



Monthly Newsletter

June 2025

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Maximum rent increases are now 7.7% for “non-exempt” properties in San Luis Obispo and Santa Barbara Counties.

As we have discussed in prior years, the maximum amount that landlords may raise rents annually on tenants of “non-exempt” residential units in California is five percent plus the relevant consumer price index (CPI), but never to exceed ten percent. Relevant CPI for San Luis Obispo and Santa Barbara Counties is currently 2.7 percent, which means that the maximum increase is 7.7 percent starting on August 1, 2025.

Previously, the limit was 8.8 percent and historically it has been as follows:

Effective Date of Rent Increase	Maximum Increase
8/1/2025 - 7/31/2026	7.7%
8/1/2024 - 7/31/2025	8.8%
8/1/2023 - 7/31/2024	9.2%
8/1/2022 - 7/31/2023	10.0% (inflation exceeded 5%)
8/1/2021 - 7/31/2022	9.0%
8/1/2020 - 7/31/2021	6.0%
1/1/2020 - 7/31/2020	8.34%
Prior to 2020	Unlimited

This applies only to “non-exempt” residential properties. If a property is “exempt” from the Tenant Protection Act then rent increases of 10 percent or less are acceptable with thirty days notice and greater increases require 90 days notice. We discuss the issue of “exempt” versus “non-exempt” properties below.

As usual, the new CPI numbers were announced in mid-June, which gave landlords a couple of weeks before July 1 to serve a thirty day notice of rent increase to take effect on August 1. There is no regional CPI that covers San Luis Obispo or Santa Barbara counties, so they both use the statewide CPI. Other areas in the state are different.

What properties are “exempt” from the Tenant Protection Act and what does that mean?

Properties that are “exempt” from the Tenant Protection Act have two major benefits over “non-exempt” properties: First, owners of “exempt” properties may raise rents an unlimited amount (with at least 90 days prior notice) and, second, landlords of “exempt” properties need not prove “just cause” to terminate a tenancy. Some of the exemptions are as follows:

Single family home exemption. The most common exemption to the Tenant Protection Act is for housing that is: 1) alienable separate from the title to any other dwelling unit (i.e. a single family home or condominium); and 2) owned by an individual, a trust, or a limited liability company with no corporate member; and 3) where this exemption is properly disclosed to a tenant in the lease or rental agreement. When assuming management of new properties, we often come across agreements that lack the necessary disclosure, but which meet the other two requirements. This is especially true in agreements that are older than the Tenant Protection Act, which was enacted in 2019. Two out of three is not good enough. All three requirements must exist for a property to be “exempt” from the Tenant Protection Act.

New construction exemption. Housing that has been issued a certificate of occupancy within the previous 15 years, unless the housing is a mobile home, is exempt from the Tenant Protection Act. This is a rolling 15 years so, in other words, if your property was built in 2010 then it is “exempt” in 2025 but “non-exempt” in 2026.

Duplex exemption. There is an exemption for property containing two separate dwelling units within a single structure in which the landlord occupied one of the units as a principal place of residence at the beginning of the tenancy, and the landlord continues in occupancy throughout the tenancy, and neither unit is an accessory dwelling unit or a junior accessory dwelling unit.

Please note that there are other available exemptions and what we are discussing here is far too general to definitively rely on for any specific circumstance.

When determining which set of rules you must follow, you really need to discuss all your circumstances with an attorney who specializes in this area of law to determine whether a property is “exempt” or “non-exempt.” We cannot emphasize strongly enough that this is not your boilerplate “we are not offering legal advise” disclosure, it really is true that the law is extremely complicated and requires consultation with someone knowledgeable and even then may require cracking open a code book to see the exact wording and compare it to your situation.

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