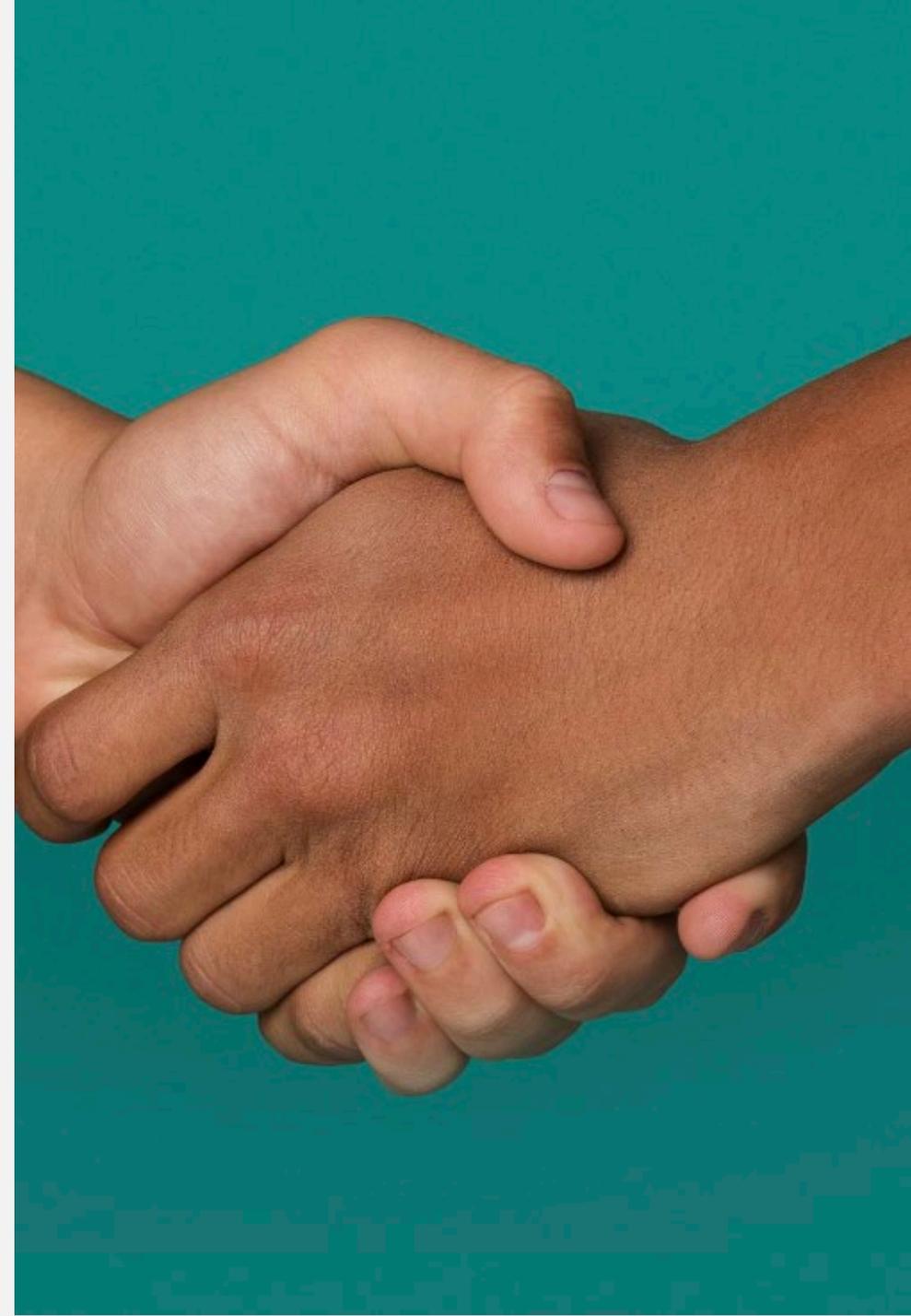


# RENT STABILIZATION & JUST CAUSE FOR EVICTION

Presentation for Property Owners

THANK YOU



## TWO ORDINANCES

### **Just Cause for Eviction**

- Limits grounds to evict
- Includes single-family homes and multifamily

### **Rent Stabilization**

- Limits rent increases for in-place tenants
- Applies principally to multifamily

# JUST CAUSE

What types of properties does it apply to, and what causes to evict are “just”?

# APPLICABILITY & EXEMPTIONS

Applies to most rented units, whether multi-family buildings or single-family homes.

- ONLY after tenant has been in place for at least 30 days

Does not apply:

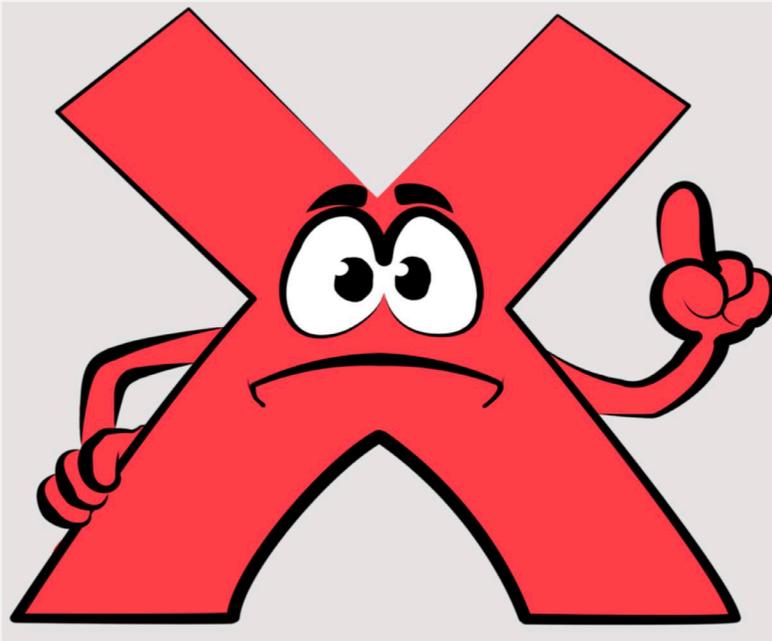
- To LAWFUL hotels and vacation rentals
- To nonprofit institutional housing
- To college and school dorms
- When tenant shares bathroom/kitchen with owner
- To owner-occupied SFR (unless owner rents three or more BRs)
- To Duplexes (if owner lives in one unit from beginning of tenancy and stays there)

# GROUNDS FOR TERMINATION

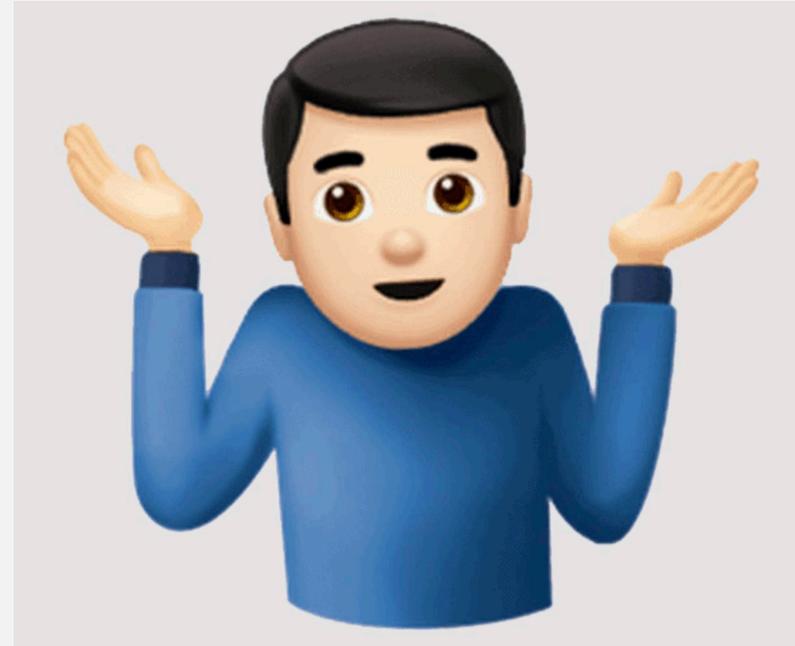
These are the only reasons to evict.

