

New California Laws

2023 Real Estate Legislative Update.

The information below is only a partial list and is not a comprehensive explanation of the upcoming 2023 California laws. It is being provided solely as a courtesy and as a guide. All laws are effective January 1, 2023 unless otherwise noted. The legislation in their entirety can be found at: <http://leginfo.legislature.ca.gov>

Measure ULA; Mansion Tax

This tax is a city of Los Angeles tax and is in addition to the LA city transfer tax and will impose a 4% tax on sales prices between \$5M and \$10M and 5.5% tax on \$10M and up. The tax aims to raise between \$600M and \$900M annually to be used by the affordable housing program and the Homeless prevention program.

Effective April 1, 2023.

AB 2745; Licensing

Two years experience requirement for broker applicants must be within the five-year period prior to the date of application. Exceptions for those holding a college degree in real estate.

SB 1348; Escrow/Drug Offenses

Removes offenses involving controlled substances from the list of crimes requiring automatic license denial. This applies to persons serving as an officer, director, stockholder, trustee, agent, or employee of an escrow agent, or in any position involving and duties with an escrow agent.

AB 2221 & SB 897; Facilitates ADU's JADU's

This law provides clarification on the definition of a "permitting agency" which makes all departments adhere to the same timelines to avoid delays and not just the agency that receives the application. Also clarifies what it means for the agency to act within 60 days. "Act" means to approve or return a full set of comments including a list of items needed to be remedied". It also prohibits setback standards and clarifies height limits depending on property type and location."

AB 2170; Foreclosed Property

"First Look" The law creates a state equivalent of the federal First Look program which gives priority to purchasers of foreclosed properties who are prospective owner- occupants, nonprofits, or public entities for the first 30 days before general sale. It prohibits bundled sales of residential 1-4 unit properties.

AB 2011 & SB 6; The "Affordable Housing and High Roads Act of 2022" & "Middle Class Housing Act of 2022"

Allows residential dwellings to be built within an area zoned for office, retail or parking as long as it conforms to provisions allowed regarding affordability, location, objective standards and labor requirements.

SB 197; State Budget Reallocation

45% of funds previously allocated for rental programs now being used for ownership programs including but not limited to down payment assistance and affordable developments. And additional \$50 million will help homeowners build affordable ADU's;

Effective June 30, 2022

AB 916; Adding Bedrooms

A city or county cannot adopt or enforce a local ordinance that requires a court hearing to add up to two bedrooms within an existing dwelling. This law applies to all cities, including charter cities.

AB 2245; Partition Action for Tenancy in Common

The Uniform Partition of Heirs Property Act passed last year required that in a partition action a court mandate an appraisal and grant co-tenants an option to buy. This procedure was limited to "heirs property" owned in part by relatives. This law now applies to all property held as tenancy in common, not only "heirs property".

SB 989; Property Tax Deferral for Prop 19

This urgency statute became effective September 28, 2022 because larger counties had not processed all the Prop 19 transfers and many residents were not able to get the tax benefit they applied for. This law gives the counties a chance to catch up and homeowners to defer taxes temporarily.

SB 1477; Wage Garnishment

This law reduces the amount that wages can be garnished by a judgment creditor. 20% of the person's disposable earnings or 40% by which the person's weekly disposable earnings exceed 48 times the prevailing minimum hourly wage, whichever is less.

Effective September 1, 2023

SB 1495; Licensing

For renewals of broker and agent licenses a 9-hour fair housing and implicit bias training course will be required as part of continuing education on or after January 1, 2023.

For new licensees :Effective: January 1, 2024.



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