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SB-1103 Tenancy of commercial real properties: agreements: building operating costs. (2023-2024)

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Senate Bill No. 1103

CHAPTER 1015

An act to amend Sections 827, 1632, and 1946.1 of, and to add Section 1950.9 to, the Civil Code, relating to tenancy.

[Approved by Governor September 30, 2024. Filed with Secretary of State September 30, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1103, Menjivar. Tenancy of commercial real properties: agreements: building operating costs.

(1) Existing law requires a landlord of a residential dwelling to give notice to the tenant a certain number of days before the effective date of a rent increase depending on the amount of the increase, as specified.

This bill would apply this requirement to leases of commercial real property by a qualified commercial tenant, as defined. The bill would specify, in all leases for commercial real property by a qualified commercial tenant, that a rent increase would not be effective until the notice period required by these provisions has expired. The bill would also specify that a violation of these provisions would not entitle a qualified commercial tenant to civil penalties. The bill would require a landlord of a commercial real property to include information on these provisions in the notice.

(2) Existing law requires a person engaged in a trade or business who negotiates primarily in Spanish, Chinese, Tagalog, Vietnamese, or Korean, in the course of entering into specified agreements, to deliver to the other party a translation of the agreement in the language in which it was negotiated, as specified. Existing law authorizes a person to rescind an agreement if the agreement does not comply with that translation requirement, as specified. Existing law creates an exemption from the translation requirement for specified agreements if the other party negotiates the terms through the other party's own interpreter. Under existing law, both the translation requirement and the interpreter exemption apply to a tenancy agreement covering a dwelling unit normally occupied as a residence.

This bill would apply the translation requirement, but not the interpreter exemption, to a tenancy agreement covering a nonresidential-zoned commercial space entered into between a landlord and a qualified commercial tenant, as defined, on or after January 1, 2025. The bill would only authorize the tenant to rescind the agreement for noncompliance with the translation requirement.

(3) Existing law specifies that a hiring of residential real property, for a term not specified by the parties, is deemed to be renewed at the end of the term implied by law unless one of the parties gives written notice to the other of that party's intention to terminate the tenancy. Existing law requires an owner of a residential dwelling to give notice at least 60 days prior to the proposed date of termination, or at least 30 days prior to the proposed date of termination if a tenant or resident has resided in the dwelling for less than one year, as specified.

This bill would generally apply these provisions to a hiring of commercial real property hired by a qualified commercial tenant, as defined. The bill would require a landlord of a commercial real property to include information on these provisions in the notice.

(4) Existing law applicable to commercial leases and nonresidential tenancies of real property prohibits a landlord from demanding a payment as a condition of initiating, continuing, or renewing a lease or rental agreement, unless the amount of the payment is stated in a written lease or rental agreement. Existing law specifies that these provisions do not prohibit a landlord from increasing a tenant's rent for nonresidential real property in order to recover building operating costs incurred on behalf of the tenant, if the right to rent, the method of calculating the increase, and the period of time covered by the increase is stated in the lease or rental agreement.

This bill would prohibit a landlord of a commercial real property from charging a qualified commercial tenant, as defined, a fee to recover building operating costs, as defined, unless specified conditions are met, including, among other things, that the costs are allocated proportionately per tenant and the qualified commercial tenant is provided supporting documentation, as specified. The bill would allow a qualified commercial tenant to raise a violation of this provision as an affirmative defense in an action to recover possession based on a failure to pay the fee. The bill would make a landlord of a commercial real property who violates this provision liable to a qualified commercial tenant for specified damages, and would authorize the district attorney, city attorney, or county counsel, as specified, to seek injunctive relief. The bill would apply these provisions to specified leases and tenancies, but not to assessments levied pursuant to the Property and Business Improvement District Law of 1994.

(5) This bill would incorporate additional changes to Section 1632 of the Civil Code proposed by AB 3281 to be operative only if this bill and AB 3281 are enacted and this bill is enacted last.

(6) This bill would incorporate additional changes to Section 1946.1 of the Civil Code proposed by SB 611 to be operative only if this bill and SB 611 are enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 827 of the Civil Code is amended to read:

827. (a) (1) Except as provided in subdivision (b), in all leases of lands or tenements, or of any interest therein, from week to week, month to month, or other period less than a month, the landlord may, upon giving notice in writing to the tenant, in the manner prescribed by Section 1162 of the Code of Civil Procedure, change the terms of the lease to take effect, as to tenancies for less than one month, upon the expiration of a period at least as long as the term of the hiring itself, and, as to tenancies from month to month, to take effect at the expiration of not less than 30 days, but if that change takes effect within a rental term, the rent accruing from the first day of the term to the date of that change shall be computed at the rental rate obtained immediately prior to that change; provided, however, that it shall be competent for the parties to provide by an agreement in writing that a notice changing the terms thereof may be given at any time not less than seven days before the expiration of a term, to be effective upon the expiration of the term.