## TWO CATEGORIES OF EVICTIONS

At-Fault



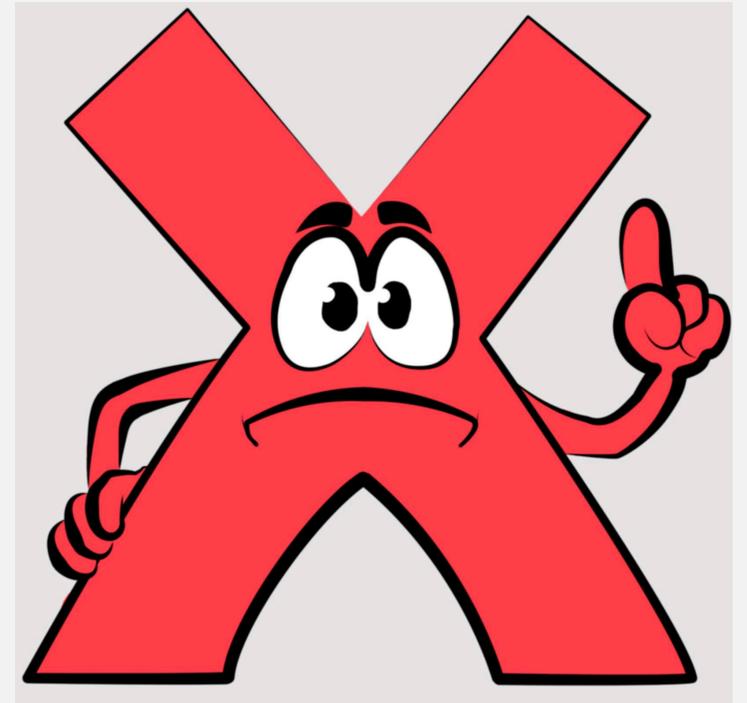
No-Fault



# AT-FAULT (A) NONPAYMENT OF RENT

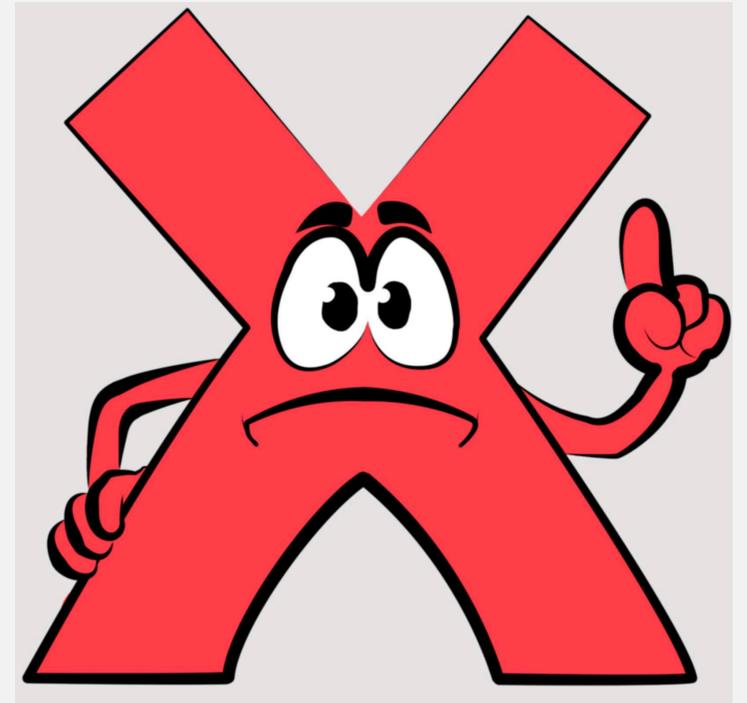
Self-explanatory: failure to pay rent when rent is due.

NOTE: of course, state-law 3-day notice applies.



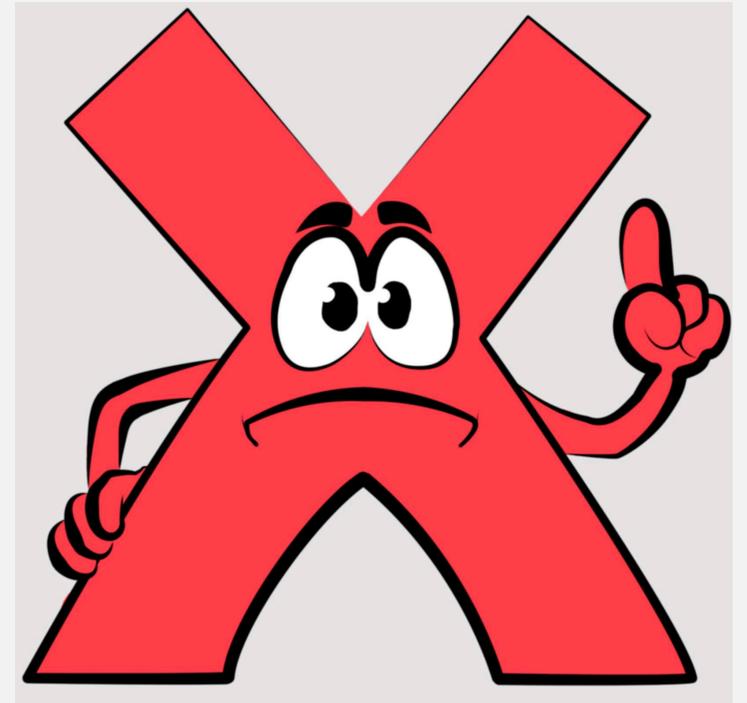
## AT-FAULT (B) BREACH OF LEASE

- Breach must be material!
- Not material:
  - Exceeding number of people specified in lease if extra person is dependent under age 18 or replacement of previously-approved tenant (but state-law overcrowding law still applies and owner has right to vet other than minor dependent)
  - Violation of an unwritten or unilaterally-imposed lease term (unless required or authorized by law)



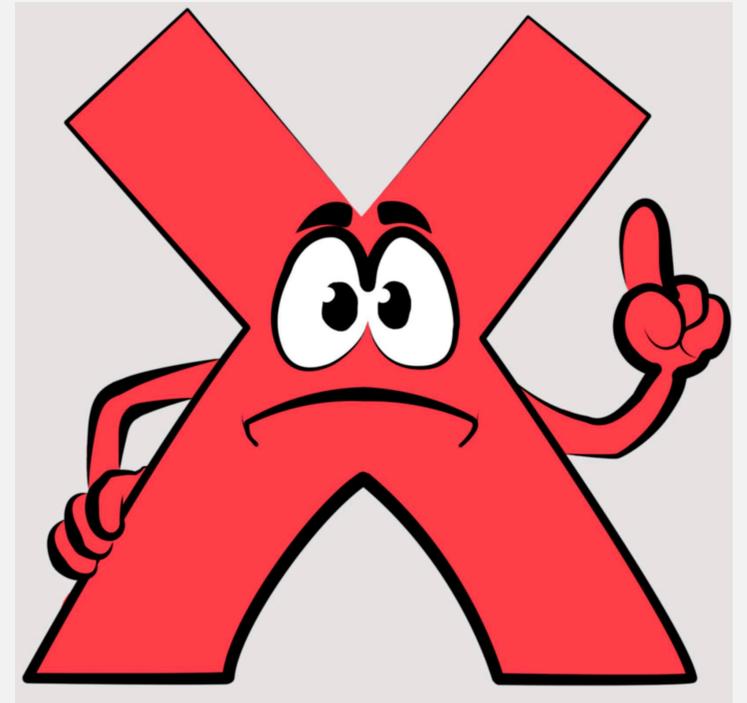
## AT-FAULT (C) NUISANCE

- Maintaining, committing, or permitting “a nuisance as described in paragraph (4) of Section 1161 of the California Code of Civil Procedure”
- i.e., “public nuisance” in the form of:
  - Dogfighting or cockfighting;
  - Illegal use, manufacture, possession, etc. of weapons or ammunition;
  - Illegal use, manufacture, possession, etc. of drugs
- General nuisance (see Civ.C. Sec. 3479)



