Date of Hearing: July 2, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 522 (Wahab) – As Amended March 28, 2025

SENATE VOTE: 27-10

SUBJECT: Housing: tenant protections

SUMMARY: Exempts housing built to replace a previous housing unit, as specified, from the 15-year rolling exemption for new construction in the just cause eviction provisions of the Tenant Protection Act of 2019 (TPA). Specifically, **this bill**:

1) Exempts housing built to replace a previous housing unit that meets all of the following criteria from the 15-year rolling exemption for new construction in the just cause eviction provisions of the TPA:

   a) The previous unit was substantially damaged or destroyed by a disaster, defined to mean a fire, flood, storm, tidal wave, earthquake, terrorism, epidemic, or other similar public calamity that the Governor determines presents a threat to public safety;

   b) The previous unit was issued a certificate of occupancy before the unit was substantially damaged or destroyed by the disaster; and

   c) The previous unit was subject to the just cause eviction provisions of the TPA.

EXISTING LAW:

1) Prohibits an owner of residential real property from terminating a tenancy without just cause after a tenant has continuously and lawfully occupied a property for 12 months, until January 1, 2030. (Civil Code (CIV) Section 1946.2(a))

2) Defines "just cause" to mean either of the following:

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

      i) Default in the payment of rent;

      ii) A breach of a material term of the lease, as specified;

      iii) Maintaining, committing, or permitting the maintenance or commission of a nuisance, as specified;

      iv) Committing waste, as specified;

      v) The tenant's lease met certain terms if the lease is for a tenancy in a mobilehome;

      vi) Criminal activity by the tenant on the property, including any common areas, or any criminal activity or criminal threat, as defined, on or off the property that is directed at any owner or agent of the owner of the property;

vii) Assigning or subletting the premises in violation of the tenant's lease;

viii) The tenant's refusal to allow the owner to enter the property as authorized by specified law;

ix) Using the premises for an unlawful purpose;

x) The employee, agent, or licensee's failure to vacate after their termination as an employee, agent, or licensee; or

xi) When the tenant fails to deliver possession of the property after providing the owner written notice of the tenant's intention to terminate the hiring of the property, or makes a written offer to surrender that is accepted in writing by the owner, but fails to deliver possession at the time specified in the written notice;

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

i) Intent to occupy the property by the owner or owner's spouse, domestic partner, children, grandchildren, parents, or grandparents for a minimum of 12 continuous months as that person's primary residence, as specified;

ii) Withdrawal of the property from the rental market;

iii) The owner complying with any of the following:

I) An order issued by a government agency or court relating to habitability that necessitates vacating the property;

II) An order issued by a government agency or court to vacate the property;

III) A local ordinance that necessitates vacating the property; or

iv) Intent to demolish or to substantially remodel the property, as specified. (CIV 1946.2(b))

3) Requires an owner, if they issue a termination notice based on a no-fault just cause as described under 2) b) above, to do one of the following:

a) Assist the tenant to relocate by providing a direct payment to the tenant, as specified; or

b) Waive in writing the payment of rent for the final month of the tenancy, prior to the rent becoming due. (CIV 1946.2(d))

4) Exempts the following types of residential real properties or residential circumstances from the just cause eviction provisions of the TPA:

a) Transient and tourist hotel occupancy, as specified;

b) Housing accommodations in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly, or an adult residential facility, as specified;

c) Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1-12 school;

d) Housing accommodations in which the tenant shares bathroom or kitchen facilities with the owner who maintains their principal residence at the property;

e) Single-family owner-occupied residences, including both of the following:

   i) 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 (ADU) or a junior accessory dwelling unit (JADU); and

   ii) A mobilehome;

f) A duplex in which the owner occupied one of the units as their primary residence at the beginning of the tenancy, so long as the owner continues in occupancy and neither unit is an ADU or JADU;

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

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

   i) The owner is not a real estate investment trust, a corporation, a limited liability company in which at least one member is a corporation, or management of a mobilehome park; and

   ii) The tenants have been provided written notice that the property is exempt from the just cause eviction provisions of the TPA, as specified; or

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 moderate or lower income, as specified, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of moderate or lower income, as specified. (CIV 1946.2(e))

FISCAL EFFECT: None.

COMMENTS:

Author's Statement: According to the author, "Protecting tenants from unjust evictions is one of the most basic anti-displacement and anti-homelessness actions we can take. The Tenant Protection Act established these provisions for units with a certificate of occupancy date older than 15 years from the current date. The loss of multi-family housing units in the Palisades and Eaton fires forces us to reconsider the efficacy of the 15 years provision. As replacement rental housing units are rebuilt after these and any future disasters, we must ensure the previously enacted protections carry over. Without extending these protections, our homelessness and housing crises will only get worse."