(2) The notice, when served upon the tenant, shall in and of itself operate and be effectual to create and establish, as a part of the lease, the terms, rents, and conditions specified in the notice, if the tenant shall continue to hold the premises after the notice takes effect.

(b) (1) In all leases of a residential dwelling, commercial real property by a qualified commercial tenant, or of any interest therein, from week to week, month to month, or other period less than a month, the landlord may increase the rent provided in the lease or rental agreement, upon giving written notice to the tenant, as follows, by either of the following procedures:

(A) By delivering a copy to the tenant personally.

(B) By serving a copy by mail under the procedures prescribed in Section 1013 of the Code of Civil Procedure.

(2) If the proposed rent increase for that tenant is 10 percent or less of the rental amount charged to that tenant at any time during the 12 months before the effective date of the increase, either in and of itself or when combined with any other rent increases for the 12 months before the effective date of the increase, the notice shall be delivered at least 30 days before the effective date of the increase, and subject to Section 1013 of the Code of Civil Procedure if served by mail.

(3) (A) If the proposed rent increase for that tenant is greater than 10 percent of the rental amount charged to that tenant at any time during the 12 months before the effective date of the increase, either in and of itself or when combined with any other rent increases for the 12 months before the effective date of the increase, the notice shall be delivered at least 90 days before the effective date of the increase, and subject to Section 1013 of the Code of Civil Procedure if served by mail.

(B) If the proposed rent increase for that tenant is caused by a change in a tenant's income or family composition as determined by a recertification required by statute or regulation, the notice shall be delivered at least 30 days before the effective date of the increase as described in paragraph (2), and subparagraph (A) of this paragraph shall not apply.

(4) A landlord of a commercial real property shall include in the notice information on the provisions of this subdivision.

(5) In all leases for commercial real property by a qualified commercial tenant, a rent increase shall not be effective until the notice period required by this subdivision has expired.

(6) Notwithstanding any other provision of law, a violation of this subdivision by a landlord of a commercial real property does not entitle a qualified commercial tenant to civil penalties.

(7) For the purposes of this subdivision, the following definitions apply:

(A) "Commercial real property" means all real property in this state, except dwelling units subject to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3, mobilehomes as defined in Section 798.3, and recreational vehicles as defined in Section 799.29.

(B) "Microenterprise" has the same meaning as that term is defined in subdivision (a) of Section 18000 of the Business and Professions Code.

(C) "Nonprofit organization" means any private, nonprofit organization that qualifies under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

(D) "Qualified commercial tenant" means a tenant of commercial real property that meets both of the following requirements:

(i) The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.

(ii) (I) Subject to subclause (II), the tenant has provided the landlord, within the previous 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this subdivision come into place.

(II) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice and self-attestation described in subclause (I) before or upon execution of the lease, and annually thereafter, at such time the protections under this subdivision come into place.

(c) If a state or federal statute, state or federal regulation, recorded regulatory agreement, or contract provides for a longer period of notice regarding a rent increase than that provided in subdivision (a) or (b), the personal service or mailing of the notice shall be in accordance with the longer period.

SEC. 2. Section 1632 of the Civil Code is amended to read:

1632. (a) The Legislature hereby finds and declares all of the following:

(1) This section was enacted in 1976 to increase consumer information and protections for the state's sizeable and growing Spanish-speaking population.

(2) Since 1976, the state's population has become increasingly diverse and the number of Californians who speak languages other than English as their primary language at home has increased dramatically.

(3) According to data from the American Community Survey, which has replaced the decennial census for detailed socioeconomic information about United States residents, approximately 15.2 million Californians speak a language other than English at home, based on data from combined years 2009 through 2011. This compares to approximately 19.6 million people who speak only English at home. Among the Californians who speak a language other than English at home, approximately 8.4 million speak English very well, and another 3 million speak English well. The remaining 3.8 million Californians surveyed do not speak English well or do not speak English at all. Among this group, the five languages other than English that are most widely spoken at home are Spanish, Chinese, Tagalog, Vietnamese, and Korean. These five languages are spoken at home by approximately 3.5 million of the 3.8 million Californians with limited or no English proficiency, who speak a language other than English at home.

(b) A person engaged in a trade or business who negotiates primarily in Spanish, Chinese, Tagalog, Vietnamese, or Korean, orally or in writing, in the course of entering into any of the following, shall deliver to the other party to the contract or agreement, and any other person who will be signing the contract or agreement, and before the execution thereof, a translation of the contract or agreement in the language in which the contract or agreement was negotiated, that includes a translation of every term and condition in that contract or agreement:

(1) A contract or agreement subject to the provisions of Title 2 (commencing with Section 1801) of, and Chapter 2b (commencing with Section 2981) and Chapter 2d (commencing with Section 2985.7) of Title 14 of, Part 4 of Division 3.