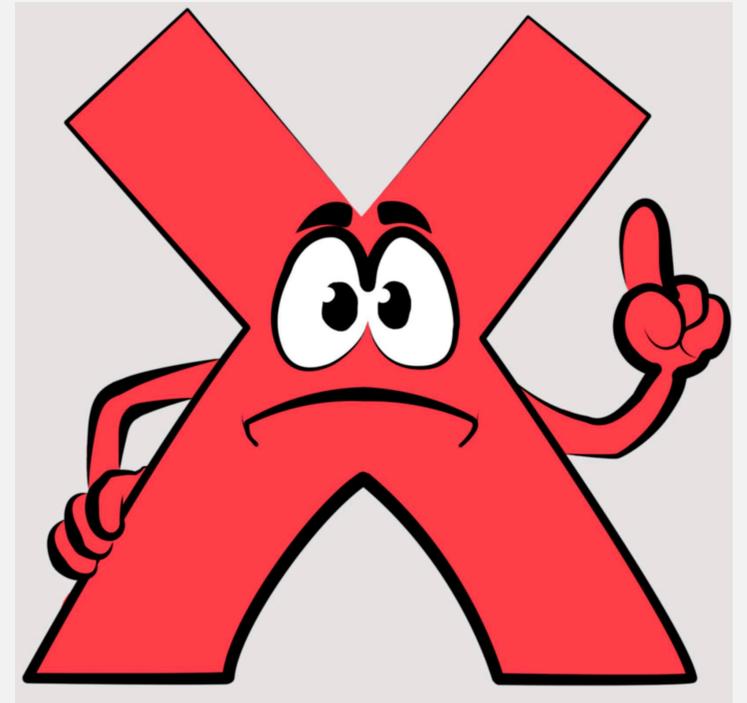
## AT-FAULT (D) WASTE

- “as described in paragraph (4) of California Code of Civil Procedure Section 1161” BUT...
- That statute provides no actual description. BUT
- Case-law definition is action by a tenant that substantially undermines a property’s market value (i.e., causing physical damage, etc.)



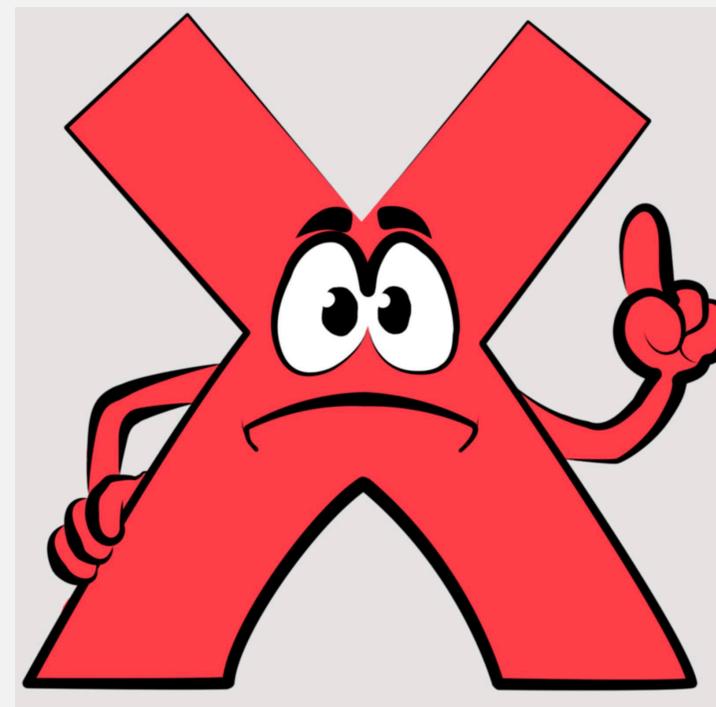
## AT-FAULT (E) REFUSAL TO EXECUTE WRITTEN LEASE EXTENSION

- Applies only if:
  - Tenant already had written lease;
  - That lease terminated on or after June 2, 2022;
  - Owner asked tenant in writing to sign a written extension of the lease (**same terms, same duration**)—but see no-fault provision (A))
- NOTE: Owner's written request probably must be made in the first month after prior lease terminated, as identical laws applied by trial courts



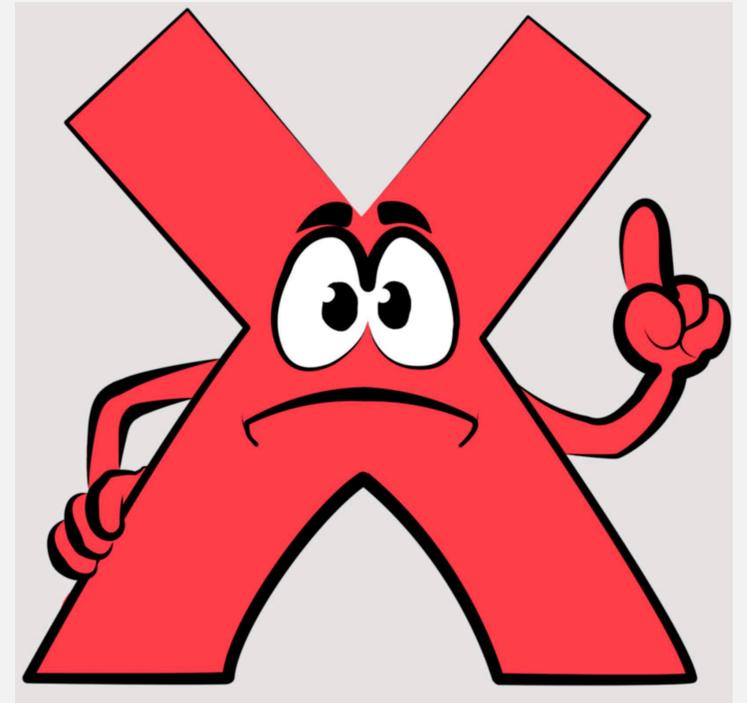
## AT-FAULT (F) CRIMINAL ACTIVITY

- Applies to criminal activity or threat by the tenant:
  - On the property;
  - On or off the property, if directed toward the owner (including agent of the owner), members of the tenant's own household, or other tenants at the property.
- Applies only if the owner makes report to law enforcement "within a reasonable time."
- NOTE: Justifies eviction of the guilty tenant only, not that person's co-tenants. And if alleged perpetrator is found not guilty or prosecutor declines prosecution, tenant must be allowed to return.