Struggling Tenants and the Housing Crisis: California is home to approximately 18 million renters – which represents 44% of the state's population. Renters have been particularly impacted by the state's affordable housing crisis, as the multi-million unit shortfall of housing has driven up rents considerably.

According to the 2022 Statewide Housing Plan, California needs an additional 2.5 million housing units, including 1.2 million for lower-income households, to meet the state's housing shortage. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand, including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year, including fewer than 20,000 units of affordable housing per year.

Furthermore, the state's homelessness crisis is driven by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's Housing Need Dashboard, in the current market, over two million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month. In addition, median rent in California has increased by 40% since 2000, while median renter household incomes have only increased 9% over the same time period (after inflation).[1]

Tenant Protection Act of 2019: For decades, several local jurisdictions have imposed limits on how much residential landlords can raise the rent on their tenants each year, usually in combination with laws preventing landlords from terminating residential tenancies unless the landlord has a specific and legitimate reason for doing so. However, throughout the rest of the state and for individuals living in the many units exempt from local rent control, landlords could raise rents by as much as they pleased and could force a tenant to move out for any legal reason or for no reason at all, subject only to requirements for one or sometimes two months' advance notice. This changed in 2019 with the passage of AB 1482 (Chiu), Chapter 597, which provided eight million California renters in certain housing units with two critical tenant protections: a prohibition on exorbitant rent increases and protections against unjustified evictions.

AB 1482 protected against rent gouging by placing an annual cap on rent increases at 5% plus the change in the CPI, not to exceed 10%. The bill protected against unjustified evictions by requiring a justifiable cause for the termination of a tenancy after 12 months of tenancy. This included specifying a list of "at-fault" causes, where the termination is justified by the action of the tenant, such as failure to pay rent or criminal activity on the premises. Where the reason was not the tenant's fault – such as situations where the owner decides to occupy the unit, where the landlord undertakes demolition or a substantial remodel, or where the landlord elects to withdraw the property from the rental market – AB 1482 made sure tenants received at least some financial assistance for being made to relocate.

Further refinements to the TPA were made in 2023 with SB 567 (Durazo), Chapter 290, to close perceived loopholes that were being exploited to evade the law's protections and to provide

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[1] *California Affordable Housing Needs Report 2025*, California Housing Partnership, https://chpc.net/wp-content/uploads/2025/03/CHP_State-Housing-Needs-Report-2025.pdf (March 2025)

additional enforcement tools. Some property owners had effectively achieved rent increases that were not permissible under the law by claiming illegitimate owner move-in or substantial remodel causes to remove existing tenants and replace them with tenants paying substantially higher rents. SB 567 closed these loopholes beginning April 1, 2024.

SB 567 also provided additional enforcement tools to local governments and to harmed tenants by allowing additional public and private rights of action against landlords who violate the provisions of the TPA beginning April 1, 2024. The bill provided explicit authorization for the Attorney General and a city attorney or a county counsel to bring actions to enforce the law and to seek injunctive relief on behalf of harmed tenants, and required landlords to strictly comply with the TPA when providing certain notices to give certainty to all actors regarding what is legal and not legal.

Los Angeles Wildfires: In early January 2025, extremely dry conditions and high winds in Los Angeles resulted in two of the worst wildfires in state history. The Palisades fire, which started on January 7th, damaged or destroyed almost 8,000 structures in the Pacific Palisades and Topanga State Park area of west Los Angeles. That same day, other fires also broke out in the greater Los Angeles area: the Eaton and Hughes fires. The Eaton fire damaged or destroyed more than 10,000 structures, including significant portions of the city of Altadena. About half of all properties in both cities were destroyed, and both fires took the lives of 29 civilians and injured a dozen firefighters. All told, the January wildfires in Los Angeles were some of the most destructive wildfires in state history.

Beyond the significant human toll, the fires also have had a financial significant toll on residents and communities where they burned and throughout Southern California. Real estate losses have been estimated to be as high as $30 billion, and just under 13,000 households were displaced by the Palisades and Eaton fires. An estimated 9,592 single family homes and condominiums, 678 apartment units, 2,210 duplex and bungalow courts, and 373 mobilehomes were either heavily damaged or destroyed. Additionally, records show that about 770 rent-controlled units were destroyed in the Pacific Palisades.

All of this significant destruction displaced thousands of homeowners and tenants alike, so much so that rents and occupancy rates throughout the greater Los Angeles area spiked after the fires. Reports of landlords engaging in unlawful price gouging of tenants, prospective tenants, and short-term rentals abounded. The displacement of so many individuals and families caused a significant strain on Los Angeles and the surrounding area's already strained and insufficient housing supply. Local and state government have passed various ordinances and rules to try to help Californians displaced by the fires and support tenants in surrounding areas dealing with added economic strain or increased rents.

