Justice Begins Here

LEGAL AID SOCIETY OF SAN DIEGO'S GUIDE TO SENATE BILL 567: TERMINATION OF TENANCY, NO-FAULT JUST CAUSES, GROSS RENTAL RATE INCREASES

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WHAT TENANTS AND LANDLORDS NEED TO KNOW

This document is intended only to provide clarity for the public regarding existing requirements under the law or agency policies. This Fact Sheet is intended to provide accurate, general information regarding legal rights relating to housing in California, and specifically San Diego. Yet because laws and legal procedures are subject to frequent change and differing interpretations, Legal Aid Society of San Diego, Inc. cannot ensure the information in this Fact Sheet is current nor be responsible for any use to which it is put. Do not rely on this information without consulting an attorney or the appropriate agency about your rights in your particular situation. Please do not hesitate to call us to obtain the most up to date information regarding your situation.

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1. **What is the purpose of Senate Bill 567 (aka "SB 567")?**

   The purpose of SB 567 is to update existing state law known as the Tenant Protection Act, which requires Just Cause for termination of residential tenancies and creates a state-wide rent cap. SB 567 updates the Tenant Protection Act to clarify (among other things), what requirements must be met in order for a landlord to terminate a tenancy where the tenant is not at fault for the termination; defines what requirements must be satisfied for an owner to terminate a tenancy on the basis that they or a member of their family plan to move in; defines what requirements must be satisfied for an owner to terminate a tenancy on the basis that they need to either demolish or substantially remodel the unit; creates remedies for tenants when a landlord violates the Tenant Protection Act; and updates definitions regarding state-wide rent cap.

2. **When does SB 567 go into effect?**

   SB 567 goes into effect April 1, 2024.

3. **When does SB 567 end?**

   SB 567 will remain in effect until January 1, 2030.

4. **"Just Cause" is required to terminate a tenancy under the Tenant Protection Act. What is Just Cause?**

   Just cause means that there needs to be a good reason for why a tenancy is being terminated. Under the Tenant Protection Act, there are two kinds of "Just Cause": **At Fault Just Cause** and **No-Fault Just Cause**. The "fault" refers to whether the tenancy is being terminated because of something *the tenant* allegedly did/failed to do, or if the tenancy is being terminated because of something *the landlord* is choosing to do that is not caused by the tenant.

5. **What are the types of "At Fault" Just Cause?**

   The Tenant Protection Act outlines the following list of reasons that a landlord can terminate a tenancy based on the tenant's alleged actions/failure to act:

   a) Failure to pay rent;
   b) Breach of material term of the lease, including but not limited to, violating a term of the lease after being given a written notice to correct the violation.
   c) Maintaining, committing, or permitting the maintenance or commission of a nuisance;
   d) Committing waste;
   e) Tenant had a written lease that terminated on or after January 1, 2020 (or January 1, 2022 for mobile home lease), 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, so long as those terms don't violate the law;
   f) Criminal activity by the tenant on the residential real property, including any common areas; or criminal activity or threats on or off the property that is directed at the owner or agent of the owner of the property;
   g) Assigning or subletting the premises in violation of the Tenant's lease;
   h) Tenant's refusal to allow the owner to enter the residential real property when the Landlord is requesting to enter for lawful purposes;
   i) Using the premises for an unlawful purpose;
   j) When an employee, agent, or licensee, who is provided 100% of their housing as part of employment, fails to vacate after their termination as an employee agent, or a licensee.
      - **Exception**: Property Managers/ Agents who get a partial rent discount for their employment and pay the remainder of rent cannot be terminated under this section. The termination of employment terminates the rent

discount, and the former employee is now a tenant responsible for 100% of the rent.

k) When the Tenant fails to deliver possession of the residential real property after providing the Owner written notice of their intention to move out or making a written agreement with the Landlord to move out which is accepted by the Landlord in writing, but tenant fails to timely move out.

