



2023 LEGISLATION

Impacting Residential
Rental Housing



TOP 2023 LEGISLATIVE CONSIDERATIONS

ASSEMBLY BILLS

AB 12 (Haney) - Security Deposits
AB 225 (Grayson) - Enviro Hazards
AB 309 (Lee)
AB 323 (Holden) - Density Bonuses
AB 524 (Wicks)
AB 548 (Boerner) - Inspections
AB 875 (Gabriel)
AB 1317 (Carrillo) - Parking

ASSEMBLY CONSTITUTIONAL AMENDMENTS

ACA 1 (Aguilar-Curry) – Affordable Housing Financed by Government 55% Vote Threshold
ACA 10 (Haney) – Housing is a Human Right
ACA 13 (Ward) – Voting Thresholds

SENATE BILLS

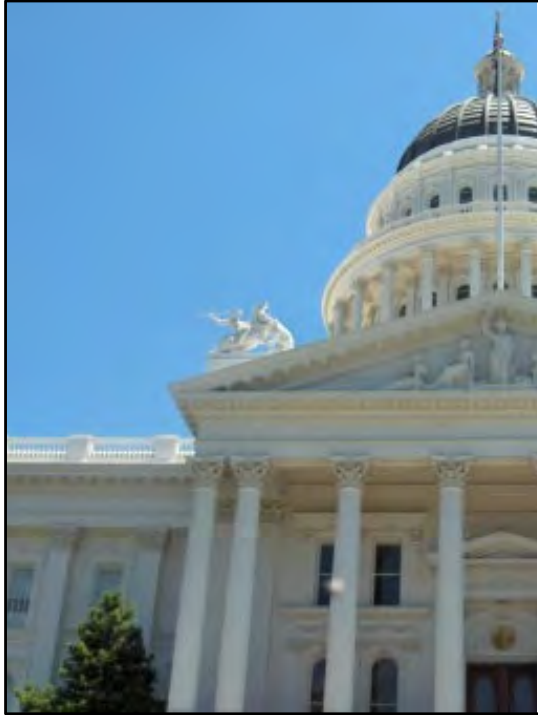
SB 267 (Eggman) - Credit History
SB 466 (Wahab) - Repeal Costa Hawkins
SB 567 (Durazo) - Just Cause Eviction & Rent Increases

