

# HUTKIN LAW FIRM, APC

## RESIDENTIAL LEGISLATIVE UPDATE FOR 2025

### LANDLORD/TENANT LAWS AND TRENDS

#### **APPLICATION SCREENING FEES (AB 2493)**

The law previously permitted a landlord to recover both hard and soft costs actually incurred with processing applications. The new law modifies how landlords handle application fees. Key provisions include:

1. **Restrictions on Fee Charges:** Landlords may no longer collect application fees if they know or should know that no units are available or won't be available within a reasonable timeframe. This law was designed to prevent landlords from unfairly profiting from tenants applying for unavailable properties.
2. **Application Fee Structure Options:**
  - **First-Come, First-Qualified Process:** Fees may only be charged if applications are processed in the order received, and written rental criteria are provided upfront with the application. This is the approach we recommend our clients take as it offers other protections.
  - **Fee Refund Requirement:** If a landlord chooses not to adopt the first-come approach, application fees must be refunded to all non-selected applicants within seven (7) days of tenant selection or thirty (30) days of receipt, whichever comes first.

Additionally, the law requires landlords to:

- Provide all applicants who paid a screening fee with a copy of their consumer credit report within seven (7) days of obtaining it even if the applicant does not request it. If the tenant requests a copy of the report, then landlord must provide it within three (3) days. Landlords may elect to send the report by personal delivery, mail, or email.
- Ensure that the rental criteria provided are clear and objective to minimize disputes. Landlords failing to adhere to these provisions may face penalties or legal claims.

**Practical Implications:** To comply with these new standards, landlords may need to adjust their application processing systems, implement tracking for refund timelines, and ensure all communication with applicants is properly documented.

#### **SECURITY DEPOSITS (AB 2801)**

This law introduces specific measures to ensure security deposit deductions are fair and transparent so that landlords do not subsidize improvements to their properties with a tenant's security deposit. Key updates include:

- **Normal Wear and Tear:** Landlords may only deduct amounts necessary to restore a unit to its original condition, excluding normal wear and tear. For instance, repainting walls or replacing carpets due to ordinary usage cannot be charged to tenants.
- **Photographic Documentation:**
  - **Move-In Documentation:** Commencing July 1, 2025, landlords must take detailed photographs of the rental unit at the beginning of the tenancy to establish its condition.
  - **Move-Out Documentation:** Beginning April 1, 2025, tenant departure, photos must be taken before any cleaning or repairs start regardless of the date the tenancy began. Post-repair photos are also required to substantiate deductions.
  - **Mandatory Sharing:** All photographs must be shared with tenants alongside the traditional itemized deductions. These can be sent via mail, email, through secure online links, or computer flash drive. To ensure compliance, landlords may need to invest in digital tools to manage photographic records and streamline documentation processes.
  - **Service Member Provisions:** Landlords charging additional deposits for “conditionally approved” service members must do all of the following: 1) provide written explanations on or before the date the lease is signed outlining the additional deposit amount charged and why the additional amount was charged; 2) If the tenant maintains timely rent payments for six (6) months, the extra deposit must be refunded; and 3) The date of the return of the additional deposit shall be included in the lease agreement.

### **FEES AND SECURITY NOTICES (SB 611)**

This law prohibits landlords from charging tenant’s fees for legal notices, including pay-or-quit or termination notices. Additionally, landlords may no longer impose fees for accepting rent payments via personal checks.

### **MANDATORY OFFER OF CREDIT REPORTING (AB 2747)**

This law is supposed to promote financial inclusion by requiring landlords to offer each tenant on the rental lease agreement the option to report positive rental payments to credit bureaus. Key details include:

- **Who Must Comply:** The mandate applies to all landlords, except those owning fewer than 15 units who meet specific criteria (e.g., not being part of a REIT or corporation).
- **Timing of Offers:**
  - For new tenants, the offer must be made at lease signing.
  - For existing tenants, annual offers are required on or before April 1, 2025, and once annually thereafter.

- Offer must be in writing sent by US First Class mail or email. If by mail the landlord must provide a self-addressed stamped envelope for each resident.
- **Fee Limits:** Reporting fees are capped at \$10 or actual costs, whichever is lower. Landlords are prohibited from using rent payments to cover these fees.
- **Opt-Out Options:** Tenants can withdraw from credit reporting at any time, with landlords required to honor such requests promptly.

**Practical Implications:** Landlords should prepare standardized forms and processes to comply with this law, including clear disclosures and efficient tracking of tenant elections. 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

### **CHANGING LOCKS FOR DOMESTIC VIOLENCE SURVIVORS (SB 1051)**

This law enhances protections for tenants experiencing domestic violence. Landlords now have to pay for the changing of the locks at the request of the tenant. Key provisions include:

- **Timely Action:** Upon receiving a tenant's request and appropriate documentation or documentation from a qualified third party (e.g., a restraining order), landlords must change the locks promptly.
- **Tenant-Initiated Changes:** If landlords fail to change the locks, tenants may change the locks themselves and seek reimbursement within 21 days.
- **Tenant Screening:** Landlords cannot deny or conditionally accept an applicant who has changed the locks, breached the lease due to domestic violence, or summoned law enforcement. Landlords may face civil liability if they violate this new law. As a result of SB 1051, landlords need to more closely scrutinize their screening policies in order to avoid denying applicants who do not qualify for tenancy as a result of being a victim of domestic violence or other protected crimes.

