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## **The Legislature's Assistance to Tenants in a Tight Rental Market: Will it Work or Just End Up Making the Rental Market Even Tighter?**

*Matthew J. Weber*

### *Code Sections Affected*

Civil Code §§ 1954.52, 1962, 1962.5, 1962.7 (amended), 1946.1 (new); Code of Civil Procedure § 1161 (amended).  
SB 985 (Kuehl); 2001 STAT. Ch. 729.

### I. INTRODUCTION

California's large economy, beautiful weather, and plethora of places to visit make it a great place to live. As a result, numerous people are drawn to California as a place to call home. Unfortunately, California's population growth has outpaced the housing industry for almost twenty years, falling more than 800,000 homes behind.<sup>1</sup> Resulting from the lack of housing, the low vacancy rate for rental housing in the State is at a record low.<sup>2</sup> In fact, some cities have vacancy rates as low as zero to one-half percent<sup>3</sup> which is much lower than the five percent rate considered normal.<sup>4</sup> Consequently, finding a dwelling to rent is a difficult task in itself; however, this task becomes even more troubling given that some Californians only have thirty days to look for a home.<sup>5</sup> One individual stated that it took her six weeks to find a place to live, stating "[i]t's like a full-time job looking for an apartment."<sup>6</sup> In another case, the mother of a fourteen-year-old girl contemplated canceling her daughter's heart surgery because she was having trouble finding an apartment to rent.<sup>7</sup>

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1. See Jim Wasserman, *Some Find Housing Shortage to Be Too Close for Comfort*, *MODESTO BEE*, July 23, 2001, at A3 (reporting how housing is becoming more expensive and more difficult to find in California).

2. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, *COMMITTEE ANALYSIS OF SB 985*, at 3-4 (July 11, 2001) (listing the vacancy rates around the State, such as Oakland and Sunnyvale at 0.3%; Gilroy and Dixon at 0.0%; Solano County and Davis at 0.5%; Los Angeles at 4.0%; Orange County at 2.2%; and Ventura County at 3.0%).

3. *Id.*

4. *Id.*

5. See CAL. CIV. CODE § 1946 (West 1985) (indicating that in a month-to-month tenancy either party may terminate by giving at least thirty days written notice).

6. See Wasserman, *supra* note 1, at A3 (describing two stories of people trying to find a rental).

7. Michael Fisher, *Eviction May Force Teen to Cancel Heart Surgery: Her Disabled Murrieta Hot Springs Mom Hasn't Been Able to Find a New Home Where the Girl Could Recuperate*, *PRESS-ENTERPRISE*

Even after tenants finally locate a place to live, some have problems paying the rent to the proper person or tracking down the landlord for repairs.<sup>8</sup> In one instance, a family lived in a house with a leaky roof and no heat.<sup>9</sup> The only contact address the landlord provided to the tenants was the tenants' own address because he was "reportedly in jail."<sup>10</sup> Since the tenants had no way to contact the landlord, they could not request that the necessary repairs be made.<sup>11</sup>

Another major complaint by tenants is that they are not given a copy of the rental agreement, leaving the tenant unaware of certain rights and obligations under the agreement. For example, a Santa Monica tenant did not receive a copy of his rental agreement, even upon request.<sup>12</sup> When the tenant acquired a roommate to help him pay the rent, the landlord threatened to evict him because the agreement allegedly prohibited roommates.<sup>13</sup>

The above stories are just some of the problems that tenants encounter with rental housing in California. The Legislature, in an effort to assist tenants and help resolve some of the rental housing problems, enacted Chapter 729, which promises to put a stop to such absurdity.<sup>14</sup>

## II. LEGAL BACKGROUND

### A. *Notice of Termination of a Rental Agreement*

In California, a landlord or a tenant may end a month-to-month tenancy by giving at least thirty days written notice to the other.<sup>15</sup> Additionally, at the time the parties make the rental agreement they may agree that notice of an intention to terminate may be given at any time.<sup>16</sup> However, neither party may give notice less than seven days before the expiration of the tenancy.<sup>17</sup> Also, in situations involving seniors and the disabled, the law requires that, if the tenant has lived in

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(Riverside), Jan. 18, 2001, at B01.

