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PROPERTY MANAGEMENT

California's New Rental Landscape:

A Short Guide to AB 2493



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Introduction

Starting in 2025, California landlords and tenants alike will operate under new regulations introduced by Assembly Bill 2493 (AB 2493).

This legislation focuses on transparency and fairness in the rental application process.

The changes include a “first come, first served” approach to screening applicants, clearer rules around application fees, and stricter documentation requirements.

This short ebook provides an overview of AB 2493, its key provisions, and what landlords must do to prepare.



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AB 2493 at a Glance

- **Effective Date:** 2025
- **Aim:** Promote fairness and transparency in the rental housing market
- **Key Components:**
 - Mandated order-based application processing
 - Refundable and transparent application fees
 - Automatic provision of credit reports and application copies

AB 2493 changes how Housing Providers select and screen potential tenants. By focusing on reducing bias and ensuring that every applicant is treated equally, AB 2493 represents a major shift in California's housing regulations.



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Key Provisions

1. “First Come, First Served” Policy

Under AB 2493, landlords must process rental applications in the order they are received. Rather than selecting the “strongest” applicant out of a pool, landlords must evaluate each applicant based on predefined criteria, in the order the applications arrive. This approach aims to reduce potential discrimination and level the playing field for all applicants.

2. Application Fee Regulations

- **Refundable Fees:** Any portion of the application fee not used for screening must be refunded to the applicant.
- **Fee Transparency:** Landlords must issue a receipt for the application fee, detailing how the fee will be spent (e.g., background checks, credit reports).
- **Credit Report Provision:** If a credit report is used as part of the screening process, landlords must automatically provide a copy to the applicant.



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Key Provisions continued

3. Documentation Requirements

- Landlords must automatically provide a copy of the completed application to the applicant.
- This requirement promotes clarity in the screening process and can serve as proof of compliance if disputes arise.



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Implementation Guidelines

To ensure compliance by 2025, landlords should:

- **1. Track Application Order**

- Establish a clear, chronological system for receiving and processing applications.

- **2. Provide Itemized Receipts**

- Detail how the application fee is allocated (e.g., background checks, credit reports, administrative costs).

- **3. Set a Refund Procedure**

- Have a standardized process to promptly refund any unused portion of the application fee.



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Implementation Guidelines cont.

To ensure compliance by 2025, landlords should:

4. Automate Document Sharing

- Provide copies of credit reports and application forms to applicants without waiting for a request.

• 5. Update Rental Policies

- Revise written policies and procedures to align with the new requirements, ensuring staff training is also up-to-date.



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Legislative History & Political Context

- **Introduced:** February 13, 2024
- **Passed the Assembly:** May 20, 2024
- **Passed the Senate:** August 20, 2024
- **Signed into Law:** September 29, 2024

AB 2493 secured strong support from Democrats (57 in favor), with only 3 Republicans voting in favor and 10 Republicans opposing.

Lawmakers drafted this bill in response to growing concerns about non-refundable application fees that burden renters, especially those already facing financial hardship.



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In Summary

AB 2493 marks a transformative step in making California's rental market more equitable and transparent.

Although it creates new administrative hurdles for landlords—like tracking the order of applications and refunding unused fees—these measures aim to protect prospective tenants from unfair screening practices and excessive costs.

Housing Providers should begin adapting their policies, procedures, and record-keeping systems as soon as possible since this came into effect on January 1st, 2025.



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