



Quality Housing • Ethics • Professionalism



February 10, 2023

The Honorable Matt Haney
California State Assembly
1021 O Street, Suite 5310
Sacramento, CA 95814

RE: AB 12 (Haney) – Security Deposits – Oppose

Dear Assembly Member Haney:

On behalf of the members of the California Apartment Association (CAA), I am writing to inform you that CAA has taken an oppose position on AB 12, your bill that would reduce the maximum security deposit a rental property owner can collect from an applicant-tenant. While current law allows an owner to ask a tenant to pay up to two months' rent for an unfurnished unit and up to three months' rent for a furnished unit, AB 12 will reduce this amount to one months' rent, regardless of whether the unit is furnished or not.

Today because of California law, a rental property owner is making a decision about renting to a tenant without a clear understanding of past rental history. Court records are sealed for most tenants, making it almost impossible for a rental property owner to know whether a prospective tenant has a history of evictions. Further limiting a property owner's ability to financially cover property damage or unpaid rent is an unfair imposition for rental housing providers.

If a tenant fails to live up to their obligations under their rental agreement, including their obligation to pay rent, an owner who proceeds with an eviction to move the tenant out will spend thousands of dollars and wait months for a court decision. This is not a process that most rental property owners enter into lightly and without first attempting to work with the tenant. The average court eviction can take up to 6 months or longer. All the while the owner is receiving no rent on that unit but is still required to make the monthly mortgage payments and to pay attorney fees and court costs for the eviction. Adding to court delays are some unethical tenant attorneys who advertise their ability to delay evictions for a year or longer. These existing hurdles are pushing more and more rental property owners (especially single-family rental owners) to remove their homes from the rental market. AB 12 will add to this troubling trend by reducing the security deposit amount to a sum that will almost never come close to covering the total outstanding rent.

As you know, security deposit law limits the way in which a property owner can use the deposit. The deposit can only be used to cover unpaid rent or damages that a tenant has committed to a rental unit. Even the existing legal limits of two and three times the amount of the rent never cover the unpaid rent and/or damages to a unit when a tenant leaves the unit with extensive damage.

Currently, California law regulates the ways in which property owners can utilize a security deposit. Tenants who vacate a rental unit can expect a timely return of their entire security deposit (mandated by law) so they can utilize it for a future rental unit so long as they have paid all rent due and have left the unit in the

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same condition as when they initially moved in, minus ordinary wear and tear. To make sure property owners communicate with tenants prior to the tenant moving out, existing law mandates that a landlord perform a walk-through of the unit with the tenant prior to move out in order to notify the tenant of any issues that can be remedied by the tenant before the cost of repairs are deducted from the security deposit.

We understand the challenges tenants may have when it comes to coming up with a security deposit, but AB 12 is not the answer. Owning, operating, and maintaining rental housing is also extremely expensive. Optional bonds and tenant insurance are other legislative proposals that strike a better balance than AB 12.

The California Apartment Association is the largest statewide rental housing trade association in the country, representing over 50,000 single family and multi-family apartment owners and property managers who are responsible for over 2 million affordable and market rental units throughout the State of California.

Sincerely,

CALIFORNIA APARTMENT ASSOCIATION



By
Debra Carlton, Executive Vice President
State Public Affairs & Compliance

cc: Assembly Judiciary Committee