8. See Letter from Sallyann Molloy, Directing Attorney, Legal Aid Foundation of Los Angeles, to Sheila Kuehl, Senator 1 (Apr. 27, 2001) [hereinafter Molloy Letter] (on file with the *McGeorge Law Review*) (relaying her support for Chapter 729 and also sharing some problems which she believes would be eliminated by Chapter 729).

9. *Id.* at 3.

10. *Id.*; see also *id.* at 2 (relating another situation involving a tenant whose rental was owned by a corporation that continually changed its name, address, and telephone number). The tenant would mail the rent to the previous address, but it would be returned unclaimed. Because the tenant was unable to get the rent to the landlord, the landlord sent her a bill for back rent and late fees without ever providing a current address. *Id.*

11. *Id.* at 2.

12. *Id.* at 3.

13. *Id.* (indicating that the landlord told the tenant that he lost the agreement).

14. See *infra* Part III (detailing the sections of Chapter 729).

15. See CAL. CIV. CODE § 1946 (West 1985) (indicating that in a month-to-month tenancy either party may terminate by giving at least thirty days written notice).

16. *Id.*

17. *Id.*

the dwelling for a year or longer, then the landlord must give the tenant at least one year's notice to terminate a tenancy.<sup>18</sup>

Furthermore, California law provides that if a lessor continues to accept rent from the lessee after a tenancy for a term<sup>19</sup> expires and the lessee remains in possession, the parties have renewed the hiring<sup>20</sup> on the same terms of the original lease.<sup>21</sup> Thus, the parties create a month-to-month or periodic tenancy.<sup>22</sup> Regarding month-to-month tenancies, the law requires a landlord to give at least thirty days notice to change the terms of the lease.<sup>23</sup> If, however, the landlord chooses to increase the amount of rent charged, the landlord may have to provide sixty days notice in a month-to-month tenancy.<sup>24</sup> The Legislature enacted the additional thirty-day requirement in 2000 in response to the tight rental market and to help renters deal with the rental increase, without resorting to rent control.<sup>25</sup>

At common law, a tenancy at-will was terminable by either party without any advance notice.<sup>26</sup> Current California law, however, provides that a landlord cannot terminate a tenancy at-will without giving at least thirty days notice to the tenant.<sup>27</sup>

California law provides the landlord with a way to terminate a periodic tenancy upon less than thirty days notice.<sup>28</sup> If a tenant fails to pay rent, a landlord may serve the tenant in writing with a notice stating the amount of rent that is due, and he must give the tenant three days to pay.<sup>29</sup> A tenant's failure to pay the past due rent in three days means the tenant has unlawfully detained the property.<sup>30</sup>

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18. CAL. GOV'T CODE § 7060.4 (West 1995 & Supp. 2002).

19. See BLACK'S LAW DICTIONARY 1191 (7th ed. 2000) (defining tenancy for a term, also known as a term of years, as "a tenancy whose duration is known in years, weeks, or days from the moment of its creation.").

20. See CAL. CIV. CODE § 1925 (West 1985) (defining a hiring as "a contract by which one gives to another the temporary possession and use of property, other than money, for reward, and the latter agrees to return the same to the former at a future time").

21. *Id.* at § 1945.

22. See *id.* (specifying that the renewed tenancy cannot exceed one year).

23. *Id.* § 827 (authorizing the parties to change the terms of the lease by written agreement at any time not less than seven days before the lease expires).

24. See *id.* (requiring an additional thirty days notice if the rent increase is ten percent or more of the rental amount charged at any time during the prior twelve months).

25. See 2000 Cal. Stat. ch. 680, sec. 1, at 93 (enacting CAL. CIV. CODE § 827) (stating that by adding an additional sixty days notice, the Legislature intended to respond to tight rental markets by giving tenants more time to react to a rent increase, for example, by "finding a roommate, or relocating.").

26. See *Miller & Desatnik Mgmt Co. v. Bullock*, 221 Cal. App. 3d Supp. 13, 18, 270 Cal. Rptr. 600, 603 (1990) (observing that California has altered the common law by statute).

