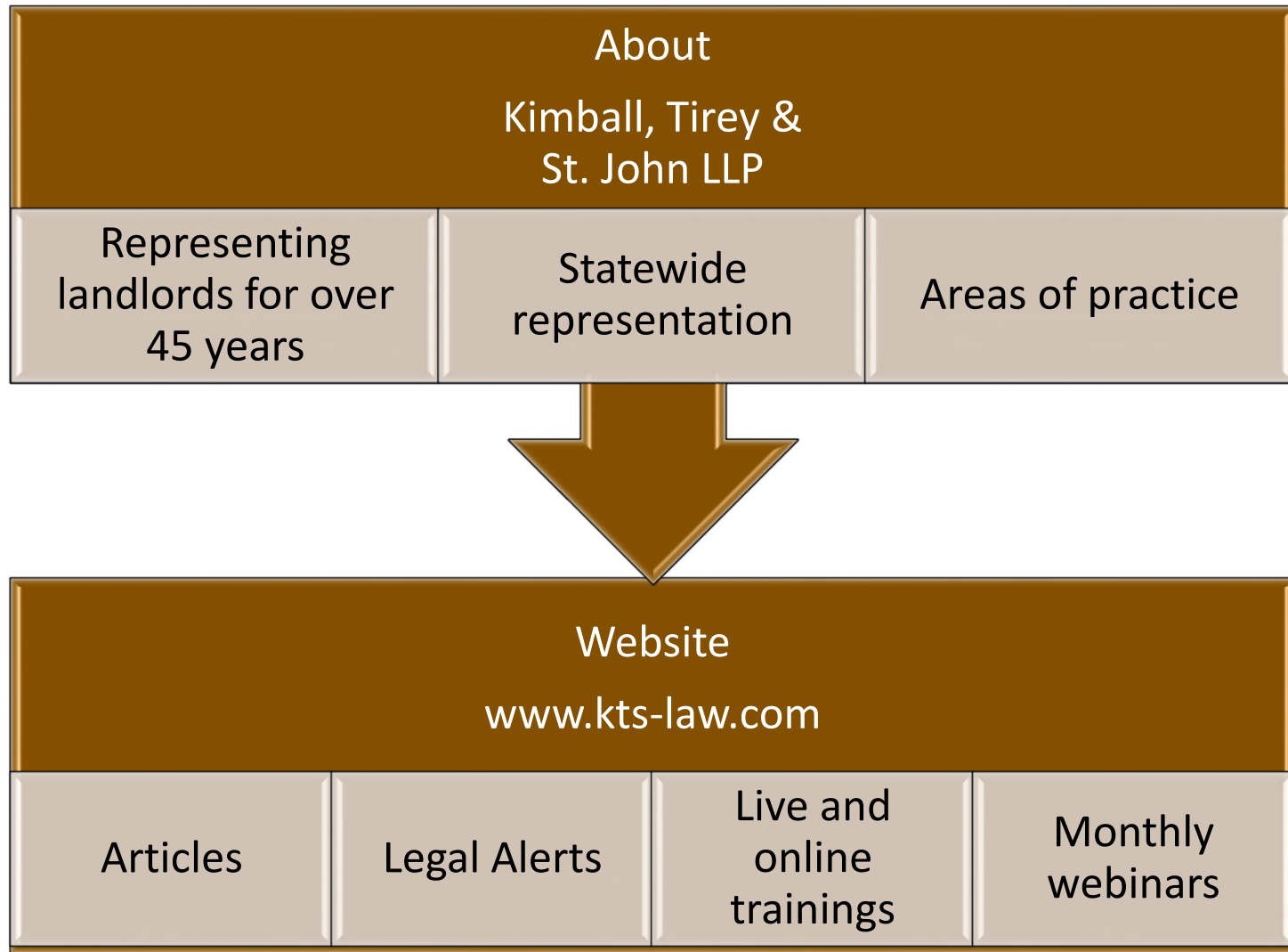


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2025 Legislative Update



Introduction



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Landlord/Tenant Laws and Trends

AB 2493 Application Screening Fees



Existing law allows Landlord to collect a screening fee for hard and soft costs

AB 2493 now adds an additional requirement *in order to collect* the screening fee

Cannot charge a fee if a unit is not available or will not be available within a reasonable time

Two options to landlords who wish to charge a fee:

AB 2493 Application Screening Fees

Option 1: First Qualified

- Process applications on first come, first qualified, first served
- Provide applicants the written rental criteria together with application

