



## 2024 New Laws

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## 2024 New Laws

This chart summarizes new laws passed by the California Legislature that may affect REALTORS® in 2024. For the full text of a law, click onto the bill link at the end of each summary or go to <http://leginfo.legislature.ca.gov/> for California laws.

| Topic                                                                                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <b>Advertising: All mandatory fees must be disclosed in advertising goods and services.</b> | <p><b>SB 478 makes it an unlawful business practice to advertise, display, or offer a price for a good or service that does not include all mandatory fees or charges (other than taxes or fees imposed by a government and postage or carriage charges that will be reasonably and actually incurred to ship the physical good to the consumer).</b></p> <p>SB 478 adds an additional prohibition to the Consumer Legal Remedies Act (CLRA) by prohibiting the advertising of a good or service without including all mandatory fees or charges (other than taxes or fees imposed by a government and postage or carriage charges that will be reasonably and actually incurred to ship the physical good to the consumer).</p> <p>Specifically, SB 478 is intended to prohibit drip pricing, which involves advertising a price that is less than the actual price that a consumer will have to pay for a good or service.</p> <p><b>This practice is already prohibited</b></p> <p>This practice, like other forms of bait and switch advertising, is prohibited by existing statutes, including the Unfair Competition Law (commencing with Section 17200 of the Business and Professions Code) and the False Advertising Law (commencing with Section 17500 of the Business and Professions Code). However, SB 478 is not intended to prohibit any particular method of determining</p> |

prices for goods or services, including algorithmic or dynamic pricing. This act is intended to regulate how prices are advertised, displayed, or offered.

Violating the CLRA may result in the following damages:

- (1)Actual damages, but in no case shall the total award of damages in a class action be less than one thousand dollars (\$1,000).
- (2)An order enjoining the methods, acts, or practices.
- (3)Restitution of property.
- (4)Punitive damages.
- (5)Any other relief that the court deems proper.

Attorney fees and costs are also awarded to a prevailing consumer. Additional penalties are imposed if the consumer is a senior citizen or a disabled person.

### **Legally recognized exclusions from the CLRA**

Mortgage loan transactions are generally not covered by the CLRA. (Consumer Solutions REO, LLC v Hillery, ND. Cal (2009)). Financial entities including mortgage brokers acting under a real estate license are specifically excluded from this new provision regarding disclosure of all mandatory fees. (Cal Civ Code 1770(a)(29)(C)(ii)(X)). The rental or lease of real property is not covered by the CLRA. (Heckart v. A-1 Self Storage, Inc. (2015)).

[Senate Bill 478](#) is codified as Civil Code §§ 1770, 1939.20 and 2985.71; Government Code § 13995.78; Streets and Highways Code §§ 36538 and 36638; and Vehicle Code §§ 11713.27 and 11713.28.

Effective July 1, 2024

**Commercial Financing Disclosures: Commercial financing provider must disclose the cost of a commercial financing transaction as an annualized rate.**

SB 33 removes a sunset provision that applies to a requirement to disclose the cost of a commercial financing transaction expressed as an annualized rate. The requirement was scheduled to sunset on January 1, 2024. By removing the sunset, SB 33 requires commercial financing providers to provide the specified disclosure indefinitely.

[Senate Bill 33](#) is codified as Financial Code §§ 22802, 22803 and 22806.

Effective January 1, 2024

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| <p><b>Disclosures:</b><br/><b>Environmental hazard booklet updated.</b></p> <p><b>C.A.R. Sponsored Law</b></p> | <p><b>Updates the state’s Homeowners Guide to Environmental Hazards booklet to add, as resources permit, three new chapters related to wildfires, climate change, and sea level rise to provide consumers with valuable information regarding these risks.</b></p> <p>Risks associated with wildfires, climate change and sea level rise have increased over the last decade to the point where these risks pose a general hazard to most California property owners. Updating the Homeowners Guide to Environmental Hazards booklet to add three new chapters to the booklet provides consumers with valuable information regarding these risks. Based on previous updates made to the booklet, the benefit to buyers far outweighs the cost to update the booklet as the existing state statute permits industry to pay for the costs associated with the update.</p> <p>The update does not allocate any additional expenditures but will be updated as existing resources permit or as private resources are made available.</p> <p><b>When will the update be completed?</b> Since the booklet will be updated as existing resources permit or as private resources are made available, no prescribed time is indicated in the law.</p> <p><a href="#">Assembly Bill 225</a> is codified as Business and Professions Code § 10084.2.</p> <p>Effective date is January 1, 2024, but the law does not create a deadline for completing the update.</p> <p>C.A.R. sponsored law</p> |
| <p><b>Disclosures:</b><br/><b>Flippers must disclose recent repairs and renovations.</b></p>                   | <p><b>"Flippers" of residential 1 to 4 properties must disclose recent repairs and renovations to the property in addition to all other existing disclosures. Applies to properties that are resold within 18 months of closing. Standard TDS categories, exemptions and cancellation rights apply.</b></p> <p>Applies to transactions if:</p> <ul style="list-style-type: none"> <li>• Residential 1 to 4 units,</li> <li>• Seller accepts an offer within 18 months from the date that title to the property was transferred to seller and</li> <li>• Renovations or repairs were performed by a contractor with whom the seller entered into a contract.</li> </ul> <p>Requires a seller to disclose to the buyer:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|                                                                                                                                                                                     | <ul style="list-style-type: none"><li>• Any room additions.</li><li>• Structural modifications.</li><li>• Other alterations.</li><li>• Repairs.</li><li>• A copy of any permits if obtained.</li></ul> <p>(or if the seller contracted with a third party and was not provided with a copy of any permits, the seller may inform the buyer that the permits may be obtained through the third party and provide their contact information).</p> <p>These disclosures may alternatively be disclosed as a list as given by the contractor to the seller.</p> <p>Additionally, where the cost of labor and materials was \$500 or greater, the seller will disclose</p> <ul style="list-style-type: none"><li>• The name of each contractor.</li><li>• The contact information of each contractor (as provided to the seller).</li></ul> <p><b>When does this law go into effect?</b> This law applies to the sale of a residential 1 to 4 unit property where the seller accepts an offer from a buyer to purchase the property on or after July 1, 2024.</p> <p><b>TDS application, exemptions and cancellation rights:</b> This disclosure comes within the Transfer Disclosure Statement law. It applies in the same circumstances as the TDS; it has the same exemptions; and it is subject to the same cancellation rights as the TDS and TDS-related disclosures.</p> <p><a href="#">Assembly Bill 968</a> is enacted as California Civil Code § 1102.6h. Effective for all transactions where the seller accepts an offer on or after July 1, 2024.</p> |
| <p><b>Disclosures: NHD Statement specifically identifies fire hazard severity zones for defensible space and fire hardening disclosures.</b></p> <p><b>C.A.R. Sponsored Law</b></p> | <p><b>Expands the disclosures required by the Natural Hazard Disclosure Statement (NHD) to include High as well as Very High Fire Hazard Severity Zones (FHSZ) by explicitly highlighting three new subcategories of FHSZs. If the property is located in any of these zones, the defensible space and (for properties built before 2010) fire hardening disclosures would then be required.</b></p> <p><b>Simplifies the identification of high and very high FHSZs:</b> This law is sponsored by C.A.R. for the purpose of simplifying the identification of properties located in High or Very High Fire Hazard Severity Zones.</p> <p><b>Three new sub-categories added to the NHD Statement:</b> The Natural Hazard Disclosure Statement has been expanded to include three specific subcategories under the category of "HIGH or VERY HIGH FIRE HAZARD SEVERITY ZONE" which must be disclosed as follows:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

A HIGH or VERY HIGH FIRE HAZARD SEVERITY ZONE (FHSZ) as identified by the Director of Forestry and Fire Protection pursuant to Section 51178 of the Government Code or Article 9 (commencing with Section 4201) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes \_\_\_\_ No \_\_\_\_

High FHSZ in a state responsibility area \_\_\_\_

Very High FHSZ in a state responsibility area \_\_\_\_

Very High FHSZ in a local responsibility area \_\_\_\_

**Defensible Space and Fire Hardening Disclosures:** When the property is located in any three of these FHSZs, the yes box must be checked, and defensible space disclosures would be required. For properties built before 2010, the fire hardening disclosure and questionnaire would also be required when the yes box is checked. AB 1280 will allow an agent to view the NHD Statement, and easily make the determination that the property is or is not subject to defensible space and fire hardening disclosures. C.A.R. Form "Fire Hardening and Defensible Space Advisory, Disclosure and Addendum" (FHDS) may be used for this purpose.

**Expansion of the NHDS to include High Fire Severity Zones as well as differentiating between state and local responsibility areas:** The previous NHDS, which was last amended in 1998, before the current FHSZ models and maps were created, only required the disclosure of whether the property falls into a very high FHSZ, and does not distinguish between high or very high fire zones, or whether the property is in a State Responsibility Area or Local Responsibility Area. As different rules and obligations apply to high and very high FHSZs, as well as to SRA and LRA properties under either statewide mitigation rules or local rules, this law will provide potential property buyers with more information about their potential obligations and hazards than currently exists.

