20, 2023

## **SENATE BILL**

**No. 567**

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**Introduced by Senator Durazo**  
**(Coauthors: Senators Menjivar and Smallwood-Cuevas)**  
(Coauthors: Assembly Members Haney, Lee, and McKinnor)

February 15, 2023

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An act to amend Sections 1946.2 and 1947.12 of the Civil Code, relating to tenancy.

### LEGISLATIVE COUNSEL'S DIGEST

SB 567, as amended, Durazo. Termination of tenancy: no-fault just causes: gross rental rate increases.

Existing law, after a tenant has continuously and lawfully occupied a residential real property for 12 months, prohibits the owner of the residential real property from terminating the tenancy without just cause and requires that just cause to be stated in the written notice to terminate tenancy. Existing law distinguishes between at-fault just cause and no-fault just cause and defines no-fault just cause to mean intent to occupy the residential real property by the owner or the owner's spouse, domestic partner, children, grandchildren, parents, or grandparents, withdrawal of the residential real property from the rental market, the owner complying with specified government orders that necessitate vacating the real property, and intent to demolish or to substantially remodel the residential real property.

This bill would, ~~among other things, delete the condition for the tenancy termination provision described above that a tenant has continuously and lawfully occupied a residential real property for 12 months.~~ *with respect to the no-fault just cause related to an eviction based on an intent to occupy the residential real property, require, among other things, that the owner or the owner's spouse, domestic partner, children, grandchildren, parents, or grandparents occupy the residential real property for a minimum of 12 continuous months as the person's primary residence, as provided.* The bill would ~~also limit the applicability of each of those at-fault just causes, including by, also,~~ with respect to the no-fault just cause related to withdrawal of the residential real property from the rental market, ~~requiring~~ *require* that all of the rental units at the rental property be withdrawn from the rental market for at least 10 years, ~~market,~~ as prescribed. The bill ~~would, among other things,~~ *would* require an owner, before withdrawing all of the rental units at a residential real property as described above, to record a notice with the county recorder that describes the real property, the dates applicable to the constraints, and the name of the owner of record of the real property. The bill would require that notice to be recorded in the grantor-grantee index. By imposing a higher level of service on counties, the bill would impose a state-mandated local program. *The bill would require an owner who displaces a tenant to substantially remodel a unit to provide the tenant with written notice providing the tenant with specified information, including a description of the repairs to be completed, the expected duration of the repairs, and a copy of permits necessary to undertake the repairs.*

This bill would also prescribe new enforcement mechanisms with respect to the provisions described above, including by making an owner who attempts to recover possession of a rental unit in *material* violation of those provisions liable to the tenant in a civil action for damages ~~of not less than of up to 3 times the actual damages.~~ *damages, in addition to punitive damages.* The bill would authorize the state and the local government, within whose jurisdiction the rental unit is located, to bring actions for injunctive relief against the landlord, as specified.

Existing law, until January 1, 2030, prohibits an owner of residential real property from, over the course of any 12-month period, increasing the gross rental rate for a dwelling or a unit more than 5% plus the percentage change in the cost of living, or 10%, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time

during the 12 months before the effective date of the increase, subject to specified conditions.

This bill would make a landlord who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent increase ~~allowed on or after March 1, 2023,~~ *allowed*, as prescribed, liable in a civil action to the tenant from whom those payments are demanded, accepted, received, or retained for certain relief, including, upon a showing that the landlord has acted willfully or with oppression, fraud, or malice, a civil penalty of treble the amount by which any payment demanded, accepted, received, or retained exceeds the maximum allowable rent. This bill would authorize a local government, within whose jurisdiction the residential property is located, to enforce the bill's provisions and bring an action for injunctive relief, as specified.

This bill would also make a technical, nonsubstantive change to those provisions.

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.  
State-mandated local program: yes.

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

1 SECTION 1. Section 1946.2 of the Civil Code is amended to  
2 read:  
3 1946.2. (a) Notwithstanding any other law, *after a tenant has*  
4 *continuously and lawfully occupied a residential real property for*  
5 *12 months*, the owner of residential real property shall not terminate  
6 a tenancy without just cause, which shall be stated in the written  
7 notice to terminate tenancy. *If any additional adult tenants are*  
8 *added to the lease before an existing tenant has continuously and*  
9 *lawfully occupied the residential real property for 24 months, then*  
10 *this subdivision shall only apply if either of the following are*  
11 *satisfied:*  
12 (1) *All of the tenants have continuously and lawfully occupied*  
13 *the residential real property for 12 months or more.*  
14 (2) *One or more tenants have continuously and lawfully*  
15 *occupied the residential real property for 24 months or more.*

(b) For purposes of this section, “just cause” means either of the following:

(1) At-fault just cause, which means any of the following:

(A) Default in the payment of rent.

(B) A breach of a material term of the lease, as described in paragraph (3) of Section 1161 of the Code of Civil Procedure, including, but not limited to, violation of a provision of the lease after being issued a written notice to correct the violation.

(C) Maintaining, committing, or permitting the maintenance or commission of a nuisance as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(D) Committing waste as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(E) The tenant had a written lease that terminated on or after January 1, 2020, or January 1, 2022, if the lease is for a tenancy in a mobilehome, 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, provided that those terms do not violate this section or any other provision of law.

