



Monthly Newsletter

February 2026

In this issue

- **The City of San Luis Obispo proposes a rental registry.**
- **Security deposits are subject to lots of rules in California.**

The City of San Luis Obispo proposes a rental registry.

On Tuesday, February 24, 2026, the San Luis Obispo City Council held an informational study session dedicated to the potential implementation of a rental housing registry. This was not a decision-making meeting—no vote or ordinance was approved—but it provided an opportunity for the Council to review research, hear public input, and discuss options.

The proposed registry would require landlords to register their rental properties in a city database. The supposed goals include collecting data on the city's nearly 15,000 rental units, such as rental prices, unit details, and compliance information.

According to advocates of this registry, the data would be used in efforts to help improve transparency, enhance code enforcement for safe housing, identify unlicensed rentals, and inform future policies on renter protections and long-term housing planning.

At the Tuesday meeting, City staff presented three implementation options drawn from other jurisdictions:

- Integrating with the existing business license database (potentially lower cost but limited functionality).
- A voluntary software-based registry.
- A mandatory software-based registry, which could involve annual fees per unit to cover software, staff, and administration.

Public comments from renters and tenant advocates supported a mandatory registry for greater landlord accountability, better tracking of rent trends, and stronger protections against problematic practices.

Landlords, property managers, and realtors expressed concerns about added administrative burdens, privacy issues, potential inspection requirements, and costs that could ultimately be passed on to tenants through higher rents.

The meeting featured over 90 minutes of public testimony, with Council members asking questions but taking no formal action. The issue remains in the exploratory phase, and the Council is expected to revisit it in future meetings—possibly with more details on costs, features, or a path forward.

At California West, we are monitoring this proposal and will of course help our clients comply with any new regulatory burdens that may result.

Security deposits are subject to lots of rules in California.

The return of security deposits is a constant source of disagreement between landlords and tenants.

Since July 1, 2024 (via AB 12), the standard limit is one month's rent. There's an exception for small landlords: If you are a natural person (or an LLC with all natural-person members) and own no more than two residential rental properties totaling four or fewer dwelling units, you may charge up to two months' rent.

Deductions are limited to:

- Unpaid rent
- Repairs for damage beyond ordinary wear and tear (caused by tenant or guests)
- Cleaning to restore the unit to its move-in condition (not upgrades or routine maintenance)
- Replacing personal property (if specified in the lease)

You cannot deduct for pre-existing damage, ordinary wear and tear, or unreasonable/unnecessary expenses. Recent updates via AB 2801 (effective 2025) emphasize that deductions must be "reasonably necessary" and prohibit subsidizing property improvements with tenant funds—professional cleaning or carpet services require proof they're essential.

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When deducting, for tenancies starting on or after July 1, 2025, landlords must photograph the unit immediately before or at the start of the tenancy to document baseline condition. Starting April 1, 2025, if deducting for repairs or cleaning, landlords must take photos after regaining possession (but before work begins) and after completion. These must accompany the itemized statement to substantiate claims.

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Also, landlords must notify tenants of their right to a pre-move-out inspection (walkthrough) when they give notice or learn of intent to vacate. If requested, landlords must schedule the inspection within the last two weeks of tenancy. The tenant can attend, and the landlord must provide an itemized list of potential deductions, giving the tenant a chance to remedy issues and avoid charges.

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Within 21 days after the tenant vacates, the landlord must send the tenant any remaining deposit and an itemized statement detailing deductions. This must include receipts or invoices for third-party work and if the landlord did the work then must include time spent, hourly rate, and description. If repairs/cleaning can't finish in 21 days, the landlord must provide a good-faith estimate initially, then a final statement and remainder within 14 days of completion.

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Helping comply with all these requirements is part of the service that California West provides to our clients.