

## CalRHA Legislative Updates



Kate Bell, [KateBellStrategies.com](http://KateBellStrategies.com)

### Budget Update

Governor Newsom released his May Revise of the CA state budget on Thursday, May 14th. He started by saying CA dominates in manufacturing, agriculture, innovation, referencing the three major IPSOs coming up later this year. The state is experiencing higher than projected revenues, but the May Revise still proposes to cut general fund spending by \$1.8 billion. As far as revenue proposals, the May Revise includes a limit corporate tax credits to either \$5 million or 50% of a company's tax liability, depending on which represents a higher share of the entity's tax bill, and extension of sales tax to software delivered electronically or "prewritten software". The Governor is proposing small business savings by proposing to cut first-year LLC filing taxes from \$800 to \$400 for tax years 2027-29. Release of May Revise begins the real negotiations on the state spending plan. The Legislature needs to pass the budget bill by June 15, which means it needs to be in print by June 12th to meet the 72-hour rule. The May Revise: <https://ebudget.ca.gov/FullBudgetSummary.pdf>



Gov. Gavin Newsom

purposes. However, the bill would change this by preventing the non-recognition of gains for taxpayers who exchange single-family residential rental properties if they own 50 or more such properties in California than \$45 for the applicant. The changes would apply to exchanges completed from January 1, 2026, aligning with taxable years starting on that date.

### AB 2609 (Calzoa) Pet Rent.

Existing law, until January 1, 2030, prohibits an owner of residential real property from, over the course of any 12-month period, increasing the gross rental rate, as specified, for a dwelling or a unit more than 5% plus the percentage change in the cost of living, or 10%, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months before the effective date of the increase, subject to specified conditions. This bill would prohibit an owner of residential real property from charging a tenant additional rent in an amount in excess of 1% of the monthly rental amount due to the residence of a common household pet.



Jessica Calzoa

### Legislative Update

We have now passed the policy committee deadlines. Fortunately, two more bills that we were opposing, AB 1611 (Haney) and AB 2609 (Calzoa) were both held in policy committee.

**AB 1611 (Haney) Taxation of Rental Properties and loss of 1031 Exchange Benefits for Owners of 50 or More Units.** This bill addresses how gains are taxed when exchanging properties. Under current law, gains or losses from exchanging similar properties for business or investment purposes are not recognized for tax



Matt Haney

The Appropriations Committees took up their Suspense files on Thursday, May 14th. Of the bills that we were opposing, the following were held so are dead for the year:

- **SB 1155 (Smallwood Cuevas) Eviction Protection for Nonpayment of Rent due to Federal Government Shutdown**
- **SB 1246 (Durazo) Eviction Protections for Immigrants**
- **AB 2064 (Sharp-Collins) Criminal History Protection** – This bill would have added "criminal history" to the list of protected characteristics in both the Unruh Act and FEHA.

Unfortunately, the bill that we were supporting to eliminate the resident manager for properties of 16 units or more, **AB 1771 (Alvarez)**, was also held in the Appropriations Committee.

Finally, **SB 1365 (Allen)**, regarding price gouging, was amended when it came off Suspense to set the city population cap at 900.

Here is an update of the legislation that will be working on the Floor during the end of May.

**AB 2350 (McKinnor) Consumer Loans, Rent Obligations** - This bill would bar finance lenders, brokers, and program administrators from making consumer loans if a purpose of the loan is to pay any obligation under a residential rental agreement (including rent-split loans). **CalRHA is opposed to this bill and is working in coordination with a large coalition.**



Tina McKinnor

**SB 1117 (Cervantes) Lowering ADU Costs.** Currently, impact fees cannot be charged on ADUs with 750 square feet or less of livable space. For ADUs larger than 750 square feet, fees must be proportional to the main dwelling's size. The bill proposes that fees for ADUs only apply to the area beyond 750 square feet. This bill would change how local agencies calculate these fees, creating a state-mandated local program, and asserts that these changes are of statewide concern, affecting all cities, including charter cities.