(F) Criminal activity by the tenant on the residential real property, including any common areas, or any criminal activity or criminal threat, as defined in subdivision (a) of Section 422 of the Penal Code, on or off the residential real property, that is directed at any owner or agent of the owner of the residential real property.

(G) Assigning or subletting the premises in violation of the tenant’s lease, as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(H) The tenant’s refusal to allow the owner to enter the residential real property as authorized by Sections 1101.5 and 1954 of this code, and Sections 13113.7 and 17926.1 of the Health and Safety Code.

(I) Using the premises for an unlawful purpose as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(J) The employee, agent, or licensee’s failure to vacate after their termination as an employee, agent, or a licensee as described in paragraph (1) of Section 1161 of the Code of Civil Procedure.

(K) When the tenant fails to deliver possession of the residential real property after providing the owner written notice as provided in Section 1946 of the tenant’s intention to terminate the hiring of

the real property, or makes a written offer to surrender that is accepted in writing by the landlord, but fails to deliver possession at the time specified in that written notice as described in paragraph (5) of Section 1161 of the Code of Civil Procedure.

(2) No-fault just cause, which means any of the following:

(A) (i) Intent to occupy the residential real property by the owner or the owner's spouse, domestic partner, children, grandchildren, parents, or grandparents for a minimum of ~~36~~ 12 continuous months as that person's primary residence.

(ii) For leases entered into on or after July 1, 2020, or July 1, 2022, if the lease is for a tenancy in a mobilehome, clause (i) shall apply only if the tenant agrees, in writing, to the termination, or if a provision of the lease allows the owner to terminate the lease if the owner, or the owner's spouse, domestic partner, children, grandchildren, parents, or grandparents, unilaterally decides to occupy the residential real property. Addition of a provision allowing the owner to terminate the lease as described in this clause to a new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1).

(iii) ~~(I) Subject to subclause (II), this~~ This subparagraph does not apply if the intended occupant occupies a rental unit on the property or if a vacancy of a similar unit already exists at the property.

~~(II) This clause does not apply if the intended occupant is disabled, and a different unit is necessary to accommodate the intended occupant's disability.~~

(iv) The written notice terminating a tenancy for a just cause pursuant to this subparagraph shall contain the ~~name, address of primary residence,~~ *name or names* and relationship to the owner of the intended occupant.

(v) Clause (i) applies only if the intended occupant moves into the rental unit within 90 days after the tenant vacates and occupies the rental unit as a primary residence for at least ~~36~~ 12 consecutive months.

(vi) If the intended occupant fails to occupy the rental unit within 90 days after the tenant vacates or fails to occupy the rental unit as their primary residence for at least ~~36~~ 12 consecutive months, the owner shall offer the unit to the tenant who vacated it at the same rent and lease terms in effect at the time the tenant vacated

1 and shall reimburse the tenant for reasonable moving expenses  
2 incurred in excess of any relocation assistance that was paid to the  
3 tenant in connection with the written notice.

4 (vii) For a new tenancy commenced during the time periods  
5 described in clause (v), the accommodations shall be offered and  
6 rented or leased at the lawful rent in effect at the time any notice  
7 of termination of tenancy is served.

8 ~~(viii) (I) Subject to subclause (II), clause (i) does not apply if~~  
9 ~~the tenant is at least 60 years of age, disabled, or certified as being~~  
10 ~~terminally ill by the tenant's treating physician.~~

11 ~~(II) This clause does not apply if the intended occupant is~~  
12 ~~disabled and no other units are available at the property.~~

13 ~~(ix)~~

14 ~~(viii) As used in this subparagraph:~~

15 (I) "Intended occupant" means the owner of the residential real  
16 property or the owner's spouse, domestic partner, child, grandchild,  
17 parent, or grandparent, as described in clause (i).

18 (II) "Owner" means an owner who is a natural person that has  
19 at least a 51-percent recorded ownership interest in the property.

20 (B) Withdrawal of all of the rental units at the residential real  
21 property from the rental market for at least 10 years: *market*.

22 (i) If a rental unit withdrawn from the rental market pursuant  
23 to this subparagraph is offered again for rent or lease for residential  
24 purposes within five years of the date the rental unit was withdrawn  
25 from rent or lease, all of the following shall apply:

26 (I) The owner of the rental unit shall be liable to any tenant or  
27 lessee who was displaced from the property by that action for any  
28 damages.

29 (II) An owner who offers the rental unit again for rent or lease  
30 shall first offer the unit for rent or lease to the tenant or lessee  
31 displaced from that unit pursuant to this subparagraph on the same  
32 terms as the tenant's previous lease and at the same rental rate plus  
33 any allowable increases available under Section 1947.12 if the  
34 tenant has advised the owner in writing, within 30 days of the  
35 displacement, of the tenant's desire to consider an offer to renew  
36 the tenancy and has furnished the owner with current contact  
37 information to which that offer is to be directed. The displaced  
38 tenant shall have 30 days to accept the offer and communicate  
39 acceptance to the landlord.