Landlords who fail to comply may face significant penalties, highlighting the importance of immediate responsiveness.

### **TIMING FOR UNLAWFUL DETAINERS (AB 2347)**

The eviction process has become more challenging, with extended response times for tenants that could further delay the resolution of problem tenancies. While the law does include some

streamlined hearing procedures, the overall impact will likely extend the time needed to resolve landlord-tenant disputes.

Tenants now have extended response times for unlawful detainer complaints, increasing from five (5) days to ten (10) days, excluding weekends and holidays. Additionally:

- **Expedited Hearings:** AB 2347 also adds the ability of tenants to file a new type of responsive pleading called a motion to strike, to contest any portion of the Complaint. However, a benefit for landlords under AB 2347 is a reduction of time for responsive pleadings like a motion to strike or demurrer, which now must be heard within five to seven (5-7) court days. Previously, these motions would be set on thirty (30) days' notice.

**Practical Implications:** These changes necessitate faster preparation by landlords and their lawyers when initiating or responding to tenant defenses.

### **TENANT PROTECTION ACT - DEFINITION OF "NATURAL PERSON" (SB 479)**

This clarification specifies that for owner-occupancy no-fault evictions, a "natural person" must hold at least a 25% beneficial ownership interest in the property.

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## **AFFORDABLE HOUSING LAWS**

### **CREDIT REPORTING FOR ASSISTED HOUSING (SB 924)**

This law permanently requires landlords of assisted housing developments to offer tenants the option of reporting positive rental payments to credit bureaus. Offers may now be delivered electronically, provided tenants consent.

### **TAX CREDIT RENT INCREASE LIMITS (AB 846)**

By June 30, 2025, the California Tax Credit Allocation Committee (CTCAC) must implement regulations limiting annual rent increases for tax credit properties. These limits apply to properties receiving tax credits before April 3, 2024.

**Practical Implications:** Landlords of tax credit properties must monitor CTCAC updates closely to ensure rent adjustments remain within allowable thresholds.

### **HOUSING AUTHORITY REPORTING REQUIREMENTS (AB 653)**

Public housing authorities must publish detailed annual reports starting in July 2025. These reports will cover their monthly success rate, payment standards, inspection wait times for lease up and the search time for a new voucher holder to obtain housing.

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## **BUILDING REQUIREMENTS**

### **Balcony Inspections Deadline (AB 2579)**

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. Licensed civil engineers may now conduct these inspections.

### **Contractor Licensing Threshold (AB 2622)**

Previously there was a threshold of \$500 for the labor and materials before a licensed contractor had to be hired to perform maintenance work, repairs and improvements. This threshold was increased to \$1,000.

### **Permits for Junior ADUs (AB 2533)**

Expands existing law regarding providing a pathway for certain unpermitted accessory dwelling units (ADUs) to become permitted junior accessory dwelling units built prior to 2020. Additionally, it requires local agencies to provide information to the public about the process and provide them with checklists of what would make the ADU or JADU substandard 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 to facilitate bringing unpermitted JADUs into compliance.

### **Substandard Buildings (SB 1465)**

The definition of substandard buildings for residential use now includes risks to nearby residents along with when it endangers the welfare of the public or the occupants. This law expands the definition of residential units to units rented by a tenant for human habitation regardless of the zoning of the property, expanding it to potential commercial or industrial areas. If any person is using a location for residential use when it is not zoned as such, the owner will need to declare under penalty of perjury that the person is illegally occupying the building. The owner will also need to diligently pursue the eviction of the occupant or remove them as a trespasser.

### **Domestic Well Testing (AB 2454)**

Owners of domestic wells that service rental properties with drinking water must test water quality and provide results, along with information on how to read the results, to tenants within ten (10) days of receiving results. Rent increases to cover testing costs are prohibited.

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## **MILITARY PROTECTIONS**

### **Service Member and Reservist Protections (AB 1854)**

This law allows service members to defer financial obligations during and after active duty. Requests must be submitted in writing within ninety (90) days of completing active service. Protections like this can affect rental obligations under a lease and timing potentially for unlawful detainers.

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## How We Can Help

We encourage you to review your leases, policies, and house rules to ensure compliance with California's laws. We understand that California's laws create significant challenges for property owners and managers. We are here to help you not just comply with these burdensome regulations, but to protect your interests and property rights. Our comprehensive services go well beyond handling unlawful detainers - we can:

- Review and update your leases to make sure they are legally compliant
- Audit your policies to ensure compliance while maintaining operational efficiency
- Guide you through implementation of these new requirements
- Represent your interests in all aspects of landlord-tenant matters
- Provide experienced counsel in business and employment law and real estate litigation

Contact our office at 805-544-1500 or at [info@hutkinlaw.com](mailto:info@hutkinlaw.com) to schedule a consultation if you would like our help. Let us help you protect your interests while navigating California's complex requirements.

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Hutkin law Firm, APC is a full-service real estate law firm representing residential and commercial property owners and managers. We also represent clients in the areas of employment and business law.<sup>1</sup>

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<sup>1</sup> *This update should not be relied upon as a complete report of all new changes in local, state, and federal laws affecting property owners and managers. It provides general information about legislative changes. Laws frequently change, so please contact our office for specific legal advice before taking action. This update provides general information and is not a substitute for legal advice. Consult with our firm or your legal advisor for specific guidance.*