27. See CAL. CIV. CODE § 789 (West 1982) (requiring a landlord to give written notice to a tenant to terminate a tenancy or other estate at-will).

28. CAL. CIV. PROC. CODE § 1161 (West 1982 & Supp. 2002).

29. *Id.*

30. See *id.* (providing that if a tenant violates any provision of the lease, materially damages the property, creates a nuisance, or uses the property for an unlawful purpose, or any party gives written notice to

## B. Rental Payment and Rental Agreement Information

According to the Legal Aid Foundation of Los Angeles, landlords frequently change the manner in which rent is to be collected from the tenant.<sup>31</sup> Problems also arise when a new landlord takes over the rental units and subsequently demands rental payments from tenants without furnishing the tenants with formal proof of the change in ownership.<sup>32</sup> Both situations cause confusion to the tenants who no longer know to whom to remit their rental payments.<sup>33</sup> As a result, tenants often fail to remit rental payments and unwittingly commit unlawful detainer.<sup>34</sup>

The law requires that an owner of any dwelling, containing one or more units offered for rent, must disclose the name and street address at which personal service may be effected upon a manager of the premises.<sup>35</sup> The law, however, did not require the landlord to specify the manner in which rent was to be paid.

## C. The Costa-Hawkins Rental Housing Act

According to proponents of Senate Bill 985,<sup>36</sup> many landlords circumvent local rent-control laws through use of the Costa-Hawkins Act.<sup>37</sup> The Costa-Hawkins Housing Act<sup>38</sup> provides that an owner of residential property may establish the initial and all subsequent rental rates if the dwelling unit “is alienable separate from the title to any other dwelling unit . . . .”<sup>39</sup> Because of this provision, many apartment building owners obtain permits to convert their apartments into condominiums,<sup>40</sup> thus making them an alienable separate dwelling unit that is not subject to rent control.<sup>41</sup> Many apartment owners

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terminate the tenancy and then remains in possession, the tenant may be guilty of unlawful detainer).

31. ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 6 (July 11, 2001).

32. See Molloy Letter, *supra* note 8, at 4 (describing an incident in which a man demanded rent from tenants, stating he was the new owner without providing proof of ownership). The tenants were hesitant to pay him rent and thereafter were served with a three-day notice to pay or quit, which listed a phone number but no address. The tenants called the number and were told to mail the rent to an apartment in the building. The tenants were confused, did not mail the rent, and were eventually sued for unlawful detainer. *Id.*

33. ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 6 (July 11, 2001).

34. *Id.* at 5-6.

35. CAL. CIV. CODE § 1962 (West 1985).

36. ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 5-6 (July 11, 2001).

37. *Id.*

38. CAL. CIV. CODE §§ 1954.50-.535 (West Supp. 2002).

39. *Id.* § 1954.52(a)(3).

40. See *id.* § 783 (West Supp. 2002) (defining a condominium as an estate in real property that consists of an undivided interest in common in a portion of real property coupled with a separate interest in a space called a “unit”).

41. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 5 (July 11, 2001) (indicating that apartment owners are obtaining permits to convert apartments into condominiums and continuing to rent the condominiums as apartments, in order to be exempt from rent

continue to rent these “converted apartments,” but at higher rates than would otherwise be allowed under local rent control laws.<sup>42</sup> Originally, this rent control exception was created to encourage the construction of condominiums, which are seen as an affordable housing alternative.<sup>43</sup> However, proponents of Senate Bill 985 believe this provision is abused and needs to be removed.<sup>44</sup>

### III. CHAPTER 729

#### A. *Extra Notice to Terminate a Periodic Tenancy*

Chapter 729 requires landlords in the cities of Los Angeles, Santa Monica, and West Hollywood to give at least sixty days notice to terminate a periodic tenancy, as opposed to thirty days.<sup>45</sup> The sixty-day notice required by Chapter 729 only applies if the tenant has lived in the dwelling for at least one year.<sup>46</sup> Furthermore, the extended notice provision of Chapter 729 is only in effect until January 1, 2005, unless this termination date is extended by another statute.<sup>47</sup> The limited duration and limited geographical area controlled by this section of Chapter 729 allows the Legislature to assess the impact and effect the extended notice has upon the tenants and the landlords.<sup>48</sup> Moreover, the additional notice does not apply in a city where the rental vacancy rate exceeds ten percent.<sup>49</sup> In addition, if the rental unit is sold to a bona fide purchaser, the extended notice does not apply.<sup>50</sup>

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control).

42. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 5-6 (July 11, 2001) (illustrating how some condominium owners obtained permits up to eight years ago and are still renting the units to tenants).

43. *Id.* at 5.

44. See *id.* (stating that the sponsors of Chapter 729 believe this amendment is necessary to close the loophole that allows landlords to circumvent local rent control laws).

45. See CAL. CIV. CODE § 1946.1(a)-(b) (enacted by Chapter 729) (stating that the extra thirty days notice is only required in Los Angeles, Santa Monica, and West Hollywood).

46. *Id.* § 1946.1(d) (enacted by Chapter 729).

47. *Id.* § 1946.1(h) (enacted by Chapter 729).

48. *Id.* § 1946.1(f) (enacted by Chapter 729).

49. *Id.*

50. See CAL. CIV. CODE § 1946.1(e) (enacted by Chapter 729) (providing that this section will not apply if all of the following are true:

- (1) the dwelling or unit is alienable separate from the title to any other dwelling, (2) the dwelling or unit was sold to a bona fide purchaser for value, (3) the purchaser is a natural person or persons, (4) the purchaser gives notice no more than 30 days after acquiring the property, (5) notice was not previously given to the tenant pursuant to this section, [and] (6) the purchaser in good faith intends to reside in the property for at least one full year after the termination of the tenancy.).

*B. Requiring More Information in the Rental Agreement*

Chapter 729 requires any owner of a dwelling structure, containing one or more units offered to the public for rent or residential lease, to disclose the name, telephone number, and address of the person or entity to whom rent shall be paid.<sup>51</sup> Likewise, Chapter 729 requires the owner to specify the form and manner in which rent is to be paid.<sup>52</sup> If the owner chooses, the owner may disclose the account number into which rent may be paid and the name and street address of the financial institution in which that account is located, provided that the bank is located within five miles of the rental property.<sup>53</sup> Moreover, if rent must be paid in person, the owner or their agent must include the regular days and hours someone is available to receive the payments.<sup>54</sup>

In addition, the owner or owner's agent must provide a copy of the rental agreement or lease to the tenant within fifteen days of its execution.<sup>55</sup> Furthermore, if the tenant requests a copy of the rental agreement, the owner or the owner's agent must provide the tenant with a copy.<sup>56</sup> If the owner is not in possession of the rental agreement, then the owner must provide the tenant with a written statement containing the name, telephone number, and street address where personal service may be effected.<sup>57</sup>

Another provision created by Chapter 729 requires that, when the owner or owner's agent serves a tenant with a three-day notice to quit the premises because the tenant continued possession of the premises after the term expired, the owner or agent must disclose, not only the amount of rent that is due, but also to whom the payment of the rent shall be made and where the rent is to be paid.<sup>58</sup>

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51. *Id.* § 1962(2)-(3) (amended by Chapter 729).

52. *Id.*

53. *Id.* § 1962(a)(2)(B)(i) (amended by Chapter 729); *see also id.* § 1962(a)(2)(B)(ii) (amended by Chapter 729) (specifying that the owner may also choose to provide the information necessary to establish an electronic funds transfer procedure for paying the rent).

54. *Id.* § 1962(a)(2)(A) (amended by Chapter 729).

55. CAL. CIV. CODE § 1962(4) (amended by Chapter 729).

56. *See id.* (providing that the tenant shall receive a copy of the rental agreement after its execution and once each calendar year thereafter within fifteen days of a request by the tenant).

57. *See id.* (proclaiming that if the landlord does not have a copy of the rental agreement, he must provide the tenant with the information that is required in sub-sections (a)(1) through (a)(3) of section 1962 of the Civil Procedure Code).

58. *See CAL. CIV. PROC. CODE* § 1161(2) (amended by Chapter 729) (requiring the owner or his agent, when serving a three day notice for nonpayment of rent, to provide all the information that is required in subsections (a)(1) through (a)(3) of section 1962 of the Civil Procedure Code).