1 ~~(III) For any tenancy commenced during the time periods~~  
2 ~~described in this clause, the accommodations shall be offered and~~  
3 ~~rented or leased at the lawful rent in effect at the time the notice~~  
4 ~~of termination of tenancy was served plus annual adjustments~~  
5 ~~available under Section 1947.12.~~

6 ~~(ii) Notwithstanding paragraph (4) of subdivision (d) of Section~~  
7 ~~1947.12, if a rental unit withdrawn from the rental market for the~~  
8 ~~just cause authorized pursuant to this subparagraph is demolished,~~  
9 ~~and a new rental unit is constructed on the same property and~~  
10 ~~offered for rent or lease within five years of the date the rental unit~~  
11 ~~was withdrawn from rent or lease, the newly constructed rental~~  
12 ~~unit shall be subject to Section 1947.12.~~

13 ~~(iii)~~

14 ~~(i) This subparagraph shall apply to any successor in interest of~~  
15 ~~an owner who has withdrawn rental units from rent or lease~~  
16 ~~pursuant to this subparagraph.~~

17 ~~(iv)~~

18 ~~(ii) (I) Before withdrawing all of the rental units at a residential~~  
19 ~~real property pursuant to this subparagraph, an owner shall record~~  
20 ~~a notice with the county recorder that describes the real property,~~  
21 ~~the dates applicable to the constraints, and the name of the owner~~  
22 ~~of record of the real property.~~

23 ~~(II) The notice required by this clause shall be indexed in the~~  
24 ~~grantor-grantee index.~~

25 ~~(III) A person who acquires, as a bona fide purchaser for value,~~  
26 ~~title to real property subsequent to the date upon which all rental~~  
27 ~~units thereon have been withdrawn from rent or lease shall not be~~  
28 ~~a successor in interest for the purposes of this chapter if the notice~~  
29 ~~prescribed by this clause has not been recorded with the county~~  
30 ~~recorder at least one day before the transfer of title.~~

31 ~~(v) (I) Except as provided in subclause (II), the~~

32 ~~(iii) The date on which the rental unit is withdrawn from rent~~  
33 ~~or lease pursuant to this subparagraph, as well as the date of~~  
34 ~~termination of tenancy, shall be deemed to be 120 days from the~~  
35 ~~delivery of the written notice to terminate the tenancy.~~

36 ~~(II) If the tenant or lessee is at least 62 years of age or disabled,~~  
37 ~~as defined in Section 12955.3 of the Government Code, and has~~  
38 ~~lived in the rental unit or unit within the rental unit for at least one~~  
39 ~~year before the date of delivery of the notice required by clause~~  
40 ~~(iv), the date of withdrawal of the rental unit of that tenant or lessee~~

1 shall be extended to one year after the date of delivery of that  
2 notice to the tenant if the tenant gives written notice of the tenant's  
3 entitlement to an extension to the owner within 60 days of the date  
4 of delivery of the notice of intent to withdraw.

5 (C) (i) The owner complying with any of the following:

6 (I) An order issued by a government agency or court relating  
7 to habitability that necessitates permanently vacating the residential  
8 real property.

9 (II) An order issued by a government agency or court to  
10 permanently vacate the residential real property.

11 (III) A local ordinance that necessitates permanently vacating  
12 the residential real property.

13 (ii) If it is determined by any government agency or court that  
14 the tenant is at fault for the condition or conditions triggering the  
15 order or need to vacate under clause (i), the tenant shall not be  
16 entitled to relocation assistance as outlined in paragraph (3) of  
17 subdivision (d).

18 (D) (i) ~~Temporary relocation—Intent~~ to demolish or to  
19 substantially remodel the residential real property.

20 (ii) For purposes of this subparagraph, “substantially remodel”  
21 means the replacement or substantial modification of any structural,  
22 electrical, plumbing, or mechanical system that requires a permit  
23 from a governmental agency, or the abatement of hazardous  
24 materials, including lead-based paint, mold, or asbestos, in  
25 accordance with applicable federal, state, and local laws, that  
26 cannot be reasonably accomplished in a safe manner ~~with that~~  
27 ~~allows the tenant to remain living in place, the place and~~ that  
28 requires the tenant to vacate the residential real property for at  
29 least 60 days, ~~that is required to bring the property into compliance~~  
30 ~~with applicable codes and laws affecting the health and safety of~~  
31 ~~the tenants, and for which all necessary permits have been obtained~~  
32 ~~by the owner as of the date that the termination notice is served.~~  
33 *30 consecutive days. A tenant is not required to vacate the*  
34 *residential real property on any days where a tenant could continue*  
35 *living in the residential real property without violating health,*  
36 *safety, and habitability codes and laws. Cosmetic improvements*  
37 *alone, including painting, decorating, and minor repairs, or other*  
38 *work that can be performed safely without having the residential*  
39 *real property vacated, do not qualify as substantial rehabilitation.*



1 (iii) A written notice terminating a tenancy for a just cause  
2 pursuant to this subparagraph shall include all of the following  
3 information:

4 (I) A statement informing tenants of ~~their right to temporary~~  
5 ~~relocation expenses; the intent to demolish or substantially remodel~~  
6 ~~the rental unit.~~

7 (II) The following statement:

8  
9 “When

10 “If the needed repairs are *not* completed on your unit, the owner  
11 must offer you the opportunity to return to your unit with a rental  
12 agreement containing the same terms as your original rental  
13 agreement at the same rental rate.”

14  
15 (III) A description of the repairs to be ~~completed and~~ *completed*,  
16 the approximate expected duration of the ~~repairs;~~ *repairs, and a*  
17 *copy of permits necessary to undertake the repairs.*

18 (IV) A notification that if the tenant is interested in reoccupying  
19 the rental unit following repairs, the tenant shall *inform the owner*  
20 *of the tenant’s interest in reoccupying the rental unit following*  
21 *repairs and* provide to the owner the tenant’s temporary address,  
22 telephone number, and email address.