[Assembly Bill 1280](#) is codified as Civil Code § 1103.2. Effective January 1, 2024.

#### **C.A.R. Sponsored Law**

**Employment: Workplace Violence Prevention Plan required. Certain small employers may be exempt if they have an existing Injury and Illness Prevention Program (IIPP), the requirements of which are**

**SB 553 requires employers to establish, implement and maintain an effective workplace violence prevention plan (WVPP) that includes, among other elements, maintenance of incident logs, provision of specified trainings, and conduct of periodic reviews of the plan.**

**Two possible exemptions could apply to certain small real estate brokers: 1) teleworking employees and 2) places of employment where there are less than 10 employees working at the place at any given time, that are not accessible**

simplified for real estate offices.

Effective July 1, 2024

to the public, and are in compliance with the requirement to develop and maintain an Injury and Illness Prevention Program (IIEP) are exempt. For real estate offices, the requirements of an IIEP are simplified.

SB 553 also authorizes an employer and a collective bargaining representative of an employee who has suffered unlawful violence from any individual to seek a temporary restraining order (TRO) and an order after hearing on behalf of the employee(s) at the workplace.

**Existing law requires** employers to establish, implement and maintain an effective Injury and Illness Prevention Program (IIPP) that must include, among other things, a system for identifying and evaluating workplace hazards. (Labor Code §6401.7).

**SB 553 requires** every employer, as part of the Injury and Illness Prevention Plan (IIPP) required under existing law, to additionally establish, implement, and maintain an effective Workplace Violence Prevention Program (WVPP) that is written, available and easily accessible at all times, as specified.

However, the law exempts the following from the requirement to establish, implement and maintain a WVPP:

- 1) Employees teleworking from a location of the employee's choice, which is not under the control of the employer and
- 2) Places of employment where there are less than 10 employees working at the place at any given time, that are not accessible to the public, and are in compliance with the requirement to develop and maintain an IIPP. However, this exemption will likely not exempt most real estate brokerages since typically real estate brokerages are open to the public.

There are other exemptions. But these are the most salient for real estate brokers and agents.

The IIEP generally needs to be written. However, for real estate offices (which are on the list of low hazard industries) employers with fewer than 20 employees written documentation of the Injury and Illness Prevention Program may be limited to:

1. Written documentation of the identity of the person or persons with authority and responsibility for implementing the program
2. Written documentation of scheduled periodic inspections to identify unsafe

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|                                                                                           | <p>conditions and work practices and</p> <p>3. Written documentation of training and instruction.</p> <p>Keeping such records fulfills the brokerage’s responsibilities under General Industry Safety Order 3203. It also affords an efficient means to review the business’s current safety and health activities for better control of your operations, and to plan future improvements.</p> <p>If the employer is not exempt, then a formal WVPP must be adopted as follows:</p> <p>An employer is required to establish, implement, and maintain, at all times in all work areas, an effective workplace violence prevention plan containing a list of 17 separate procedures for various circumstances.</p> <p>The employer must record specified information in a violent incident log for every workplace violence incident.</p> <p>The employer must provide effective training to employees on the workplace violence prevention plan, among other things, and provide additional training when a new or previously unrecognized workplace violence hazard has been identified or when changes are made to the plan.</p> <p>Records of workplace violence hazard identification, evaluation, and correction and training records must be created and maintained, and violent incident logs and workplace incident investigation records must be maintained. T</p> <p>Certain records must be made available to the Division of Occupational Safety and Health, employees, and employee representatives.</p> <p>These requirements become operative on and after July 1, 2024.</p> <p><a href="#"><u>Senate Bill 533</u></a> is codified as Code of Civil Procedure § 527.8 and Labor Code §§ 6401.7 and 6401.9.</p> <p>Effective July 1, 2024</p> |
| <p><b>Housing: ADUs may be sold separately from the primary unit as a condominium</b></p> | <p><b>Allows local agencies to adopt ordinances to allow the separate conveyance of an ADU from the primary residence as a condominium.</b></p> <p>Presently, with the exception of an ADU developed by a qualified nonprofit corporation, it is prohibited to sell an ADU separately from the primary residence.</p> <p>AB 1033 allows local agencies to adopt ordinances to allow the separate</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

conveyance of ADUs and primary residences as condominiums. Any such ordinance must require that the process to establish the condominiums complies with both the Davis-Stirling Common Interest Development Act, which governs homeowners associations (HOAs), and the Subdivision Map Act, which governs the subdivision of property. It is also required that there is written and recorded evidence that each lienholder consents to the establishment of the condominiums. If a property is within a homeowners association, that homeowners association must approve the creation of the condominium. Finally, AB 1033 requires the local agency to provide notice to applicants for ADUs of these requirements, such that they can make informed decisions in advance.

Other technical information on how AB 1033 works:

- 1) Specifies that a condominium plan must not be recorded with the county recorder in the county where the real property is located without each lienholder's consent. Provides that a lienholder may refuse to give consent, or that a lienholder may consent provided that any terms and conditions required by the lienholder are satisfied.
- 2) Requires the owner of a property that is within an existing homeowners association to receive written authorization of that association before they can record a condominium plan.
- 3) Updates the contents of the notice required to be provided by local agencies to any applicant for an ADU, including advising applicants considering selling the ADU as a condominium to contact the local agency to make sure that such a sale is permitted by that local agency.
- 4) Requires that, if an ADU is established as a condominium, the local government must require the homeowner to notify providers of utilities, including water, sewer, gas, and electricity, of the condominium creation and separate conveyance.

[Assembly Bill 1033](#) is codified as Government Code §§ 75852.2 and 75852.25.

Effective January 1, 2024.

**Housing: Makes permanent the existing prohibition on local government's ability to require owner occupancy on a parcel**

**Makes permanent the existing prohibition on local government's ability to require owner-occupancy on a parcel containing an Accessory Dwelling Unit (ADU).**

**Background:** State law allows a ministerial approval process for ADUs. In 2019, AB 881 removed the ability of local governments to require that either the



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| <p><b>containing an Accessory Dwelling Unit (ADU).</b></p>                                                                                  | <p>primary unit or the ADU be owner-occupied until January 1, 2025.</p> <p>SB 986 would remove the "sunrise" provision of AB 881, and thus remove the ability for local governments to require owner-occupancy of either unit beginning January 1, 2025. The locality may require that if the ADU is rented it must be rented for 30 days or longer.</p> <p><a href="#">Senate Bill 976</a> is codified as Government Code §65852.2.</p> <p>Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Housing: HCD now responsible for providing notification of housing law violations in 13 additional categories of housing law.</b></p> | <p><b>The HCD (“California Department of Housing and Community Development”) is now responsible for providing notification of housing law violations in 13 additional categories of housing law including local government ministerial approval, permit denial, ADU conveyance, commercial to residential use permitting, ministerial approval of housing splits and affordable housing.</b></p> <p><b>Background:</b> In 2017, AB 72 established a process for HCD to enforce state housing laws. AB 72 requires HCD to notify a local government and allows HCD to notify the office of the Attorney General if HCD finds that a local government's housing element does not substantially comply with state law, or if any local government has taken an action in violation of specified housing laws.</p> <p><b>AB 434 would add eight sections of existing law, and five sections of proposed law, to the list of statutes that HCD must enforce. These include laws that:</b></p> <ol style="list-style-type: none"> <li>1) Provide a process for the ministerial approval of accessory dwelling units that meet specified conditions (GC 65852.2).</li> <li>2) Provide a process for the ministerial approval of junior accessory dwelling units that meet specified conditions (GC 65852.22).</li> <li>3) Prohibit a local agency from denying a permit for an unpermitted ADU that was constructed before January 1, 2018, except in specified circumstances (GC 65852.23).</li> <li>4) Require the ministerial approval by a local government of two residential units in a single family residential zone, under specified conditions (GC 65852.21).</li> <li>5) Create the Middle Class Housing Act of 2022, which made housing an allowable use on sites zoned for residential, office, or parking uses, under specified conditions (GC 65852.24).</li> </ol> |

6) Allow an ADU to be sold or conveyed separately from the primary residence to a moderate income or lower income household buyer under specified conditions (65852.26).

7) Require the ministerial approval by a local government of up to 10 units in multifamily zones, under specified conditions (GC 65852.28).

8) Require that local governments cannot conduct more than five public hearings for a proposed housing development project that complies with the applicable, objective general plan and zoning standards in effect at the time an application is deemed complete (GC 65905.5).

9) Require local governments to permit building construction and on-site subdivision improvements simultaneously, under specified conditions (GC 65913.4.5).

10) Require the ministerial approval of 100% affordable housing projects on land owned by religious institutions and nonprofit universities (GC 65913.16).

11) Protect against demolition and loss of residential units. (GC 66300.5).

12) Require the ministerial approval by a local government of a parcel split in a single-family residential zone into two parcels, under specified conditions (GC 66411.7).

13) Require the ministerial approval by a local government of a parcel split of up to 10 parcels in multifamily zones, under specified conditions (GC 66499.41).