SENATE CONSTITUTIONAL AMENDMENTS

SCA 2 (Allen) - Public Housing Projects

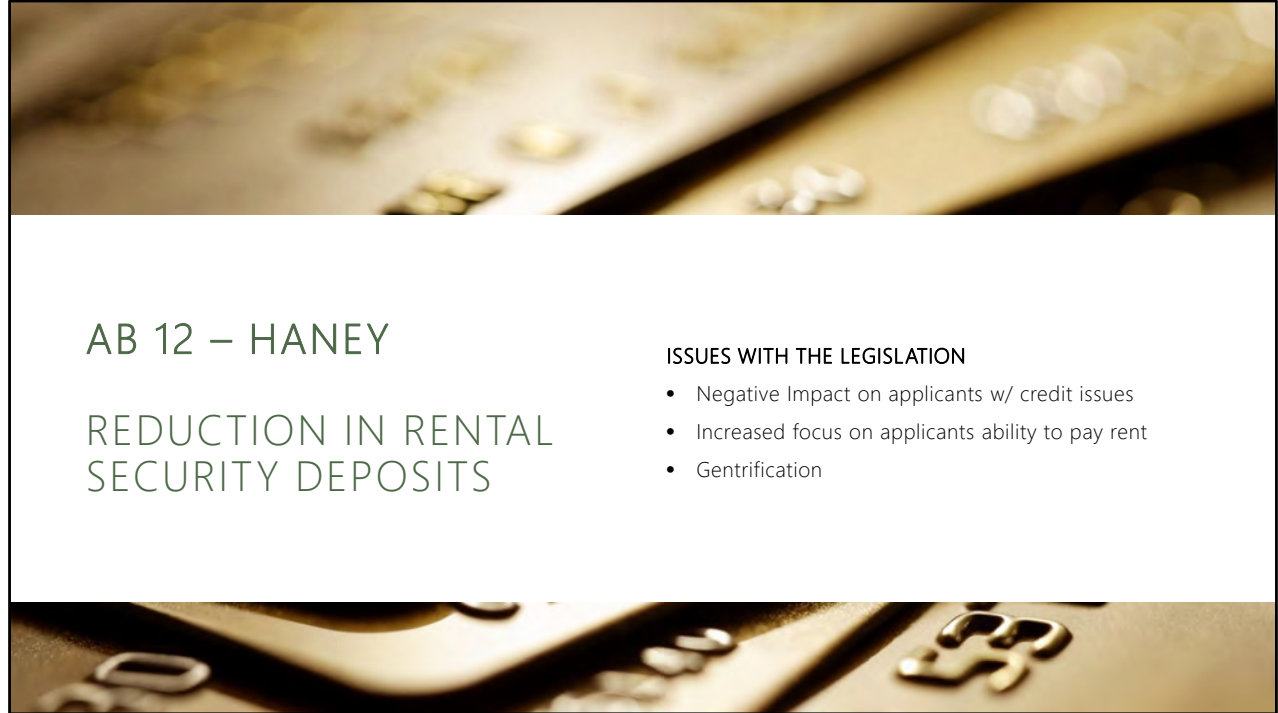
2024 BALLOT INITIATIVES

Weinstein Initiative – Repeal Costa Hawkins



ASSEMBLY BILLS

- **AB 12** Haney - Security Deposits
- **AB 225** Grayson - Environmental Hazards
- **AB 309** Lee - Social Housing Act
- **AB 323** Holden - Density Bonus Units
- **AB 524** Wicks - Family Caregiver Status
- **AB 548** Boerner - Inspection of Dwelling Units
- **AB 875** Gabriel - Court Data Reporting
- **AB 1317** Carrillo - Parking



ASSEMBLY BILL 12
(Assemblymember Matt Haney)
REDUCTION IN RENTAL SECURITY

AB 12 would only permit Property Owners to collect up to one month's rent for security deposit for unfurnished units; becomes effective as of July 1, 2024.

ISSUES

- Will have negative impact on applicants with adverse credit.
- Will force Property Owners to scrutinize applicants' ability to pay rent.
- Will create gentrification.

SOLUTIONS

- Collect a security deposit totaling one month's rent for each dwelling unit - without exception.
- Charge for all damage during tenancy and following termination.
- Permit applicant to pay for improvements/repairs prior to occupancy. *Civil Code section*

1950.5 (c)(3)

- Engage in thorough Pre-Inspection. *Civil Code section 1950.5 (f)*
- No longer offer free rent as move-in incentive.



AB 225 – GRAYSON

ENVIRONMENTAL
HAZARDS BOOKLET

ISSUES WITH THE LEGISLATION

- Creates potential for insurance denial
- Insurance is denying coverage for "Natural Disasters"
- May create need for Excess and Surplus Insurance

Apartment Association
OF CALIFORNIA COUNTY

ASSEMBLY BILL 225
(Assemblymember Tim Grayson)
ENVIRONMENTAL HAZARDS BOOKLET

AB 225 proposes to include (3) three new sections within the Homeowner's Guide to Environmental Hazards: wildfires, climate change, and sea level rise.

ISSUES

- While the update is logical and reasonable, the Guide could be used by insurance companies to deny coverage for Homeowner's policies.
- Many admitted insurance companies are denying coverage for "Natural Disasters".
- May create need for Excess and Surplus Insurance ("ENS") – specialty market that insures what standard insurance will not cover.

SOLUTIONS

- If rental property is located in wildfire hazard severity zone, immediately identify insurer that will write policy.

GMM - New Rental Housing Laws for 2024

- Research California Fair Plan Coverage limits.
- Amend HOAs/CC&Rs and designates dwelling as townhouses not condominiums.



AB 309 – LEE

SOCIAL HOUSING ACT

ISSUES WITH THE LEGISLATION

- Allows for ballot initiatives to pay for social housing
- Will require taxes to ensure no one pays more than 30% of their income on housing
- ACA 13 would create housing as infrastructure.



ASSEMBLY BILL 309
(Assemblymember Alex Lee)
SOCIAL HOUSING ACT

AB 309 would create a social housing program created by the Department of General Services.

AB 309 would create publicly owned social housing, under public control and oversight with an intended goal to ensure that no Californian pays more than 30 percent of their income on housing by 2050.

ISSUE


•If ACA 13* is passed by the Legislature and approved by the State Electorate, then local governments will have an easier time collecting new taxes (*including parcel tax*) to pay for social housing.

CONCERN

•Californians will pay more taxes to pay for social housing to ensure that no one pays more than 30 percent of their income on housing.