Sabrina Cervantes

**CalRHA is supporting SB 1117**

**SB 1160 (Durazo) Eviction Data Reporting.** The bill proposes that the Judicial Council collect and publicly share eviction data, reporting it to the Legislature. Additionally, courts must supply monthly information on unlawful detainer cases, aggregated by ZIP Code, to be made available via a public records request.



Maria-Elena Durazo

**CalRHA opposes SB 1160.**

**SB 1296 (Durazo) Pet Mandates in Rental Property Advertisements and Applications.** Existing law prohibits landlords from requiring tenants to declaw or devocalize their pets as a condition for renting. The proposed bill mandates landlords to clearly include their pet policy in advertisements and rental applications. This policy must detail any breed and weight restrictions. Prospective tenants must acknowledge receipt of this policy. Furthermore, if a landlord charges an application fee without first disclosing the pet policy, they must refund the fee to the applicant.

**CalRHA opposes SB 1296.**

#### 2026 Legislative Deadlines

- May 29th–Floor Deadline
- June 15th–Budget Bill Passage
- June 25th–Last Day for a Legislative Measure to Qualify for the 11/3 General Election Ballot
- July 2nd–Policy Committee Deadline in Second House and Start of Summer Recess
- August 3rd–Legislature Reconvenes from Summer Recess
- August 14th–Fiscal Committee Deadline in Second House
- August 31st - Floor Committee Deadline in Second House/End of Session
- September 30th–Last Day for Governor to Sign or Veto Legislation



#### Have News to Share?

If you have news that may be of interest to SBRPA members, please submit the information to [magazine@sbrpa.org](mailto:magazine@sbrpa.org).



## STOP AB 2350 • SB 1160 • SB 1296

**Take Action Today!** Please call your representative in the Assembly and urge them to VOTE NO on the following bills:

**AB 2350 McKinnor. Consumer loans: residential real property rental payments.** Existing law authorizes lenders to offer loans to consumers for various purposes.

This bill would impose various requirements on loans provided to consumers for the purpose of advancing residential real property rent payments for certain finance lenders and servicers, including prohibiting more than 2 installment payments for the loans.

**AB 2350** would effectively eliminate flexible rent payment services that many California renters rely upon to avoid late fees, maintain housing stability, and better align rent obligations with bi-weekly or variable pay schedules. At the same time, these services help ensure housing providers are paid in full and on time. This bill removes an important financial option for renters without offering a workable alternative.

**Suggested Talking Points.** Please oppose AB 2350 for the following reasons: This bill would effectively eliminate flexible rent payment services that many California renters rely on to align rent with their pay schedules and avoid late fees – without offering any workable alternative. Flexible rent payment services are relatively inexpensive, short-term financing options that help renters while ensuring housing providers are paid in full and on time

Responsible providers already operate under federal consumer protection laws like the Truth in Lending Act, with fixed pricing, no compounding interest, and no late fees. Restricting these services won't protect renters. It will push them toward worse options like overdraft fees, high-interest credit cards, and payday loans.

Independent research shows these services improve on-time payments and housing stability. California should pursue balanced options while preserving access to responsible financial tools that support renters and housing providers alike.

Please call your representatives' phone number and urge them to vote against these bills, OR send them an email and copy/paste the *Suggested Talking Points*.

**SB 1160 Durazo. Onerous Eviction Reporting Requirements.** This bill would require the collection and publication of eviction-related data at the ZIP Code level and is a significant concern for rental housing providers related to privacy, data security, administrative burden, and mishandling of eviction data and misinterpretation of its presentation.

**Suggested talking points.** Publishing raw eviction data without proper context, statistical standards, or interpretation risks misleading conclusions and poor policy decisions. The bill also fails to address critical issues around data standardization, accuracy, and cybersecurity across California's data systems.

