



Security Deposits: Rights and Responsibilities for Richmond Landlords and Tenants

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May 18, 2019



Agenda

1. Rules on
Security Deposit
Collection and
Use

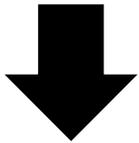
2. Rules on
Security Deposit
Refund

3. Security
Deposit
Frequently Asked
Questions

4. Resolving
Disputes

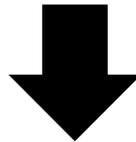
Which properties are covered by the Rent Ordinance?

Fully Covered: Rent Control and Just Cause for Eviction Protections



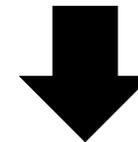
- ✓ Properties with more than 1 dwelling unit built on or before February 1, 1995

Partially Covered: Only Just Cause for Eviction Protections (No rent controls)



- ✓ Subsidized Units/ Section 8 Tenancies
- ✓ Single family homes
- ✓ Condos
- ✓ "New Construction" built after February 1, 1995 w/permits from building and planning.

Fully Exempt: No Rent Control or Just Cause for Eviction Protections



- ✓ Homeowner and Tenant share kitchen and/ or bath
- ✓ Single family homes where a small second unit was added w/permits and the main house is homeowner-occupied.
- ✓ Senior living facilities (non-profit home for the aged)

1. Rules on Security Deposit Collection and Use

Security Deposits are Considered Rent and are Therefore Controlled

Definition of Rent under the Rent Ordinance:

All periodic payments and all nonmonetary consideration including, but not limited to, the fair market value of goods, labor performed or services rendered to or for the benefit of the Landlord under a Rental Housing Agreement, as defined in this Section, concerning the use or occupancy of a Rental Unit and premises, including all payment and consideration demanded or paid for parking, utilities, pets, furniture, subletting and **security deposits for damages and cleaning.**

Deposit cannot be increased during a tenancy*

Exception: Pet deposit where pets are not previously allowed.
State law limit still applies.

*Rental units not under rent control can have the security deposit increased in compliance with California Civil Code 1950.5.

Security Deposits: State Law (California Civil Code 1950.5)

Maximum is two months rent for an unfurnished unit and three months rent for a furnished unit

All money collected at the onset of the tenancy beyond first month's rent is considered deposit

Full deposit must be refundable

Security Deposit Use

A Landlord may deduct from the security deposit for the following reasons:

Unpaid rent

Damage caused by Tenant
(except for “normal wear and tear”)

Necessary cleaning
(to return to condition delivered)

Tips and Responsibilities for Tenants

The Tenant should:

- Take photos at move-in and move-out
- Provide 30-day written notice to vacate
- Request a walk-through inspection
- Clean unit and repair damage
- Notify the Landlord of the new address

2. Rules on Security Deposit Refund

Security Deposit Refund and Landlord Responsibilities

Offer a walk-through inspection within 14 days of planned move-out

Return deposit within 21 days of Tenant move-out

If deductions amount to more than \$125 total, Landlord must provide itemized list & invoices/receipts

Tips and Responsibilities for Landlords

The Landlord should:

- Take photos at the beginning and end of any tenancy and both during a move-in and move-out inspection to show any difference in the condition.
- Upon receiving notice from the Tenant that they plan to move, notify the Tenant of a right to a pre-move out inspection and what needs to be done to receive the return of a security deposit in full.
- As soon as possible, but within 21 days of the keys being returned the Landlord must account for the security deposit or return it in full.
- An accounting requires an itemized statement with supporting documents showing why the amounts deducted are the responsibility of the Tenant (explain why it is more than normal wear and tear).
- Return the security deposit and/or explanation of accounting by personally delivering it or sending it by first-class mail postmarked on or before the 21st day after the Tenant returns the keys.