(2) A loan or extension of credit secured other than by real property, or unsecured, for use primarily for personal, family, or household purposes.

(3) A lease, sublease, rental contract or agreement, or other term of tenancy contract or agreement, for a period of longer than one month, covering a dwelling, an apartment, or mobilehome, or other dwelling unit normally occupied as a residence.

(4) Notwithstanding paragraph (2), a loan or extension of credit for use primarily for personal, family, or household purposes in which the loan or extension of credit is subject to the provisions of Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, or Division 7 (commencing with Section 18000), or Division 9 (commencing with Section 22000) of the Financial Code.

(5) Notwithstanding paragraph (2), a reverse mortgage as described in Chapter 8 (commencing with Section 1923) of Title 4 of Part 4 of Division 3.

(6) A contract or agreement, containing a statement of fees or charges, entered into for the purpose of obtaining legal services, when the person who is engaged in business is currently licensed to practice law pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(7) A foreclosure consulting contract subject to Article 1.5 (commencing with Section 2945) of Chapter 2 of Title 14 of Part 4 of Division 3.

(8) A lease, sublease, rental contract or agreement, or other term of tenancy contract or agreement covering a nonresidential-zoned commercial space entered into between a landlord and a qualified commercial tenant, on or after January 1, 2025.

(c) Notwithstanding subdivision (b), for a loan subject to this part and to Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, the delivery of a translation of the statement to the borrower required by Section 10240 of the Business and Professions Code in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated, is in compliance with subdivision (b).

(d) At the time and place where a lease, sublease, or rental contract or agreement described in subdivision (b) is executed, notice in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated shall be provided to the lessee or tenant.

(e) Provision by a supervised financial organization of a translation of the disclosures required by Regulation M or Regulation Z, and, if applicable, Division 7 (commencing with Section 18000) or Division 9 (commencing with Section 22000) of the Financial Code in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated, prior to the execution of the contract or agreement, shall also be deemed in compliance with the requirements of subdivision (b) with regard to the original contract or agreement.

(1) "Regulation M" and "Regulation Z" mean any rule, regulation, or interpretation promulgated by the Board of Governors of the Federal Reserve System and any interpretation or approval issued by an official or employee duly authorized by the board to issue interpretations or approvals dealing with, respectively, consumer leasing or consumer lending, pursuant to the Federal Truth in Lending Act, as amended (15 U.S.C. Sec. 1601 et seq.).

(2) As used in this section, "supervised financial organization" means a bank, savings association as defined in Section 5102 of the Financial Code, credit union, or holding company, affiliate, or subsidiary thereof, or a person subject to Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, or Division 7 (commencing with Section 18000) or Division 9 (commencing with Section 22000) of the Financial Code.

(f) At the time and place where a contract or agreement described in paragraph (1) or (2) of subdivision (b) is executed, a notice in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated shall be conspicuously displayed to the effect that the person described in subdivision (b) is required to provide a contract or agreement in the language in which the contract or agreement was negotiated, or a translation of the disclosures required by law in the language in which the contract or agreement was negotiated, as the case may be. If a person described in subdivision (b) does business at more than one location or branch, the requirements of this section shall apply only with respect to the location or branch at which the language in which the contract or agreement was negotiated is used.

(g) (1) The term "contract" or "agreement," as used in this section, means the document creating the rights and obligations of the parties and includes any subsequent document making substantial changes in the rights and obligations of the parties. The term "contract" or "agreement" does not include any subsequent documents authorized or contemplated by the original document such as periodic statements, sales slips or invoices representing purchases made pursuant to a credit card agreement, a retail installment contract or account or other revolving sales or loan account, memoranda of purchases in an add-on sale, or refinancing of a purchase as provided by, or pursuant to, the original document.

(2) The term "contract" or "agreement" does not include a home improvement contract as defined in Sections 7151.2 and 7159 of the Business and Professions Code, nor does it include plans, specifications, description of work to be done and materials to be used, or collateral security taken or to be taken for the retail buyer's obligation contained in a contract for the installation of goods by a contractor licensed pursuant to Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, if the home improvement contract or installation contract is otherwise a part of a contract described in subdivision (b).

(3) Matters ordinarily incorporated by reference in contracts or agreements as described in paragraph (3) of subdivision (b), including, but not limited to, rules and regulations governing a tenancy and inventories of furnishings to be provided by the person described in subdivision (b), are not included in the term "contract" or "agreement."

(h) (1) This section does not apply to a person engaged in a trade or business who negotiates primarily in a language other than English, as described by subdivision (b), if the party with whom that person is negotiating is a buyer of goods or services, or receives a loan or extension of credit, or enters an agreement obligating that party as a tenant, lessee, or sublessee, or similarly obligates the party by contract or lease, and the party negotiates the terms of the contract, lease, or other obligation through the party's own interpreter.

