



Monthly Newsletter

October 2023

In this issue

- **New California law limits the amount that landlords may charge for a security deposit starting on July 1, 2024.**
- **Property taxes are due on November 1 and late after December 10.**

New California law will prohibit a landlord from demanding or receiving security deposits in excess of an amount equal to one month's rent.

New California law limits the amount that landlords may charge for a security deposit starting on July 1, 2024.

At present, landlords are prohibited from demanding or receiving security deposits in excess of two month's rent for unfurnished property and three month's rent for furnished property. That law is changing.

Beginning July 1, 2024, new California law will prohibit a landlord from demanding or receiving security deposits in excess of an amount equal to one month's rent, regardless of whether the residential property is unfurnished or furnished, in addition to any rent for the first month paid on or before initial occupancy.

The law does make an exception for some "small landlords," who are prohibited from demanding or receiving security deposits in excess of two months' rent, in addition to any rent for the first month.

This "small landlord" exception applies only if the landlord (1) is a natural person or a limited liability corporation in which all members are natural persons and (2) owns no more than two residential rental properties that collectively include no more than four dwelling units offered for rent. However, this "small landlord" exception does not apply if the tenant is a service member.

At California West, our typical advice in the past has been to charge \$50 or \$100 more than the rent for security deposit. The reason for choosing a number different than the rent amount has been to make tracing easier in the future if there is ever a disagreement over whether funds were paid for rent or security deposit. We do occasionally charge more for security deposit and occasionally charge less.

As far as how this may impact our business as property managers and landlords, it would seem to be minimal. Rarely do we charge much more than one month's rent for deposit and our experience has been that charging extra security deposits for marginally qualified tenants is rarely a good decision. The better decision is to almost always to deny the applicant and keep looking for a better tenant.

Holiday season is a traditionally slow time of year for the housing rental business.

As might be expected, people do not generally choose to move homes during the holiday season.

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From mid November through the end of the year, we traditionally see very little activity from renters who are looking to find new homes, and the trend really starts in late October and continues through late January.

In San Luis Obispo, we will see a lot of vacant units when Winter Break arrives, which means not much going on in terms of maintenance and other requests for us to handle.

Of course, there are always exceptions to everything and life events do happen, so we do see some renters looking for new homes at this time of year. However, it is not common and this is not an ideal time for both landlords and tenants, as inventory is low but so is demand.

From a maintenance perspective, this is a good time of year to get caught up on lingering projects and for our staff to take well earned time off.

Things will pick up when the rains arrive and that causes water intrusion issues plus after people start moving around again and the normal move out maintenance tasks need to be done. We have already been working on clearing rain gutters and drains in preparation for the Winter season.

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Property taxes are due on November 1 and late after December 11.

As always, the first installment of property taxes are due by November 1 and late after December 11. Property taxes are usually late after December 10, but that falls on a Sunday this year, so the deadline is moved to December 11. Second installments are due on February 1 and late after April 10.

If when reviewing your October financial statement you do not see that your property taxes have been paid and if you are expecting California West to make those payments from your property account then please notify us immediately or forward us the property tax if you have not already done so.

Furthermore, tax professionals sometimes recommend paying second installments before the end of the year, depending on your financial situation, so please let us know if that is what your tax professional recommends so we may know to pay your bill accordingly.