6. **What is an example of Maintaining, committing, or permitting the maintenance or commission of a nuisance?**

   Examples could potentially include constantly having loud parties during quiet hours after warnings have been given; or repeated harassment of neighbors/other tenants on the property. Whether these or other factors amount to a nuisance is a fact specific analysis that will depend on the facts of a given situation.

7. **What is an example of committing waste?**

   Examples could include a tenant damaging the unit, causing it to be worth a lot less; or failing to report needed repairs to the landlord that cause ongoing damage to the unit such as failing to report a plumbing leak that caused ongoing damage that could have been mitigated if reported right away.

8. **What are the requirements for owners when terminating a tenancy for At-Fault Just Cause?**

   In addition to existing notice requirements, where there is a curable lease violation (meaning a violation that can be fixed), the owner must first give the Tenant with a written notice of the alleged violation. The written notice must include a description of the violation(s) and give an opportunity for the tenant to cure (fix) the violation.

   If the violation is not cured within the time period set forth in the notice, a 3-day Notice to Quit without an opportunity to cure (fix) the violation may be served to terminate the tenancy.

   For example, if a tenant has failed to pay their utilities according to the lease agreement, the owner must serve them with a Notice to Perform Covenants or Quit to give the tenant an opportunity to make the payment before serving a Notice to Quit to terminate the tenancy for failure to pay the utilities.

9. **What are the types of "No Fault" Just Cause?**

   The Tenant Protection Act outlines the following list of reasons that a landlord can permissibly terminate a tenancy for reasons *not* caused by the tenant:

a) Owner intends to occupy the unit including the owner's spouse, domestic partner, child, grandchild, parent, or grandparent;
b) Owner has decided to withdraw the unit from the rental market;
c) Owner is complying with any of the following:
    - An order issued by a government agency or court relating to habitability that requires the tenant to vacate the unit;
    - An order issued by a government agency or court to vacate the unit;
    - A local ordinance that necessitates vacating the unit.
d) Owner intends to demolish or substantially remodel the unit.

10. When can a landlord terminate a tenancy based on their intent to occupy?

For leases entered into **on or after** July 1, 2020 (or July 1, 2022 for mobile home tenancies), intent to Occupy by Landlord shall only be a basis for termination **if the Tenant agrees, in writing at the start of the tenancy**, to the termination, **or** if a provision of the lease allows the Landlord to terminate the lease if the Landlord unilaterally decides to occupy the residential real property.

11. Can anyone other than the landlord move into the property under the intent to occupy?

Yes. Under intent to occupy, the person(s) moving into the unit can be the owner, owner's spouse, owner's domestic partner, children, grandchildren, parents or grandparents.

12. What needs to be in a notice to terminate tenancy based on an owner's intent to occupy?

In addition to existing notice requirements, the notice must contain: 1) the name(s) and relationship to the owner of the intended occupant; 2) notification that the tenant may request proof that the intended occupant is an owner or related to the owner.

Proof of the relationship between the owner and the intended occupant is provided only upon request by the tenant.

13. Does SB 567 provide a timeline for an owner or their family member to move in?

Yes. Under SB 567, an owner or their qualifying family member must move into the unit within 90 days of the tenant vacating the unit, and they must occupy the unit for a minimum of at least 12 continuous months as their primary residence.

If the owner or family member moves into the unit within 90 days but dies before they have lived in the unit for 12 continuous months, that will not be considered a violation of SB 567.

14. **What happens if an intended occupant doesn't move in within 90 days of the tenant moving out or doesn't stay for 12 continuous months as their primary residence?**

    The owner must offer the unit to the tenant who vacated it at the same rent and lease terms that were in effect at the time the tenant vacated AND shall reimburse the tenant for reasonable moving expenses that the tenant incurred in excess of any relocation assistance that was paid to the tenant in connection with the written notice.