*ACA 13 is a proposed Assembly Constitutional Amendment authored by

Assemblymember Christopher Ward. Please see slide 14 For additional details.




AB 323 – HOLDEN

PURCHASE OF DENSITY BONUS UNITS

ISSUES WITH THE LEGISLATION

- Deed restricted owner-occupant units must be made available to an income qualified owner occupant
- Requires unsold deed restricted units to be made available to a qualified non-profit
- Establishes \$15,000 penalties for violation of these rules



ASSEMBLY BILL 323
(Assemblymember Chris Holden)
PURCHASE OF DENSITY BONUS UNITS

AB 323 would limit the ability of developers to sell deed-restricted unit intended for owner-occupancy to purchasers that would rent the unit unless there are no qualified owner-occupant buyers.

ISSUES

- Requires developers to offer deed-restricted units intended for owner-occupancy to an income qualified owner-occupant applicant.
- If after 180 days a deed-restricted unit has not been purchased by qualified household, then the developer may sell the unit to a qualified nonprofit housing corporation.
- Establishes a civil penalty for violation of these rules of up to \$15k per violation, which can be recovered by county or city attorneys within the jurisdiction of the violation occurrence.

CONCERNS

- Imposing requirements without financial offset will make new development almost

impossible.



AB 524 – WICKS

FAMILY CAREGIVER STATUS

ISSUES WITH THE LEGISLATION

- Sets FEHA precedent
- Could result in "Family Caregiver Status" being a protected class
- Conflicts with deed restriction qualifications



ASSEMBLY BILL 524
(Assemblymember Buffy Wicks)
FAMILY CAREGIVER STATUS

AB 524 proposes to include “family caregiver status” as a protected class of individuals and prohibits employment discrimination based on this status.

ISSUES

- Sets a *PRECEDENT* within the Fair Employment and Housing Act (FEHA).
- Counsel for Civil Rights Department could attempt to extend “family caregiver status” discrimination prohibition in future housing accommodations.

CONCERNS

- Will family caregivers have a continuing right to occupy after death of leaseholder?
- Conflicts with deed restrictions without qualifications.

ACTIONS

- Vehemently oppose any introduction by the Legislature if “family caregiver status” is

proposed to be included in the housing section of FEHA.



ASSEMBLY BILL 548
(Assemblymember Tasha Boerner)
Inspection of Dwelling Units

AB 548 would require a building code enforcement inspector to reasonably attempt to inspect other units included in multi-family buildings, if the inspector determines that a unit inspected is substandard.

AB 548 would also permit inspection of *ALL UNITS* if severe building wide defects/violations are found.

CONCERNS

- Who determined fault of substandard conditions?
- What obligations to Property Owners have in providing access to unit(s) to be inspected?
- What if tenant fails or refused to grant access to unit(s) to be inspected?

CONCERNS

- What recourse do Property Owners have if found liable based on tenant's failure or refusal to grant access?

- Will local governments be compelled to adopt inspection requirements?



AB 875 – GABRIEL

COURT DATA REPORTING

ISSUES WITH THE LEGISLATION

- Requires specific information to be reported without context
- Focuses on repayment of Covid-19 rental debt
- Potential inconsistencies in reporting could result in additional regulation on the housing industry



ASSEMBLY BILL 875
(Assemblymember Jesse Gabriel)
COURT DATA REPORTING

AB 875 would require each court to report to the Judicial Council specific information related to unlawful detainer cases each month by zip code; becomes effective as of January 1, 2025.

AB 875 would also require each court to report to the Judicial Council case summary data on COVID-19 Rental Debt in Small Claims Court. Every four months the Judicial Council shall publicly post information received regarding COVID-19 Rental Debt; becomes effective as of January 1, 2025.

ISSUES

- Potential of under- or over- reporting, which could result in additional legislation against Property Owners in subsequent years.



AB 1317 – CARRILLO

UNBUNDLED PARKING

ISSUES WITH THE LEGISLATION

- Sets precedent for repairs and amenities
- Future "unbundling" efforts in multifamily could create problems all around
- Unbundling could apply to landscaping, maintenance, laundry, gym, pool, club house, profits, etc.



ASSEMBLY BILL 1317
(Assemblymember Wendy Carrillo)
UNBUNDLED PARKING

AB 1317 is a proposed pilot program prohibiting a Property Owner from including a parking space in the rent of a dwelling unit – with no formal end date - and applies to new builds after January 1, 2024.

