

Tenants Win \$9 Million in Lawsuit Against Landlord Who Raised Rents by CD Publications

California. A management company in the San Fernando Valley has been ordered to refund \$9 million in rent to former tenants of several San Fernando Valley properties. The management company reportedly lied to tenants, refused to repair dangerous living conditions and illegally raised rents in an attempt to force tenants out of rent controlled units and leased units for more money.

The city won an initial decision in 2006, but the landlord failed to make the required repairs. The landlord was subsequently convicted of criminal code violations and served 30 days in jail.

The city has since settled the civil case, getting the landlord to pay a \$1 million penalty and requiring the management company to set up a \$9 million restitution fund. It is reportedly the city's largest settlement ever with a landlord.

The company's business model was to buy old buildings cheaply, force out rent controlled tenants, raise rents and sell the buildings at an inflated profit. Tenants were often subjected to intimidation, threats and dangerous living conditions, court papers said. Restitution will be available to renters who resided at 24 of the properties from 2002 through 2008 and will vary according to when the company bought and sold the property.

Landlords Cannot Retain Deposit Over Lack of Notice to Vacate

New York. The tenant was not required by contract or statute to provide his landlords with a notice to vacate and they could not keep his security deposit says the court. The tenant rented a house from his landlords for five years. When the last lease expired, the tenant remained in possession and continued to pay rent. The landlords accepted the rent payments knowing the lease was expired.

The tenant moved out without providing a notice of intent to vacate to the landlords. The landlords did not return the tenant's security deposit because they said he failed to give them a proper notice of his intent to vacate.

The tenant sued his landlords for his \$1,100 security deposit and the landlords filed a counterclaim alleging he damaged their rental property. The trial court found in favor of the tenant and awarded him a judgment for the \$1,100 and dismissed the landlords' counterclaim.

The landlords appealed the decision. The appellate court affirms the trial court's decision following the appeal.

When the tenant's lease expired, he became a month-to-month tenant. As such, he no longer had a contractual obligation with the landlords to give notice and he did not have a statutory obligation to give them notice of his intent to move.

Under state law, a security deposit remains the property of the tenant and must be returned at the conclusion of the tenancy unless the tenant has caused damage "beyond that attributable to ordinary wear and tear."

The landlords failed to convince the trial court their tenant damaged the property during his five year occupancy above and beyond reasonable wear and tear and therefore, they were required to return his security deposit.

Lesson: Since the tenant's lease expired and the landlords continued to accept rent on a month-to-month basis, the tenant was a month-to-month tenant and he did not have to give a notice of his intent to vacate. The landlord's failed to prove he damaged the property during his long occupancy and therefore the landlords had to return his security deposit. Dwarka Srinivasan, Respondent, v. Evan Silvia and Jule Silvia, Appellants. 2008 NY Slip Op 50871(U) (N.Y. App.Term 2008).

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