This Bill: In light of the significant amount of housing that was destroyed by the Palisades and Eaton wildfires, SB 522 proposes to narrow the new construction exception in the TPA's just cause provisions for housing built within the last 15 years. It specifies that this exception does not apply to housing built within the last 15 years when that housing was built to replace housing that was substantially damaged or destroyed by a disaster, was issued a certificate of occupancy before it was substantially damaged or destroyed, and was previously subject to the TPA's just cause protections. SB 522's provisions apply to housing damaged or destroyed by fire, flood, storm, tidal wave, earthquake, terrorism, epidemic, or another similar disaster.

The author and sponsor contend that housing built to replace housing destroyed by wildfires should maintain the same just-cause protections for its tenants that tenants of the destroyed building enjoyed. If it were not for the disaster, the tenants of the landlord's building would still enjoy the TPA's just cause protections. SB 522 would not prohibit landlords who rebuild after a disaster from evicting their tenants – when a leased unit is destroyed, the tenancy ends for the tenant, and under the TPA, landlords can evict tenants to complete substantial remodels to the property – and it is not saying that landlords must accept their previous tenants back. It simply extends the just-cause eviction protections to the tenants of a building that was recently built to replace housing substantially damaged or destroyed by a disaster.

Considering that just-cause protections do not prohibit a landlord from charging market rate rents or setting the rent for new tenants at the level the market will bear, landlords would still have ample opportunity to make a return on their investments and steady income. Because SB 522 does not provide a similar disaster exception to the exception for recent builds in the TPA's rent cap, landlords subject to SB 522's provisions would be able to increase rents on their tenants outside of the TPA's protections. Additionally, just-cause protections are not a prohibition on evicting tenants, but rather outline the permissible reasons for evicting a tenant. The purpose of just-cause protections are to prevent frivolous evictions, not to prevent evictions altogether. SB 522 simply provides these protections for tenants whose building would otherwise have been covered, but for a disaster. As is currently the case, these just-cause protections would not apply until the tenant has resided in their unit for at least year.

Arguments in Support: According to the Los Angeles City Attorney's Office, the bill's sponsor, "SB 522 (Wahab) would exclude housing built to replace a previous housing unit that was subject to the TPA and was substantially damaged or destroyed by a disaster and was issued a certificate of occupancy before that housing unit was substantially damaged or destroyed, from the above-described exemption from the just cause requirements and rental increase limits. The Los Angeles City Attorney's Office is grateful for your commitment to protecting residents around the state that are victims of our wildfires from losing this tenant protection as a result of the destruction by the wildfires."

Arguments in Opposition: A coalition of opponents including the California Apartment Association, California Association of Realtors, and the California Chamber of Commerce write in opposition, stating that the bill overlooks the financial difficulty of rebuilding rental housing after a disaster, that the bill contributes to the exodus of rental property owners leaving the state, and that the bill does not encourage but rather disincentivizes the reconstruction of housing.

Related Legislation:

AB 311 (McKinnor) of the current legislative session would authorize a tenant to temporarily permit a person at risk of homelessness to reside in their unit, regardless of the terms of the tenant's lease, and includes in the definition of a person at risk of homelessness a person who is displaced as a result of a disaster in an area in which a state of emergency has been declared. This bill is currently pending before the Senate Committee on Judiciary.

SB 567 (Durazo), Chapter 290, Statutes of 2023: Made a series of revisions to existing statewide protections against eviction without just cause and provided enforcement mechanisms for the violation of statewide restrictions on residential rent increases and statewide protections against no fault evictions.

AB 1482 (Chiu), Chapter 597, Statutes of 2019: Enacted the TPA that, among other things, provided that tenants who have resided in their unit for at least a year cannot be evicted but for just-cause, with exceptions for certain housing, and prohibited rent increases from exceeding five percent plus the change in the consumer price index, or 10%, whichever is lower.

***Double Referred**:* This bill was also referred to the Assembly Committee on Judiciary where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Los Angeles City Attorney (Sponsor)
Alliance for Children's Rights
East Bay Housing Organizations
Livable California

Opposition

Apartment Association of Greater Los Angeles
Apartment Association of Orange County
Apartment Association, California Southern Cities
Berkeley Property Owner's Association
Building Owners and Managers Association of California
California Apartment Association
California Association of Realtors
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Rental Housing Association
Commercial Real Estate Development Association, NAIOP of California
East Bay Rental Housing Association
Institute of Real Estate Management
NAIOP of California
Nor Cal Rental Property Association
North Valley Property Owners Association
Santa Barbara Rental Property Association
Southern California Rental Housing Association
Western Manufactured Housing Communities Association

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