AB 1317 applies to ten (10) California Counties, which include: Alameda, Fresno, Los Angeles, Riverside, Sacramento, San Bernardino, San Joaquin, Santa Clara, Shasta, Ventura.

ISSUES

- Sets a *PRECEDENT* for all forms of repairs and amenities.
- Dangerous for all future unbundling within multi-family residential property, premises, and dwelling units.

CONCERNS

What subsequent legislation could be introduced regarding the "unbundling"?

Future risk of unbundling:

- Landscaping

- Maintenance
- Laundry Room
- Gym
- Profits



SENATE BILLS

- **SB 267** Eggman – Credit History
- **SB 466** Wahab – Repeal Costa Hawkins
- **SB 567** Durazo – Just Cause Termination, Rental Increases



SB 267 – EGGMAN

**CREDIT HISTORY –
GOVERNMENT RENT
SUBSIDIES**

ISSUES WITH THE LEGISLATION

- Reduces owner's ability to determine applicant's ability to pay rent
- Impacts the ability of government to determine eligibility for several programs
- Limits transparency of the application process

**SENATE BILL 267
(Senator Susan Eggman)
CREDIT HISTORY – GOVERNMENT RENT SUBSIDIES**

SB 267 would prohibit a Property Owner from requesting a credit report for review if an applicant is qualified to receive Government Rent Subsidies, which includes Housing Choice Vouchers (“Section 8 Housing”).

ISSUES

- Reduces Property Owners’ ability to determine applicant’s ability to pay all financial obligations, including rent.
- Could impact the governments determination for eligibility for offered programs; determination of what applicant can afford to pay in rent; determination in what government can financially support.

SOLUTIONS

- Property Owners will be forced to find alternative ways to verify an applicant’s income and debt.

- New business standard should be to:
 - Request bank statements
 - Request copies of canceled checks made payable for past rent
 - Request to contact utility companies regarding payment history
 - Request copies of credit card invoices



SB 567 – DURAZO

JUST CAUSE TERMINATION, RENTAL INCREASES

ISSUES WITH THE LEGISLATION

- Requires Building Permits prior to notice of eviction
- Creates delays in providing necessary repairs
- Increases costs of repairs
- Increases labor and building material costs and hurdles

SENATE BILL 567

(Senator Maria Durazo)

Just Cause Termination, Rental Increases

SB 567 would prohibit a Property Owner from evicting renters to either substantially repair or remodel dwelling units until Notice has been served AFTER a building permit is obtained. *This prevents a tenant from being evicted to begin demolition in preparation for repair and/or remodel.*

ISSUES

- Requires Property Owner to obtain building permit before permissible eviction of tenant.
-
- Causes unnecessary delays in providing necessary and immediate repairs, which may include lead in water or “popcorn ceiling” containing asbestos.
-
- Increases Property Owners’ cost to make repairs or substantially remodel.
-
- Causes unnecessary delays and cost increases in labor and materials in future building contracts.

CONCERNS

- Belies Logic and creates “Petrie dish” of litigation against Property Owners.
-
- Delays just cause eviction of tenant, which unjustly causes unknown date for tenant to find new housing.
-
- Places severe limitations on purchases of multi-family properties that require repair.
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- Disincentives investors who may want to purchase multi-family housing to house family members because investor must have at least 51% ownership to house family members.



CONSTITUTIONAL AMENDMENTS

- **ACA 1** – Affordable Housing
- **ACA 10** – Housing is a Human Right
- **ACA 13** – Voting Thresholds
- **SCA 2** – Public Housing Projects
- **Weinstein Initiative**



ACA 1 – AGUILAR-CURRY

**AFFORDABLE HOUSING
FINANCED BY
GOVERNMENT**

ISSUES WITH THE LEGISLATION

- Makes it easier to pass new parcel taxes
- Doesn't define "public infrastructure" or "affordable housing"
- In effect dismantles Prop 13

**ASSEMBLY CONSTITUTIONAL AMENDMENT 1
(Assemblymember Cecilia Aguilar-Curry)
AFFORDABLE HOUSING FINANCED BY GOVERNMENT**

ACA 1 proposes to amend the California Constitution to allow a city, county, or special district, with 55% voter approval, to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure.