(2) As used in this subdivision, "the party's own interpreter" means a person who is not a minor and who is able to speak fluently and read with full understanding both the English language and any of the languages specified in subdivision (b) in which the contract, lease, or other obligation was negotiated, and who is not employed by, or whose service is not made available through, the person engaged in the trade or business.

(3) This subdivision does not apply to a contract or agreement described in paragraph (8) of subdivision (b).

(i) Notwithstanding subdivision (b), a translation may retain the following elements of the executed English-language contract or agreement without translation: names and titles of individuals and other persons, addresses, brand names, trade names, trademarks, registered service marks, full or abbreviated designations of the make and model of goods or services, alphanumeric codes, numerals, dollar amounts expressed in numerals, dates, and individual words or expressions having no generally accepted non-English translation. It is permissible, but not required, that this translation be signed.

(j) The terms of the contract or agreement that is executed in the English language shall determine the rights and obligations of the parties. However, the translation of the contract or the disclosures required by subdivision (e) in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated shall be admissible in evidence only to show that no contract was entered into because of a substantial difference in the material terms and conditions of the contract and the translation.

(k) (1) Upon a failure to comply with the provisions of this section, the person aggrieved may rescind the contract or agreement in the manner provided by this chapter. If the contract for a consumer credit sale or consumer lease that has been sold and assigned to a financial institution is rescinded pursuant to this subdivision, the consumer shall make restitution to and have restitution made by the person with whom the consumer made the contract and shall give notice of rescission to the assignee. Notwithstanding that the contract was assigned without recourse, the assignment shall be deemed rescinded, and the assignor shall promptly repurchase the contract from the assignee.

(2) Notwithstanding paragraph (1), only a qualified commercial tenant may rescind a contract described in paragraph (8) of subdivision (b) pursuant to this subdivision.

(l) For the purposes of this section, the following definitions apply:

(1) "Commercial real property" means all real property in this state, except dwelling units subject to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4, mobilehomes, as defined in Section 798.3, and recreational vehicles, as defined in Section 799.29.

(2) "Microenterprise" has the same meaning as that term is defined in subdivision (a) of Section 18000 of the Business and Professions Code.

(3) "Nonprofit organization" means any private, nonprofit organization that qualifies under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

(4) "Qualified commercial tenant" means a tenant of commercial real property that meets both of the following requirements:

(A) The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.

(B) (i) Subject to clause (ii), the tenant has provided the landlord, within the prior 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this section come into place.

(ii) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice and self-attestation described in clause (i) before or upon execution of the lease, and annually thereafter, at such time the protections under this section come into place.

SEC. 2.5. Section 1632 of the Civil Code is amended to read:

1632. (a) The Legislature hereby finds and declares all of the following:

(1) This section was enacted in 1976 to increase consumer information and protections for the state's sizeable and growing Spanish-speaking population.

(2) Since 1976, the state's population has become increasingly diverse and the number of Californians who speak languages other than English as their primary language at home has increased dramatically.

(3) According to data from the American Community Survey, which has replaced the decennial census for detailed socioeconomic information about United States residents, approximately 15.2 million Californians speak a language other than English at home, based on data from combined years 2009 through 2011. This compares to approximately 19.6 million people who speak only English at home. Among the Californians who speak a language other than English at home, approximately 8.4 million speak English very well, and another 3 million speak English well. The remaining 3.8 million Californians surveyed do not speak English well or do not speak English at all. Among this group, the five languages other than English that are most widely spoken at home are Spanish, Chinese, Tagalog, Vietnamese, and Korean. These five languages are spoken at home by approximately 3.5 million of the 3.8 million Californians with limited or no English proficiency, who speak a language other than English at home.

(b) A person engaged in a trade or business who negotiates primarily in Spanish, Chinese, Tagalog, Vietnamese, or Korean, orally or in writing, in the course of entering into any of the following, shall deliver to the other party to the contract or agreement, and any other person who will be signing the contract or agreement, and before the execution thereof, a translation of the contract or agreement in the language in which the contract or agreement was negotiated, that includes a translation of every term and condition in that contract or agreement:

(1) A contract or agreement subject to the provisions of Title 2 (commencing with Section 1801) of, and Chapter 2b (commencing with Section 2981) and Chapter 2d (commencing with Section 2985.7) of Title 14 of, Part 4 of Division 3.

(2) A loan or extension of credit secured other than by real property, or unsecured, for use primarily for personal, family, or household purposes.

(3) A lease, sublease, rental contract or agreement, or other term of tenancy contract or agreement, for a period of longer than one month, covering a dwelling, an apartment, or mobilehome, or other dwelling unit normally occupied as a residence.

(4) Notwithstanding paragraph (2), a loan or extension of credit for use primarily for personal, family, or household purposes in which the loan or extension of credit is subject to the provisions of Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, or Division 7 (commencing with Section 18000), or Division 9 (commencing with Section 22000) of the Financial Code.