[Assembly Bill 434](#) is codified as Government Code § 65585.

Effective January 1, 2024.

**Housing: Adds exclusions to the requirement that any publicly funded low rent housing project receive voter approval**

**Adds exclusions to the requirement that any publicly funded low rent housing project receive voter approval by the people in the city or county in which the project will be situated.**

**Current Law:** Article 34 of the California Constitution prohibits the development, construction, or acquisition in any manner of a low-rent housing project by any state public body unless approved by vote of the people in the city or county in which the project is situated. “Low-rent housing project” is defined as any development composed of urban or rural dwellings, apartments, or other living accommodations for persons of low income, financed in whole or in part by the federal government or a state public body, or to which the federal government or a state public body extends assistance by supplying all or part of the labor, by guaranteeing the payment of liens, or otherwise.

**Exclusions:** However, there are various exclusions from this definition including a development using moneys appropriated and disbursed pursuant the Housing and Home Finance Act relating to affordable housing preservation, rental housing developments awarded funds from certain multifamily housing direct loan programs, and housing for individuals and families who are experiencing homelessness.

**SB 469 expands the exclusions to include:**

- Money appropriated and disbursed by the Business, Consumer Services and Housing (BCSH) Agency, Department of Housing and Community Development (HCD), and the California Housing Finance Agency (CalHFA).
- An allocation of federal or state low-income housing tax credits from the California Tax Credit Allocation Committee (TCAC).
- Money appropriated from the Affordable Housing and Sustainable Communities (AHSC) program.

**Background on Article 34:** In 1950, the California Real Estate Association (which is the former name and predecessor organization of the California Association of REALTORS) led the effort to add Article 34 to the Constitution after an unsuccessful attempt by residents in Eureka, CA to block a low-income housing project, which the local housing authority planned to build with federal funding. Sponsored by CREA and approved by the voters as Proposition 10, Article 34 requires cities and counties to get voters' approval before any low rent housing development can be built.

The radio station KQED noted, "California is now the only state that has this law, and it applies only to public funding for affordable housing, which is disproportionately used by people of color." In recognition of this history and to promote the production of affordable housing, last year C.A.R. sponsored SCA 2 a measure that will repeal Article 34 in its entirety. SCA 2 will appear on the ballot on March 5, 2024.

[Senate Bill 469](#) is codified as Health and Safety Code § 37001. Effective January 1, 2024.

**Housing: Increases the exemption limit for improvements otherwise subject to the California Coastal Act**

**The California Coastal Act previously exempted improvements of \$25,000 or less if necessary to protect life and public property from imminent danger. This exemption limit is now increased to \$125,000 which amount will be adjusted annually for inflation pursuant to the consumer price index.**

The California Coastal Act of 1976 (Coastal Act) requires those wishing to facilitate development within the coastal zone to obtain a permit from both the California Coastal Commission and the local government. Previously, the Coastal Act exempted improvements necessary to protect life and public property from imminent danger from seeking a permit if the improvements are valued under \$25,000. AB 584 increases this exemption to \$125,000 and permits that amount to be adjusted annually for inflation pursuant to the consumer price index. C.A.R. supported AB 584, which facilitates improvements necessary to protect life and property from loss resulting from natural weather events through a reasonable increase in the Coastal Act's permit exemption cap. This law seeks to assist

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|                                                                                                                                                                                               | <p>coastal landowners in their efforts to protect their homes in an economy experiencing rising costs due to rising interest rates and materials costs.</p> <p><a href="#">Assembly Bill 584</a> is codified as Public Resources Code § 30611. Effective January 1, 2024</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Housing: Limits the ability of developers to sell deed-restricted units intended for owner-occupancy to purchasers that would rent the unit.</b></p> <p><b>C.A.R. sponsored law</b></p> | <p><b>Limits the ability of developers to sell deed-restricted units intended for owner-occupancy to purchasers that would rent the unit.</b></p> <p><b>Background:</b> It has long been assumed that units offered for sale as the result of local inclusionary zoning policies and the state’s density bonus law would go to owner occupants if those units were intended for owner occupancy upon subdivision map approval. However, current law permits developers to petition a local government to change the designation from ownership to rental, which reduces home ownership opportunities.</p> <p><b>AB 323 requires</b> the developer and locality to ensure that a “for-sale” unit that qualified the developer for the award of a density bonus or a unit that is constructed pursuant to a local inclusionary zoning ordinance is initially sold to and occupied by low-income families. However, if a unit is intended for occupancy by a lower or moderate-income household pursuant to state density bonus law or a local inclusionary requirement, and the unit has not been purchased by an income-qualifying person or family within 180 days of the issuance of the certificate of occupancy, a developer may sell the unit to a qualified nonprofit housing corporation that will ensure owner occupancy.</p> <p>AB 323 also strengthens the accreditation requirements imposed on non-profits purchasing units awarded a density bonus.</p> <p>To enforce its provisions relating to inclusionary zoning ordinances, AB 323 authorizes a local public prosecutor to seek civil penalties from developers who sell units subject to inclusionary zoning laws in a manner not permitted by law.</p> <p><a href="#">Assembly Bill 323</a> is codified as Civil Code 714.7 and Government Code § 65915. Effective January 1, 2024.</p> <p>C.A.R. Sponsored law</p> |
| <p><b>Housing: Developments must be approved if consistent with general plan even if not consistent with local zoning ordinance.</b></p>                                                      | <p>Requires a local agency to approve developments that are consistent with its general plan even if not consistent with the applicable zoning ordinance, or to amend the zoning ordinance to make it consistent with the general plan within 180 days. Provides a legal remedy to ensure compliance.</p> <p><a href="#">Assembly Bill 821</a> is codified as Government Code 65860.</p> <p>Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## **Housing:**

**Ministerial approval process under SB 35 is extended by 10 years to sunset in 2036 and expanded to apply to cities in coastal zones and also to cities without a compliant housing element per HCD.**

**Ministerial approval process under SB 35 is extended by 10 years to sunset in 2036 and expanded to apply to cities in coastal zones and also to cities without a compliant housing element as determined by the HCD.**

### **Background**

According to the sponsors of SB 423, SB 35 is California's primary mechanism for streamlining housing production in place and must be extended. In 2017, SB 35 created a streamlined approval process for infill projects with two or more residential units in localities that have failed to issue sufficient housing permits to meet their Regional Housing Needs Allocation. The streamlined approval process requires some level of affordable housing to be included in the housing development. To receive the streamlined process for housing developments, the developer must demonstrate that the development meets a number of objective requirements including that the development is not on an environmentally sensitive site or would result in the demolition of housing that puts lower-income renters at risk of displacement. Localities must provide written documentation to the developer if there is a failure to meet the specifications for streamlined approval, within a specified period of time. If the locality does not meet those deadlines, the development shall be deemed to satisfy the requirements for streamlined approval and must be approved by right.

Existing law requires HCD to determine when a locality is subject to the streamlining and ministerial approval process in SB 35 based on the number of units issued building permits as reported in the annual production report that local governments submit each year as part of housing elements. If a local government is not permitting enough units to meet its above moderate- and its lower-income RHNA, a development must dedicate 10% of the units to lower income households in the development to receive streamlined, ministerial approval. If the jurisdiction is permitting its above moderate-income and not the lower income RHNA, then developments must dedicate 50% of the units for lower income to have access to streamlining.

### **SB 423 does the following:**

- 1) Expands the applicability of SB 35 provisions. This bill extends the sunset by 10 years to January 1, 2036. This bill also enables SB 35 to apply in cities without a compliant housing element, as determined by HCD.
- 2) Requires that in jurisdictions not meeting their housing targets for above moderate households, projects eligible for SB 35 streamlining must contain at least 10% of the units affordable to very low-income households, or 50% AMI, instead of 10% of the units affordable to low-income households, or 80% AMI.
- 3) Modifies the objective planning standard that prohibits a development subject to the streamlined, ministerial approval process from being located in a high fire severity zone by deleting the prohibition for a development to be located within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection, and would instead prohibit a development from being located with the state responsibility area, as defined, unless the site has adopted specified standards. The bill also removes an exception for sites excluded from specified hazard zones by a local agency.