23 ~~(V) A notification of the tenant’s right to elect permanent~~  
24 ~~relocation pursuant to clause (vi), the exact amount of the~~  
25 ~~permanent relocation payment to which the tenant would be~~  
26 ~~entitled, and instructions for claiming permanent relocation.~~

27 ~~(iv) Notwithstanding subdivision (d), an owner issuing a written~~  
28 ~~notice terminating a tenancy for a just cause pursuant to this~~  
29 ~~subparagraph shall provide any tenant subject to the termination~~  
30 ~~with comparable alternate housing in the same city as the rental~~  
31 ~~unit or pay all actual expenses associated with temporary relocation~~  
32 ~~for the duration of the relocation.~~

33 ~~(v) (I) If the owner recovers possession pursuant to this~~  
34 ~~subparagraph, whether or not pursuant to an unlawful detainer~~  
35 ~~judgment, the tenant shall be given the right of first refusal to~~  
36 ~~reoccupy the unit at the same rental terms.~~

37 ~~(II) An owner shall notify a tenant in writing that the unit is~~  
38 ~~ready to reoccupy.~~

39 ~~(vi) (I) A tenant who receives a written notice terminating a~~  
40 ~~tenancy for a just cause pursuant to this subparagraph may elect~~

1 ~~for permanent relocation instead of reoccupying the unit by~~  
2 ~~notifying the owner of the tenant's intent to permanently relocate~~  
3 ~~in writing within 30 days of service of the termination notice.~~

4 (H) ~~If the tenant elects for permanent relocation pursuant to this~~  
5 ~~clause, notwithstanding any other law, the owner shall pay to the~~  
6 ~~tenant a permanent relocation payment of six times the current fair~~  
7 ~~market rent, calculated pursuant to Section 888.113 of Title 24 of~~  
8 ~~the Code of Federal Regulations, for the jurisdiction in which the~~  
9 ~~rental unit is located, corresponding to the size of the rental unit.~~

10 (c) Before an owner of residential real property issues a notice  
11 to terminate a tenancy for just cause that is a curable lease  
12 violation, the owner shall first give notice of the violation to the  
13 tenant with an opportunity to cure the violation pursuant to  
14 paragraph (3) of Section 1161 of the Code of Civil Procedure. If  
15 the violation is not cured within the time period set forth in the  
16 notice, a three-day notice to quit without an opportunity to cure  
17 may thereafter be served to terminate the tenancy.

18 (d) (1) For a tenancy for which just cause is required to  
19 terminate the tenancy under subdivision (a), if an owner of  
20 residential real property issues a termination notice based on a  
21 no-fault just cause described in paragraph (2) of subdivision (b),  
22 the owner shall, regardless of the tenant's income, at the owner's  
23 option, do one of the following:

24 (A) Assist the tenant to relocate by providing a direct payment  
25 to the tenant as described in paragraph (3).

26 (B) Waive in writing the payment of rent for the final month of  
27 the tenancy, prior to the rent becoming due.

28 (2) If an owner issues a notice to terminate a tenancy for no-fault  
29 just cause, the owner shall notify the tenant in the written  
30 termination notice of the tenant's right to relocation assistance or  
31 rent waiver pursuant to this section. If the owner elects to waive  
32 the rent for the final month of the tenancy as provided in  
33 subparagraph (B) of paragraph (1), the notice shall state the amount  
34 of rent waived and that no rent is due for the final month of the  
35 tenancy.

36 (3) (A) The amount of relocation assistance or rent waiver shall  
37 be equal to one month of the tenant's rent that was in effect when  
38 the owner issued the notice to terminate the tenancy. Any relocation  
39 assistance shall be provided within 15 calendar days of service of  
40 the notice.

1 (B) If a tenant fails to vacate after the expiration of the notice  
2 to terminate the tenancy, the actual amount of any relocation  
3 assistance or rent waiver provided pursuant to this subdivision  
4 shall be recoverable as damages in an action to recover possession.

5 (C) The relocation assistance or rent waiver required by this  
6 subdivision shall be credited against any other relocation assistance  
7 required by any other law.

8 (4) An owner's failure to strictly comply with this subdivision  
9 shall render the notice of termination void.

10 (e) This section shall not apply to the following types of  
11 residential real properties or residential circumstances:

12 (1) Transient and tourist hotel occupancy as defined in  
13 subdivision (b) of Section 1940.

14 (2) Housing accommodations in a nonprofit hospital, religious  
15 facility, extended care facility, licensed residential care facility for  
16 the elderly, as defined in Section 1569.2 of the Health and Safety  
17 Code, or an adult residential facility, as defined in Chapter 6 of  
18 Division 6 of Title 22 of the Manual of Policies and Procedures  
19 published by the State Department of Social Services.

20 (3) Dormitories owned and operated by an institution of higher  
21 education or a kindergarten and grades 1 to 12, inclusive, school.

22 (4) Housing accommodations in which the tenant shares  
23 bathroom or kitchen facilities with the owner who maintains their  
24 principal residence at the residential real property.

25 (5) Single-family owner-occupied residences, including both  
26 of the following:

27 (A) A residence in which the owner-occupant rents or leases  
28 no more than two units or bedrooms, including, but not limited to,  
29 an accessory dwelling unit or a junior accessory dwelling unit.