(5) Notwithstanding paragraph (2), a reverse mortgage as described in Chapter 8 (commencing with Section 1923) of Title 4 of Part 4 of Division 3.

(6) A contract or agreement, containing a statement of fees or charges, entered into for the purpose of obtaining legal services, when the person who is engaged in business is currently licensed to practice law pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(7) A foreclosure consulting contract subject to Article 1.5 (commencing with Section 2945) of Chapter 2 of Title 14 of Part 4 of Division 3.

(8) A lease, sublease, rental contract or agreement, or other term of tenancy contract or agreement covering a nonresidential-zoned commercial space entered into between a landlord and a qualified commercial tenant, on or after January 1, 2025.

(c) Notwithstanding subdivision (b), for a loan subject to this part and to Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, the delivery of a translation of the statement to the borrower required by Section 10240 of the Business and Professions Code in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated, is in compliance with subdivision (b).

(d) At the time and place where a lease, sublease, or rental contract or agreement described in subdivision (b) is executed, notice in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated shall be provided to the lessee or tenant.

(e) Provision by a supervised financial organization of a translation of the disclosures required by Regulation M or Regulation Z, and, if applicable, Division 7 (commencing with Section 18000) or Division 9 (commencing with Section 22000) of the Financial Code in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated, before the execution of the contract or agreement, shall also be deemed in compliance with the requirements of subdivision (b) with regard to the original contract or agreement.

(1) "Regulation M" and "Regulation Z" mean any rule, regulation, or interpretation promulgated by the Board of Governors of the Federal Reserve System and any interpretation or approval issued by an official or employee duly authorized by the board to issue interpretations or approvals dealing with, respectively, consumer leasing or consumer lending, pursuant to the Federal Truth in Lending Act, as amended (15 U.S.C. Sec. 1601 et seq.).

(2) As used in this section, "supervised financial organization" means a bank, savings association as defined in Section 5102 of the Financial Code, credit union, or holding company, affiliate, or subsidiary thereof, or a person subject to Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, or Division 7 (commencing with Section 18000) or Division 9 (commencing with Section 22000) of the Financial Code.

(f) At the time and place where a contract or agreement described in paragraph (1) or (2) of subdivision (b) is executed, a notice in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated shall be conspicuously displayed to the effect that the person described in subdivision (b) is required to provide a contract or agreement in the language in which the contract or agreement was negotiated, or a translation of the disclosures required by law in the language in which the contract or agreement was negotiated, as the case may be. If a person described in subdivision (b) does business at more than one location or branch, the requirements of this section shall apply only with respect to the location or branch at which the language in which the contract or agreement was negotiated is used.

(g) (1) The term "contract" or "agreement," as used in this section, means the document creating the rights and obligations of the parties and includes any subsequent document making substantial changes in the rights and obligations of the parties. The term "contract" or "agreement" does not include any subsequent documents authorized or contemplated by the original document such as periodic statements, sales slips or invoices representing purchases made pursuant to a credit card agreement, a retail installment contract or account or other revolving sales or loan account, memoranda of purchases in an add-on sale, or refinancing of a purchase as provided by, or pursuant to, the original document.

(2) The term "contract" or "agreement" does not include a home improvement contract as defined in Sections 7151.2 and 7159 of the Business and Professions Code, nor does it include plans, specifications, description of work to be done and materials to be used, or collateral security taken or to be taken for the retail buyer's obligation contained in a contract for the installation of goods by a contractor licensed pursuant to Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, if the home improvement contract or installation contract is otherwise a part of a contract described in subdivision (b).

(3) Matters ordinarily incorporated by reference in contracts or agreements as described in paragraph (3) of subdivision (b), including, but not limited to, rules and regulations governing a tenancy and inventories of furnishings to be provided by the person described in subdivision (b), are not included in the term "contract" or "agreement."

(h) (1) This section does not apply to a person engaged in a trade or business who negotiates primarily in a language other than English, as described by subdivision (b), if the party with whom that person is negotiating is a buyer of goods or services, or receives a loan or extension of credit, or enters an agreement obligating that party as a tenant, lessee, or sublessee, or similarly obligates the party by contract or lease, and the party negotiates the terms of the contract, lease, or other obligation through the party's own interpreter.

(2) As used in this subdivision, "the party's own interpreter" means a person who is not a minor and who is able to speak fluently and read with full understanding both the English language and any of the languages specified in subdivision (b) in which the contract, lease, or other obligation was negotiated, and who is not employed by, or whose service is not made available through, the person engaged in the trade or business.

(3) This subdivision does not apply to a contract or agreement described in paragraph (8) of subdivision (b).

(i) Notwithstanding subdivision (b), a translation may retain the following elements of the executed English-language contract or agreement without translation: names and titles of individuals and other persons, addresses, brand names, trade names, trademarks, registered service marks, full or abbreviated designations of the make and model of goods or services, alphanumeric

codes, numerals, dollar amounts expressed in numerals, dates, and individual words or expressions having no generally accepted non-English translation. It is permissible, but not required, that this translation be signed.

