

How California's rent reporting mandate impacts you

January 2023



California SB-1157 goes live July 1, 2021 and requires assisted housing landlords to offer rent reporting



Senate Bill No. 1157

CHAPTER 204

An act to add and repeal Section 1954.06 of the Civil Code, relating to tenancy.

[Approved by Governor September 28, 2020. Filed with Secretary of State September 28, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1157, Bradford. Tenancy: credit reporting: lower income households. Existing law regulates the terms and conditions of residential tenancies, and requires a landlord to provide a tenant with various notices at the time the lease is executed and throughout the tenancy.

The Consumer Credit Reporting Agencies Act and the federal Fair Credit Reporting Act regulate consumer credit reporting agencies that collect credit-related information on consumers and report this information to subscribers and the persons who furnish that information to consumer credit reporting agencies, as provided.

This bill, beginning July 1, 2021, and until July 1, 2025, would require a landlord of an assisted housing development, as defined, to offer tenants obligated on the lease of units in the development the option of having their rental payments reported to at least one consumer reporting agency, as specified. The bill would authorize a landlord to charge a tenant that elects to have rent reported the lesser of \$10 per month or the actual cost to the landlord to provide the service. The bill would prescribe requirements regarding how the offer of rent reporting is to be made for new and existing leases. The bill would authorize a tenant who elects to have rent reported to file a written request to stop that reporting, provided that, in this case, the bill would prohibit the tenant from electing rent reporting again for at least 6 months. The bill would declare that a tenant who elects to have rent reported does not forfeit specified tenant rights and if a tenant makes deductions from rent or otherwise withholds it, as authorized, the deductions or withholding does not constitute a late rental payment. The bill would exempt from these provisions a landlord of an assisted housing development with 15 or fewer dwelling units, unless specified conditions are met.

The people of the State of California do enact as follows:

SECTION 1. Section 1954.06 is added to the Civil Code, to read: 1954.06. (a) As specified in subdivision (b), and except as provided in subdivision (j), beginning July 1, 2021, any landlord of an assisted housing development shall offer the tenant or tenants obligated on the lease of each

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Timing

SB-1157 is a CA Senate bill that goes into effect on July 1, 2021

Scope

Broadly, the regulation applies to landlords of assisted housing developments with 16 or more units. Some smaller landlords also included (see following slide)

Requirements

In scope landlords are required to offer tenants the option to report their rent to a credit agency (Equifax, Experian, TransUnion) at time of lease and annually thereafter

Cost

Landlords can charge a fee each month equal to the cost to provide the service, or \$10, whichever is less

Link to bill



Which landlords are in scope?

Assisted housing developments with	
16 or more units	In Scope
1-15 units	In Scope <u>only</u> if meets exception criteria

Note: "Assisted housing development" has the same meaning as defined in Section 65863.10 of the Government Code.

<u>1-15 units</u>: Landlord is **In Scope** if both of the following apply

- (1) The landlord owns more than one assisted housing development, regardless of the number of units in each assisted housing development.
- (2) The landlord is one of the following:
 - Real estate investment trust
 - Corporation
 - LLC, in which at least 1 member is a corporation



What else to know about the regulation

When LLs have to offer rent reporting

- Renters with leases entered into on/after July 1, 2021: must be offered rent reporting at time of lease
- Renters with leases entered into before July 1, 2021: must be offered rent reporting by Oct. 1, 2021
- All renters: must be offered rent reporting it at least 1x annually going forward

The offer of rent reporting must be documented and include several points, for example:

• The fee, instructions on how to submit the written election of rent reporting to the landlord by mail, instructions on how to opt out of reporting rental payment information,

Tenants should be able to opt into and out of rent reporting at any time

Landlord must offer self-addressed, stamped envelopes to allow renter to opt into rent reporting

• Tenant should be able to request and obtain additional copies of the written election of rent reporting form from the landlord at any time.

No penalties with non-compliance are yet outlined



Next Steps

Schedule a call with our team: Agenda:

- How to stay compliant
- Learn about Boom and its rent reporting product, BoomReport

Schedule A Call