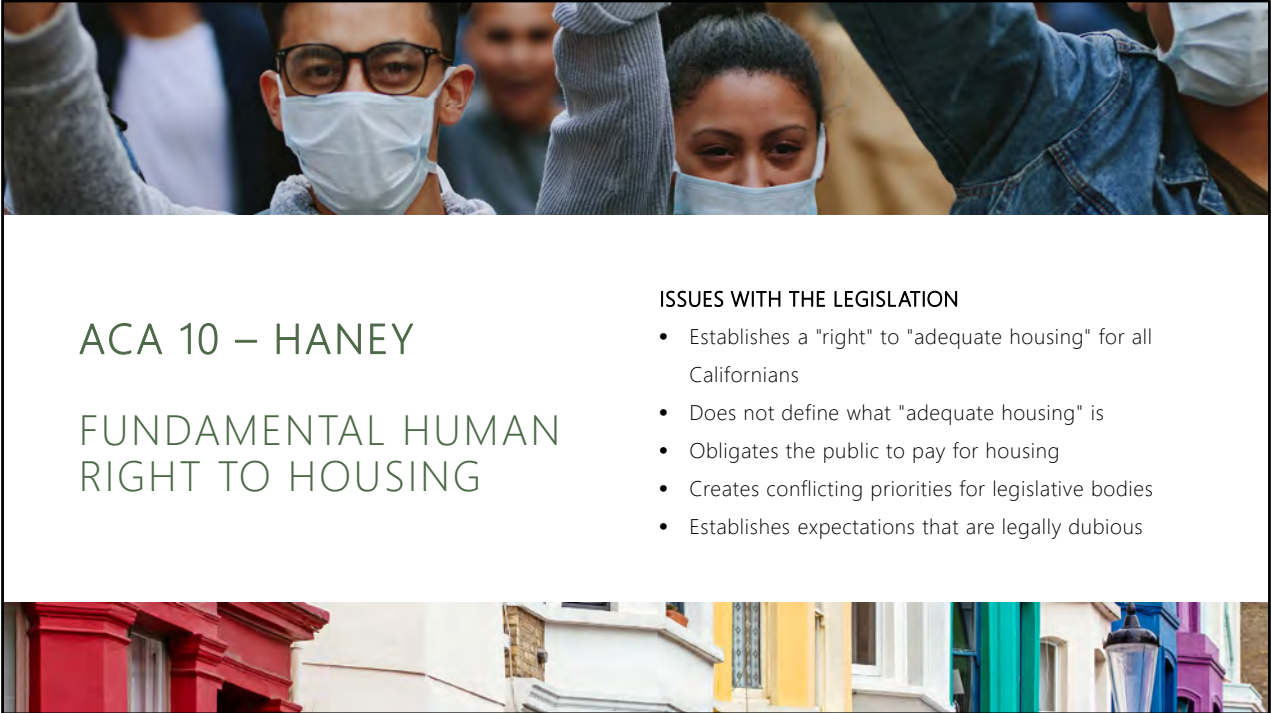
ISSUES

- If ACA 1 is passed by the Legislature and approved by the State Electorate, it will be much easier for local governments and special districts to impose new property taxes including parcel taxes.
- Does not provide clarity in defining “public infrastructure” and “affordable housing”.

CONCERNS

- ACA 1 could cause the voters to increase property taxes, which makes “Prop 13” all but obsolete.

- Because ACA 1 does not provide clear definitions, local governments could clear out certain budgets or revenues from programs providing housing, infrastructure improvements, or maintenance.



ACA 10 – HANEY

FUNDAMENTAL HUMAN RIGHT TO HOUSING

ISSUES WITH THE LEGISLATION

- Establishes a "right" to "adequate housing" for all Californians
- Does not define what "adequate housing" is
- Obligates the public to pay for housing
- Creates conflicting priorities for legislative bodies
- Establishes expectations that are legally dubious

**ASSEMBLY CONSTITUTIONAL AMENDMENT 10
(Assemblymember Matt Haney)
FUNDAMENTAL HUMAN RIGHT TO HOUSING**

ACA 10 proposes to add a right to housing to the California Constitution; it establishes that the state would recognize the fundamental human right to adequate housing for everyone living in California.

ISSUES

- If ACA 10 is passed by the Legislature and approved by the State Electorate, would create a fundamental right to “adequate housing” for all Californians.
- Does not provide clarity in defining “adequate housing”.
- Would mandate a, “shared obligation of state and local jurisdictions...with a view to progressively achieve the full realization,” of this new fundamental right, “to the maximum of available resources.”

CONCERNS

- California’s Housing laws are some of most stringent laws protecting renters in the United

States.

- May be immediately be legally challenged.
- Legislature may be compelled to reprioritize state spending, so the maximum amount of the budget is spent on housing all Californians.
- Will Californians have a right to occupy without paying?