(j) The terms of the contract or agreement that is executed in the English language shall determine the rights and obligations of the parties. However, the translation of the contract or the disclosures required by subdivision (e) in any of the languages specified in subdivision (b) in which the contract or agreement was negotiated shall be admissible in evidence only to show that no contract was entered into because of a substantial difference in the material terms and conditions of the contract and the translation.

(k) (1) Upon a failure to comply with the provisions of this section, the person aggrieved may rescind the contract or agreement in the manner provided by this chapter. If the contract for a consumer credit sale or consumer lease that has been sold and assigned to a financial institution is rescinded pursuant to this subdivision, the consumer shall make restitution to and have restitution made by the person with whom the consumer made the contract and shall give notice of rescission to the assignee. Notwithstanding that the contract was assigned without recourse, the assignment shall be deemed rescinded, and the assignor shall promptly repurchase the contract from the assignee.

(2) Notwithstanding paragraph (1), only a qualified commercial tenant may rescind a contract described in paragraph (8) of subdivision (b) pursuant to this subdivision.

(l) Any waiver of a provision of this section is contrary to public policy and is void and unenforceable.

(m) For the purposes of this section, the following definitions apply:

(1) "Commercial real property" means all real property in this state, except dwelling units subject to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4, mobilehomes, as defined in Section 798.3, and recreational vehicles, as defined in Section 799.29.

(2) "Microenterprise" has the same meaning as that term is defined in subdivision (a) of Section 18000 of the Business and Professions Code.

(3) "Nonprofit organization" means any private, nonprofit organization that qualifies under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

(4) "Qualified commercial tenant" means a tenant of commercial real property that meets both of the following requirements:

(A) The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.

(B) (i) Subject to clause (ii), the tenant has provided the landlord, within the prior 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this section come into place.

(ii) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice and self-attestation described in clause (i) before or upon execution of the lease, and annually thereafter, at such time the protections under this section come into place.

SEC. 3. Section 1946.1 of the Civil Code is amended to read:

1946.1. (a) Notwithstanding Section 1946, a hiring of residential real property or commercial real property by a qualified commercial tenant for a term not specified by the parties, is deemed to be renewed as stated in Section 1945, at the end of the term implied by law unless one of the parties gives written notice to the other of the party's intention to terminate the tenancy, as provided in this section.

(b) An owner of a residential dwelling or commercial real property hired by a qualified commercial tenant giving notice pursuant to this section shall give notice at least 60 days prior to the proposed date of termination. A tenant giving notice pursuant to this section shall give notice for a period at least as long as the term of the periodic tenancy prior to the proposed date of termination.

(c) Notwithstanding subdivision (b), an owner of a residential dwelling or commercial real property hired by a qualified commercial tenant giving notice pursuant to this section shall give notice at least 30 days prior to the proposed date of termination if a tenant or resident has resided in the dwelling or occupied the property for less than one year.

(d) Notwithstanding subdivision (b), an owner of a residential dwelling giving notice pursuant to this section shall give notice at least 30 days prior to the proposed date of termination if all of the following apply:

(1) The dwelling or unit is alienable separate from the title to any other dwelling unit.

(2) The owner has contracted to sell the dwelling or unit to a bona fide purchaser for value, and has established an escrow with a title insurer or an underwritten title company, as defined in Sections 12340.4 and 12340.5 of the Insurance Code, respectively, a licensed escrow agent, as defined in Sections 17004 and 17200 of the Financial Code, or a licensed real estate broker, as defined in Section 10131 of the Business and Professions Code.

(3) The purchaser is a natural person or persons.

(4) The notice is given no more than 120 days after the escrow has been established.

(5) Notice was not previously given to the tenant pursuant to this section.

(6) The purchaser in good faith intends to reside in the property for at least one full year after the termination of the tenancy.

(e) After an owner has given notice of the owner's intention to terminate the tenancy pursuant to this section, a tenant may also give notice of the tenant's intention to terminate the tenancy pursuant to this section, provided that the tenant's notice is for a period at least as long as the term of the periodic tenancy and the proposed date of termination occurs before the owner's proposed date of termination.

(f) The notices required by this section shall be given in the manner prescribed in Section 1162 of the Code of Civil Procedure or by sending a copy by certified or registered mail.

(g) This section may not be construed to affect the authority of a public entity that otherwise exists to regulate or monitor the basis for eviction.

(h) A notice given by an owner pursuant to this section shall contain, in substantially the same form, the following:

"State law permits former tenants to reclaim abandoned personal property left at the former address of the tenant, subject to certain conditions. You may or may not be able to reclaim property without incurring additional costs, depending on the cost of storing the property and the length of time before it is reclaimed. In general, these costs will be lower the sooner you contact your former landlord after being notified that property belonging to you was left behind after you moved out."