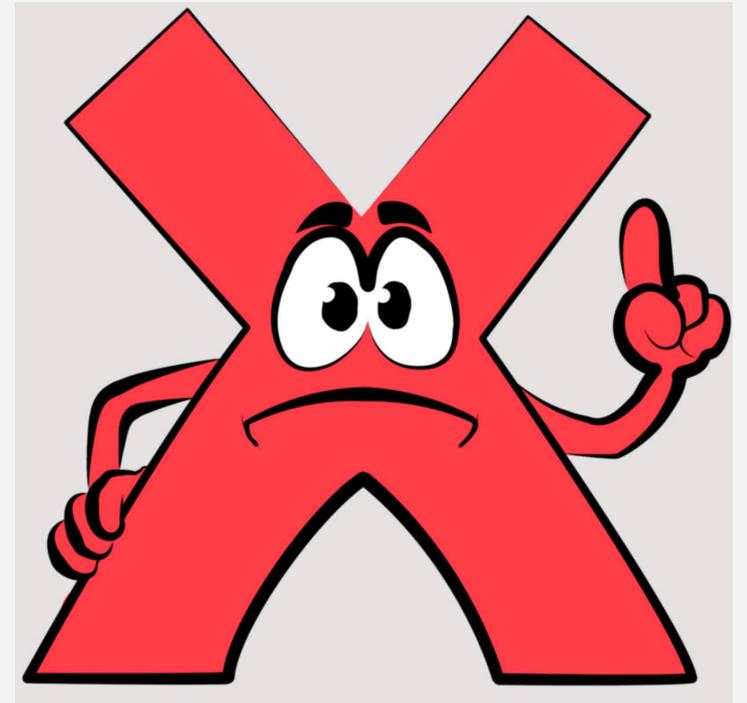
## AT-FAULT (G) UNAUTHORIZED SUBLETTING

- Applies only if written lease forbids subletting!
- BUT: even if written lease forbids subletting, cannot terminate if:
  - Then tenant asks owner in writing for permission to sublet;
  - The tenant continues to reside in the unit;
  - The sublease replaces one or more departed tenants on a one-to-one basis; and
  - The owner fails to respond within reasonable time.
- NOTE: Landlord may refuse, but refusal must be “reasonable”



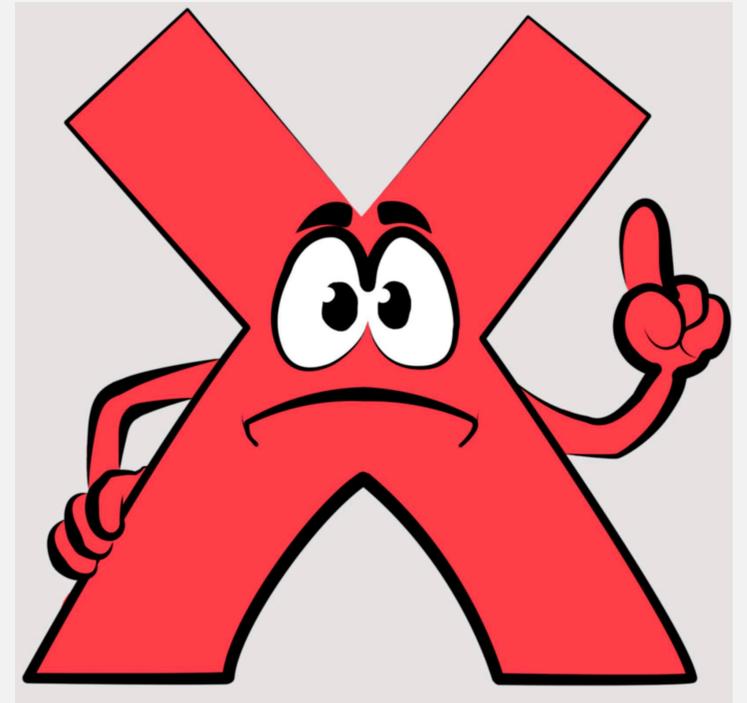
## AT-FAULT (H) TENANT'S REFUSAL TO PERMIT OWNER LAWFUL ENTRY

- REMEMBER: In general, tenant has the right to refuse entry to anyone, including owner.
- But owner may enter (with proper notice):
  - To install water-saving fixtures (Civil Code §1101.5)
  - To make *necessary* repairs, or repairs or improvements that the tenant *has agreed to*; emergencies, showing unit to prospective buyers or tenants (Civil Code § 1954);
  - To install or maintain legally-required smoke alarms (H&S Code §13113.7) or carbon monoxide detectors (H&S Code § 17926.1)



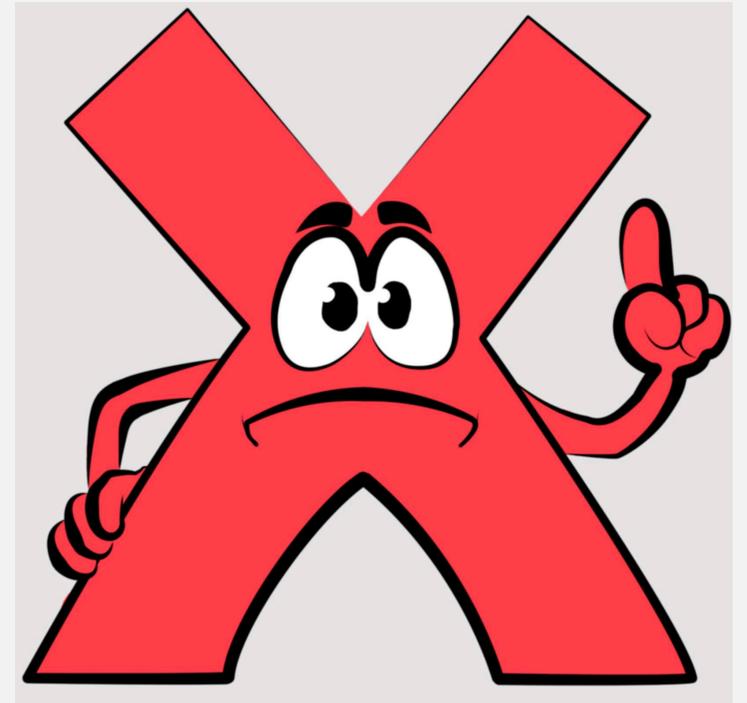
# AT-FAULT (I) USE OF PREMISES FOR UNLAWFUL PURPOSE

- Note substantial overlap with (C) [nuisance] and (F) [criminal activity].



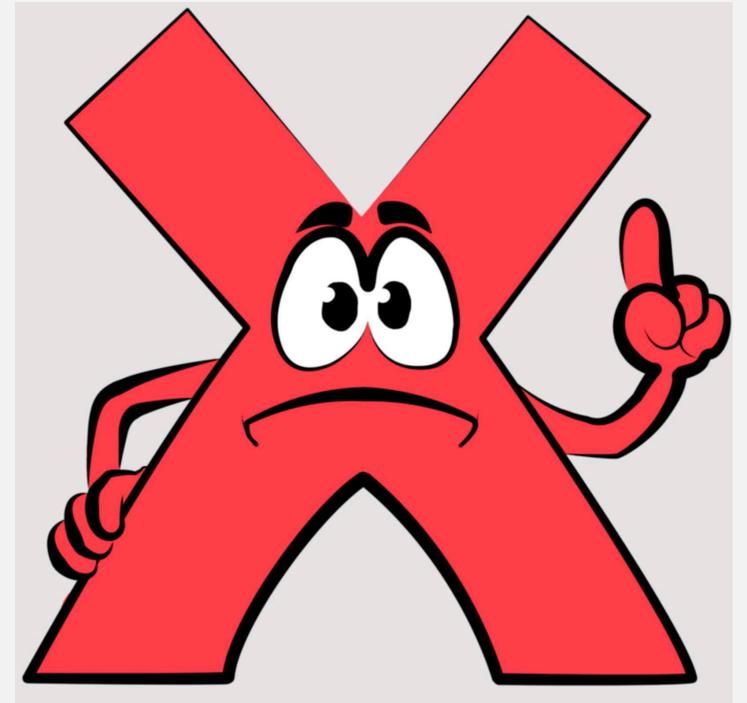
AT-FAULT  
(J) FAILURE TO VACATE AFTER  
TERMINATION OF EMPLOYMENT  
(ETC)

- Applicable to persons who aren't actually "tenants" (see note below)
- Applicable to:
  - Employees of owner
  - Agents of owner
  - Licensees of owner
- NOTE: This applies only if the person's occupancy of the unit began in the capacity of employee, agent, or licensee.



