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Commercial Property Owners And Sb 1103: New Consumer-Type Protections For “Qualified Commercial Tenants” In Non-Residential Leasing Transactions

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On September 30, 2024, Governor Newsom signed into law Senate Bill 1103, an unprecedented legislative measure affecting non-residential landlords’ transactions with a broadly defined class of “qualified commercial tenants.” Effective January 1, 2025, for month-to-month or other periodic tenancies of less than one month, this statute creates longer notice periods for rent increases and for termination or nonrenewal of tenancies. For all leases with qualified commercial tenants entered into or renewed on or after January 1, 2025, regardless of the duration of the lease term, SB 1103 restricts the landlord’s right to pass through common area maintenance and other expense increases regardless of the contract terms of the lease, with onerous penalties and liabilities for landlords who violate these restrictions. It further requires specified language in such leases and in notices given pursuant to such leases to advise the tenant of these provisions of law. The new law also requires commercial property landlords who negotiate with qualified commercial tenants in languages other than English to provide translations of lease documentation into one of five specified languages, giving the tenant an apparently unfettered right to rescind the lease at any time if the required translation was not given at inception of the lease.

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