15. **What does it mean to "Substantially Remodel" under SB 567?**

    Substantial Remodel under SB 567 means either of the following scenarios that cannot be reasonably accomplished in a safe manner that allows the tenant to continue living in the unit, and requires the tenant to move out of the unit for at **least 30 consecutive days**:

    a) The replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a government agency; OR
    b) The abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable federal, state, and local laws,

    The following are NOT considered substantial remodels: cosmetic improvements alone (such as painting, decorating, and minor repairs), or other work that can be performed safely without having to vacate the unit.

16. **If repairs or an abatement of the unit take less than 30 days, but cosmetic improvements are done after, does a tenant have to remain out of the unit until the cosmetic improvements are complete?**

    No. Under SB 567 a tenant is not required to vacate or remain out of the unit on any days where they could otherwise continue living in the unit without violating health, safety, and habitability codes/laws. Since cosmetic improvements are not considered substantial remodels, a tenant would not be required to vacate/remain out of the unit while those improvements are made.

17. **What needs to be in a notice to terminate tenancy based on substantial remodel or demolition of the property?**

    In addition to existing notice requirements, the notice must be in writing and contain ALL of the following:

    a) A statement informing the tenant of the owner's intent to demolish the property or substantially remodel it; **AND**
    b) The following statement:

"If the substantial remodel of your unit or demolition of the property as described in this notice of termination is not commenced or completed, the owner must offer you the opportunity to re-rent your unit with a rental agreement containing the same terms as your most recent rental agreement with the owner at the rental rate that was in effect at the time you vacated. You must notify the owner within thirty (30) days of receipt of the offer to re-rent of your acceptance or rejection of the offer, and, if accepted, you must reoccupy the unit within thirty (30) days of notifying the owner of your acceptance of the offer." **AND**

c) A description of the substantial remodel to be completed and the approximate expected duration of the remodel, OR if the property is being demolished, the expected date by which the property will be demolished, PLUS one of the following:
    - A copy of the permit(s) required to undertake the substantial remodel or demolition; OR
    - If the notice is issued to abate hazardous materials and does not require a permit, a copy of the signed contract with the contractor hired by the owner to complete the substantial remodel, that reasonably details the work that will be done to abate the hazardous materials.

d) Notice that if the tenant is interested in reoccupying the unit following the substantial remodel, the tenant shall inform the owner of their interest in reoccupying the unit following the substantial remodel, and provide the owner with their address, telephone number, and email address.

18. What happens if the substantial remodel or demolition of the property doesn't start or isn't completed as described in the notice?

The owner must offer the unit to the tenant to re-rent with a rental agreement containing the same terms as the most recent rental agreement with the owner at a rental rate that was in effect at the time the tenant vacated.

Once the landlord offers to re-rent the unit to the tenant with the terms above, the tenant MUST let the landlord know within 30 days of receiving the offer if they accept or reject the offer. If the offer is accepted, then the tenant must reoccupy the unit within thirty (30) days of notifying the landlord that the offer is accepted.

19. What requirements are Owners subject to when terminating a tenancy for No-Fault Just Cause?

A Landlord must give written notice at least 30 or 60 days prior to the proposed termination date pursuant to Civil Code section 1946.1 and it must contain the following:

a) The no-fault just cause reason why the tenancy is being terminated;
b) Notification to the tenant of their right to receive relocation assistance or a waiver of rent (See FAQs #20 and 21 for amount of relocation or waived rent);
    - If the owner chooses to waive the rent for the final month of the tenancy, the notice must state the amount of rent waived and that no rent is due for the final month of the tenancy.

The decision to either waive rent or make a direct payment for relocation costs is the landlord's decision – the tenant does not choose which they prefer.

20. If a landlord chooses to waive rent as part of a notice of termination for no-fault just cause, how much rent is waived?

One (1) month – which will be the final month that the tenant is in possession of the unit before they are required to vacate.

21. If a landlord chooses to make a direct payment to the tenant for relocation costs, how much is the payment and when is it made?

