

2025 New Laws (Part 2)

Screening Fee Restrictions – AB 2493

This new law makes a number of changes to the way property managers and/or rental property owners (RPOs) may handle application fees and the tenant screening process. Essentially, property managers and RPOs must either 1) return the screening fee to any applicant who is not selected for tenancy, regardless of the reason they were not selected; or 2) provide screening criteria to applicants at the time of application, screen applications received in order, and accept the first applicant who meets the established criteria. Under the second process, applicants may not be charged a fee unless their application is considered. If a fee has been collected in that circumstance, it either must be refunded or the tenant may opt to have that fee applied to another unit being offered. If someone is considered and fails to meet the criteria, the property manager or RPO is not required to refund the fee.

This law also prohibits charging a screening fee unless a unit is currently available or will become available within a reasonable period of time. Finally, when an applicant has paid a screening fee, the property manager or RPO is required to provide a copy of the consumer credit report to the tenant within seven days of receipt, regardless of whether the applicant has requested it.

Move-In, Move-Out, and Post-Repair Photo Requirements – AB 2801

While many property managers and RPOs already take photos of the property at the beginning and end of the tenancy as a best practice, this will become a legal requirement beginning in 2025. Starting April 1, 2025, the property manager or RPO must take photographs of the unit within a reasonable time after the possession of the unit is returned to the landlord, but prior to any repairs or cleaning which will result in security deposit deductions AND take photographs of the unit within a reasonable time after such repairs or cleanings are completed. For tenancies beginning on or after July 1, 2025, they also must take photographs immediately before (or at the inception of) the tenancy.

Furthermore, if deductions are made from the security deposit, the property manager or RPO must provide the photographs (move-in, move-out, and post-repair or cleaning) together with the itemized statement and written explanation of the costs of the allowable repairs or cleanings. The photos can be provided by mail, email, flash drive, or via link to a viewable website.

Finally, this law reiterates that a tenant cannot be charged more than a reasonable amount necessary to restore the premises to the condition it was in at the beginning of the tenancy, specifically prohibiting charges for professional cleaning services unless reasonably necessary.

Qualified Commercial Tenant Protections for Small Businesses – SB 1103

This new law extends additional tenancy rights that currently apply to residential tenancies to certain small businesses defined as “qualified commercial tenants.” These protections include a 90-day notice for rent increases exceeding 10%, a 60-day notice to terminate when the tenant has been in the property more than one year, and a translated copy of the lease if negotiated in certain languages.

A qualified commercial tenant is defined as 1) a microenterprise (which generally means that the business has 5 or fewer employees); 2) a restaurant with fewer than 10 employees; or 3) a nonprofit organization with fewer than 20 employees. The tenant must provide a written notice and self-attestation of their status before or upon execution of a lease (and annually thereafter), or for month-to-month periodic tenancies, at some point during the previous 12 months.