C. *Eliminating the Condominium Exception to the Costa-Hawkins Housing Act*

The final provision of Chapter 729 revises the Costa-Hawkins Housing Act exemption for condominiums.<sup>59</sup> Specifically, Chapter 729 provides that section 1954.52 of the California Civil Code only applies to a condominium dwelling unit that is sold separately by the subdivider to a bona fide purchaser for value.<sup>60</sup> Furthermore, Chapter 729 states that, if the only condominium that is not sold is the subdivider's principal place of residence for at least one year after the subdivision occurs, the Costa-Hawkins exception applies.<sup>61</sup> If, however, the condominium was previously exempt from rent control, Chapter 729 provides that the initial rental amount of such unit shall be the lawful rent in effect on May 7, 2001, unless rent is governed by a different provision of the Civil Code.<sup>62</sup>

IV. ANALYSIS OF CHAPTER 729

A. *Extra Notice For Termination of a Periodic Tenancy*

As stated above, vacancy rates in California are at a record low.<sup>63</sup> These low rates create a difficult hurdle for tenants to overcome because they are forced to find a place to live in only thirty days. Accordingly, the sponsors of Chapter 729 argue that the extended thirty days notice is necessary for tenants in high-cost areas of the State.<sup>64</sup> Amid the recent economic boom, many landlords across California regularly use the thirty-day notice to eject tenants and remodel their units in an effort to charge more rent.<sup>65</sup> The sponsors of Chapter 729 assert that the extra thirty days notice will help tenants who are looking for a new place to live.<sup>66</sup>

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59. See CAL. CIV. CODE § 1954.52 (a)(3)(B)(ii) (amended by Chapter 729) (prohibiting the application of section 1954.52 of the California Civil Code to a unit that has not been sold separately by the subdivider to a bona fide purchaser for value). This provision also states that section 1954.52 will not apply to a dwelling where the preceding tenancy has been terminated under section 1946. *Id.*

60. *Id.*

61. *Id.*

62. *Id.*

63. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 4-6 (July 11, 2001) (indicating the vacancy rates of major cities around California and pointing out that most are far below the normal five percent rate); see also Wasserman, *supra* note 1, at A3 (indicating that California is not building enough houses and stating that builders have fallen more than 800,000 homes behind demand and that this delay increases housing costs).

64. ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 4 (July 11, 2001).

65. Andrew LePage, *Proposed Rental Law is Changed, Limited to Los Angeles Area*, SACRAMENTO BEE, July 11, 2001, at D1, available at WL24477859 (copy on file with the *McGeorge Law Review*).

66. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 4 (July 11, 2001) (stating that the purpose of this provision is to give tenants more time to find a place to live after their tenancy has been terminated, because in high cost areas it is nearly impossible for tenant



*B. The Extended Notice Provision is Unlikely to Assist Many Tenants*

Chapter 729 may just allow nuisance tenants to live in a complex longer rather than provide assistance to tenants who are looking for a new residence.<sup>67</sup> Landlords insist they have relied upon the thirty-day notice without cause for over one hundred and twenty years to oust nuisance tenants who are in month-to-month leases.<sup>68</sup> Property managers and landlords contend that the extra thirty days notice increases the amount of time neighboring renters must live next to nuisance tenants.<sup>69</sup> Also, if the nuisance tenant refuses to leave after the sixty-day notice expires the landlord is forced to utilize the court eviction process. This means that the neighboring tenants are forced to endure the nuisance even longer. Furthermore, if the tenant fights the eviction, it may take months to go through the court process.<sup>70</sup>

The California Apartment Association<sup>71</sup> maintains that landlords currently go to great lengths to rent to good tenants and, if necessary, voluntarily provide them with more notice to move.<sup>72</sup> Since Chapter 729 does not affect the availability of the three-day eviction, landlords, when faced with the decision of giving a nuisance tenant sixty days to vacate the rental or using the three-day eviction, may choose to use the three-day eviction process. Consequently, a majority of landlords run a credit check on prospective tenants, and if they find an eviction on a prospective tenant's record, they throw that application in the garbage.<sup>73</sup> Given that landlords may now choose to use the three-day eviction process instead of the extra sixty-day notice, Chapter 729 may create more evictions and thus create greater problems for certain tenants.