ACA 13 – WARD
VOTING THRESHOLDS

ISSUES WITH THE LEGISLATION

- Last minute "gut and amend" bill during the final weeks of the first year of the legislative session
- Enables local government to pass taxes easily
- Grants special districts the same taxing rights as local government
- Provides low threshold for passing bonds, taxes, and general obligations paid for by property owners



ASSEMBLY CONSTITUTIONAL AMENDMENT 13
(Assemblymember Christopher Ward)
VOTING THRESHOLDS

ACA 13 would require an initiative constitutional amendment to comply with any increased voter approval threshold that seeks to impose on future ballot measures; it guarantees the ability of local governments to submit advisory questions to voters.

ISSUES

- ACA 13 was a “gut and amend” during the final weeks of the 2023-2024 legislative session.
- Creates an ability for local governments to more easily pass tax increases.

- ACA 13 is punitive in that it is sponsored by the California Teacher’s Association in response to constitutional amendment introduced by the California Business Round Table that would make it more difficult for local governments to increase local taxes.

CONCERNS

- Only selected groups will benefit from the ability of local governments to impose

additional or new taxes.

- Selected groups include: schools, special districts, and local governments.



SCA 2 – ALLEN

PUBLIC HOUSING PROJECTS

ISSUES WITH THE LEGISLATION

- Corrects an historically questionable section of the California Constitution
- Begins the discussion of overturning public vote thresholds for development to be approved
- Focuses legislative support on an initiative aimed at providing more housing in California rather than fighting developments in California



SENATE CONSTITUTIONAL AMENDMENT 2
(Senator Benjamin Allen)
PUBLIC HOUSING PROJECTS

SCA 2 proposes to repeal Article 34 of the California Constitution, which requires development, construction, or acquisition of publicly-funded low-rent housing projects to be approved by a majority of voters in a city or county.

CONCERNS

- Will there be enough money necessary to lead the State Electorate and inform voters that Article 34 should be repealed.

SUPPORT

- Article 34 is thought to be racially motivated and should be repealed.



SB 466 – WAHAB
AND
WEINSTEIN INITIATIVE

REPEAL COSTA HAWKINS

ISSUES WITH THE LEGISLATION

- Restricts rental rates for new renters
- Rolls back exemption timelines for rent control
- Expands abilities of local government to affect multifamily housing operations

SENATE BILL 466
(Senator Aisha Wahab)
REPEAL COSTA HAWKINS RENTAL HOUSING ACT

SB 466 was introduced to destroy the Costa Hawkins Act and prevents Property Owners from increasing rental rates; however, it was turned into a “2-year” Bill because Michael Weinstein has introduced a Ballot Initiative to be voted on in November 2023 to destroy the Costa Hawkins Act.

CONCERNS

- SB 466 has been placed on 2-year status, meaning it is likely to be brought back to the legislature in the next legislative session (next year) if the voters do not pass the Initiative that will be on November’s Ballot.
- Property Owners could be restrained as to the amount they may increase rental rates for new renters.

SOLUTION

- It will be extremely important to oppose SB 466 in the early stages of the next legislative session if Californian voters do not pass the Initiative that will be on November’s Ballot.



AB 2503 – GARCIA

RESIDENTIAL RENTAL HOUSING TERMS

ISSUES WITH THE LEGISLATION

- Creates consistent terms throughout the California Business and Professions code
- Removes historic associations with terms landlord and tenant
- Signed by Governor and sent to California Law Revision Commission

ASSEMBLY BILL 2503
(Assemblymember Christina Garcia)
RESIDENTIAL RENTAL HOUSING TERMS

AB 2503 is an AOC sponsored bill that was signed by the Governor last year. AB 2503 drafted to end the weaponization by governmental bodies accusing “Landlords” of being unscrupulous.

BELIEFS

- AOC members believe that Property Owners and Managers are responsible caretakers of their properties.
- AOC members believe that Property Owners and Managers maintain excellent customer relations with their tenants.

SOLUTIONS

- In 2024, California Strategic Advisors and AOC will be working closely with the California Law Revision Commission while it studies terms used in the Hiring of Residential Rental Housing California Codes.

- Change the terms of "Landlord" and "Tenant".
- Create uniformity of terms used throughout California law.

CONCLUSION AND Q & A

AAOC Follow Up

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Legislative Follow Up

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Support the:

Legal Defense Fund

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2023 LEGISLATION

Impacting Residential Rental
Housing

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