NO-FAULT  
(K) TENANT GIVES NOTICE TO  
VACANT BUT DOESN'T LEAVE

- Self-explanatory



## NO-FAULT (A) OWNER/RELATIVE OCCUPANCY

- Tenancy may be terminated to allow owner, spouse, domestic partner, children, parents, grandchildren, or grandparents.
- If tenancy began after June 2, 2022, termination may occur **only**:
  - if provided for by written lease or the tenant otherwise agrees in writing; and
  - Owner/relative is to live in the unit for at least 2 years.
- **NOTE:** Owner who makes timely written demand to extend lease may add provision authorizing owner-occupancy termination—an exception to the rule that owners may not add new terms to an extended lease.



## NO-FAULT (B) WITHDRAW UNDER ELLIS ACT

- Owner must be intending to “go out business” (at least with respect to the property being withdrawn)
- This means that all of a building’s units must be taken off the market, not just some.



NO-FAULT  
(C) NECESSARY TO COMPLY WITH  
GOVERNMENT OR COURT ORDER

- Examples:
  - Unit was illegal garage conversion and code compliance ordered that illegal conversion be undone;
  - Court orders possession of unit to someone other than tenant;
  - Government order requires unit to be vacated because of a dangerous condition.

NOTE: If government agency or court determines that tenant caused dangerous condition, termination becomes at-fault



NO-FAULT  
(D) DEMOLITION OR SUBSTANTIAL  
REMODEL

- “Substantial remodel” means:
  - Replacement or major modification of structural or technical systems requiring a government permit; or
  - Abatement of hazardous materials in accordance with legal requirements
  - ONLY if the work cannot be done with tenant in place
  - AND work requires unit to be vacant for at least 30 days.
- Displaced tenant has right to return to unit when repairs completed.

NOTE: Owner does NOT have the right to establish a new initial rent for first post-repair tenancy, whether displaced tenant or someone else.



# NOTICES

Especially notices of termination

## NOTICE OF CHAPTER 27

- Chapter 27 of Oxnard City Code is both Just Cause and Rent Stabilization ordinances.
  - "Notice providing information about the existence of" Chapter 27 must be physically posted in a conspicuous place on the property.
  - Notice must also advise of protections related to immigration and citizenship status under state law
  - Housing Dept has created a model form.

# NOTICE OF RIGHTS UNDER JUST CAUSE ORDINANCE

- Owner must give tenant notice of Just Cause Ordinance:
  - Upon serving any notice of change of terms of tenancy;
  - At or before the commencement of any tenancy beginning after June 2, 2022;
  - Upon the renewal of any lease after June 2, 2022
- The notice must
  - be in English and language used in lease (if no written lease, language that the oral agreement was negotiated in).
  - be in at least 12-point type. (See City Code § 27-9(C)(4) for specific required language.)
  - Inform tenant of right to relocation assistance for no-fault evictions.

# RENT STABILIZATION ORDINANCE NOTICES

- Discussed later, in Rent Stabilization section of this presentation

## TERMINATION NOTICES

- Must state reason for termination! ....AND
- The stated reason **MUST** be one of the at-fault or no-fault reasons listed in the Just Cause ordinance!! (Otherwise, the attempted termination is unlawful.) ...AND
- Must specify whether the reason is “at-fault” or “no-fault”
- Must comply with all state-law requirements re: service, etc.

## TERMINATION NOTICES

- NOT permissible reasons to terminate:
  - Intention to sell
  - Desire to rent to a nephew or niece (or other person not listed in owner/relative just-cause provision).
  - BUYER (not yet owner)'s having a "just cause" reason.

## TERMINATION NOTICES

Must submit copy of notice (and proof of service of that notice on tenant) to the City.

Must do this within FIVE DAYS of serving tenant.

## TERMINATION NOTICES

If Owner fails to comply with any notice requirement,  
Tenant can raise that as an affirmative defense in UD action

# RELOCATION ASSISTANCE

Must be paid in every case of no-fault termination

- Applicable only to no-fault termination
- \$5,000 OR two months rent as of date of notice, (whichever is greater)
- NOT means tested (payment is required regardless of tenant's income)
- Per household, not per individual tenant
- Payment ***must be made within 15 days*** of date of termination notice!
- Payment must be a direct payment to the tenant
- If tenant fails to vacate, owner is entitled to recover it as damages in UD.



# VIOLATING THE JUST CAUSE ORDINANCE

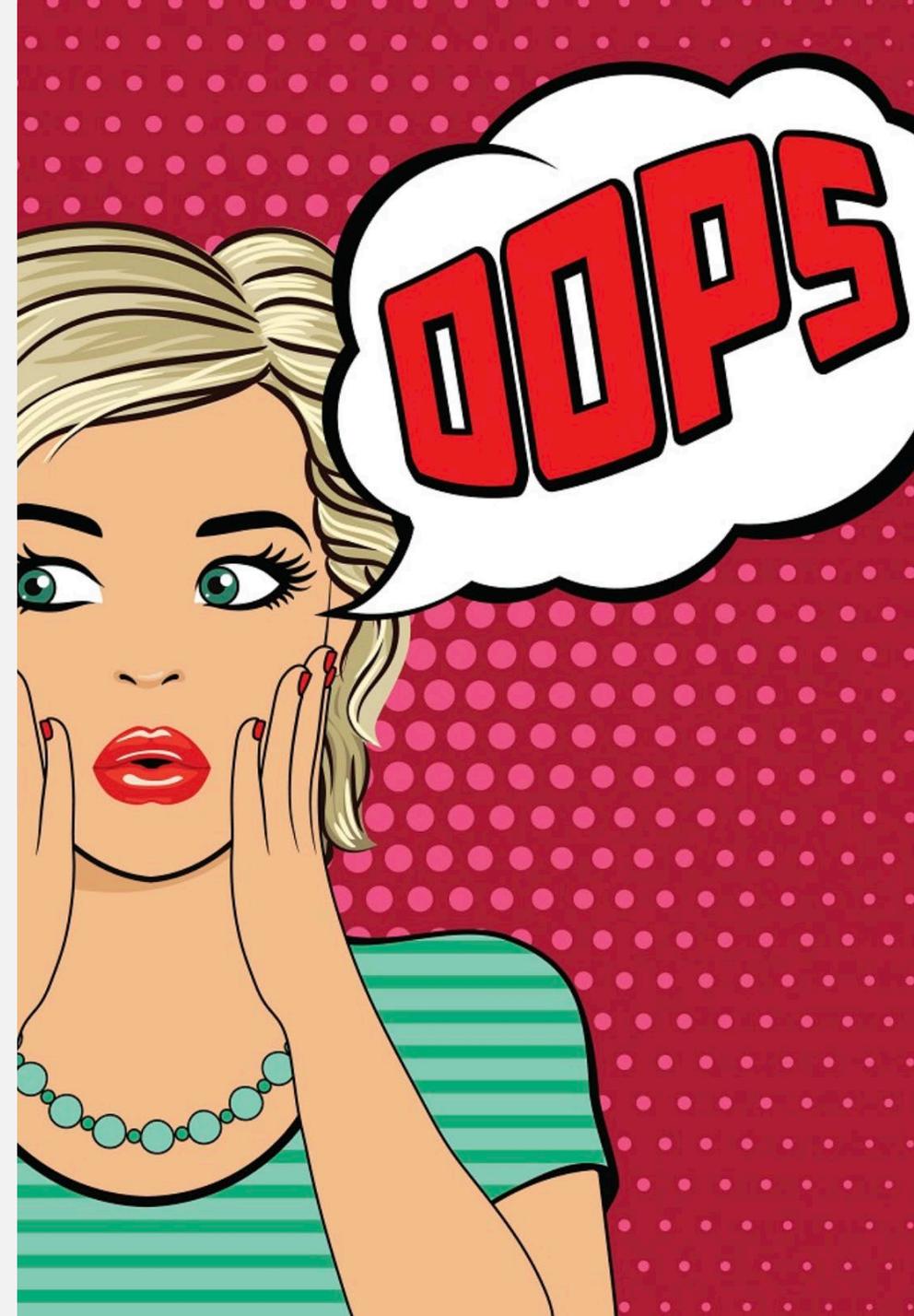
What are the consequences?