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to find a place in thirty days).

67. ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENTS, COMMITTEE ANALYSIS OF 985, at 6-7 (July 11, 2001) (discussing opposition to Chapter 729 and quoting the position of the small property owners in San Francisco).

68. LePage, *supra* note 65.

69. *Id.*; see ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF SB 985, at 9 (June 26, 2001) (citing the opposition as stating that the extended notice will force good families to live with dangerous tenants much longer than under previous law).

70. See LePage, *supra* note 65 (describing how landlords prefer to use the easier method of thirty-day notice without cause than using the three-day court eviction).

71. See California Apartment Association, *CAA Represents Rental Housing Owners and Professionals Who Manage More Than 1.5 Million Rental Units*, at <http://www.caanet.org/default.asp?=728> (last visited Mar. 14, 2002) (relaying that the California Apartment Association provides services and products that help housing owners and professionals who manage rental units) (copy on file with the *McGeorge Law Review*).

72. *Id.*; see also ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 5 (July 11, 2001) (indicating that landlords oppose the longer notice provision of Chapter 729 because the thirty-day notice has worked for years).

73. See Mary Fricker, *Evictions Drop in Hot Rental Market: Tenants Fear Losing Home and Then Not Finding Another in Sonoma County*, PRESS DEMOCRAT, NOV. 16, 2000, at A1 (reporting that tenants are afraid to be evicted because they fear they will not find another place to live).

In an effort to enact Chapter 729, the authors amended it to apply only to three cities<sup>74</sup> for three years.<sup>75</sup> Because Chapter 729 is so limited, it only assists a limited group of tenants. One major downfall to this legislation is that it rewrites the terms of existing rental agreements and erodes the venerable notion of the month-to-month tenancy. In 1997, Governor Pete Wilson vetoed Senate Bill 682, which contained provisions similar to those of Chapter 729.<sup>76</sup> The Governor stated that he vetoed the bill because “[w]hen [the] Government seeks to intervene to constrain fluctuations in the market place by devising price, wage, or rent control, it inevitably crafts a cure worse than the illness.”<sup>77</sup>

### C. More Information Required Regarding Payment of Rent

Besides giving extra notice to tenants before terminating a periodic tenancy, Chapter 729 also requires that certain rental payment information be divulged by the owner or the owner’s representative.<sup>78</sup> The sponsors of Chapter 729 argued that often tenants may know the amount of rent due; however, they may not know to whom this rent is due.<sup>79</sup> For example, these sponsors cited a case in Los Angeles where a landlord changed how rent was collected which confused rent paying tenants.<sup>80</sup> In another case, a man who claimed to be the new owner, told the tenants that rent should be paid to him.<sup>81</sup> When the alleged landlord did not provide actual proof of ownership, the confused tenants hesitated to pay their rent.<sup>82</sup> Consequently, the landlord sued the tenants for unlawful detainer.<sup>83</sup>

Chapter 729 remedies this unfortunate situation. This new law requires the landlord to advise the amount of rent due in a three-day notice and also to indicate to whom the rent is to be paid.<sup>84</sup> Also, Chapter 729 requires that the

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74. See CAL. CIV. CODE § 1946.1(a) (enacted by Chapter 729) (indicating that the extra thirty days notice only applies to the cities of Los Angeles, Santa Monica, and West Hollywood); see also LePage, *supra* note 62 (quoting Senator Sheila Kuehl as stating, “[a] great many democratic (legislators) indicated to me they were just getting too much pressure to support it”).

75. See CAL. CIV. CODE § 1946.1(h) (enacted by Chapter 729) (explaining that Chapter 729 is only effective until January 1, 2005).

76. SENATE RULES COMMITTEE, COMMITTEE ANALYSIS OF SB 682, at 4 (July 21, 1997).

77. *Id.*

78. CAL. CIV. CODE § 1962 (enacted by Chapter 729).

79. See Molloy Letter, *supra* note 8, at 3.

80. *Id.*

81. *Id.* at 4.

