



**2025**

# **New Commercial Real Estate Laws**

**Qualified Commercial Tenants**

# SB 1103 & Qualified Commercial Tenants



# What is a Qualified Commercial Tenant?

- \* **Sole proprietorships, partnerships, and companies with five or fewer employees**
- \* **Restaurants with fewer than 10 employees**
- \* **Non-profits with fewer than 20 employees**

# **Statutory rent increase and lease notice requirements related to QCT's with month-to-month or shorter lease terms**

- \* 30 days notice prior to a rent increase of 10% or less**
- \* 90 days notice prior to a rent increase of 10% or more**
- \* Lease: Month-to-month leases auto renew unless notice delivered at least 60 days before termination, where a QCT has rented for at least one year, or 30 days if a QCT has rented for less than one year.**

# Collecting operating costs from QCTs

- \* Only if Landlord allocates the costs proportionally to each tenant &
- \* Prior to signing lease, Landlord must provide QCT tenants with notice that detailed and itemized documentation of Operating Costs are available (18 mos back / 12 mos forward)
- \* QCT may use Landlord's violation of #1 and #2 as an affirmative defense for failure to pay claim

# Lease agreements must match the language of the lease negotiations

- **For leases negotiated in:**
  - **Spanish**
  - **Chinese**
  - **Vietnamese**
  - **Tagalog**
  - **Korean**
- **Failure to comply = grounds for rescinding lease**

# **QCT protections are not automatic and impose requirements on tenants**

**Prior to lease execution or renewal, tenants must:**

**Attest in writing to the business type and the number of employees they have**



**Thank You!**

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