30 (B) A mobilehome.

31 (6) A property containing two separate dwelling units within a  
32 single structure in which the owner occupied one of the units as  
33 the owner's principal place of residence at the beginning of the  
34 tenancy, so long as the owner continues in occupancy, and neither  
35 unit is an accessory dwelling unit or a junior accessory dwelling  
36 unit.

37 (7) Housing that has been issued a certificate of occupancy  
38 within the previous 15 years, unless the housing is a mobilehome.

39 (8) Housing restricted by deed, regulatory restriction contained  
40 in an agreement with a government agency, or other recorded

1 document as affordable housing for persons and families of very  
2 low, low, or moderate income, as defined in Section 50093 of the  
3 Health and Safety Code, or subject to an agreement that provides  
4 housing subsidies for affordable housing for persons and families  
5 of very low, low, or moderate income, as defined in Section 50093  
6 of the Health and Safety Code or comparable federal statutes.

7 (9) Residential real property, including a mobilehome, that is  
8 alienable separate from the title to any other dwelling unit, provided  
9 that both of the following apply:

10 (A) The owner is not any of the following:

11 (i) A real estate investment trust, as defined in Section 856 of  
12 the Internal Revenue Code.

13 (ii) A corporation.

14 (iii) A limited liability company in which at least one member  
15 is a corporation.

16 (iv) Management of a mobilehome park, as defined in Section  
17 798.2.

18 (B) (i) The tenants have been provided written notice that the  
19 residential property is exempt from this section using the following  
20 statement:

21 “This property is not subject to the rent limits imposed by Section  
22 1947.12 of the Civil Code and is not subject to the just cause  
23 requirements of Section 1946.2 of the Civil Code. This property  
24 meets the requirements of Sections 1947.12 (d)(5) and 1946.2  
25 (e)(8) of the Civil Code and the owner is not any of the following:  
26 (1) a real estate investment trust, as defined by Section 856 of the  
27 Internal Revenue Code; (2) a corporation; or (3) a limited liability  
28 company in which at least one member is a corporation.”

29 (ii) (I) Except as provided in subclause (II), for a tenancy  
30 existing before July 1, 2020, the notice required under clause (i)  
31 may, but is not required to, be provided in the rental agreement.

32 (II) For a tenancy in a mobilehome existing before July 1, 2022,  
33 the notice required under clause (i) may, but is not required to, be  
34 provided in the rental agreement.

35 (iii) (I) Except as provided in subclause (II), for any tenancy  
36 commenced or renewed on or after July 1, 2020, the notice required  
37 under clause (i) must be provided in the rental agreement.

38 (II) For any tenancy in a mobilehome commenced or renewed  
39 on or after July 1, 2022, the notice required under clause (i) shall  
40 be provided in the rental agreement.

(iv) Addition of a provision containing the notice required under clause (i) to any new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1) of subdivision (b).

(f) An owner of residential real property subject to this section shall provide notice to the tenant as follows:

(1) (A) Except as provided in subparagraph (B), for any tenancy commenced or renewed on or after July 1, 2020, as an addendum to the lease or rental agreement, or as a written notice signed by the tenant, with a copy provided to the tenant.

(B) For a tenancy in a mobilehome commenced or renewed on or after July 1, 2022, as an addendum to the lease or rental agreement, or as a written notice signed by the tenant, with a copy provided to the tenant.

(2) (A) Except as provided in subparagraph (B), for a tenancy existing prior to July 1, 2020, by written notice to the tenant no later than August 1, 2020, or as an addendum to the lease or rental agreement.

(B) For a tenancy in a mobilehome existing prior to July 1, 2022, by written notice to the tenant no later than August 1, 2022, or as an addendum to the lease or rental agreement.

(3) The notification or lease provision shall be in no less than 12-point type, and shall include the following:

“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.”

The notification or lease provision shall be subject to Section 1632.

~~(g) An owner terminating a tenancy pursuant to this section shall allege and prove that the recovery of possession is proceeding in good faith and honest intent, and there is not an ulterior motive for the reason stated in the written termination notice.~~

~~(h)~~

(g) An owner's failure to comply with any provision of this section shall render the written termination notice void.

(i)

(h) (1) An attempt to recover possession of a rental unit in material violation of this section shall render the owner liable to the tenant in a civil action for damages of ~~not less than~~ *up to* three times the actual damages. *An award may also be entered for punitive damages for the benefit of the tenant against the owner.*

(2) The state and the local government in which the rental unit is located shall have the authority to ~~do both of the following:~~ *bring actions for injunctive relief on behalf of the state, city, or county, or on behalf of tenants seeking compliance by landlords with this section. Nothing in this paragraph is intended to limit the remedies that a state or local government has under existing law.*

~~(A) Enforce the provisions of this section.~~

~~(B) Bring actions for injunctive relief on behalf of the state, city, or county, or on behalf of tenants seeking compliance by landlords with this section.~~

~~(C) With respect to a local government, enact additional consequences for no-fault evictions which are carried out in violation of this section.~~

(3) A prevailing party in an action brought pursuant to this subdivision that is not an unlawful detainer action shall recover costs, any damages allowable by law, and reasonable attorney's fees.