A direct payment for relocation costs will be equal to one (1) month of the tenant's rent that was in effect when the owner gave the tenant the notice to terminate the tenancy.

The direct payment for relocation costs must be provided within 15 calendar days of service of the notice to terminate the tenancy.

22. What happens if a landlord waives the final month of rent or makes a direct payment for relocation costs, but the tenant doesn't move out?

If the tenant fails to vacate after the notice expires, then in a legal action to recover the possession of the property, the landlord can recover damages for the actual amount of any relocation assistance paid or rent waiver that was given.

23. If a landlord doesn't comply with all the requirements under SB 567, is the notice terminating the tenancy still valid?

No. If a landlord fails to comply with any of the SB 567 requirements and the property is not exempt (see FAQ 32), then the notice to terminate the tenancy is void.

24. Is an owner required to give a tenant notice of the protections under SB 567?

Yes, an Owner of residential real property subject to the Tenant Protection Act must provide written notice and include the following language in no less than 12-point font:

> "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."

25. When an owner is required to give notice of the protections under the Tenant Protection Act, when and how is the notice supposed to be given?

- For non-mobile home tenancies that started or renewed on or after July 1, 2020:
  The notice must be provided 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.
- For non-mobile home tenancies that existed prior to July 1, 2020:
  The notice must be provided by written notice to the tenant no later than August 1, 2020 or as an addendum to the lease or rental agreement.
- For mobile home tenancies that started or renewed on or after July 1, 2022:
  As an addendum to the lease agreement or rental agreement, or as a written notice signed by the tenant, with a copy provided to the tenant.
- For mobile home tenancies that existed prior to July 1, 2022:
  The notice must be provided by written notice to the tenant no later than August 1, 2020 or as an addendum to the lease or rental agreement.

26. Does SB 567 change any of the state-wide rent cap limits?

No. The rent caps currently in place remain the same under SB 567. SB 567 provides additional definitions to Civil Code section 1947.12 to clarify how rent caps are calculated and specifies what remedies a tenant has if a landlord violates the rent cap.

27. **What are the remedies for tenants under SB 567 if the owner raises the rent more than the allowable amount?**

    If a landlord demands, accepts, receives or keeps any payment of rent in excess of the maximum amount of rent allowed, they landlord will be liable to the tenant in a civil action for
    - Injunctive relief (an order for someone to stop or start certain behavior);
    - Money damages for the difference between the amount that was demanded/accepted/received/kept and the maximum allowable rent;
    - In the court's discretion, reasonable attorney's fees and costs;
    - And money damages up to 3xs the amount by which any payment demanded, accepted, received, or retained exceeds the maximum allowable rent IF there is a showing that the owner acted willfully or with oppression, fraud or malice.

    Additionally, the Attorney General, city attorney or county counsel in the jurisdiction where the rental unit is located can bring an action to enforce SB 567 protections and seek injunctive relief based on violations of SB 567.

28. **Is there a statute of limitations on when a tenant can bring a civil suit against the landlord for violations under SB 567?**

    Yes. Any civil action brought by the tenant against a landlord for violations of the rent cap provisions under SB 567 must be brought within three (3) years of the date on which the cause of action arose.

29. **Who is considered a Landlord (Owner) under SB 567?**

    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.

30. **What is "Residential Real Property" under SB 567?**

    Any dwelling or unit that is intended for human habitation, including any dwelling or unit in a mobile home park.

31. **What is defined as a Tenancy under SB 567?**

    The lawful occupation of residential real property and includes a lease or sublease.