(i) A landlord of a commercial real property shall include in the notice required by this section information on the provisions of this section.

(j) For the purposes of this section, the following definitions apply:

(1) "Commercial real property" means all real property in this state, except dwelling units subject to this chapter, mobilehomes as defined in Section 798.3, and recreational vehicles as defined in Section 799.29.

(2) "Microenterprise" has the same meaning as that term is defined in subdivision (a) of Section 18000 of the Business and Professions Code.

(3) "Nonprofit organization" means any private, nonprofit organization that qualifies under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

(4) "Qualified commercial tenant" means a tenant of commercial real property that meets both of the following requirements:

(A) The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.

(B) (i) Subject to clause (ii), the tenant has provided the landlord, within the previous 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this section come into place.

(ii) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice and self-attestation described in clause (i) before or upon execution of the lease, and annually thereafter, at such time the protections under this section come into place.

SEC. 3.5. Section 1946.1 of the Civil Code is amended to read:

1946.1. (a) Notwithstanding Section 1946, a hiring of residential real property or commercial real property by a qualified commercial tenant for a term not specified by the parties, is deemed to be renewed as stated in Section 1945, at the end of the term implied by law unless one of the parties gives written notice to the other of the party's intention to terminate the tenancy, as provided in this section.

(b) An owner of a residential dwelling or commercial real property hired by a qualified commercial tenant giving notice pursuant to this section shall give notice at least 60 days prior to the proposed date of termination. A tenant giving notice pursuant to this section shall give notice for a period at least as long as the term of the periodic tenancy prior to the proposed date of termination.

(c) Notwithstanding subdivision (b), an owner of a residential dwelling or commercial real property hired by a qualified commercial tenant giving notice pursuant to this section shall give notice at least 30 days prior to the proposed date of termination if a tenant or resident has resided in the dwelling or occupied the property for less than one year.

(d) Notwithstanding subdivision (b), an owner of a residential dwelling giving notice pursuant to this section shall give notice at least 30 days prior to the proposed date of termination if all of the following apply:

(1) The dwelling or unit is alienable separate from the title to any other dwelling unit.

(2) The owner has contracted to sell the dwelling or unit to a bona fide purchaser for value, and has established an escrow with a title insurer or an underwritten title company, as defined in Sections 12340.4 and 12340.5 of the Insurance Code, respectively, a licensed escrow agent, as defined in Sections 17004 and 17200 of the Financial Code, or a licensed real estate broker, as defined in Section 10131 of the Business and Professions Code.

(3) The purchaser is a natural person or persons.

(4) The notice is given no more than 120 days after the escrow has been established.

(5) Notice was not previously given to the tenant pursuant to this section.

(6) The purchaser in good faith intends to reside in the property for at least one full year after the termination of the tenancy.

(e) After an owner has given notice of the owner's intention to terminate the tenancy pursuant to this section, a tenant may also give notice of the tenant's intention to terminate the tenancy pursuant to this section, provided that the tenant's notice is for a period at least as long as the term of the periodic tenancy and the proposed date of termination occurs before the owner's proposed date of termination.

(f) The notices required by this section shall be given in the manner prescribed in Section 1162 of the Code of Civil Procedure or by sending a copy by certified or registered mail.

(g) This section may not be construed to affect the authority of a public entity that otherwise exists to regulate or monitor the basis for eviction.

(h) A notice given by an owner pursuant to this section shall contain, in substantially the same form, the following:

"State law permits former tenants to reclaim abandoned personal property left at the former address of the tenant, subject to certain conditions. You may or may not be able to reclaim property without incurring additional costs, depending on the cost of storing the property and the length of time before it is reclaimed. In general, these costs will be lower the sooner you contact your former landlord after being notified that property belonging to you was left behind after you moved out."

(i) A landlord or its agent shall not charge a tenant a fee for serving, posting, or otherwise delivering any notice, as described in this section.

(j) A landlord of a commercial real property shall include in the notice required by this section information on the provisions of this section.

(k) For the purposes of this section, the following definitions apply:

(1) "Commercial real property" means all real property in this state, except dwelling units subject to this chapter, mobilehomes as defined in Section 798.3, and recreational vehicles as defined in Section 799.29.

(2) "Microenterprise" has the same meaning as that term is defined in subdivision (a) of Section 18000 of the Business and Professions Code.

(3) "Nonprofit organization" means any private, nonprofit organization that qualifies under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

(4) "Qualified commercial tenant" means a tenant of commercial real property that meets both of the following requirements:

(A) The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.

(B) (i) Subject to clause (ii), the tenant has provided the landlord, within the previous 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this section come into place.

(ii) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice and self-attestation described in clause (i) before or upon execution of the lease, and annually thereafter, at such time the protections under this section come into place.