82. See *id.* (reporting the story of a group of tenants who were told to pay their rent to another one of the tenants). When tenants asked for proof, the man refused, and, shortly thereafter, the tenants received three-day notices to quit. *Id.*

83. *Id.*

84. See CAL. CIV. PROC. CODE § 1161(2) (amended by Chapter 729) (stating that when a three-day notice is served, it must state the name, telephone number, and address of the person to whom the rent payment shall be made, and, if payment may be made personally, the usual days and hours that person will be available to receive the payment, or the number of the account in a financial institution where rent can be deposited if the institution is located within five miles of the property).

rental payment information be disclosed at the time of signing a rental agreement.<sup>85</sup> The proponents of Chapter 729 tout this new section as beneficial to both tenants and landlords because it establishes clear guidelines for the payment of rent, thereby eliminating any confusion by either party.<sup>86</sup> Chapter 729 also provides that, if the tenant cannot pay the rent in person, the tenant may mail the rent, and the payment is deemed received on the date posted.<sup>87</sup> This provides the landlord incentive to give the tenant a current address, and it also instills confidence that the tenant is paying rent to the appropriate person.

In addition to notifying the tenant of rental payment information, Chapter 729 also requires the landlord or owner to give the tenant a copy of the rental agreement fifteen days after it is signed and once each year thereafter, upon a tenant's request.<sup>88</sup> Many proponents of Chapter 729 argue that this provision is necessary because a landlord may restrict his tenant's rights under the rental agreement and refuse to give the tenant a copy of the rental agreement.<sup>89</sup> It is undisputed that a tenant must be given a copy of the rental agreement at the time of signing, but landlords query why they must provide a copy of the agreement in subsequent years. This section of Chapter 729 benefits both tenants and landlords because it will likely minimize disputes over what the tenant may or may not do because both parties may refer to their copy of the signed rental agreement for guidelines.

#### *D. Closing the Costa-Hawkins Act Loophole*

Rent control is a controversial issue which has evolved into a highly complex legislative and judicial area of law.<sup>90</sup> Chapter 729 eliminates the Costa-Hawkins Rental Housing Act exception and exempts only condominiums that are sold to bona fide purchasers from local rent control.<sup>91</sup> Supporters of Chapter 729 argue that, in reality, many apartments converted to condominiums are consistently rented, and they also believe that owners "abused the Costa-Hawkins exemption to avoid local rent controls."<sup>92</sup> Enthusiasts of Chapter 729 contend that developers of new condominiums are likely to sell them new rather than rent them prior to sale.<sup>93</sup>

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85. See *supra* Part III (detailing the sections of Chapter 729).

86. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 7 (July 11, 2001).

87. See CAL. CIV. CODE § 1962(f) (amended by Chapter 729) (stating that, if the address provided by the owner does not allow for personal service, then it shall be conclusively presumed that upon the mailing of any rent or notice the notice or rent is deemed received by the owner on the date posted).

88. See *id.* § 1962(a)(4) (amended by Chapter 729) (indicating that the landlord or his agent must provide a copy of the rental agreement within fifteen days of its execution and once each calendar year upon request by the tenant).

89. See ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, COMMITTEE ANALYSIS OF SB 985, at 6 (July 11, 2001) (noting that the Legal Aid foundation of Los Angeles has several cases in which the landlord tried to restrict the tenant's rights under the rental agreement).

90. See Elizabeth Naughton, Comment, *San Francisco's Owner Move-In Legislation: Rent Control or*

*E. Will Amending the Costa-Hawkins Housing Act Provide Cheaper Rental Housing?*

Some opponents contend that Chapter 729 reduces the amount of available rental housing because landlords will not rent converted condominiums and will, instead, sell them.<sup>94</sup> Additionally, opponents to Chapter 729 point out that eliminating the Costa-Hawkins exception, as it applies to condominiums, destroys the rental market in large cities because “economists universally agree that, short of bombing by enemy planes, rent control is the surest way to destroy the housing stock of a city.”<sup>95</sup>

Supporting this proposition is a study done by the San Francisco Planning and Urban Research Association,<sup>96</sup> noting that San Francisco has 25,400 vacant units.<sup>97</sup> The San Francisco Planning and Urban Research Association contends that one of the main reasons for vacant units is that owners are deliberately keeping them empty to escape the city’s onerous rent-control and owner move-in laws.<sup>98</sup> Opponents believe that the part of Chapter 729 amending the Costa-Hawkins Act discourages developers from building new units in rent-control jurisdictions.<sup>99</sup>

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*Out of Control?*, 34 U.S.F. L. REV. 537, 537 (2000) (explaining how rent control began as a local legislative protection from eviction for servicemen in World War I and how it has now evolved into a highly complex legislative and judicial controversy).