(j)

(i) (1) This section does not apply to the following residential real property:

(A) Residential real property subject to a local ordinance requiring just cause for termination of a residential tenancy adopted on or before September 1, 2019, in which case the local ordinance shall apply.

(B) Residential real property subject to a local ordinance requiring just cause for termination of a residential tenancy adopted or amended after September 1, 2019, that is more protective than this section, in which case the local ordinance shall apply. For purposes of this subparagraph, an ordinance is "more protective" if it meets all of the following criteria:

1 (i) The just cause for termination of a residential tenancy under  
2 the local ordinance is consistent with this section.

3 (ii) The ordinance further limits the reasons for termination of  
4 a residential tenancy, provides for higher relocation assistance  
5 amounts, or provides additional tenant protections that are not  
6 prohibited by any other provision of law.

7 (iii) The local government has made a binding finding within  
8 their local ordinance that the ordinance is more protective than the  
9 provisions of this section.

10 (2) A residential real property shall not be subject to both a local  
11 ordinance requiring just cause for termination of a residential  
12 tenancy and this section.

13 (3) A local ordinance adopted after September 1, 2019, that is  
14 less protective than this section shall not be enforced unless this  
15 section is repealed.

16 ~~(k)~~

17 (j) Any waiver of the rights under this section shall be void as  
18 contrary to public policy.

19 ~~(h)~~

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

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

25 (2) “Residential real property” means any dwelling or unit that  
26 is intended for human habitation, including any dwelling or unit  
27 in a mobilehome park.

28 (3) “Tenancy” means the lawful occupation of residential real  
29 property and includes a lease or sublease.

30 ~~(m)~~

31 (l) This section shall not apply to a homeowner of a mobilehome,  
32 as defined in Section 798.9.

33 ~~(n)~~

34 (m) This section shall remain in effect only until January 1,  
35 2030, and as of that date is repealed.

36 SEC. 2. Section 1947.12 of the Civil Code is amended to read:

37 1947.12. (a) (1) Subject to subdivision (b), an owner of  
38 residential real property shall not, over the course of any 12-month  
39 period, increase the gross rental rate for a dwelling or a unit more  
40 than 5 percent plus the percentage change in the cost of living, or

1 10 percent, whichever is lower, of the lowest gross rental rate  
2 charged for that dwelling or unit at any time during the 12 months  
3 prior to the effective date of the increase. In determining the lowest  
4 gross rental amount pursuant to this section, any rent discounts,  
5 incentives, concessions, or credits offered by the owner of such  
6 unit of residential real property and accepted by the tenant shall  
7 be excluded. The gross per-month rental rate and any owner-offered  
8 discounts, incentives, concessions, or credits shall be separately  
9 listed and identified in the lease or rental agreement or any  
10 amendments to an existing lease or rental agreement.

11 (2) If the same tenant remains in occupancy of a unit of  
12 residential real property over any 12-month period, the gross rental  
13 rate for the unit of residential real property shall not be increased  
14 in more than two increments over that 12-month period, subject  
15 to the other restrictions of this subdivision governing gross rental  
16 rate increase.

17 (b) For a new tenancy in which no tenant from the prior tenancy  
18 remains in lawful possession of the residential real property, the  
19 owner may establish the initial rental rate not subject to subdivision  
20 (a). Subdivision (a) is only applicable to subsequent increases after  
21 that initial rental rate has been established.

22 (c) A tenant of residential real property subject to this section  
23 shall not enter into a sublease that results in a total rent for the  
24 premises that exceeds the allowable rental rate authorized by  
25 subdivision (a). Nothing in this subdivision authorizes a tenant to  
26 sublet or assign the tenant's interest where otherwise prohibited.

27 (d) This section shall not apply to the following residential real  
28 properties:

29 (1) Housing restricted by deed, regulatory restriction contained  
30 in an agreement with a government agency, or other recorded  
31 document as affordable housing for persons and families of very  
32 low, low, or moderate income, as defined in Section 50093 of the  
33 Health and Safety Code, or subject to an agreement that provides  
34 housing subsidies for affordable housing for persons and families  
35 of very low, low, or moderate income, as defined in Section 50093  
36 of the Health and Safety Code or comparable federal statutes.

37 (2) Dormitories owned and operated by an institution of higher  
38 education or a kindergarten and grades 1 to 12, inclusive, school.

39 (3) Housing subject to rent or price control through a public  
40 entity's valid exercise of its police power consistent with Chapter



2.7 (commencing with Section 1954.50) that restricts annual increases in the rental rate to an amount less than that provided in subdivision (a).

(4) Housing that has been issued a certificate of occupancy within the previous 15 years, unless the housing is a mobilehome.

(5) A property containing two separate dwelling units within a single structure in which the owner occupied one of the units as the owner's principal place of residence at the beginning of the tenancy, so long as the owner continues in occupancy, and neither unit is an accessory dwelling unit or a junior accessory dwelling unit.

(6) Residential real property that is alienable separate from the title to any other dwelling unit, including a mobilehome, provided that both of the following apply:

(A) The owner is not any of the following:

(i) A real estate investment trust, as defined in Section 856 of the Internal Revenue Code.

(ii) A corporation.

(iii) A limited liability company in which at least one member is a corporation.

(iv) Management of a mobilehome park, as defined in Section 798.2.

(B) (i) The tenants have been provided written notice that the residential real property is exempt from this section 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."