Beyond data quality, SB 1160 could disrupt the housing market. Publicly accessible eviction records may discourage housing providers from pursuing lawful evictions when needed, while also pushing them to apply stricter tenant screening which would ultimately reduce housing access for higher-risk renters.

Finally, the bill places costly new administrative obligations on courts already strained by staffing shortages and backlogs, with no dedicated funding provided, further taking resources away from core judicial functions.

**SB 1296 Durazo. Pet Policy Disclosure Liability.** This bill would impose strict pet policy disclosure requirements on property owners when advertising and on rental applications. Failure to meet these complicated requirements could result in liability ranging from refunding application fees to costly legal exposure.

**Suggested talking points.** SB 1296 imposes complex disclosure requirements for pet policies across ads, applications, and third-party listing platforms. These requirements are especially difficult for small, independent housing providers to meet consistently. Rather than improving the rental process, the bill creates a rigid framework that may simply push housing providers to ban pets altogether to avoid regulatory and legal exposure.

Strict compliance risks are significant. Minor or unintentional omissions in pet policy disclosures could limit a property owner's ability to enforce reasonable pet restrictions, and the bill's requirement to refund application fees for

## CaIRHA Call Your Legislators from page 15

non-disclosure invites litigation over technical errors, which would drive up costs for everyone.

Housing providers have legitimate reasons to set and enforce pet policies, including resident safety, allergies, noise, and property damage. These concerns are compounded by California's recent limits on security deposits, which reduce the ability of rental housing providers to recover pet-related damages. Since not all tenants are responsible pet owners, housing providers need the flexibility to implement policies that protect property and other residents.

## Santa Barbara State Assembly and Senate Representatives

### CA STATE ASSEMBLY DISTRICT 37

*Assemblyman Gregg Hart*

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Santa Barbara is located in California's 37th State Assembly District. The district encompasses the entirety of the Santa Barbara South Coast, Goleta, Carpinteria, the Santa Ynez Valley, and stretches into southern San Luis Obispo County.



CA Assembly District 37



### CA STATE SENATE DISTRICT 21

*Senate President pro Tempore  
Senator Monique Limón*

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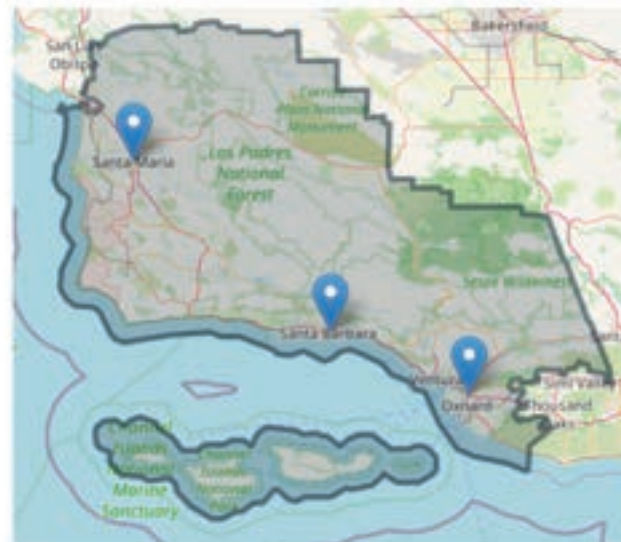
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#### Santa Maria

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Santa Barbara is located in California's 21st State Senate District, which is represented by Democratic Senator Monique Limón. The 21st Senate District encompasses all of Santa Barbara County, as well as portions of Ventura and San Luis Obispo counties. It includes the cities and communities of Santa Barbara, Goleta, Santa Maria, Solvang, Buellton, Oxnard, Ventura, Camarillo, and the Santa Clara Valley.



CA Senate District 21

*If you live outside of Santa Barbara County,  
you can find your representative here:  
<https://findyourrep.legislature.ca.gov>*