Changes in Landlord/Tenant Law

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Agenda and Format

- Recent(ish) changes to California Landlord/Tenant Law
  - Restrictions on Application Screening Fees and Methods
  - Cap on Security Deposit amount
  - Duty to notify Tenants of right to request credit reporting
  - Fair Housing and other considerations in screening applicants
  - Photographs of property condition
  - Domestic violence lock change requirement
  - Balcony Inspection Requirement & Deadline
  - Energy Efficiency Benchmarking
  - Changes to Unlawful Detainer (eviction) timelines
- Question and Answer

Application Fees

Effective January 1, 2025, a Landlord may ONLY charge an application screening fee if ALL of the following criteria are followed:

1) Landlord has written screening criteria that are given to the applicant at the time an application is requested;
2) Landlord accepts applications in the order they are received; AND
3) Landlord accepts the first applicant that meets the screening criteria.

Application Fee Cap and Limitations

Application fees are capped at the actual out of pocket cost to conduct the screening, plus the "reasonable value" of time spent by Landlord or agent obtaining the information.

The statute also caps application fees at $30+ CPI increase since 1998 (now ~$59.88)

A Landlord may NOT charge an application screening fee if they know or should have known that there is no actual unit available at that time or will be available within a reasonable time.

Applicant Screening Methods

As of January 1, 2025, Landlords who collect screening fees must use one of the following methods:

1) "First Qualified Applicant" approach
   A. Landlord provides applicants with written criteria
   B. First applicant who meets the established criteria is approved
   C. Applicants are not charged a fee unless or until their application is actually considered

2) Landlord selects from among all applicants
   A. Screening fee of all applicants not selected (regardless of reason) must be refunded
   B. Refund must be made within 7 days of selecting Tenant OR 30 days from application, whichever is earlier.

Applicant Screening Policies

Landlords should have clear, preferably written, screening policies that they apply uniformly to all applicants. As noted above, in some circumstances Landlord may be required to provide applicants with a copy of your screening policies.

If credit checks, rental referrals, etc. are used in the screening process, always use them and apply uniform standards to the results.

If an applicant is denied due to credit check information, Landlord must provide Tenant with a copy of the report within 7 days of receipt, regardless of whether or not the Tenant requests a copy. Tenant has the right to challenge any information hey consider inaccurate with the reporting agency.

Limit on Total Security Deposit Amount

Prior to July 1, 2024, Landlords could charge up to two times the monthly rent as a security deposit, or three times the monthly rent for e “furnished” unit.

That is no longer the law.

Security Deposits are now limited to one month’s rent for both furnished and unfurnished units.

Exception: Landlords who own no more than 2 properties (with no more than 4 total units) can still charge up to two month’s rent as security deposit.

Rent Reporting Obligations

Tenants must now be notified that they have the right to request having their positive rental payment information reported to at least one nationwide consumer credit reporting agency.

For new leases starting on or after April 1, 2025, Tenants shall be notified "at the time of the lease agreement" and at least annually thereafter.

For leases that were already in effect on January 1, 2025, notice was to be given "no later than April 1, 2025" and at least annually thereafter.

EXEMPTIONS: Owners of a building with 15 or fewer units are exempt, UNLESS:

The Landlord owns more than one building, regardless of the number or units; OR

The Landlord is a real estate investment trust, a corporation, or an LLC containing a corporation.

More about Rent Reporting

Landlord may charge Tenant a fee for this reporting to cover their actual costs, but not to exceed $10 per month.

Reporting obligations for are for "positive" rent payments only = meaning complete and on-time payments. Late payments, partial payments, and non-payment should not be reported.

Tenants may opt out of this reporting at any time, but if they do they cannot opt back in for at least six months.

Landlord should develop and provide a standardized written notice and a form to opt in/out.

Reporting may be done directly by Landlord or with assistance from a compliance company.

Rules are slightly different for subsidized/assisted housing developments (i.e. all payment history).

Photographs of Property Condition

As of July 1, 2025, Landlords must now take photographs of the property at THREE different times:

1) Immediately before, or at the start of, tenancy;

2) Within a reasonable time after the property is returned to the Landlord but BEFORE any repairs or cleaning is done for which the Landlord will make a deduction from the security deposit; AND

3) Within a reasonable time after repairs and cleaning are completed.

Copies of these photographs must be provided to the departing Tenant.

If deductions are made from a Tenant's security deposit, the required Itemized Statement must include copies of the photographs, together with any bills, invoices, or receipts used to support the deductions.

Domestic Violence Lock Changes

Effective January 1, 2025, if a Tenant notifies the Landlord that Tenant or a member of their household has been a victim of domestic violence and requests a lock change, **Landlord is required to change the locks (at Landlord's own expense) within 24 hours of being notified.**

If Landlord fails to change the locks upon request, Tenant may change the locks and Landlord is required to reimburse the Tenant within 21 days.

If Tenant changes the locks themselves, they are required to notify the Landlord within 24 hours of making the change, and are also required to provide Landlord with a key to the new locks.

Balcony Inspection Requirements

All residential Landlords with three or more multifamily dwelling units are required by law to obtain an inspection of all balconies and "exterior elevated elements."
The deadline to complete this inspection has been delayed from Jan. 1, 2025 to Jan. 1, 2026.
Once completed, additional inspections must be performed every six years thereafter.

The inspection must be conducted by:

1) a licensed architect;
2) licensed civil or structural engineer;
3) a building contractor holding any or all of the A, B, or C-5 license classifications issued by the Contractors State License Board, with a minimum of five years experience, as a holder of the aforementioned classifications or licenses, in constructing multistory wood frame buildings; or
4) an individual certified as a building inspector or building official from a recognized state, national, or international association, as determined by the local jurisdiction.

Energy Efficiency Benchmarking

Since 2018, owners of commercial buildings over 50,000 ft^2 or residential landlords with more than 17 units have been required to report their energy usage data annually by June 1st to the California Energy Commission.

The website to electronically file reports and to get more information is https://www.energy.ca.gov/programs-and-topics/programs/building-energy-benchmarking-program

Since 2023, building owners were required to obtain a Benchmarking Reference Number (BRN) and include that number in their reports.

Landlords can comply with these requirements directly themselves, or obtain assistance from an outside compliance company.

Eviction Lawsuit Timeline Changes

Computing time for expiration of "Three-Day" Notices:

If a 3-day notice expires on a weekend day or holiday day, the Tenant has until the next business day to vacate or comply. (This rule is unchanged.)

Time to respond to Unlawful Detainer Lawsuit:

Used to be 5 days, and if 5th day fell on weekend or holiday Tenant would have until next business day.

NOW the rule is **10 business days** to respond, so weekends and holidays do not even count in the 10 days.

QUESTION & ANSWER

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City of Davis Rental Resources

https://tinyurl.com/329mf89s