Option 2: Return for Denials

- Landlord must return fee to any applicant who is not selected for tenancy
- Regardless of the reason
- Lesser of 7 days after tenant selection or 30 days

AB 2493 Application Screening Fees

Amends law to require applicant to be given copy of consumer credit report within 7 days of receiving it

Landlords may elect to send by personal delivery, mail, or email

Automatic requirement to send the report regardless of whether the tenant requests one, which is an obligation under ICRAA

If tenant does request a copy ICRAA requires delivery within 3 days

Reminder to review other laws that affect landlord obligations

AB 2801 Security Deposits – Photos

April 1, 2025

- Photos of the unit after possession is returned but before repairs or cleaning
- Photos of unit after repairs and cleaning
- Photos sent with the itemization if deductions made

July 1, 2025

- Photos of the unit immediately before or at inception of new tenancy
- Required to prove condition of the unit at time of occupancy

Delivery Method
(Photos only)

- Mail
- Email
- Computer flash drive
- Link to view photos
- **THREE** sets of photos will be sent

AB 2801 Security Deposits – Requirements

Itemization requirements

- Written explanation of the costs incurred
- Effective January 1, 2025
- Must include photos with the explanation
- If there is a deduction, there should be a picture and an explanation
- Intent is to not use the deposit to subsidize improvements



SB 611 Fees and Security

Prohibits any fee for the posting or serving of any legal notices: pay or quit, notice to quit, or 30/60 day notice to terminate

Prohibits landlord from charging a fee for tenants who pay by check.



SB 611 Fees and Security

Military Members Deposit

- Beginning April 1, 2025, if a landlord wants to charge a military member a higher deposit than advertised, they must provide written explanation on or before the date the lease is signed
- Landlords must return the additional deposit no later than 6 months if the tenant is not in arrears of rent
- Must state the return date for increased deposit amount in the lease/addendum



AB 2747 Mandatory Offer of Credit Reporting

Landlords must provide offer of positive rent reporting

Offer must be provided at lease signing as of April 1, 2025

Existing tenancies must receive the offer on or before April 1, 2025

Exception – landlords with 15 or fewer units unless both apply

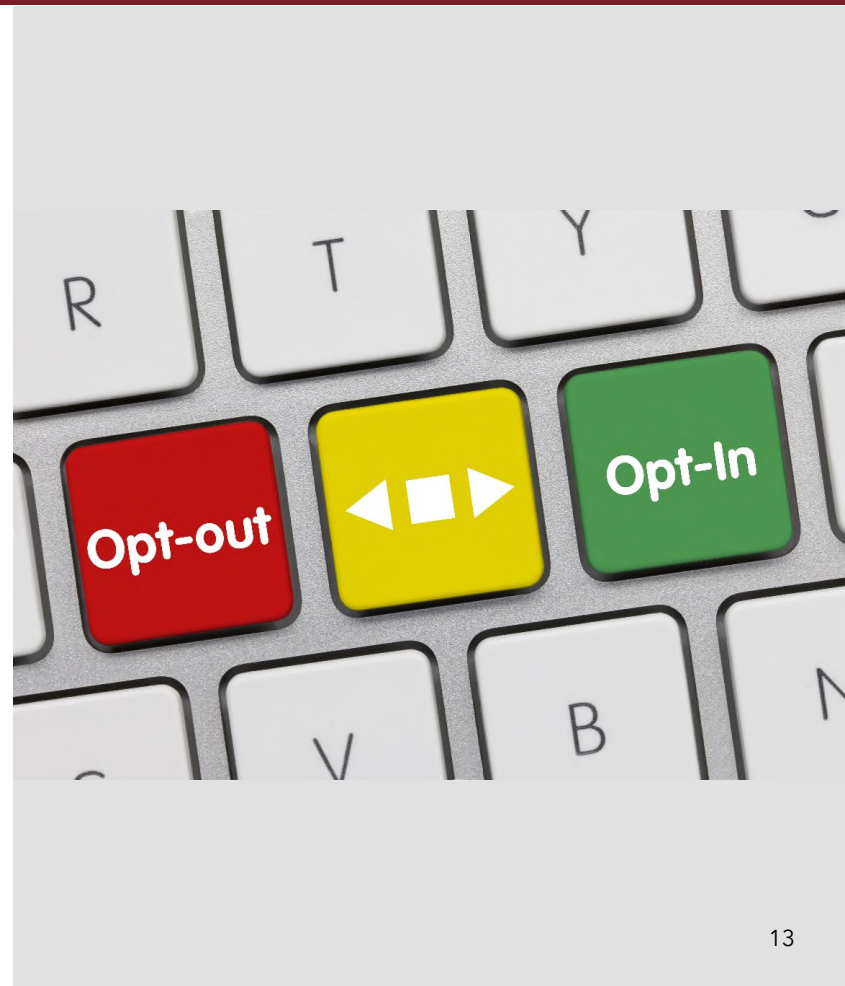
- Owns more than one rental building – AND –
- Owner is not REIT, corporation, or LLC with corporate member