SEC. 4. Section 1950.9 is added to the Civil Code, to read:

1950.9. (a) A landlord of a commercial real property shall not charge a qualified commercial tenant a fee to recover building operating costs unless all of the following apply:

(1) The building operating costs are allocated proportionately per tenant, by square footage, or another method as substantiated through supporting documentation provided by the landlord to the qualified commercial tenant.

(2) The building operating costs have been incurred within the previous 18 months, or are reasonably expected to be incurred within the next 12 months based on reasonable estimates.

(3) Before the execution of the lease, the landlord provides the prospective qualified commercial tenant a paper or electronic notice stating that the tenant may inspect any supporting documentation of building operating costs upon written request pursuant to paragraph (4).

(4) Within 30 days of a written request, the landlord provides the qualified commercial tenant supporting documentation of the previously incurred or reasonably expected building operating costs.

(5) The costs do not include expenses paid by a tenant directly to a third party.

(6) The costs do not include expenses for which a third party, tenant, or insurance reimbursed the landlord.

(b) A landlord of a commercial real property shall not charge a fee to recover any building operating costs from the qualified commercial tenant until the landlord provides the qualified commercial tenant supporting documentation.

(c) During the course of a commercial tenancy, the landlord shall not alter the method or formula used to allocate building operating costs to the qualified commercial tenant in a way that increases the qualified commercial tenant's share of those costs, unless the qualified commercial tenant is provided with written notice of the change in the method or formula with supporting documentation of the basis of the alteration.

(d) In an action for an unlawful detainer, ejectment, or other action to recover possession based on a failure to pay a fee to recover building operating costs, a qualified commercial tenant may raise, as an affirmative defense, that the landlord violated this section.

(e) A landlord of a commercial real property who violates this section shall be liable to a qualified commercial tenant in a civil action for all of the following:

(1) Actual damages.

(2) In the courts discretion, reasonable attorney's fees and costs.

(3) Upon showing that the landlord, lessor, or their agent has acted willfully or with oppression, fraud, or malice both of the following:

(A) Three times the amount of actual damages.

(B) Punitive damages.

(f) The district attorney, city attorney, or county counsel in the jurisdiction in which the commercial real property is located, in the name of the city or county, may seek injunctive relief based on a violation of this section.

(g) Any waiver of a right under this section by a qualified commercial tenant shall be void as a matter of public policy.

(h) For the purposes of this section, the following definitions apply:

(1) "Building operating costs" means costs that are incurred on behalf of a tenant for the operation, maintenance, or repair of the commercial real property, including, but not limited to, maintenance of common areas, utilities that are not separately metered, and taxes or assessments charged to the landlord pursuant to property ownership.

(2) "Commercial real property" means all real property in this state, except dwelling units subject to this chapter, mobilehomes, as defined in Section 798.3, and recreational vehicles, as defined in Section 799.29.

(3) "Microenterprise" has the same meaning as that term is defined in subdivision (a) of Section 18000 of the Business and Professions Code.

(4) "Nonprofit organization" means any private nonprofit organization that qualifies under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

(5) "Qualified commercial tenant" means a tenant of commercial real property that meets both of the following requirements:

(A) The tenant is a microenterprise, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.

(B) (i) Subject to clause (ii), the tenant has provided the landlord, within the previous 12 months, a written notice that the tenant is a qualified commercial tenant and a self-attestation regarding the number of employees, at such time the protections under this section come into place.

(ii) Unless the tenancy is from week to week, month to month, or other period less than a month, the tenant provided the notice and self-attestation described in clause (i) before or upon execution of the lease, and annually thereafter, at such time the protections under this section come into place.

(6) "Supporting documentation" means a dated and itemized quote, contract, receipt, or invoice from a licensed contractor or a provider of services that includes, but is not limited to, both of the following:

(A) A tabulation showing how the costs are allocated among tenants in compliance with paragraph (1) of subdivision (a).

(B) A signed and dated attestation by the landlord that the documentation and costs are true and correct.

(i) This section shall only apply to the following:

(1) Leases executed or tenancies commenced or renewed on or after January 1, 2025.

(2) A tenancy that is from week to week, month to month, or other period less than a month.

(3) Leases executed or tenancies commenced before January 1, 2025, that do not contain a provision regarding building operating costs.

(j) This section does not apply to assessment levied pursuant to Part 7 (commencing with Section 36600) of Division 18 of the Streets and Highways Code.

SEC. 5. Section 2.5 of this bill incorporates amendments to Section 1632 of the Civil Code proposed by both this bill and Assembly Bill 3281. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2025, (2) each bill amends Section 1632 of the Civil Code, and (3) this bill is enacted after Assembly Bill 3281, in which case Section 2 of this bill shall not become operative.

SEC. 6. Section 3.5 of this bill incorporates amendments to Section 1946.1 of the Civil Code proposed by both this bill and Senate Bill 611. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2025, (2) each bill amends Section 1946.1 of the Civil Code, and (3) this bill is enacted after Senate Bill 611, in which case Section 3 of this bill shall not become operative.