## VIOLATIONS AND CONSEQUENCES

ANY violation may result in civil citation.

### NOTE:

- every day that a violation remains uncorrected is a new violation
- 4<sup>th</sup> violation of same offence is any 12-month period prosecuted as a criminal offense
- City can also get court order forcing compliance (civil injunction)

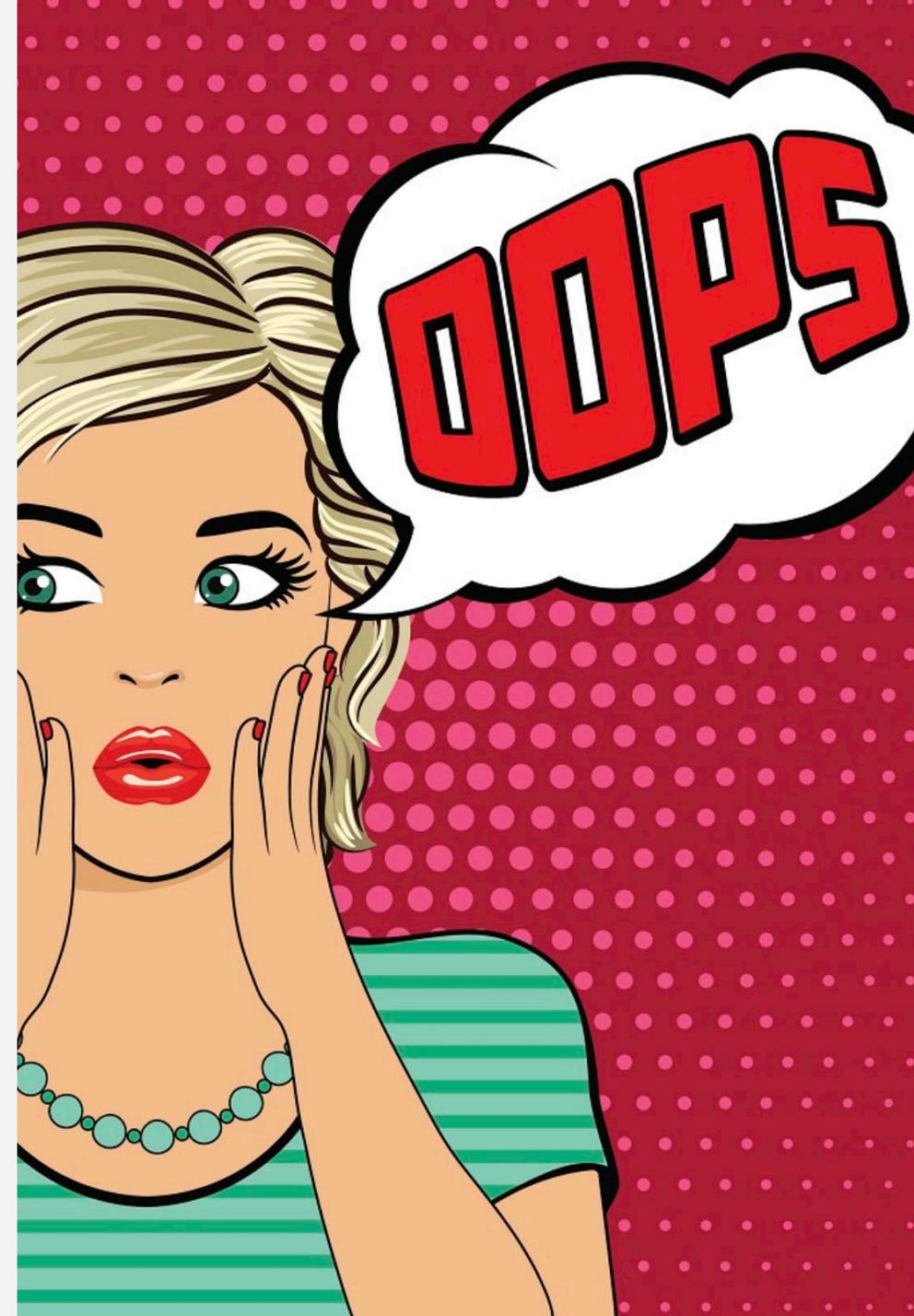


## VIOLATIONS AND CONSEQUENCES

If relocation assistance not paid within 15 days...

**Termination notice is INVALID!**

(Owner must give new notice and start process all over again)



# RENT STABILIZATION ORDINANCE

Limits on rent increases

# APPLICABILITY AND EXEMPTIONS

What unit are covered?

## APPLICABILITY AND EXEMPTIONS

Applies to every rental unit unless specific exemption applies.

(i.e., Default is, the unit is covered)

