7 New Laws For California Landlords in 2023

2023 is here and with it come a variety of new laws that either directly or indirectly affect California landlords. As has been the trend for the last several years, California continues to make it more and more complicated to own and manage residential rental real estate.

This article is not meant to be an exhaustive list of every new real estate related law that has gone into effect this year. These are the laws that we see being the most significant for owners of single-family homes, condos/townhomes, and multi-family with less than 5 units.

It’s also worth speculating about what the future holds for mom and pop landlords based on legislative trends and government talking points. A lot of times, you can see the path the legislature is on by looking at what they are doing in the multi-family and affordable housing worlds. As California continues to have more tenants and less homeowners, they will continue implementing more tenant-friendly and landlord-hostile laws.

It’s important to understand the goals of the legislature so you can adequately prepare for what the legal landscape will look like in the next 5 to 10 years instead of having to react quickly when the inevitable comes to pass.

With that, here are 7 new laws that California landlords need to be aware of in 2023.

**1.**[**AB 2170**](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2170)**- Offers on REO Properties**

This law requires any institution that forecloses on more than 175 properties per year to only accept offers from prospective owner-occupants, qualified non-profits, government entities, and other affordable housing providers for the first 30 days that the REO property is listed for sale. If we see another high foreclosure rate due to the currently declining real estate market, investors would have to wait until a property has been on the market for over a month before a big bank would be allowed to accept an offer from them.

**2.**[**AB 2559**](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2559)**- Reusable Tenant Screening Reports**

This bill creates the ability for applicants to pay for one screening report that can then be used to apply to multiple different properties. The applicant pays for the report and then either provides it directly to the landlord of the property they are applying for or the landlord accesses it through an online portal. The landlord cannot charge an application screening fee if they choose to accept a reusable tenant screening report.

As of right now, accepting a reusable tenant screening report is optional. Landlords do not have to accept these reports and can still require applicants to fill out their own application. However, this is one of those speculative moments where now that the option exists, it will likely become mandatory in the future for landlords to accept these reusable screening reports.

The upside for the tenants is obvious. Instead of applying to multiple properties and paying multiple application fees, they simply pay one application fee and then provide that screening report to all of the properties they want to apply to.

The downside to landlords is just as obvious. Fraud is already rampant in the world of applications. We see some sort of fraud (altered pay stubs and other income documents) on about 15% of all applications that we receive. The one item we know is legitimate is the credit report since we get it directly from the credit reporting agency. If reusable screening reports become required, they will be one more easily altered document that will make it easier for otherwise unqualified applicants to trick landlords into renting to them.

**3.**[**SB 1017**](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1017)**- Termination of Tenancies Based on Domestic Violence**

Landlords are already required to allow a tenant that is the victim of domestic violence and provides the proper form to break a lease with only 14 days notice. However, this law adds a penalty of up to $5,000 against landlords who try to prevent tenants from exercising their rights under this law.

This bill also creates a new “partial eviction” which has previously not existed in law up to this point. Essentially, if the abuser and victim are both tenants and an eviction action is brought, the abuser could be evicted while the victim is allowed to remain in the property as a tenant. This is a brand new type of eviction so we will have to wait and see how this practically plays out.

**4.**[**AB 1738**](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1738)**- Mandatory EV Charging Stations**

This one isn’t a law yet but eventually will become one. This bill directs the Department of Housing and Community Development to research and develop mandatory building standards that will require new multi-family (more than 4 units) and existing multi-family buildings that pull permits for the purpose of alterations or additions to parking areas to install level 2 or higher EV charging stations during initial construction or the alterations.

California wants to ban the sale of ICE vehicles by 2035. One of the main objections people have to EV adoption is the availability of charging stations. California will continue to enact laws that require installation of EV charging stations as much as they can to try to satisfy this objection and create a wider adoption of EVs.

**5.**[**AB 2503**](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2503)**- Language Study**

This bill creates the requirement to research whether the terms “landlord” and “tenant” should be eradicated from real estate terminology. Similarly, AB 1096 goes as far as to eradicate the use of the word “alien” from all California Code Sections.

Because…these terms are somehow offensive? California continues its focus on the things that are of the utmost urgency in the real estate world.

**6.**[**SB 971**](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB971)**- Requiring Pets in Affordable Housing Units**

This is another law that doesn’t affect most California landlords yet but likely will eventually. The bill basically says that pets are considered members of the family by many California residents so affordable housing units must allow at least one household pet with no breed or size restrictions.

This is the first step in the personification of household pets in rental properties and our prediction is that landlords eventually will not be able to advertise properties as “no pets.”

Affordable housing units cannot charge pet rent or additional fees for tenants with pets. A particularly interesting part of the bill is that landlords are not free from the liability of protecting third parties from the tenant’s pets, even though they can’t place any breed or size restrictions. No one seems to have considered the insurance aspect. Many insurance companies will not cover liability claims related to certain dog breeds, yet the landlord could be forced into accepting a dog on the insurance company’s restricted breed list.

Probably best to start phasing carpet out of your rental properties going forward. In the coming years, you will likely be forced to accept pets of all shapes, sizes, and breeds.

And no, this is not limited to only cats and dogs. I’ll let your imagination help you make the rest of this point…

**7.**[**SB 1477**](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1477)**- Wage Garnishments**

If you have won a financial judgment against a tenant, existing law allows you to garnish their wages with some limitations. This bill decreases the percentage of wages that are able to be garnished, making it more difficult and take longer for landlords to collect from evicted tenants.

I’ve made other predictions for what the future may hold for California landlords [here](https://www.mesaproperties.net/blog/what-does-the-future-hold-for-california-landlords). It is becoming more and more necessary to either stay up on all of these laws yourself or hire a property management company to do it for you. Being a landlord in California can be very profitable but does not come without its risks. Keep up with new laws, update your lease, maintain your properties well and you can be a successful landlord and property owner. Fall asleep at the wheel and fail to prepare for what’s coming and the treacherous legal landscape will certainly trip you up.