(ii) For a tenancy existing before July 1, 2020, or July 1, 2022, if the lease is for a tenancy in a mobilehome, the notice required under clause (i) may, but is not required to, be provided in the rental agreement.

(iii) For a tenancy commenced or renewed on or after July 1, 2020, or July 1, 2022, if the lease is for a tenancy in a mobilehome,

1 the notice required under clause (i) must be provided in the rental  
2 agreement.

3 (iv) Addition of a provision containing the notice required under  
4 clause (i) to any new or renewed rental agreement or fixed-term  
5 lease constitutes a similar provision for the purposes of  
6 subparagraph (E) of paragraph (1) of subdivision (b) of Section  
7 1946.2.

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

11 (f) (1) On or before January 1, 2030, the Legislative Analyst's  
12 Office shall report to the Legislature regarding the effectiveness  
13 of this section and Section 1947.13. The report shall include, but  
14 not be limited to, the impact of the rental rate cap pursuant to  
15 subdivision (a) on the housing market within the state.

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

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

20 (1) "Consumer Price Index for All Urban Consumers for All  
21 Items" means the following:

22 (A) The Consumer Price Index for All Urban Consumers for  
23 All Items (CPI-U) for the metropolitan area in which the property  
24 is located, as published by the United States Bureau of Labor  
25 Statistics, which are as follows:

26 (i) The CPI-U for the Los Angeles-Long Beach-Anaheim  
27 metropolitan area covering the Counties of Los Angeles and  
28 Orange.

29 (ii) The CPI-U for the Riverside-San Bernardino-Ontario  
30 metropolitan area covering the Counties of Riverside and San  
31 Bernardino.

32 (iii) The CPI-U for the San Diego-Carlsbad metropolitan area  
33 covering the County of San Diego.

34 (iv) The CPI-U for the San Francisco-Oakland-Hayward  
35 metropolitan area covering the Counties of Alameda, Contra Costa,  
36 Marin, San Francisco, and San Mateo.

37 (v) Any successor metropolitan area index to any of the indexes  
38 listed in clauses (i) to (iv), inclusive.

39 (B) If the United States Bureau of Labor Statistics does not  
40 publish a CPI-U for the metropolitan area in which the property

1 is located, the California Consumer Price Index for All Urban  
2 Consumers for All Items as published by the Department of  
3 Industrial Relations.

4 (C) On or after January 1, 2021, if the United States Bureau of  
5 Labor Statistics publishes a CPI-U index for one or more  
6 metropolitan areas not listed in subparagraph (A), that CPI-U index  
7 shall apply in those areas with respect to rent increases that take  
8 effect on or after August 1 of the calendar year in which the  
9 12-month change in that CPI-U, as described in subparagraph (B)  
10 of paragraph (3), is first published.

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

14 (3) (A) “Percentage change in the cost of living” means the  
15 percentage change, computed pursuant to subparagraph (B), in the  
16 applicable, as determined pursuant to paragraph (1), Consumer  
17 Price Index for All Urban Consumers for All Items.

18 (B) (i) For rent increases that take effect before August 1 of  
19 any calendar year, the following shall apply:

20 (I) The percentage change shall be the percentage change in the  
21 amount published for April of the immediately preceding calendar  
22 year and April of the year before that.

23 (II) If there is not an amount published in April for the applicable  
24 geographic area, the percentage change shall be the percentage  
25 change in the amount published for March of the immediately  
26 preceding calendar year and March of the year before that.

27 (ii) For rent increases that take effect on or after August 1 of  
28 any calendar year, the following shall apply:

29 (I) The percentage change shall be the percentage change in the  
30 amount published for April of that calendar year and April of the  
31 immediately preceding calendar year.

32 (II) If there is not an amount published in April for the applicable  
33 geographic area, the percentage change shall be the percentage  
34 change in the amount published for March of that calendar year  
35 and March of the immediately preceding calendar year.

36 (iii) The percentage change shall be rounded to the nearest  
37 one-tenth of 1 percent.

38 (4) “Residential real property” means any dwelling or unit that  
39 is intended for human habitation, including any dwelling or unit  
40 in a mobilehome park.

1 (5) “Tenancy” means the lawful occupation of residential real  
2 property and includes a lease or sublease.

3 (h) (1) This section shall apply to all rent increases subject to  
4 subdivision (a) occurring on or after March 15, 2019, except as  
5 provided in subdivision (i).

6 (2) In the event that an owner has increased the rent by more  
7 than the amount permissible under subdivision (a) between March  
8 15, 2019, and January 1, 2020, both of the following shall apply:

9 (A) The applicable rent on January 1, 2020, shall be the rent as  
10 of March 15, 2019, plus the maximum permissible increase under  
11 subdivision (a).

12 (B) An owner shall not be liable to the tenant for any  
13 corresponding rent overpayment.

14 (3) An owner of residential real property subject to subdivision  
15 (a) who increased the rental rate on that residential real property  
16 on or after March 15, 2019, but prior to January 1, 2020, by an  
17 amount less than the rental rate increase permitted by subdivision  
18 (a) shall be allowed to increase the rental rate twice, as provided  
19 in paragraph (2) of subdivision (a), within 12 months of March  
20 15, 2019, but in no event shall that rental rate increase exceed the  
21 maximum rental rate increase permitted by subdivision (a).

22 (i) (1) Notwithstanding subdivision (h), this section shall apply  
23 only to rent increases for a tenancy in a mobilehome subject to  
24 subdivision (a) occurring on or after February 18, 2021.