32. Are there exceptions or properties that are not protected by SB 567?

Yes. Certain residential tenancies or residential circumstances are not subject to the requirements of SB 567. Those tenancies/circumstances are:

a) Transient and tourist hotel occupancy;
b) Housing in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly, or an adult residential facility;
c) Dormitories owned and operated by institution of higher education or K-12;
d) Housing in which the tenant shares bathroom or kitchen facilities with the Owner when the property is the Owner's primary residence.
e) Single-family owner-occupied residences, including:
    1) a residence where the owner-occupant rents or leases less than two units or bedrooms, including an accessory dwelling unit (ADU) or junior ADU;
    2) mobile homes.
f) A property containing two separate dwelling units within a single structure in which the Owner occupied one of the units as their principal place of residence at the beginning of the tenancy, so long as the owner continues to occupy it, and neither unit is an ADU or junior ADU.
g) Housing that has been issued a certificate of occupancy within the last 15 years, unless the housing is a mobile home.
h) Residential real property, including a mobile home, that is alienable separate from the title to any other dwelling unit, provided that **both** of the following apply:
    - The Landlord is NOT:
        a) A real estate investment trust;
        b) a corporation;
        c) a limited liability company (LLC) in which at least one member is a corporation; or
        d) management of a mobilehome park
    - The Tenant has been provided written notice that the property is exempt from this section using specific language (found in 1946.2(e)(8)(B)(i)).
i) 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; or subject to an agreement that provides subsidies for affordable housing for persons and families of very low, low, or moderate income.

33. **What is an example of a single-family owner-occupied residence that is not protected under SB 567?**

    Examples of what could qualify under this exemption might be a tenancy in a single-family home or mobile home where the owner lives in one room and rents out 1 or 2 other rooms to tenants, collecting rent from them monthly.

    An example of what would **not** qualify under this exemption would be a tenancy in a single-family home or mobile home where the owner lives in one room and rents out 3 or more rooms to 3 or more tenants, collecting rent from them monthly.

34. **What is an example of a property with two separate dwelling units within a single structure where the Owner occupied one of the units as their principal place of residence at the beginning of the tenancy, so long as the owner continues to occupy it, and neither unit is an ADU or junior ADU?**

    Examples of what could qualify under this exemption might be a tenancy in a duplex in which the owner lives in one rental unit and the tenant lives in the other, and the owner collects rent from the tenant monthly.

    An example of what would not qualify under this exemption would be a tenancy in a property with 3 or more rental units in which the owner lives in one and the tenants live in the other units, and the owner collects rent from the tenants monthly.

    Another example of what would not qualify is a tenancy in a duplex in which the owner DOES NOT live in one of the two rental units and the owner collects rent from the tenants monthly.

35. **If I am a Section 8 voucher recipient, does SB 567 apply to me?**

    Yes. Section 8 Housing Choice Vouchers are not excluded under the exemption for housing that is part of an agreement with a government agency. Both the California Attorney General's Office and the U.S. Department of Housing and Urban Development (HUD) have provided written guidance, expressly outlining that rent cap protections in the Tenant Protection Act apply to Section 8 Housing Choice Vouchers. See Letter from the California Attorney General and Letter from HUD.

36. **Does SB 567 apply to mobilehomes?**

    Yes. Mobilehomes are expressly included in the definition of residential real property under the No-Fault Just Cause (Civil Code section 1946.2) and Rent Cap (Civil Code section 1947.12) provisions of SB 567.

37. **If I am evicted from my home through an Unlawful Detainer lawsuit, can I use SB 567 to defend myself against the Unlawful Detainer lawsuit?**

    Yes, a violation of SB 567 may be asserted as an affirmative defense in an unlawful detainer or other civil action.

38. **Does SB 567 apply to tenancy termination notices served before April 1, 2024?**

    SB 567 protections will not apply to termination notices that have already been adjudicated in the courts (meaning a judgement has already been entered). For tenancy termination notices that have not been adjudicated, we currently do not know how the court will rule on this issue.

39. **What if I still have questions, who can I contact for assistance?**

    The Legal Aid Society is open for in person or over the phone intakes Monday - Friday, 9:00 a.m. to 5:00 p.m. Call us at: 877-LEGAL-AID (877-534-2524)

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