From the desk of
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California's 2026 Rental Reboot: What's Changing for Landlords

October 13 was the deadline for Governor Newsom to approve or veto legislation. Now that this date has come and gone, we have a clearer understanding of the new measures that will impact California's rental housing industry—and complexity reigns.

Historically, landlords have been drawn to housing voucher programs because of the appeal of a steady rent check. But this guaranteed source of income is no longer certain. With the government shutdown entering its fourth week, housing providers are understandably concerned that the well of rent subsidies will run dry and that federal workers will be unable to pay rent.

Insecurity in Social Security Payments

Recognizing that tenants should not be evicted for circumstances outside their control, lawmakers have enacted AB 246. This measure restricts evictions for nonpayment of rent when Social Security payments are interrupted.

We hasten to add that tenants who miss rent payments due to a Social Security hardship caused by the action or inaction of the federal government must repay any rent owed or enter into a payment plan within 14 days of benefits resuming. Additionally, note that the law only applies to verified delays in Social Security benefits and does not prevent housing providers from evicting tenants on other grounds.

One Check, Many Tenants: The New Way to Return Security Deposits

Disputes over security deposit accounting have long been a thorn in the side of housing providers, and every year, there are changes to the rules surrounding security deposits. 2026 will be no exception, with AB 414 ushering in changes to security deposit return procedures.

Unless there is a written agreement to the contrary, landlords must return the balance of a security deposit via a single check payable to all adult tenants. This law was enacted to simplify the process for renters while providing clarity for landlords when multiple tenants are on the lease—especially in situations where roommates disagree or are difficult to reach.

We believe this will indeed resolve some of the complexity associated with security deposit accounting, yet it may also create new challenges. AB 414 also allows for itemization documents to be sent via email.

From Empty Kitchens to Full Compliance

Under California’s implied warranty of habitability, landlords must maintain their properties in a condition fit for human occupation. AB 628 adds a safe, working refrigerator and stove to the list of features that determine whether a unit is legally tenantable.

This new law leaves many questions unresolved, but in our view, if damage to appliances is caused by a tenant’s negligence, the landlord may repair the damage and deduct the cost from the security deposit or demand reimbursement.

We expect many disputes to arise over whether a tenant’s conduct caused an appliance failure or whether the appliance simply reached the end of its useful life.

At this point, we recommend that housing providers ensure that refrigerators and stoves are in good working condition. If there is a vacancy, now is an opportune time to replace appliances to prevent problems mid-tenancy.

Forced Entry, Forced Signatures

Here on our home turf of San Francisco, property owners who have obtained a writ of possession will now need to acknowledge that they are responsible for any property damage that may occur as a result of a forced entry by the Sheriff’s Department and hold the agency harmless by signing an Eviction Waiver and Release of Liability.

This change responds to the Department’s concerns about the inherent dangers of carrying out evictions when keys do not work.

From our experience thus far, landlords have been glad to sign this document and risk property damage to finally remove problematic tenants who cause even more damage and prevent the owner from realizing cash flow from the rental unit.

Breaking the Code on Rent-Setting Algorithms

San Francisco was an early pioneer in prohibiting housing providers from using software that employs algorithms to analyze non-public competitor rental data to recommend when to keep units vacant or how much rent to charge—think RealPage and Yardi.

Effective October 6, 2025, the city has added new teeth to this ban by empowering tenants’ rights organizations to file civil lawsuits when violations occur. Yet the war waged by politicians and housing advocates against the collusive use of pricing algorithms extends far beyond San Francisco.

AB 325 strengthens the state's antitrust laws by prohibiting the use of “common pricing algorithms” to influence prices and by lowering the pleading standard for related antitrust claims under the state’s Cartwright Act.

As we become more adept at using technology to improve our rental businesses, landlords throughout California need to be aware of the limitations on using services that set rent levels, given the perception that they create an unfair advantage. However, nothing prohibits housing providers from conducting an independent assessment of what they believe to be appropriate rent amounts.

Disconnecting Bulk Billing

On a related note about technology and competition, AB 1414 protects renters from mandatory Internet service provider (ISP) contracts with landlords, allowing them to choose their own provider. Effective January 1, 2026, housing providers must allow tenants to opt out of mandated Internet, cellular, or bulk billing plans.

This may be frustrating for owners and property managers of larger buildings who have locked in discounts because so many members of the rental community are on board. Aside from concerns about existing contract liabilities under long-term ISP arrangements, landlords and their agents can expect added administrative burdens in managing opt-ins and opt-outs. There will also be a heightened risk of disputes over charges.

The key point for housing providers to understand is that tenants will no longer be compelled to pay for a service or speed they don't need—or to pay a provider they don't choose. Landlords and property managers should have the requisite documentation ready for tenants by the New Year, and Bornstein Law can assist.

Continue the Conversation

We congratulate our many followers for staying abreast of an ever-changing regulatory landscape and invite you to reach out to us with any questions—or if you encounter friction in your rental relationships.

Our goal is never to enlarge a dispute but to resolve it as quickly and cost-effectively as possible, taking into account time, risk, and attorney fees.

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