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|                                                                                                                                                                                          | <p>4) Expands the applicability of SB 35 to local governments in the coastal zone. Since the passage of SB 35, three notable streamlining measures were passed that did not exclude local governments in the coastal zone. Under SB 423, SB 35 streamlining applies in the coastal zone consistent with the applicable local coastal plan or land use plan but does not apply to sites in the coastal zone that are identified as being environmentally sensitive or hazardous, such as those that could be affected by sea level rise.</p> <p><a href="#">Senate Bill 423</a> is codified as Government Code 65913.4. Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Housing: Attorney General has unconditional right to intervene without court permission in lawsuits brought by third parties for alleged violations of state housing laws.</b></p> | <p><b>Press release re AB 1485</b></p> <p><b><a href="#">Attorney General Bonta’s Sponsored Bill to Automatically Intervene in Housing Enforcement Lawsuits Signed by Governor Newsom</a></b></p> <p>California Attorney General Rob Bonta today [October 9, 2023] issued a statement in response to Assembly Bill 1485 (AB 1485), a bill that he sponsored, being signed into law by Governor Gavin Newsom.</p> <p>Effective January 1, 2024, AB 1485 will permit the Attorney General to automatically intervene without court permission [“have unconditional right to intervene”] in lawsuits brought by third parties for alleged violations of state housing laws. Assemblymember Matt Haney (D-San Francisco) authored the legislation, and Senator Scott Wiener (D-San Francisco) was the principal coauthor.</p> <p>“When it comes to addressing our housing crisis, there’s not a moment to waste. Time is of the essence,” said Attorney General Rob Bonta. “AB 1485 recognizes that urgency. It will allow my office to represent the state’s interests more easily in lawsuits filed by third parties to enforce our housing laws. I am grateful to Assemblymember Haney and Senator Wiener for AB 1485.”</p> <p>“The housing crisis is only getting worse as anti-housing local governments are brazenly breaking the law and stopping new housing developments from being built,” said Assemblymember Matt Haney. “We need every tool available to hold these local governments accountable when they break the law.”</p> <p>“State officials can no longer turn a blind eye to obstructionist local governments attempting to block progress on California’s housing crisis,” said Senator Scott Wiener. “Progress depends on accountability, and with the strong leadership of Attorney General Bonta, we’re about to make a lot of progress to address the housing crisis.”</p> <p>At present, third parties, such as housing advocacy organizations and housing developers, are generally allowed to take legal action against cities or counties that violate state housing laws. The office of the Attorney General can only become involved in the third party’s litigation by filing a motion to intervene and asking the court for permission to represent the state’s interests. Courts can take months to decide whether to grant such a request.</p> <p>The office of the Attorney General will no longer have to ask courts for</p> |

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|                                                                              | <p>permission to become involved in those lawsuits filed by third parties. Instead, pursuant to AB 1485, the office of the Attorney General will have “the unconditional right to intervene” whether intervening in an independent capacity or due to a referral from the California Department of Housing and Community Development.</p> <p><a href="#">Assembly Bill 1485</a> is codified as Government Code 65585.01. Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Housing: Ministerial approval of 10 or fewer unit developments</b></p> | <p><b>Requires a local government to ministerially approve, without discretionary review or a hearing, a parcel map or a tentative and final map for a housing development project where the proposed subdivision will result in 10 or fewer parcels and the housing development project on the lot proposed to be subdivided will contain 10 or fewer units.</b></p> <p>Among other requirements the proposed development must be located on a lot that meets all of the following: i) The lot is zoned for multifamily residential development. ii) The lot is no larger than five acres and substantially surrounded by qualified urban uses, as defined. iii) The lot is a legal parcel located within either of the following: (1) An incorporated city, the boundaries of which include some portion of an urbanized area. (2) An urbanized area or urban cluster in a county with a population greater than 600,000 based on the most recent United States Census Bureau data.</p> <p><b>Comment:</b> Housing bills that designate the types of projects open to “ministerial approval” are necessarily complex and beyond the scope of this summary. To view a more detailed description of what this bill entails see <a href="#">SB 684 bill analysis</a>.</p> <p><a href="#">Senate Bill 684</a> is codified as Government Code §§ 65852.28, 65913.4.5, and 66499.41.</p> <p>Effective January 1, 2024.</p> |
| <p><b>Insurance: Extends the FAIR Plan to commercial property</b></p>        | <p>The California fair access to insurance requirements (FAIR) Plan Association is a joint reinsurance association of state insurers that is established to, among other things, assist persons in securing basic property insurance for qualified property for which insurance cannot be obtained through the normal insurance market.</p> <p>The FAIR Plan law requires the association to develop and implement a clearinghouse program to help reduce the number of existing FAIR Plan policies and provide the opportunity for admitted insurers to offer homeowners insurance policies to FAIR Plan policyholders.</p> <p><b>SB 505</b>, beginning July 1, 2024, would require the association to develop and implement a similar clearinghouse program for commercial policies and will require the association to comply with privacy statutes and regulations, as specified, pertaining to the information collected in both of the clearinghouse programs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                               |



[Senate Bill 505](#) is codified as Insurance Code § 10095. Effective July 1, 2024.

**Landlord/Tenant:**

**Right of disabled tenant in locally rent- controlled property to move to first floor unit at same rental rate**

**Allows a jurisdiction with local rent control to require an owner of a rent-controlled unit to allow a tenant with a permanent physical disability to relocate to an available comparable or smaller unit located on an accessible floor of the property and retain their same rental rate.**

AB 1620 creates a statutory process by which a locality with a rent control ordinance or charter could provide for unit swaps in certain situations where a disabled tenant is living in a rent-controlled unit, and the tenant would retain their current rent.

This process would only be available to tenants in rent-controlled units who

- 1) Have permanent physical mobility-related disabilities,
- 2) Live in units that are not served by an operational elevator,
- 3) Are not subject to eviction for nonpayment,
- and
- 4) Where the jurisdiction has opted into AB 1620.

The procedure would be utilized as follows:

1) First the tenant would have to make a request for reasonable accommodation and engage in the interactive process established by 2 CCR § 12177 with their landlord and would have to provide a written request for a unit swap to an accessible unit.

2) Next, the interactive process negotiation would have to identify that the move to an accessible unit is necessary to accommodate the tenant's physical disability.

3) There would need to be an available comparable or smaller unit located on an accessible floor of the same building, or a comparable accessible unit owned by the same landlord on the same parcel (with at least four other units), that does not require renovation to comply with existing Health and Safety Code requirements

4) The local rent board or body with oversight of the rent control ordinance determines that the owner will continue to receive a fair rate of return for the new unit and

5) The tenant's original security deposit would be handled in accordance with existing law governing security deposits, meaning the landlord would be able to take out any legally permissible reimbursements for costs associated with cleaning or repairing the unit – exclusive of ordinary wear and tear – before returning the balance to the tenant, and the tenant would provide a new security deposit for the new unit.



