



# What you need to know about STATEWIDE RENT CONTROL

## RENT CAP

Rent increases are capped at 5% plus CPI, or up to a hard cap of 10%, whichever is lower.

- All rent increases since March 15, 2019 count towards the rent cap
- Increases since March 15, 2019 above the permissible rent cap, must be rolled back effective January 1, 2020
- This law sunsets January 1, 2030 after 10 years
- Only applies to residential property

## EXEMPTIONS

The exemptions listed will apply to both rent cap and just cause.

- Single-family properties and condos if:
  - Notice of the exemption is provided to tenants and;
  - The owner is not a REIT, a corporation, or an LLC where an owner is a corporation
- Housing built in the last 15 years
- Owner-occupied duplexes



## HOW TO FIGURE OUT CPI

The regional Consumer Price Index (CPI) published by the US Bureau of Labor Statistics. (Using the 12-month period from April to April.)

[www.bls.gov/regions/subjects/consumer-price-indexes.htm#CA](http://www.bls.gov/regions/subjects/consumer-price-indexes.htm#CA)



If regional index is not available then the California Consumer Price Index for All Urban Consumers shall apply.

[www.dir.ca.gov/OPRL/CPI/EntireCCPI.pdf](http://www.dir.ca.gov/OPRL/CPI/EntireCCPI.pdf)

## JUST CAUSE

Applies to tenants who have been continuously and lawfully occupying the property for 12 months. Landlords may only evict for “just cause.” There are 15 reasons categorized as “at fault” or “no fault.”

## JUST CAUSE EXEMPTION

Owner-occupied single-family properties renting no more than two bedrooms including Accessory Dwelling Units (ADUs).

*If a property is exempt from just cause, the owner can evict without cause.*

## BASIS OF CAUSE

“At fault” is based upon a tenant’s breach of the lease and does not require the landlord to make any payment for relocation assistance.

“At fault” includes:

Non-payment of rent | Nuisance | Criminal Activity  
Refusal to allow entry | Breach of material term of lease



“No fault” is allowed when the tenant has not breached the lease and requires the landlord to pay one month’s rent in relocation assistance.

“No fault” includes:

Owner occupancy | Withdrawal from rental market  
Substantial remodeling | Compliance with government order to vacate



# WHAT YOU NEED TO PROVIDE TO YOUR TENANTS

## ADDENDUM

You will need to provide your tenants with C.A.R.'s new "Rent Cap and Just Cause Addendum" (Form RCJC).

- Form RCJC will be available in December pending approval of the Standard Forms and Advisory Committee
- Must be provided by January 1, 2020
- If your tenant is on a lease, you will provide the addendum as a stand-alone notice

## BUT WHAT IF...

What if the tenant whose lease has expired refuses to sign a new rental agreement with the addition of the addendum?

- If the lease has expired after January 1, 2020 the owner can choose to evict on that basis
- The owner can allow the tenant to go month to month then incorporate the addendum into the rental agreement by providing the tenant notice to change of terms (Form CTT)

**Do not sign a new or renewed lease without the Rent Cap and Just Cause Addendum**



## LOCAL ORDINANCE

The City of Sacramento adopted a local ordinance in August that went into effect September 13, 2019.

### Rent Control

State law preempts the local ordinance so the statewide rent cap (5% + CPI) will apply.

### Just Cause

Since a local ordinance was adopted on or before September 1, 2019 the local ordinance will apply.

#### *Just Cause in the City of Sacramento*

Requires 120 days notice | Does not require relocation assistance  
Tenants can contest the eviction if they believe it violates the ordinance

## SAR RESOURCES

**Erin Teague**

**Government Affairs Director**

eteague@sacrealtor.org

916.437.1227

**Carter Nelson**

**Government Affairs Coordinator**

cnelson@sacrealtor.org

916.437.1208



**Sacramento Association of REALTORS®**

2003 Howe Ave. Sacramento, CA 95825

916.922.7711 | GovernmentAffairs@SacRealtor.org