# APPLICABILITY AND EXEMPTIONS

## Exemptions

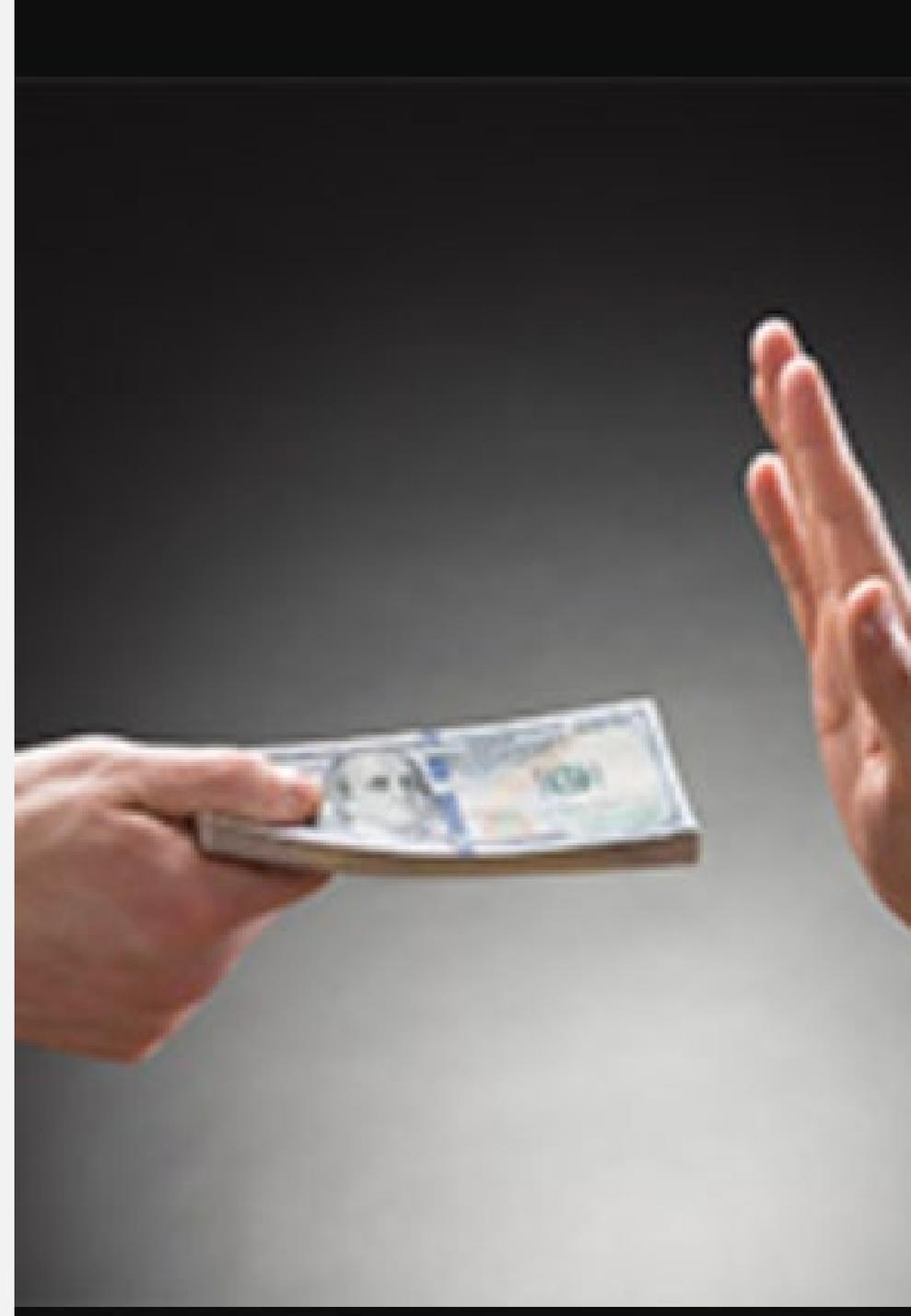
- New Construction (*original* certificate of occupancy issued after Feb. 1, 1995)
- Deed restricted or gov't subsidized housing for very-low, low, or moderate income persons
- School dorms
- Single-family homes or condos, if owned by individuals (notice requirement)
- Duplex, if owner lived in one unit at beginning of tenancy and remains there
- Units subject to Mobile Home Park Rent Stabilization System
- Hotels units, other transient occupancy (note: this does not exempt AirBnB-type rentals)
- Institutional facilities (hospitals, group homes, convents, etc)
- Unit occupied by owner or member of owner's immediate family as principal residence, as long as occupancy continues

LIMITATIONS ON INCREASES

## LIMITATION ON INCREASES

Maximum increase is:

- One increase of 4%
- Once every 12 months



## LIMITATION ON INCREASES

4% annual increase on WHAT?

On RENT. Which is....?

- All periodic payments [including in-kind payments of goods or services]
- Rendered to, or for the benefit of, the owner
- Under an agreement concerning use or occupancy of residential real property

Cont'd next slide

## LIMITATION ON INCREASES

”Agreement concerning use or occupancy of residential real property” includes:

- “Separate” agreements for rental of parking, furniture, etc.
- Additional payments for right to have pets
- Additional payments for utilities

NOTE: Moral of story: it’s not possible to get around increase limitation by labeling rent as something else.

## ”RELIEF VALVES”

Why the rent limitation doesn't necessarily limit increase of owners' income to 4%

## RELIEF VALVE: COSTA-HAWKINS

Owner sets initial rent for new tenancies.

NOTE: But see caveats! (next slide).



## COSTA-HAWKINS (EXCEPTIONS)

Owner cannot establish a new tenancy's initial rent if:

1. Previous tenancy was terminated for a no-fault reason;
2. Previous tenant moved out because of a change in terms of tenancy
3. Owner terminated, didn't renew Section 8 contract
4. Property has been cited for serious code violation

(Discussed in depth in next slides)

## COSTA-HAWKINS (EXCEPTIONS)

I. Previous tenancy terminated for a no-fault reason

- Civil Code § 1954.53(a)(1)

NOTE: As a result of this provision, there is no economic benefit to doing a no-fault termination

## COSTA-HAWKINS (EXCEPTIONS)

2. Previous tenant moved out because of a change in terms of tenancy

- Also Civil Code § 1954.53(a)(1)

Recall **at-fault** ground for termination “tenant refuses to execute extension of lease.”

**At-fault** ONLY if refused extension is for same terms and duration.

If refused extension has different terms or duration, owner may do NO-FAULT termination. If this occurs, owner may not establish initial rent for new tenant.

## COSTA-HAWKINS (EXCEPTIONS)

3. Owner terminated, didn't renew Section 8 contract

- Civil Code § 1954.54(a)(1)(A)

No new "initial rent" for THREE YEARS, regardless of how many new tenancies.

NOTE: Little chance of economic benefit from ending Section 8 contract

## COSTA-HAWKINS (EXCEPTIONS)

### 4. Property has been cited for serious code violation

- Civil Code Section 1954.54(f)

Owner may not establish initial rent if:

- Dwelling has been cited by gov't agency for serious violation of Health, Safety, Fire, or Building Code (unless violation caused by disaster)
- Citation issued at least 60 days before prior tenant vacated AND
- Condition remained unabated when the prior tenant vacated.

## RELIEF VALVE – FAIR RETURN

Owners have Constitutional right to “Fair Return.”

Government regulation may not deprive owners of the opportunity to cover their operating costs and earn at least some profit.

NOTE: There is no constitutional right to a profit—only a right not to have government prevent one.



## RELIEF VALVE – FAIR RETURN

Basic formula:

What was net operating income in the 12 months before rent stabilization, what is net operating income in the 12 months preceding the Fair Return petition?

Increase is warranted only if the difference between the two demonstrates that the rent stabilization ordinance has prevented the owner from achieving a fair return.

# NOTICES

# NOTICE OF ORDINANCE

At the beginning of every tenancy, and as part of any rent-increase notice, owners must give tenant written notice:

- Of the "existence and scope" of the Rent Stabilization & Just Cause ordinances
- Of tenants' right to respond to Fair Return petitions.

Notices must be in the same language as tenant's written lease or, if no written lease, the language that the oral agreement was negotiated in.