91. See CAL. CIV. CODE §1954.52(B)(ii) (enacted by Chapter 729) (stating that the exception from rent control does not apply to a condominium that has not been sold to a bona fide purchaser).

92. ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF SB 985, at 8 (June 26, 2001).

93. *Id.*

94. See Letter from Kimberlee S. Stryker, Co-Chair, Small Property Owner of San Francisco, to Hubert Bower, Principal Consultant, Assembly Committee Housing and Community Development (July 6, 2001) (on file with the *McGeorge Law Review*) (indicating that if Chapter 729 becomes law, the great majority of owners of recently converted condominiums will sell them, rather than rent them at below market rental rates).

95. *Id.*

96. See SAN FRANCISCO PLANNING AND URBAN RESEARCH ASSOCIATION, available at <http://www.spur.org> (last visited Mar. 14, 2002) (describing the San Francisco Planning and Urban Research Association as an organization that is involved in every major planning decision in San Francisco, and it helps plan for the needs of the city as a whole).

97. See Kent Sims, *San Francisco Economy: Implications for Public Policy*, S.F. PLAN. & URB. RES. ASS’N, July 10, 2000 at 1-12 (on file with the *McGeorge Law Review*) (reporting that the number of vacant units in San Francisco has risen to 25,400—two-and one-half times the entire addition to San Francisco’s housing stock expected in the next ten years). This anomaly is attributed to San Francisco’s housing regulations. *Id.*

98. *Id.*

99. See ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF SB 985, at 8 (June 26, 2001) (stating that developers will choose not to build in rent-control districts because they will not get the benefit of renting their condominiums at a rate of their choosing).

## V. CONCLUSION

With few places vacant and available for rent in California, it is difficult for prospective tenants to obtain affordable housing. Chapter 729 is an effort to help renters find affordable housing.<sup>100</sup> Some argue, however, that Chapter 729 actually hurts the rental market by taking away incentive to build new rental units in rent controlled districts.<sup>101</sup> Others also believe that amendments to the Costa-Hawkins Act discourage landlords from renting the condominium units they currently own.<sup>102</sup> Only time will tell the effect of Chapter 729 on the building of new units in rent-control districts. The sponsors of Chapter 729 will watch the additional sixty-day notice requirement in Santa Monica, Los Angeles and North Hollywood to determine if the requirement should be continued.<sup>103</sup> Whatever the effect of Chapter 729 in rent-control areas, the rental payment and rental agreement information required by Chapter 729<sup>104</sup> should help both landlords and tenants because it will cut down on problems caused by tenants' confusion concerning where the rent is to be paid or the exact terms of their leases.<sup>105</sup>

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100. *Supra* Part IV.

101. *See* Small Property Owners of San Francisco, *Housing Crisis?*, at <http://www.smallprop.org> (last visited Aug. 17, 2001) (copy on file with the *McGeorge Law Review*) (indicating that ten thousand to fifteen thousand units in San Francisco remain empty because property owners are overwhelmed by rent-control regulations and the utilization of free legal services against them; therefore, they choose to keep their property off the market rather than deal with the regulations).

102. *See* Sims, *supra* note 97 (stating that San Francisco has so many vacant units because owners would rather maintain control and not rent out their units than deal with all the regulations that are forced upon them).

103. *See* CAL. CIV. CODE § 1946.1(h) (enacted by Chapter 729) (stating that this section is made applicable for a limited period of time in three cities).

104. *See supra* Part III.B (relaying what Chapter 729 requires to be disclosed in a rental agreement).

105. *See supra* Part IV.C (discussing whether or not the new information required in a rental agreement will be helpful to tenants or landlords).