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|                                                                                                                                               | <p>For purposes of this paragraph, “comparable or smaller unit” means a dwelling or unit that has the same or less than the number of bedrooms and bathrooms, square footage, and parking spaces as the unit being vacated.</p> <p>Further, if an accessible unit becomes available that the owner intends to move into or intends to move an immediate family member into, that unit would not be considered "available" under the bill's provisions.</p> <p><b>Question: What is the landlord’s duty to accommodate a disabled tenant by permitting the tenant to move to an accessible unit while keeping the rent the same, absent a law such as AB 1620?</b></p> <p>A: One court in New York, in the case of Bentley v Peace and Quiet Realty 2 LLC (2005), considered this question where a limited-mobility tenant on the top floor of rent-stabilized walk-up apartment building requested that the landlord permit her to move to a ground-floor apartment in same building, and that she pay same rent in new apartment as in old one rather than higher amount permitted by law. The Court found that the requested accommodation was possibly within the Fair Housing Act Amendments (FHAA) and the cost to the landlord in being unable to charge higher rent for the new apartment presented a question of fact as to the reasonableness of that accommodation. 42 U.S.C.A. § 3604(f)(3)(B). The fact that the tenant’s request included a request to pay the same rent did not render the request automatically unreasonable. While a landlord is not required to incur an undue hardship, including undue financial difficulty, as part of the reasonable accommodation a landlord may be required to incur reasonable costs to accommodate a tenant’s handicap.</p> <p><a href="#">Assembly Bill 1620</a> is codified as Civil Code 1954.53. Effective January 1, 2024.</p> |
| <p><b>Landlord/Tenant: Option to provide receipts for tenant screening fees by email when both landlord and tenant agree to it first.</b></p> | <p><b>Landlords will have the option to provide receipts for tenant screening fees via email when both landlord and applicant agree to it first.</b></p> <p><b>Presently</b>, landlords are required to provide, personally, or by mail, a receipt for the screening fee paid by the applicant. The receipt must itemize the out-of-pocket expenses and time spent by the landlord or the agent to obtain and process the information about the applicant.</p> <p><b>Under AB 1764</b>, the landlord or their agent and the applicant may agree to have the landlord provide a copy of the receipt for the fee paid by the applicant to an email account provided by the applicant.</p> <p><a href="#">Assembly Bill 1764</a> is codified in relevant part as Civil Code § 1950.5. Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Landlord/Tenant: Landlord must</b></p>                                                                                                  | <p><b>Landlord must offer “ability to pay” in lieu of reliance on credit history and reports in assessing a tenant’s rental application when prospective tenant is receiving a government rent subsidy such as a Section 8 rental voucher.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| <p><b>offer “ability to pay” in lieu of reliance on credit history and reports in assessing a tenant’s rental application when prospective tenant is receiving a government rent subsidy such as a Section 8 rental voucher</b></p> | <p>SB 267 makes it unlawful, in instances where there is a government rent subsidy, for a landlord to use a person’s credit history as part of the application process for a rental accommodation <i>without offering the applicant the option, at the applicant’s discretion, of providing lawful, verifiable alternative evidence of reasonable ability to pay the portion of the rent to be paid by the tenant, including, but not limited to, government benefit payments, pay records, and bank statements.</i></p> <p>When so offered, the applicant may <i>elect</i> to provide alternative evidence of reasonable ability to pay.</p> <p>In which case the landlord must:</p> <ol style="list-style-type: none"><li>1. Provide the applicant reasonable time to respond with that alternative evidence and</li><li>2. Reasonably consider that alternative evidence in lieu of the person’s credit history in determining whether to offer the rental accommodation to the applicant.</li></ol> <p>Nonetheless, the landlord may still request information or documentation to verify employment, to request landlord references, or to verify the identity of a person.</p> <p><a href="#">Senate Bill 267</a> is codified as Government Code § 12955. Effective January 1, 2024.</p> |
| <p><b>Landlord/Tenant:</b></p> <p><b>Tenants may keep bicycles, e-bikes and other “micromobility” transport devices in their units.</b></p>                                                                                         | <p><b>SB 712 prohibits a landlord from prohibiting a tenant from owning personal micromobility devices or from storing and recharging up to one personal micromobility device in their dwelling unit for each person occupying the unit, subject to certain conditions and exceptions.</b></p> <p>Personal micromobility devices are things like bicycles, scooters, hoverboards, skateboards, and their electric counterparts such as an e-bike or e-scooter.</p> <p>SB 712 prevents landlords from prohibiting tenants from owning personal micromobility devices and also prevents landlords from banning the storage and recharging of personal micromobility devices in their dwelling units if the devices meet certain criteria as follows:</p> <p>either,</p> <ul style="list-style-type: none"><li>• They are not powered by an electric motor, or</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|                                                                                                       | <ul style="list-style-type: none"><li>• They comply with certain safety standards for e-bikes and e-scooters (see below), or</li><li>• Failing compliance with such safety standards, the tenant has insurance covering storage of the device within the unit.</li></ul> <p>Batteries for e-bikes should comply with either the UL 2849 standard, recognized by the United States Consumer Product Safety Commission, or the EN 15194 European Standard for electrically powered assisted cycles. E-scooters, on the other hand, need to align with the UL 2272 standard from the U.S. or the EN 17128 European Standard for personal light-electric vehicles.</p> <p>However, landlords have the option to provide tenants with exterior “secure, long-term storage” for their devices. If such storage is offered without charge, landlords can prohibit the in-unit storage of these devices.</p> <p>A landlord is not required to modify or approve a tenant’s request to modify a rental dwelling unit for the purpose of storing a micromobility device inside of the dwelling unit. A landlord may prohibit repair or maintenance on batteries and motors of personal micromobility devices within a dwelling unit. A landlord can require a tenant to store a personal micromobility device in compliance with applicable fire code.</p> <p><b>Question: Can the landlord prohibit a tenant from storing a bike on the balcony?</b></p> <p>A: Unclear. A landlord cannot prohibit a tenant from storing a device “in their dwelling unit.”</p> <p><a href="#">Senate Bill 712</a> is codified as Civil Code 1940.41. Effective January 1, 2024.</p> |
| <b>Landlord/Tenant: Prohibition on local government “crime free” housing programs and ordinances.</b> | <p><b>Prohibits local ordinances that penalize tenants and landlords for various types of law enforcement contacts, i.e., local “crime free” rental housing programs and ordinances.</b></p> <p><b>Background:</b></p> <p><b>“Crime Free” rental housing programs and ordinances: What are they?</b></p> <p>Crime-free ordinances have roots in the law enforcement community. Historically, they are police-sponsored programs that seek to create closer collaboration between police departments and landlords. Under the authority of crime-free housing ordinances, landlords are instructed or encouraged to refuse to rent to prospective tenants with a criminal history, which may include a history of arrests,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

with or without convictions, or any other indices that suggest a present risk to the rental property or the safety of other tenants.

However, such programs have been criticized as discriminatory in both conception and effect. The authors of AB 1317 have stated that, “there is no evidence that these policies do anything to reduce crime. Indeed, a closer look at these policies reveals they are generally motivated by racial animus and a desire to reverse demographic change in a given jurisdiction.”

### **Department of Justice’s settlement with the City of Hesperia**

This view, and the corresponding law AB 1418, follows the lead set by the DOJ’s suit against the City of Hesperia. According to the DOJ Settlement press release: [“The department’s lawsuit](#), filed in 2019 based on an investigation by HUD, alleged that the City of Hesperia, with substantial support from the sheriff’s department, enacted a “crime-free” program...[that was discriminatory in intent].”

“The program required all rental property owners to evict tenants upon notice by the sheriff’s department that the tenants had engaged in any alleged “criminal activity” on or near the property – regardless of whether those allegations resulted in an arrest, charge or conviction. In addition, the program encouraged housing providers to evict entire families when only one household member engaged in purported criminal activity and even notified landlords to evict survivors of domestic violence. It also required all landlords to screen potential tenants through the sheriff’s department, which would notify landlords whether the applicant had “violated” the rules of the program in the past. The City of Hesperia also later passed an ordinance relating to business licenses for rental housing properties that made registration in the “crime-free” program mandatory and imposed excessive fees.”

See the full press release [“Justice Department Secures Landmark Agreement with Hesperia and Sheriff’s Department to End “crime Free” Rental Housing Program.”](#)

### **Substance of AB 1418**

#### **This law prohibits cities and counties from enacting local policies that:**

- 1) Require landlords to use criminal background checks. Make alleged criminal behavior without a felony conviction a basis to evict a tenant.
- 2) Require landlords to evict an entire household when a household member is convicted of a felony.
- 3) Define nuisance behavior to include police contact, police service calls, or anything else outside the scope of the existing state definition of a nuisance.
- 4) Require landlords to include lease provisions that provide a basis for eviction beyond those in existing state law.

The law also prohibits a local government from promulgating, enforcing or implementing an ordinance, rule, policy, program, or regulation affecting tenancy, that does any of the following:

- Imposes or threatens to impose a penalty against a resident, owner, tenant, landlord, or other person solely as a consequence of contact with a law enforcement agency.
- Requires or encourages a landlord to do, or imposes a penalty on a landlord for the failure to do, the following:
  - Evict or penalize a tenant because of the tenant's association with another tenant or household member who has had contact with a law enforcement agency or has a criminal conviction.
  - Evict or penalize a tenant because of the tenant's alleged unlawful conduct or arrest.
  - Include a provision in a lease or rental agreement that provides a ground for eviction not provided by, or that is in conflict with, state or federal law.
  - Perform a criminal background check of a tenant or a prospective tenant.
- Defines as a nuisance, contact with a law enforcement agency, request for emergency assistance, or an act or omission that does not constitute a nuisance under California law.
- Requires a tenant to obtain a certificate of occupancy as a condition of tenancy.
- Establishes, maintains, or promotes a registry of tenants for the purposes of discouraging a landlord from renting to a tenant on the registry or excluding a tenant on the registry from rental housing within the local government's jurisdiction.

**Comment:**

The prohibitions in this law are prohibitions against a local ordinance, rule, policy or program. They are not prohibitions against landlords themselves. For example, this law does not prevent a landlord from performing a criminal background check within the parameters of existing state and federal law. Nor does it prevent a landlord from evicting all tenants based on nuisance or the criminal activity of a single tenant.

[Assembly Bill 1418](#) is codified as Government Code § 53165.1.

Effective January 1, 2024.

**Landlord/Tenant:  
Security deposits  
limited to one  
month's rent.**

**Landlords may collect no more than one month's rent for either furnished or unfurnished units in addition to first month's rent. There is an exception for small landlords, defined as a landlord who is a natural person or LLC and owns no more than two residential rental properties with no more than a total of four units offered for rent.**

AB 12, beginning July 1, 2024, prohibits a landlord from demanding or receiving security for a rental agreement for residential property in an amount or value in excess of an amount equal to one month's rent, regardless of whether the residential property is unfurnished or furnished, in addition to any rent for the first month paid on or before initial occupancy.

**Exception for small landlords:** A small landlord may demand or receive a deposit in an amount or value not in excess of 2 months' rent, whether or not the unit is furnished, in addition to any rent for the first month, if the landlord (1) is a natural person or a limited liability corporation in which all members are natural persons and (2) owns no more than 2 residential rental properties that collectively include no more than 4 dwelling units offered for rent. The exception for small landlords includes family trusts.

This small landlord exception does not apply if the prospective tenant is a service member.

Landlords who currently hold a security deposit or demand or collect a security deposit in excess of one month's rent prior to July 1, 2024, may continue to retain the security even if it is more than one month's rent.

[Assembly Bill 12](#) is codified as Civil Code 1950.5. Effective July 1, 2024.

