

Rent Increases

What laws apply to limit rent increases?

There are four types of laws that may limit rent increases: state law under the Tenant Protection Act "TPA" (Rent Cap and Just Cause Eviction Law); the state anti-price gouging law during a declared state of emergency; local city or county rent control ordinances and rent freeze moratoriums; and federal affordable housing programs affecting certain properties. *If more than one law applies, an owner must comply with the most restrictive law.*

What is the state law that applies to rent increases?

The TPA, limits rent increases to 5% plus inflation as indicated by the applicable Consumer Price Index (CPI) up to a maximum of 10%. Not every property is subject to the TPA, and there are exemptions. (See below). Depending on where the property is located, different CPIs are used. A property owner is limited to the rent cap maximum for any 12-month period.

What is the maximum rent increase for properties subject to the TPA for rent increases that take effect between August 1, 2022, and July 31, 2023?

10%. The maximum rent increase under TPA properties is 5% plus CPI, up to a maximum of 10%. Ordinarily, we would provide a chart which shows the specific allowable maximums for certain metropolitan areas based on the CPI. But for this period, the CPI for all areas is running at no less than 7.9%. Therefore, 5% plus the CPI easily reaches the maximum of 10%.

What types of properties are exempt from the state law?

There are several exemptions, but the two most important are: 1) In most cases, single-family residences, condominiums, townhomes if not owned by a corporation or a REIT and a notice of exemption has been provided (Use C.A.R. form RCJC); and 2)

Housing that has been issued a certificate of occupancy within the previous 15 years.

What is the anti-price gouging law?

Even if the property is exempt from the TPA, the anti-price gouging law may still apply. It is triggered by a declaration of emergency from the Governor, city or county authorities, or even the President. While in effect the anti-price gouging law may limit rent increases to 10%.

How long do the restrictions of the anti-price gouging law stay in effect?

In regard to rent, the statute generally applies for 30 days after a declaration of emergency. However, it may be extended. According to the Attorney General, State and local officials have the authority to extend the effective period of the law beyond 30 days. See [the Attorney General's FAQ here](#). Some counties have been under continual emergency rent restrictions for years. Thus, limiting rent increases to 10% for the entire period. Check [the chart at the Governor's Office of Emergency Services](#) site for a list of counties which are currently under the Governor's price gouging protections. Unfortunately, there is no such easily accessible list for local emergency declarations.

Does the state law allow me to charge new tenants any amount I want?

Not necessarily. The price gouging law may actually work as a vacancy control law in some circumstances. Otherwise, under the TPA, for a new tenancy with all new tenants, the property owner may establish an initial rental rate.

If a property owner is exempt from state law, is the property owner then permitted to increase rent by any amount?

It depends. Only if there is no local rent control or rent freeze law or locally declared anti-price gouging law limiting the increase. For example, the city of Los Angeles has imposed a complete rent freeze on all properties subject to the local rent control law since early 2020. Landlords should also be aware of certain federal affordable housing programs that may also create restrictions on rent increases.

Otherwise, if there is no such local restrictions, owners may increase rent with proper notice. Rent increases of 10% or below require 30-day notice. For rent increase over 10%, a 90-day notice is required. In determining whether the increase is over 10%, the landlord must count all rent increases within the previous 12 months. If those rent increases plus the immediate rent increase total over 10%, then a 90-day notice is required.