



MONARCH
TITLE COMPANY

2023



It's a new year, and that means new laws affecting the local real estate market have gone into effect and will be going into effect in the next few months. Here's a quick summary about some that will impact our market this year.

- 1. Prop ULA** - This proposition goes into effect on April 1st. It is a new tiered transfer tax that will affect all sales in the City of Los Angeles over \$5 million. Sales under \$5 million will remain unchanged. Sales between \$5,000,00 & \$9,999,999 will be subject to an additional 4% (\$40 per \$1,000) tax on top of the existing 0.45% (\$4.50 per \$1,000) city and 0.11% (\$1.10 per \$1,000) county transfer taxes. Sales \$10 million and up will incur an additional 5.5% (\$55 per \$1,000) on top of the existing city and county transfer taxes. This follows other cities throughout the state, such as Santa Monica, Culver City, and San Francisco, that have gone from a flat transfer tax to a tiered transfer tax.
- 2. Measure GS** - This measure goes into effect on March 1st. It adds an additional tier to the existing tiered transfer taxes in place for the city of Santa Monica for all sales of real property over \$8 million. The current tiers provide for a 0.03% (\$3.00 per \$1,000) tax on all sales under \$5 Million, and 0.06% (\$6.00 per \$1,000) for sales over \$5 million, but will now jump to 5.6% (\$56 per \$1,000) for sales over \$8 million, on top of the 0.01% county transfer tax.
- 3. AB 1410** - This bill bans HOAs from prohibiting owner-occupied property owners from renting out a portion of their property to a tenant. Does not apply to short-term vacation rentals such as AirBNB or Vrbo.
- 4. AB 2745** - Effective January 1st. Amends current regulations regarding broker's licenses. States that when applying for a broker's license, an applicant must be able to demonstrate 2 years of general experience (as a licensed agent) OR have a college degree with a major or minor in real estate. AB 2745 states that the aforementioned 2 years of real estate experience MUST come within the 5 years immediately preceding broker's license application. Degrees in real estate may be considered by the commissioner.
- 5. SB 1348** - Effective January 1st. Removes drug-related offenses from the list of crimes requiring automatic license denial by the Board of Financial Protection for escrow officers.
- 6. AB 2221** - Effective January 1st. Clarifies existing law to make it easier for property owners to build ADUs. Adds language to more clearly define "Permitting Agencies" to help expedite the permitting process so all parties are held to the same 60-day timeline. Also defines what it means for a Permitting Agency to act within those 60 days, including to either approve, or return a full set of comments to the applicant with a list of defective or deficient items in the application, as well as how to remedy them. AB 2221 also prohibits local governments from imposing front setbacks that would otherwise make it impossible to build an ADU, and it incorporates amended height limits to facilitate two-story ADUs.
- 7. AB 2170** - Effective January 1st. This CAR sponsored bill creates a state-equivalent of the federal First Look program that gives priority to buyers of foreclosed properties who are prospective owner-occupants, nonprofits, or public entities. It also prohibits bundled sales of 1-4 unit residential foreclosures. Properties must be sold individually, as bundling them puts individuals and nonprofits at a severe disadvantage to investors. During the first 30 days that an institution offers a foreclosure property for sale, it can only receive and review offers from eligible bidders. Eligible bidders must submit a sworn affidavit that they qualify. Institutions must respond in writing to all eligible bidders within the 30 day window before taking the property to a general sale. They are not obligated to accept an offer made by eligible parties during the 30 day period, only to respond to them.
- 8. AB 916** - Effective January 1st. No city or county shall adopt or enforce an ordinance requiring a public hearing as a condition of reconfiguring existing space to increase the bedroom count within an existing dwelling unit. This law applies only to a permit application for no more than two additional bedrooms within an existing dwelling unit. This law applies to all cities, including charter cities.
- 9. SB 6** - Effective January 1st. This CAR sponsored bill, the "Middle Class Housing Act of 2022", deems a housing development project, an allowable use on a parcel that is office or retail zoning. Subject to specific conditions, including density requirements, public notice, comment, hearing, or other procedures, site location and size, and the parcel is not adjacent to a parcel dedicated to industrial use, among others.
- 10. AB 2011** - Effective January 1st. Assembly Bill 2011 enacts the "Affordable Housing and High Road Jobs Act of 2022" to create a ministerial, streamlined approval process for 100% deed restricted affordable housing projects in commercial zones and for mixed-income housing projects along commercial corridors, as specified. This law also imposes specified labor standards on those projects, including requirements that contractors pay prevailing wages, participate in apprenticeship programs, and make specified healthcare expenditures.

This list is provided as a courtesy of Monarch Title Company. It is only a brief summary of new laws as currently interpreted based on public information available at the time of publishing. It is not to be considered legal advice for any individual case. Make sure to check your specific circumstance as these laws may apply with local governing authorities. Monarch Title is not responsible for any loss incurred due to the use of the information contained herein.



MONARCH
TITLE COMPANY