**Landlord/Tenant:**  
**Tenant Protection Act: Tightens up requirements for no fault evictions; adds damages, penalties, attorney fees and enforcement mechanisms for violations.**

**This law tightens up the requirements for a landlord to terminate a tenancy under the Tenant Protection Act (i.e., California statewide rent cap and just cause eviction law) for no-fault evictions based upon owner move-in or substantial remodeling.**

**Additionally, an owner who violates the TPA by improperly terminating a tenancy or by raising rent beyond the maximum amount is liable for actual damages, reasonable attorney's fees and costs (at the discretion of the judge), up to three times actual damages for willful violations and punitive damages. The Attorney General et al is authorized to seek injunctive relief. Effective April 1, 2024.**

**Background:** The Tenant Protection Act of 2019 is a statewide rent cap and just cause eviction law. Under the TPA, there are only four permissible reasons on

which a landlord may base a no-fault termination of tenancy. Senate Bill 567 seeks to close perceived loopholes in two of them: terminations based on owner-move and those based on demolishing or substantial remodeling. SB 567 also seeks to address the question of remedies for a violation of the TPA. Currently, the TPA does not specify damages or enforcement mechanisms.

#### **Termination of tenancy based on owner move-in:**

Under SB 567 in order to lawfully evict a tenant for just cause on the basis of an owner move-in:

- The owner must identify in the written eviction notice the name and relationship to the owner of the intended occupant and include notification that the tenant may request proof that the intended occupant is actually an owner or related to the owner.
- The owner or their family member would have to move in within 90 days after the tenant vacates and then occupy the unit for at least one year
- The owner or their family member could not already occupy a unit and there could not be another vacant unit at the property.
- If the intended occupant does not actually move in within 90 days or use the unit as their primary residence for at least a year, the owner must offer the unit back to the tenant who was evicted at the same rent and lease terms in effect at the time they vacated and reimburse the tenant for reasonable moving expenses incurred in excess of the required relocation assistance payment that may have been made in connection with the eviction.
- If the former tenant does not move back in, and the owner subsequently identifies a new tenant still within the yearlong period after the eviction, the unit must continue to be offered at the lawful rent in effect at the time the eviction occurred and
- The owner has to be a natural person holding at least a 25% ownership interest in the property (in order to prevent someone who holds a very small share of the property from evicting a tenant), a natural person who co-owns the property entirely with family members either outright or via a family trust, or a natural person who meets the 25% ownership threshold and whose recorded interest in the property is owned through an LLC or partnership.

#### **Termination based on intent to demolish or to substantially remodel the residential real property:**

- **Remodeling must require the tenant to vacate for 30 Consecutive Days.** The remodel must not be able to be reasonably accomplished in a safe manner that allows the tenant to remain living in the place and must require the tenant to vacate the property for at least 30 *consecutive* days.

However, the tenant is not required to vacate the property on any days where a tenant could continue living in the property without violating health, safety, and habitability codes and laws.

- **Written Notice.** A written notice terminating a tenancy must include all of the following:
  - A statement informing tenants of the intent to demolish or substantially remodel the unit,
  - The following statement verbatim:
    - "If the substantial remodel of your unit or demolition of the property as described in this notice of termination is not commenced or completed, the owner must offer you the opportunity to re-rent your unit with a rental agreement containing the same terms as your most recent rental agreement with the owner at the rental rate that was in effect at the time you vacated. You must notify the owner within 30 days of receipt of the offer to re-rent of your acceptance or rejection of the offer, and, if accepted, you must reoccupy the unit within 30 days of notifying the owner of your acceptance of the offer",
  - A description of the substantial remodel to be completed, the approximate expected duration of the substantial remodel, or, if the property is to be demolished, the expected date by which the property will be demolished,
  - A copy of the permit or permits required to undertake the substantial remodel. However, if the renovation is to abate hazardous materials then no permit need be given unless legally required.
  - A notification that if the tenant is interested in reoccupying the rental unit following the substantial remodel, the tenant must inform the owner of their interest and provide to the owner their address, telephone number, and email address.

**SB 567 further provides that any termination notice that does not comply with any provision of the just cause rules is void.**

#### **Damages and enforcement mechanisms: Recovery of possession**

An owner who attempts to recover possession of a rental unit in material violation of the just cause provisions will be liable for:

- *Actual damages.*
- *In the court's discretion, reasonable attorney's fees and costs.*
- *Upon a showing that the owner has acted willfully or with oppression, fraud, or malice, up to three times the actual damages. An award may also be entered for punitive damages for the benefit of the tenant against the owner.*

The Attorney General et al is authorized to seek injunctive relief based on violations of the just cause rules.

#### **Damages and enforcement mechanisms: Collecting or demanding rent beyond the maximum.**



An owner who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent shall be liable in a civil action for all of the following:

- *Injunctive relief.*
- *Damages in the amount by which any payment demanded, accepted, received, or retained exceeds the maximum allowable rent.*
- *In the court's discretion, reasonable attorney's fees and costs.*
- *Upon a showing that the owner has acted willfully or with oppression, fraud, or malice, damages up to three times the amount by which any payment demanded, accepted, received, or retained exceeds the maximum allowable rent.*

(2)The Attorney General et al is authorized to 1)Enforce the provisions of this section and 2)Seek injunctive relief based on violations of this section.

**Note on “actual damages” for material violation in termination of tenancy rules:**

A tenant who has been wrongfully evicted is now authorized to recover actual damages. How might one calculate actual damages? The case of *DeLisi v Lam*, (2019) 39 Cal.App.5<sup>th</sup> 663, which involved the San Francisco rent control ordinance, is illustrative of how open ended the calculation can be. In the *DeLisi* case, the judge permitted the jury to weigh two competing (and mutually exclusive) methods of determining actual damages, as set forth by the expert witnesses for each side.

First, according to the expert for the tenant, actual damages are the difference between the rent being paid by the tenant and the market rate rent, multiplied by the tenant's intended length of occupancy. The tenant testified that she intended to stay five or ten years. Under the San Francisco ordinance, a triple damage penalty is automatically applied. Taking into account the present value of a ten-year tenancy, the expert arrived at a figure of \$287,180. That figure multiplied by three would allow for total damages of approximately \$860,000.

The expert for the landlord took a different view. In his view, the value of the rent-controlled tenancy was not an asset the tenant could monetize. Instead, damages would be the amount the tenant was out-of-pocket beyond what she would have been if she had stayed in the rent-controlled apartment. This included moving expenses, the difference between her monthly rent at the rent-controlled property and her monthly rent at her new apartment, and any differences in expenses for items such as commuting to work. All in all, “actual damages” would be \$23,139 for a five-year period and \$48,183 for a 10-year period. Multiplied by three these dollar figures are still considerable, but a far cry from amount calculated by the tenant's expert.

The jury returned a verdict for \$120,000 which multiplied by three equals \$360,000. Which theory of “actual damages” did the jury base their decision on? No one knows for sure. Juries are not required to report the basis of their

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|                                                                                                                    | <p>decisions. (They can be asked to answer specified questions. But even there, they are not reporting the reasoning behind their decision).</p> <p>Mind you, in many legal cases the attorney fees are staggering, often in excess of the actual damages awarded. Under SB 567 attorney fees may be awarded to the tenant at the discretion of the judge.</p> <p><a href="#">Senate Bill 567</a> is codified as Civil Code §§ 1946.2 and 1947.12.</p> <p>Effective April 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Landlord/Tenant:<br/>Unbundled<br/>Parking Spaces for<br/>16 unit apartments<br/>in specified<br/>counties.</b> | <p>Requires landlords to unbundle parking from the price of rent for the life of the property. The agreement to lease the parking spot shall not be included in a rental agreement or addendum. “Unbundled parking” means the practice of selling or leasing parking spaces separate from the lease of the residential property.</p> <p>A tenant will have the right of first refusal to parking spaces built for their property. If no parking spaces are available for a new tenant, and a space subsequently becomes available, the new tenant will receive a right of first refusal to the available parking space.</p> <p>Unleased parking spaces can be rented to other on-site users or off-site residential users on a month-to month basis.</p> <p>A tenant’s failure to pay the parking fee pursuant to a separately leased parking agreement shall not form the basis of any UD action. If a tenant fails to pay by the 45<sup>th</sup> day following the date payment is owed for a separately leased parking space, the property owner may “revoke that tenant’s right to lease that parking spot.”</p> <p>This law will only apply to units in which:</p> <ul style="list-style-type: none"><li>• A certificate of occupancy is issued on or after January 1, 2025,</li><li>• The property has at least 16 residential units and</li><li>• The property is located in the following counties:<br/><br/>(I)Alameda. (II)Fresno. (III)Los Angeles. (IV)Riverside.<br/>(V)Sacramento. (VI)San Bernardino. (VII)San Joaquin. (VIII)Santa Clara. (IX)Shasta. (X)Ventura.</li></ul> <p>There are exemptions for residential property where the individual garage is “functionally a part of the property” and various types of deed-restricted</p> |