AB 2747 Mandatory Offer of Credit Reporting

The offer must contain all the following information:

1. Statement that the rental reporting is optional
2. Identification of which credit bureau positive rental payments will be reported to
3. The fee incurred to have rental payments reported, if any
4. Instructions on how to opt in to rental payment reporting
5. A statement that the tenant may opt in to the reporting at any time following the initial offer
6. A statement that the tenant may elect to stop reporting at any time
7. Instructions on how to opt out of the reporting
8. Signature block that the tenant must sign and date in order to opt in



AB 2747 Mandatory Offer of Credit Reporting

Offer can be delivered via email or by U.S. Mail

If by U.S. Mail, must be accompanied by self-addressed stamped envelope

Landlords may recover the actual costs of the reporting or ten dollars (\$10), whichever is less

Tenant can opt out but then would be prohibited from opting back in for 6 months



AB 2747 Mandatory Offer of Credit Reporting



What if the tenant does not pay?

- Cannot evict for failure to pay reporting fee
- Cannot deduct from the security deposit
- Cannot use rent payments to cover the fee
- If tenant fails to pay for more than 30 days, landlords can terminate the reporting
- Tenant may not opt back in for at least 6 months

SB 1051 Changing Locks – Domestic Violence

Landlords will now have to pay for the changing of the locks due to domestic violence

Tenant can change the lock as long as it is similar or better quality

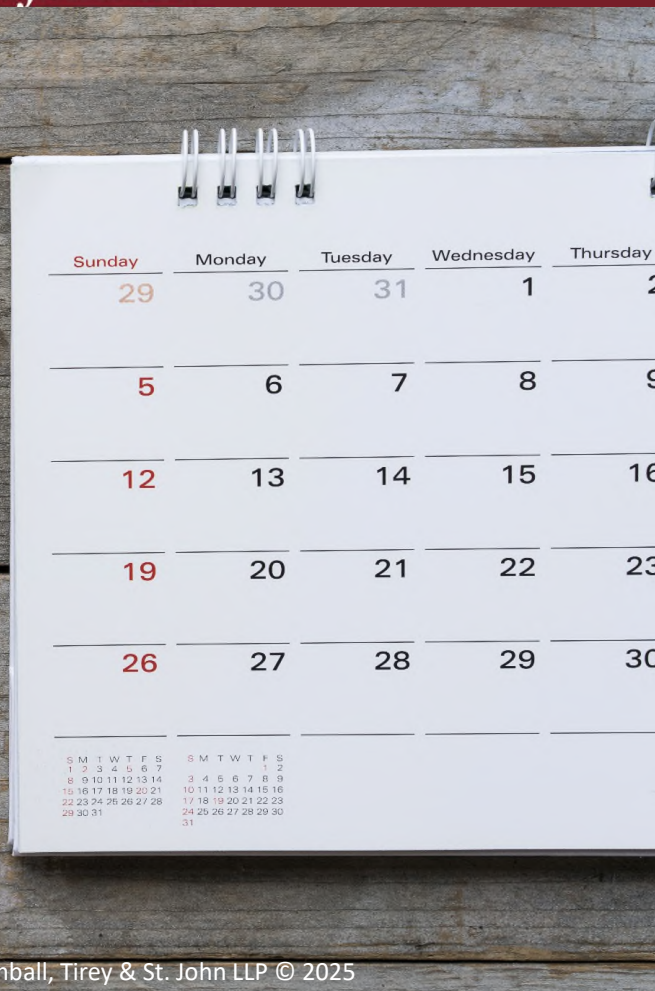
Notify the landlord within 24 hours of change, done in workmanlike manner, and provide a key to landlord

Landlord will need to reimburse the tenant within 21 days

Landlords cannot deny or conditionally accept applicant who exercised their rights



AB 2347 Timing for Unlawful Detainers



Extends a defendant's response time for an unlawful detainer from 5 days to 10 days

AB 2347 also adds the ability to file a motion to strike

Responsive pleadings now must be heard within 5 to 7 court days.