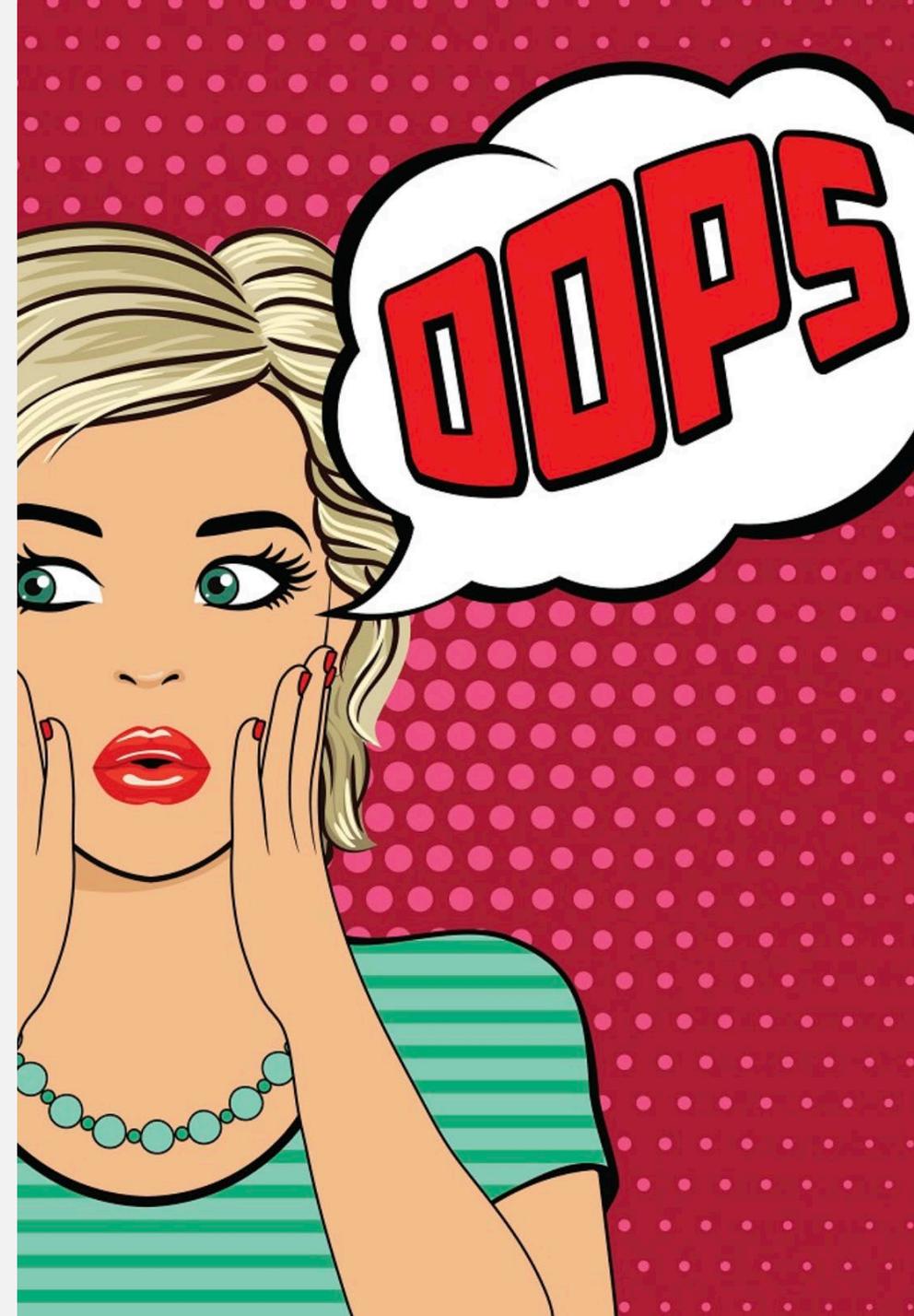
**NOTE:** If these notices have not been given, owner may not increase rent!

**VIOLATIONS OF RENT  
STABILIZATION ORDINANCE**

## GOVERNMENT SANCTION

- ANY violation of the Rent Stabilization Ordinance may be punished by civil citation.
- Each day that violation continues is a new violation.
- 4<sup>th</sup> violation for same offense in any 12-month period subject to criminal prosecution.

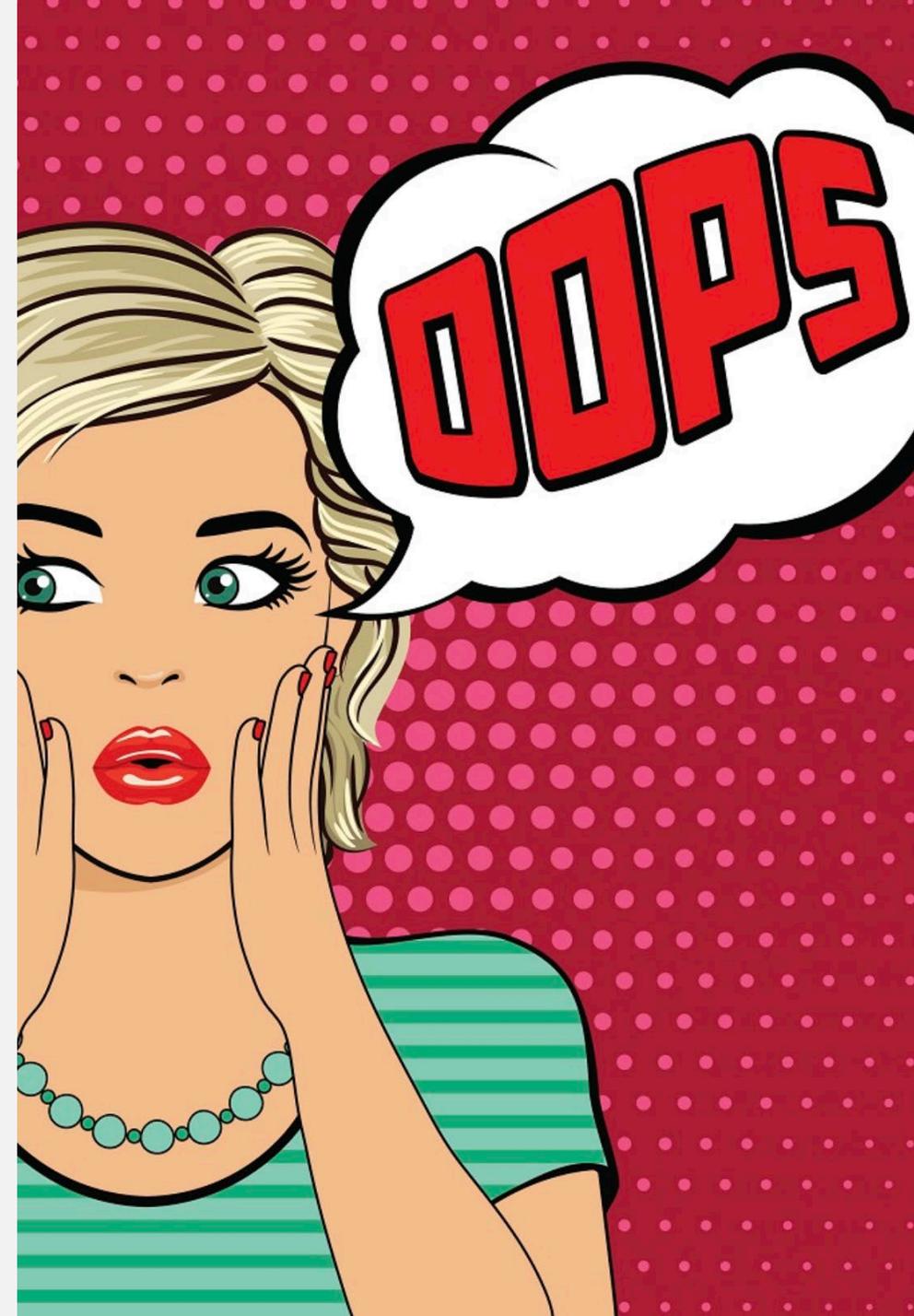
NOTE: Pre-citation procedure: rent overcharge hearing



## PRIVATE RIGHT OF ACTION

In addition to any government sanction, tenant may sue owner for any rent overcharge.

NOTE: If successful, tenant entitled to recover attorney fees and costs.





THANK YOU

Our staff is here to help you to comply with the law, and we appreciate that you have attended this training.