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|                                                                                                                              | <p>affordable housing and housing built with specified tax credits.</p> <p><a href="#">Assembly Bill 1317</a> is codified as Civil Code 1947.1.</p> <p>Effective for specified properties in which a certificate of occupancy was issued on or after January 1, 2025.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>Listing Agreements:</b><br/>Exclusive listing agreements cannot last longer than two years and cannot be recorded.</p> | <p><b>This law prohibits: 1) exclusive listing agreements on residential 1 to 4 properties lasting longer than 24 months from the date the agreement was made; 2) renewing an exclusive listing agreement on the above-mentioned type for longer than 12 months from the date the renewal was made; 3) automatic extensions on of exclusive listings on any type of residential property and 4) recording or filing an exclusive listing agreement for residential property of any duration.</b></p> <p><b>The 24-month prohibition applies to exclusive listings on residential one to four properties, condos and manufactured homes.</b></p> <p><b>Other prohibitions will apply to exclusive listings on any type of residential property even where the property is improved with more than four units. It also deems any licensed real estate professional who violates these prohibitions as having violated that person's licensing laws.</b></p> <ul style="list-style-type: none"><li>• It is unlawful for an exclusive listing agreement regarding residential one to four property to last longer than 24 months from the date the agreement was made, or to renew such a listing for longer than 12 months from the date the renewal was made.</li><li>• It is unlawful to renew automatically any renewal an exclusive residential listing agreement including listings on residential 5+ property.</li><li>• A renewal of any exclusive residential listing shall be in writing and be dated and signed by all parties to the agreement.</li></ul> <p>It is unlawful with regard to an exclusive listing agreement for residential to:</p> <ul style="list-style-type: none"><li>• Present for recording or filing an exclusive listing agreement of any duration or</li><li>• Enforce or attempt to enforce an exclusive listing agreement that is made, or that is presented for recording or filing with a county recorder, in violation of this law.</li></ul> <p>An exclusive listing agreement that is made, or that is presented for recording or filing with a county recorder, in violation of this law is void and unenforceable. A homeowner who entered into any such agreement may retain any consideration received thereunder.</p> <p>(2)A violation of this section constitutes a violation under Section 1770.</p> <p>(3)Any person licensed pursuant to Division 4 (commencing with Section</p> |

10000) of the Business and Professions Code who violates any provision of this section shall be deemed to have violated that person's licensing law.

### **Exclusions**

The prohibition against listing agreements lasting longer than 24 months does not apply to exclusive listing agreements entered into between a real estate broker and a corporation, limited liability company, or partnership.

**Question: Are current exclusive listing agreements that extend beyond two years enforceable?** Unclear. California courts adhere to the general interpretive principal that laws are presumed to not act retroactively absent explicit legislative indication to the contrary. Courts must still consider the law's underlying purpose which can be understood generally or as applied to specific cases. (McHugh v Protective Life Ins. Co. (2021)). For this law in particular, the underlying purpose was to thwart some highly abusive predatory practices involving extremely long exclusive listing agreements (See background below). Nonetheless, this law contains no clearly stated intention in favor of retroactive application.

The more complex question is exactly what it means for a law to act retroactively in regard to existing contracts. The Supreme Court of California recently weighed in on this question. In *McHugh v Protective Life Ins. Co.* (2021) it stated that the key to determining whether a law is retroactive is whether it works a substantial change in the contracting parties' rights or obligations. Thus, finding an existing listing agreement unenforceable would have a clear retroactive effect.

So, a highly speculative answer is that if an agent were to attempt to enforce a clearly predatory and abusive listing agreement then a judge might disregard the presumption against retroactive application and find the agreement unenforceable. On the other hand, if the agent was providing real estate services in a reasonable and customary way, then the listing would likely be upheld as enforceable on the basis that the law is presumed to not apply retroactively.

**Question: Is an exclusive listing enforceable when the initial listing period is less than two years but includes a reservation period that goes beyond the two-year period?** A: Most likely the agreement would be enforceable. The prohibition in this law is against exclusive listing agreements that last longer than 24 months. Arguably, even if the reservation period straddles the 24-month period then the exclusive listing period has not lasted longer than 24 months, since there is no exclusive agency or agency of any kind during the reservation period.

**Background:** Recently, a predatory practice of offering homeowners cash up front to enter into 40-year exclusive right to list agreements has stirred federal and state regulatory agencies to investigate and file lawsuits. Unsuspecting and cash strapped homeowners—predominantly seniors, those with limited cognitive capacity, those who speak English as a second language—are the victims of aggressive and abusive telemarketing tactics. They are offered a check that could be from \$300 to \$5,000 in exchange for entering into a 40-year exclusive listing

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|                                                                                                                                                                                                                     | <p>agreement. Homeowners are told that there wouldn't be any requirements on their end to sell the home but are not made aware of the other contractual obligations. The penalty to cancel the contract or use a different real estate agency is a certain percentage of the value of the home. A lien is also placed on the home, which is a clause homeowners might not be fully aware of until they try to close a sale on their home. MV Realty, which has practices in 33 states including California, is the main culprit in these predatory practices and has been the subject of lawsuits and investigations in Georgia, Florida, Massachusetts, North Carolina, Maryland, as well as the focus of Federal lawmakers' call for the Federal Trade Commission and Consumer Financial Protection Bureau's investigation. California law does not regulate right to list agreements, as the standard practice for real estate agents are typically limited to less than a year, do not carry penalties, and do not place liens on the property.</p> <p><a href="#"><u>Assembly Bill 1345</u></a> is codified as Civil Code 1670.12 and Government Code 27280.6. Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Noncompetition agreements are unenforceable no matter where written and are illegal to enter into. Damages can be claimed for entering into or attempting to enforce a void noncompetition agreement.</b></p> | <p><b>Strengthens and clarifies current law against noncompetition agreements by making them unenforceable even if signed out of state; prohibiting an employer from attempting their enforcement; prohibiting an employer from entering into a void noncompetition agreement; and providing damages and enforcement mechanisms against employers that do any of the above.</b></p> <p><b>Background:</b> California law has long codified that contracts are void if they restrain anyone from engaging in a lawful profession, trade, or business of any kind. Noncompetition agreements in employment contracts are void under this law.</p> <p>However, an employer's customer list may be a “trade secret” within the meaning of the Uniform Trade Secrets Act (UTSA) depending on several factors including the effort and expenditure of time and money necessary to generate such a list. An agreement prohibiting former employees from using such company secrets or confidential information subsequent to their employment may be enforceable. (Morlife, Inc. v. Perry 56 Cal.App.4th 1517 (1997)).</p> <p><b>Summary:</b> SB 699 strengthens and clarifies existing restrictions on the use of noncompetition agreements in four ways. First, it strengthens California’s restraint of trade prohibitions by making it clear that any contract that is void under California’s restraint of trade law is unenforceable, regardless of where and when the contract was signed. Second, it prohibits an employer or former employer from attempting to enforce a contract that is void under California’s restraint of trade law. Third, it prohibits an employer from entering into a contract with an employee or prospective employee that includes a provision that is void under restraint of trade law. Fourth, it provides that an employer who enters into a contract that is void under California’s restraint of trade law or attempts to enforce a contract that is void under California’s restraint of trade law commits a civil violation. There are robust mechanisms for the enforcement of these provisions,</p> |

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|                                                                                                                                     | <p>and an employee, former employee, or prospective employee may bring an action to enforce these provisions. A prevailing employee, former employee, or prospective employee is also entitled to recover reasonable attorney’s fees and costs.</p> <p><b>Comment:</b></p> <p>This bill applies its restrictions to “employers” whereas the current protections under California’s restraint of trade rules make no reference to “employer” but apply to every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind. (B&amp;P Code 16600).</p> <p><a href="#">Senate Bill 699</a> is codified as Business &amp; Professions Code § 16600.5. Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Noncompetition agreements: Any noncompete agreement in an employment context no matter how narrowly tailored is void.</b></p> | <p>Codifies existing case law by specifying that the prohibition on noncompete agreements is to be broadly construed to void noncompete agreements or clauses in the employment context no matter how narrowly tailored unless they satisfy specified exceptions. Additionally provides that a violation of the prohibition on noncompete agreements in employment constitutes unfair competition.</p> <p>This law is intended to codify existing case law regarding California’s strong prohibition against noncompetition agreements by referencing the leading California Supreme Court case interpreting Bus &amp; Prof Code 16600. <i>“This section shall be read broadly, in accordance with Edwards v. Arthur Andersen LLP (2008) 44 Cal.4th 937, to void the application of any noncompete agreement in an employment context, or any noncompete clause in an employment contract, no matter how narrowly tailored, that does not satisfy an exception in this chapter.”</i></p> <p><b>Comment</b></p> <p>The previous version of Bus &amp; Prof Code 16600, did not reference “employment.” It simply stated that “every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is void.” Although that same the language remains, under AB 1076 language has now been added that specifically provides protection “in an employment context.” The question arises, does the new language apply to protect independent contractors?</p> <p>Most likely it does. AB 1076 states that it is merely declaratory of existing law. It seems to defy the purpose of the law that it could be interpreted to detract from rights already established by existing case law. Courts interpreting Bus &amp; Prof Code 16600 have long held that its protections apply to independent contractors (See Bosley Medical Group v Abramson (1984)). Indeed, a more recent case, The Retirement Group v Galante (2009), relies on the Edwards decision to apply the protections of Bus &amp; Prof Code 16600 to an independent contractor agreement</p> |