SB 479 Tenant Protection Act – Clarification of “Natural Person”

Clarifies the definition of a natural person for terminations for owner occupancy move-ins.

A natural person is defined, as a beneficial owner with at least 25% ownership interest in the property.

This change took effect on March 25, 2024.



AB 2898 Unbundling of Parking

A 2024 law requires landlords to separate parking from the lease for any new construction with a certificate of occupancy on or after January 1, 2025

Alameda, Fresno, Los Angeles, Riverside, Sacramento, San Bernardino, San Joaquin, Santa Clara, Shasta, and Ventura Counties,

AB 2898 amends this requirement to exclude Section 8 and VASH voucher holders from the obligation to unbundle parking.



Affordable Housing Laws

SB 924 Credit Reporting

Amends existing SB 1157 for credit reporting for assistive housing development

Eliminates the sunset provision of January 1, 2025, making law permanent

Now permits the offer to be sent via email instead of just U.S. mail if tenant agrees



AB 846 Tax Credit Rent Increase Limits

Law in 2024: Properties with Tax Credit Allocations in 2024 or after

- CA Code of Regs amended in 2024: Properties with a tax credit reservation issued in 2024 or after must comply with AB 1482 regarding 5% + CPI rent increases annually. (w/ limited exceptions).
- Any LIHTC property seeking to transfer ownership must show compliance with AB 1482 during the previous 5 years prior to sale.

AB 846 : Properties receiving an allocation of tax credits prior to April 1, 2024

- Requires CTCAC to adopt regulations by June 30, 2025, limiting annual rent increases for.
- By June 30, 2026, and annually thereafter, TCAC shall assess the maximum limit for raising rents
- Unlike new LIHTC properties, rent increases may not be tied to AB 1482



CTCAC Regs Updated 2025

ALL LIHTC properties must limit rent increases to 5% + CPI (max of 10%) in any 12-month period

Limited exceptions include:

- Increase in rent up to 30% of the monthly income of the household
- Projects with terminated PBRA or operating subsidy as defined in the CTCAC Regs
- Transfer of a household to another unit of different size or transfer to a higher AMI designation as required by public regulatory agreement or deed restriction due to change in household income or occupancy change

Waiver Option: The Executive Director has the ability to grant a waiver to the 5%+ CPI cap if necessary for the financial stability of the property and “does not unreasonably impact tenants.”

CTCAC Regs Updated

**Other
New
Changes
as of
1/1/2025:**

Adopt a written non-discrimination policy

Adopt a tenant selection plan

Projects with accessible units must adopt a process to market accessible units and to make sure they are occupied by those who need the accessible features

Procedural requirements on how to fill vacancies for projects /units restricted to chronically homeless individuals

Adopt a written policy for providing reasonable accommodations and modifications

Develop an affirmative fair housing marketing plan consistent with HUD Regs 24 CFR part 200 subpart M

Compliance with VAWA (which was already in place)

“Adopt a policy allowing service animals as of right, reasonable accommodations for assistance under FEHA and tenants to own or otherwise maintain one or more common household pets pursuant to HSC Section 50466)

Adopt a grievance and appeal procedure to resolve applicant and tenant grievances

“Provide meaningful language access to LEP tenants that at a minimum includes a written language access plan providing for the translation of notices concerning tenants’ rights and the provision of interpretive services to facilitate communication between LEP tenants and Owners.”

AB 653 Housing Authority Reports

Beginning July 1, 2025, and annually thereafter, all public housing authorities must publish data regarding their monthly success rate, payment standards, inspection wait times and the search time for a new voucher holder to obtain housing.

These reports are required to be publicly available beginning January 1, 2026.

The purpose of this reporting is to create opportunities for recommendations across authorities to improve efficiency.



AB 2430 Removal of Monitoring Fees



AB 2430 prohibits a city and county from charging monitoring fees to oversee and ensure affordability of certain housing developments.

This will only apply to projects that have 100% of units for lower income households or up to 20% of units for moderate households.

There are six conditions that the project will need to comply with in order to qualify for this protection.

If there is a current monitoring fee, the city or county will need to remove it.