25 (2) In the event that an owner has increased the rent for a  
26 tenancy in a mobilehome by more than the amount permissible  
27 under subdivision (a) between February 18, 2021, and January 1,  
28 2022, both of the following shall apply:

29 (A) The applicable rent on January 1, 2022, shall be the rent as  
30 of February 18, 2021, plus the maximum permissible increase  
31 under subdivision (a).

32 (B) An owner shall not be liable to the tenant for any  
33 corresponding rent overpayment.

34 (3) An owner of residential real property subject to subdivision  
35 (a) who increased the rental rate on that residential real property  
36 on or after February 18, 2021, but prior to January 1, 2022, by an  
37 amount less than the rental rate increase permitted by subdivision  
38 (a) shall be allowed to increase the rental rate twice, as provided  
39 in paragraph (2) of subdivision (a), within 12 months of February

1 18, 2021, but in no event shall that rental rate increase exceed the  
2 maximum rental rate increase permitted by subdivision (a).

3 (j) This section shall not apply to a homeowner of a mobilehome,  
4 as defined in Section 798.9.

5 ~~(k) (1) The amendments to this section made by the act adding  
6 this subdivision shall apply to all rent increases subject to  
7 subdivision (a) occurring on or after March 1, 2023.~~

8 ~~(2) In the event that an owner has increased the rent by more  
9 than the amount permissible under subdivision (a), as amended by  
10 the act adding this subdivision, between March 1, 2023, and  
11 January 1, 2024, both of the following shall apply:~~

12 ~~(A) The applicable rent on January 1, 2024, shall be the rent as  
13 of March 1, 2023, plus the maximum permissible increase under  
14 subdivision (a), as amended by the act adding this subdivision.~~

15 ~~(B) An owner shall not be liable to the tenant for any  
16 corresponding rent overpayment.~~

17 ~~(3) An owner of residential real property subject to subdivision  
18 (a) who increased the rental rate on that residential real property  
19 on or after March 1, 2023, but before January 1, 2024, by an  
20 amount less than the rental rate increase permitted by subdivision  
21 (a), as amended by the act adding this subdivision, shall be allowed  
22 to increase the rental rate twice, as provided in paragraph (2) of  
23 subdivision (a), before March 1, 2024, but that rental rate increase  
24 shall not exceed the maximum rental rate increase permitted by  
25 subdivision (a), as amended by the act adding this subdivision.~~

26 ~~(4)~~

27 (k) (1) A landlord who demands, accepts, receives, or retains  
28 any payment of rent in excess of the maximum rent allowed by  
29 this section shall be liable in a civil action to the tenant from whom  
30 those payments are demanded, accepted, received, or retained for  
31 all of the following:

32 (A) Reasonable attorney's fees and costs.

33 (B) Injunctive relief.

34 (C) Damages in the amount by which any payment demanded,  
35 accepted, received, or retained exceeds the maximum allowable  
36 rent.

37 (D) Upon a showing that the landlord has acted willfully or with  
38 oppression, fraud, or malice, a civil penalty of treble the amount  
39 by which any payment demanded, accepted, received, or retained  
40 exceeds the maximum allowable rent.

1 (2) A local government within whose jurisdiction the residential  
2 real property is located shall have the authority to do both of the  
3 following:

4 (A) Enforce the provisions of this section.

5 (B) Bring actions for injunctive relief on behalf of the city or  
6 county or on behalf of tenants seeking compliance by landlords  
7 with this section.

8 (3) In an action pursuant to this subdivision for injunctive relief,  
9 it shall be presumed that a tenant suffers irreparable harm through  
10 violation of this section.

11 (4) An action pursuant to this subdivision shall not be brought  
12 after the date that is three years from the date on which the cause  
13 of action accrued.

14 ~~(m)~~

15 (l) Any waiver of the rights under this section shall be void as  
16 contrary to public policy.

17 ~~(n)~~

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

20 ~~(o)~~

21 (n) (1) The Legislature finds and declares that the unique  
22 circumstances of the current housing crisis require a statewide  
23 response to address rent gouging by establishing statewide  
24 limitations on gross rental rate increases.

25 (2) It is the intent of the Legislature that this section should  
26 apply only for the limited time needed to address the current  
27 statewide housing crisis, as described in paragraph (1). This section  
28 is not intended to expand or limit the authority of local  
29 governments to establish local policies regulating rents consistent  
30 with Chapter 2.7 (commencing with Section 1954.50), nor is it a  
31 statement regarding the appropriate, allowable rental rate increase  
32 when a local government adopts a policy regulating rent that is  
33 otherwise consistent with Chapter 2.7 (commencing with Section  
34 1954.50).

35 (3) Nothing in this section authorizes a local government to  
36 establish limitations on any rental rate increases not otherwise  
37 permissible under Chapter 2.7 (commencing with Section 1954.50),  
38 or affects the existing authority of a local government to adopt or  
39 maintain rent controls or price controls consistent with that chapter.

1     SEC. 3. No reimbursement is required by this act pursuant to  
2     Section 6 of Article XIII B of the California Constitution because  
3     a local agency or school district has the authority to levy service  
4     charges, fees, or assessments sufficient to pay for the program or  
5     level of service mandated by this act, within the meaning of Section  
6     17556 of the Government Code.

O