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|                                                                                                                                                                              | <p>similar to the employment agreement found in Edwards. Nonetheless AB 1076 is specific to the “employment context” whereas the prior version of this law was not. The additional language leaves the door open to distinguishing employees from independent contractors.</p> <p><a href="#">Assembly Bill 1076</a> is codified as Business &amp; Professions Code §§ 16600 and 16600.1.</p> <p>Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Notaries:</b><br/><b>California notaries will be authorized to perform remote online notarization. Out of state online notaries are granted clear recognition.</b></p> | <p><b>This law establishes a framework for licensed California notaries to conduct remote online notarizations (RON), including provisions for the licensure of remote online notarization platforms by the Secretary of State and requirements relating to data security and privacy in online notarial transactions.</b></p> <p><b>California notaries will be authorized to perform RON once the Secretary of State certifies the technology project (but no later than January 1, 2030). However, California will provide clear recognition of notarial acts performed by persons outside of California if performed in conformity with the laws of that jurisdiction beginning January 1, 2024.</b></p> <p><b>Present practice:</b> Under current law California-commissioned notaries public are not presently authorized to perform remote online notarization. However, notaries public in other states are de facto performing remote online notarizations for signers in other states, including California. California recognizes notarization taken outside of California in two statutes one of which was most recently amended in 2015 (Civ Code 1989), although it does not specifically address online notarization.</p> <p><b>SB 696</b> implements the Online Notarization Act (the Act), which authorizes <i>California notaries</i> to perform notarial transactions through the use of audio-visual communication, and online notarization platforms to provide platform services – but only after the Secretary of State certifies that it has completed the technology project necessary to implement the Act but no later than January 1, 2030. The Secretary of State is required to adopt rules and regulations necessary to implement requirements and others relating to data security and privacy in online notarial transactions.</p> <p>Notaries who perform Remote Online Notarization (RON) in California will be required to use at least two forms of “identity proofing” process and validation by a live third party that affirms the identification credential of the principal. Identity proofing must be performed at least at Identity Assurance Level 2 as established by the National Institutes of Standards and Technology (NIST).</p> |

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|                                                                                                                                                                                | <p><b>Timeline for implementation uncertain</b></p> <p>California notaries will only be permitted to perform notarial transactions in compliance with the RON procedure once the Secretary of State has certified that it has completed the technology project necessary to implement the law but in no event later than January 1, 2030.</p> <p>However, starting on Jan. 1, 2024, California will expand and strengthen its current recognition of notarial acts performed by notaries in other states such that an out of state notary could use remote electronic procedures with a signer in California and such notarizations will receive clear recognition under California law.</p> <p>California currently recognizes out of state notaries if performed in accordance with the laws of that jurisdiction on the basis of two laws that were passed in 1990 (and amended in 2015, CC 1189(b)) and 1872 (CC 1182). These laws do not reference online notarization. However, SB 696 states concretely that a “notarial act” may be performed with respect to an electronic record by a notary under the laws of another state or even a foreign state. (Gov Code 8232).</p> <p><a href="#">Senate Bill 696</a> is codified as Civil Code §§ 1181.1, 1182 and 1183, and Government Code §§ 8207.1, 8214.1 and 8231 through 8231.19 and 8232 through 8232.4.</p> |
| <p><b>Small Claims limit increased from \$10,000 to \$12,500 for natural persons among other limit increases</b></p>                                                           | <p>Presently, the small claims court limit for a natural person is \$10,000 (if no more than two claims in one calendar year). This is now increased to \$12,500.</p> <p>For a non-natural person, the limit is presently \$5,000 (if no more than two claims in one calendar year). This is now raised to \$6,250.</p> <p>The threshold limits on a variety of other types of cases have also been raised.</p> <p>However, if a person, either a natural person or an entity, brings more than two claims in a calendar year then the threshold limit remains the same at \$2,500.</p> <p>As applied to small claims court, <a href="#">Senate Bill 71</a> is codified as Code of Civil Procedure §§ 116.220 and 116.221.</p> <p>Effective January 1, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>Tax: Prop 19 clean-up: Applies Prop 19 to subsequent transfers of ownership interests in a mobile home park or floating home marina following tenant acquisition</b></p> | <p>Clean-up legislation applies Proposition 19’s modified intergenerational transfers to subsequent transfers of ownership interests following a tenant acquisition in a mobile home park or floating home marina treating them as pro rata changes in ownership, and subject to reassessment unless another transfer applies.</p> <p><a href="#">Senate Bill 890</a> is codified as Revenue and Taxation Code §§ 62.1, 62.5, 69.4, and 69.6</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



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| <p><b>Trespassing – “no trespass” letters may be kept on file for up to one year.</b></p> | <p><b>Allows property owners to maintain a “no trespass” letter on file with local law enforcement for up to one year or for a time determined by local ordinance.</b></p> <p>Under current law, property owners experiencing problems with trespassers can submit a no trespass letter, commonly referred to as a 602 letter, to local law enforcement. These letters, once filed, remain in effect for 30 days, giving law enforcement the mandate to remove trespassers from the designated property.</p> <p>Senate Bill 602 modifies this procedure so that property owners will be able to keep their 602 letters active for up to a year or for a time as determined by local ordinance.</p> <p>Additionally, SB 602 allows no trespass letters to be submitted electronically but will require that all no trespass letters be notarized and on a form provided by law enforcement.</p> <p>According to the author, “SB 602 will help local governments deal with public nuisance and graffiti issues by extending the timeframe for Letters of Agency from 30 days up to 12 months based on local ordinances... The bill also will allow for electronic filing of these letters. Currently, in order for cities to complete such abatement, cities and their respective law enforcement agencies are required to obtain an updated letter every 30 days from property owners. It can be extremely difficult for local governments to obtain Letters of Agency in an expeditious manner from unresponsive absentee owners.”</p> <p><a href="#">Senate Bill 602</a> is codified as Penal Code 602. Effective January 1, 2024.</p> |
| <p><b>Vacation rentals: Disclosure of all mandatory fees</b></p>                          | <p><b>Beginning July 1, 2024, AB 537 prohibits a place of short-term lodging, as defined, from advertising, displaying, or offering a room rate that does not include all fees or charges required to stay at the short-term lodging, except government-imposed taxes and fees.</b></p> <p><b>Application</b></p> <p>This law applies to a place of <u>short-term lodging</u>, an internet website, application, or other similar centralized platform, or any other person.</p> <ul style="list-style-type: none"> <li>• “short-term lodging” means any hotel, motel, bed and breakfast inn, or other transient lodging. “Short-term lodging” also includes a short-term rental, or a residential property that is rented to a visitor for 30 consecutive days or less through a centralized platform whereby the rental is advertised, displayed, or offered and payments for the rental are processed.</li> <li>• Applies an internet website, application, or other similar centralized platform, or any other person who advertises, displays, or offers short-term lodging for rent.</li> <li>• Applies to any advertising, display, or offer before the public in California or from California before the public in another state.</li> </ul> <p><b>What is prohibited?</b></p> <p>The advertisement, display, or offer of a room rate that does not include all fees or</p>                                                                                                                                                                                                                                                    |

charges required to stay at the short-term lodging except taxes and fees imposed by a government on the stay.

#### **Violations**

- Violations of provisions are subject to a specified civil penalty not to exceed \$10,000 and would authorize an action to enforce those provisions may be brought by a city attorney, district attorney, county counsel, or the Attorney General.
- Specify that the duties and obligations imposed by this bill are cumulative with any other duties or obligations imposed under another law and are not to be construed to relieve any party from those duties or obligations.

#### **Comment:**

This law is intended to prohibit drip pricing, which involves advertising a price that is less than the actual price that a consumer will have to pay for a good or service. However, this practice, like other forms of bait and switch advertising, is already prohibited by existing statutes, including the Unfair Competition Law (Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code) and the False Advertising Law (Chapter 1 (commencing with Section 17500) of Part 3 of Division 7 of the Business and Professions Code).

[Assembly Bill 537](#) is codified as Business and Professions Code § 17568.6.

Effective July 1, 2024.

#### **Vacation rentals: Right to cancel within 24 hours**

**SB 644 requires short-term rentals (or a hosting platform, hotel, or third-party booking service) to allow a consumer to cancel a reservation within 24 hours without penalty if made at least 72 hours or more before the time of check-in and to have the funds refunded to the original form of payment.**

“Short-term rental” means a residential dwelling, or any portion of a residential dwelling, that is rented to a person or persons for 30 consecutive days or fewer in California.

#### **SB 644 does the following:**

Requires a hosting platform, hotel, third-party booking service, or short-term rental to allow a reservation to be canceled without penalty for at least 24 hours after the reservation is confirmed if the reservation is made 72 hours or more

before the time of check-in.

Requires refund to be issued to the original form of payment within 30 days of the cancellation of the reservation.

Authorizes the Attorney General, district attorneys, and specified city attorneys and county counsel to bring an enforcement action against those in violation. The court is required to assess a civil penalty of up to \$10,000 for each violation based on various factors, including the extent and severity of the violator's conduct. Each day in violation constitutes a separate violation.

[Senate Bill 644](#) is codified as Civil Code §§ 1748.40 and 1780.80 et seq. Effective January 1, 2024.