



## California's Rent Cap and Just Cause Law (AB 1482)

### Questions and Answers

California's rent cap and just cause law (AB 1482) took effect on January 1, 2020. With some exceptions outlined below, it applies to most 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 percent plus "the percentage change in the cost of living" (CPI) over any 12-month period. With respect to "just cause," once the resident or residents 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 lease unless a specific reason (just cause) is given for the termination.

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

**CAUTION: NEW RULES TAKE EFFECT APRIL 1, 2024:** Effective April 1, 2024, Senate Bill 567 amends AB 1482 in three main ways: (1) adding requirements for landlords who wish to terminate a tenancy based on AB 1482's no fault just cause for owner move-in, (2) adding requirements for landlords who wish to terminate a tenancy based on AB 1482's no fault just cause for substantial remodel and (3) adding penalties for violation of AB 1482's rent cap and just cause provisions. Each of these changes is discussed in more detail below.

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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 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/](http://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 resident with a written notice of the exemption, as outlined below.
- **Owner-occupied duplexes:** 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.
- **“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 resident 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.



Type of Property	Covered by CA Rent Control <sup>i</sup>	Covered by CA Just Cause	Exempt from State Law
Built within Last 15 years (any type)			X
Affordable Housing (any type of property, see definition <sup>ii</sup> )			X
<b>Single-Family Home or Condo<sup>iii</sup></b>			
Owned by REIT, Corporation or LLC with corporation as member	X	X	
Other ownership			X (if notice provided to residents)
<b>Two Units on a Parcel (Duplex, SFH and ADU, etc)</b>			
One unit occupied by the owner			Exempt from just cause, some units exempt from rent control. <sup>iv</sup>
Neither unit occupied by the owner	X	X	
Three Units or More, not affordable, not built within last 15 years	X	X	

**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 (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 (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 (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 resident. See "Applicability and Exemptions: Separately Alienable (Single-Family Homes/Condos)" below.

No disclosure of any other exemption 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 residents 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 proper notice to new and existing residents:

- [CA-154 – Notice of Change of Terms of Tenancy \(AB 1482 Separately Alienable Exemption\)](#)
- [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 residents 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 residents 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.

**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.

An owner-occupied "duplex" is exempt from both AB 1482's rent caps and just cause provisions. "Duplex" is defined as 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.

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 state law known as 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 your 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 resident, 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 beginning of the tenancy.” If the owner moves into a unit after a resident is already in place in the other unit, the duplex is not exempt. If the resident-occupied unit is vacated and a new resident moves in, the duplex would be exempt because the owner moved in before the resident. 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 that your certificate of occupancy was issued. Let’s say it is August 19, 2006. Your property is exempt 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 of 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:

**Example #1 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.

**Example #2 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.

**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 percent of CPI per year, which is lower than AB 1482's rent cap of 5 percent + 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 consumer goods and services. AB 1482 uses the CPI issued by the United States Bureau of Labor Statistics (BLS) for 4 metropolitan areas in California (Los Angeles, San Francisco, Riverside, and San Diego). In areas outside those 4 metropolitan areas, AB 1482 uses the 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). AB 1482 uses the CPI from April of each year, for rent increases to take effect the August thereafter. If a CPI is not available for April, March can be used.

Local ordinances also refer to the data issued by BLS but may 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 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 be 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 residents with a Section 8 Housing Choice Voucher exempt from AB 1482?**

According to the plain reading of the statute, it appears that units rented to residents with a Section 8 Housing Choice Voucher should be exempt. However, as discussed in more detail below, that is not how the law has been interpreted by the Attorney General.

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.”

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 residents should be exempt from AB 1482’s rent cap and just cause provisions for so long as the Section 8 resident 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 spite of this, in June 2023, the Attorney General of the State of California sent [a letter](#) to local Housing Authority offices across the state “confirming” that AB 1482 “applies to recipients of Section 8 Housing Choice Vouchers” and requesting their assistance “in ensuring that landlords participating in the Section 8 program do not impose unlawful rent increases on their tenants.” Although the letter from the Attorney General is not a formal Attorney General opinion and is not legally binding on courts, it is possible that the state courts will give the letter significant weight if the issue was litigated. Moreover, the Attorney General’s office has taken enforcement actions against property owners for failure to comply with AB 1482 in other contexts and thus it is possible it could choose to do so on this issue as well. For these reasons, CAA recommends the more conservative approach of treating units rented to residents with a Section 8 Housing Choice Voucher as being subject to AB 1482’s rent cap and just cause provisions. CAA strongly urges members to consult with attorneys experienced in landlord-tenant issues if they are considering treating units rented to Section 8 residents as exempt from AB 1482.

While it is not currently clear whether units rented to Section 8 residents are subject to or exempt from AB 1482, it is clear that they are still subject to Section 8 regulations. Section 8 regulations require rent increases to be approved by the local housing authority and restrict 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](#).