Fair Housing and ADA Laws and Trends

AB 1815 Discrimination on Hairstyles

Unruh Civil Rights Act amended: Definition of Race

Race includes traits associated with a certain race, including but not limited to hair texture and protective hairstyles like braids, locs, and twists

AB 1815 expressly states that it is not a change in the law but a declaratory statement of existing law



Building Requirements

AB 2579 Balcony Inspections



Existing law required landlords to carry out a preliminary inspection of balconies or elevated exterior load bearing wood elements by January 1, 2025.

AB 2579 extends the deadline for those inspections to January 1, 2026.

Civil engineers were added to the list of inspectors authorized to do these inspections with AB 2114 amending Civil Code 5551.

AB 2622 Contractors Requirement

Business and Professions Code created a threshold of \$500 for the labor and materials before a licensed contractor would be required for maintenance work, repairs and improvements.

This threshold has increased to \$1,000.



AB 2533 Expanding Permits to Junior ADUs



Existing law provides a pathway for certain unpermitted accessory dwelling units (ADUs) to become permitted through a process.

This law will expand that process to unpermitted junior accessory dwelling units built prior to 2020.

Additionally, it will require local agencies to provide information to the public about the process of approval and advise the homeowner about the right to have a confidential inspection by a third-party contractor to determine the condition of the unit prior to submitting an application.

It also limits some of the fees and penalties in order to facilitate bringing unpermitted JADUs into compliance.

AB 2684 Extreme Heat

AB 2684 amends the Government Code related to safety, adding “extreme heat” hazards as a housing element of required local hazard plans.

The next revision is scheduled for January 1, 2028, and will require review and updating to address hazards of extreme heat.

Extreme heat means increasing temperatures resulting in a heat wave, heat health event, heat watch or warning, or a proclamation of a state of emergency.

This may amend legal requirements in the future including mandating the installation of air conditioning or HVAC systems.



AB 2454 Domestic Well Water for Rental Properties

Owners of domestic wells that service rental properties with drinking water must test for water quality standards.

The test results and information on how to read the results must be provided to the residents of the rental property within 10 days of receiving the results.

It would also prohibit rent increases or other charges to residents as a result of the testing requirements.



Military Protections

AB 1854 Service Member and Reservist Protections



AB 1854 amends the Military and Veterans Code to expand the right of military members to defer certain types of payments and obligations not just to the time served for active duty but also following a period of active duty.

It will require the service member to submit a written request, which will include electronic communications.

It also requires the request to be submitted no later than 90 days following the period of active duty on which the deferral is based.

Protections like this would affect rental obligations under a lease and timing potentially for unlawful detainers.

Real Estate License Laws & Disclosures

AB 2992 Broker – Buyer Agreements

AB 2992 codifies the terms of a recent class action lawsuit against real estate brokers regarding the amount of commission the seller must pay to the buyer's agent.

It adds to the Business and Professions Code an obligation that real estate agreements for the sale of real property of no more than four units include the following statement in not less than 10-point boldface font

“Notice: The amount or rate of real estate compensation is not fixed by law. They are set by each broker individually and may be negotiable between the seller and broker.”

It also adds Section 1670.50 which requires buyers to execute an agreement with the real estate broker regarding buyer representation



SB 382 SFR Disclosures

Beginning January 1, 2026

Sellers of SFR must disclose, in writing, existence of state or local requirements for gas powered appliances

Also beginning January 1, 2026, there will be an electric systems disclosure:

- *“In a purchase of real property, it may be advisable to obtain an inspection by a qualified professional of the electrical system(s) of any buildings, including, but not limited to, the main service panel, the subpanel(s), and wiring. Substandard, recalled, or faulty wiring may cause a fire risk and may make it difficult to obtain property insurance. Limited electrical capacity may make it difficult to support future electrical additions to the building(s), such as solar generation, electric space heating, electric water heating, or electric vehicle charging equipment.”*

Electric disclosure not required where the certificate of occupancy is within the last 3 years.



Other Issues – Junk Fees

President Biden's crackdown on consumer "Junk Fees"

- Federal Trade Commission proposed rule:
 - Ban on Hidden Fees (all fees and charges must be disclosed up front)
 - Ban on "Bogus Fees" (business would be required to disclose the amount and purpose of each fee and whether the fees are refundable)

Class action lawsuits filed against landlords for junk fees charged and alleged unfair business practices:

- Charges for services landlord was required to provide already
- Failure to disclose fees prior to lease signing



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