Handling Security Deposits with Replacement Roommates or Rotating Tenancies

- The Landlord is not obligated to return the security deposit until the unit is fully vacant
- Generally, in cases of rotating roommates, the incoming Tenant pays the deposit to the departing Tenant

3. Security Deposit Frequently Asked Questions

Security Deposit Law FAQs

California Civil Code 1950.5

<p>What is the definition of a security deposit under State law?</p>	<p>Any payment, fee, deposit or charge, imposed at the beginning of the tenancy as an advance payment of rent, or to be used for recovering rent defaults, repairing damages caused by the Tenant, or cleaning. This does not include an application or screening fee. The first month's rent isn't considered a security deposit, but money paid in excess of the first month's rent (including what is called "last month's rent") is considered part of the deposit.</p>
<p>How much can a Landlord collect for a security deposit?</p>	<p>A security deposit may not exceed two times the monthly rent for an unfurnished unit or three times the monthly rent for a furnished unit.</p>
<p>What can a Landlord deduct from the security deposit?</p>	<p>A Landlord may deduct from a Tenant's security deposit only the amount that is reasonably necessary to: (1) cover rent defaults, (2) repair damages a Tenant or a Tenant's guest caused other than normal wear and tear, (3) do necessary cleaning defined as the amount of cleaning needed to return the unit to the same level of cleanliness as at the beginning of the tenancy, and (4) if allowed by the lease, cover the cost of restoring or replacing personal property (including keys) or furniture, excluding ordinary wear and tear.</p>
<p>Is the Landlord obligated to do a walk-through inspection at the end of a tenancy?</p>	<p>Tenant's have a right to a walk-through inspection no earlier than 2-weeks prior to the Tenant vacating. The Landlord must give 48 hours prior written notice of the inspection, unless the Tenant waives this requirement in writing (California Civil Code 1954). The purpose of the inspection is to identify needed cleaning for the Tenant to perform before moving out so as to avoid deductions from the security deposit. Immediately after the inspection, the Landlord must provide an itemized list of repairs and cleaning that need to be done to avoid authorized deductions. The Landlord may still deduct for cleaning or repairs that were not identified during the inspection because they were concealed by the Tenant's belongings.</p>

Security Deposit Law FAQs

California Civil Code 1950.5

When does the security deposit have to be returned to the Tenant(s)?

Within 21 days after the Tenant (or Tenants) leave the unit vacant, the Landlord must (1) furnish the Tenant with a written statement itemizing the amount of, and purpose for, any deductions from the security deposit; and (2) return any remaining portion of the deposit to the Tenant. Where several roommates live together and have paid a deposit, the Landlord is not required to return the deposit until the unit is returned to the Landlord vacant.

What form of documentation does a Landlord have to provide the Tenant when making lawful deductions to the security deposit?

If more than \$125 is deducted from the deposit for cleaning and repairs together, the Landlord must attach to the itemized statement copies of documents showing the Landlord's charges and costs to clean and repair the unit.

What effect does sale of the property have on the security deposit?

A Landlord who sells a rental property must either: 1) transfer the deposit to the new Landlord; or 2) return the deposit to the Tenant.

What is the Tenant's recourse if deposit is not returned within 21 days of vacating?

A Tenant who does not receive the refund and accounting within 21 days, or disputes the amount claimed by the Landlord, may sue the Landlord for the disputed amount (in Small Claims Court if the amount is less than \$10,000) and up to twice the amount of the deposit for the "bad faith retention" of (i.e., the unreasonable refusal to return) any security. In court, the Landlord has to prove that the amounts retained were reasonable.

Normal Wear & Tear: Landlord's Responsibility	Excessive Tenant Damage: Resident's Responsibility
A FEW SMALL NAIL HOLES, CHIPS, SMUDGES, DENTS, SCRAPES, OR CRACKS IN THE WALLS	GAPING HOLES IN WALLS FROM ABUSE, ACCIDENTS, OR NEGLIGENCE. UNAPPROVED PAINT COLORS OR UNPROFESSIONAL PAINT JOBS. DOZENS OF NAIL HOLES WHICH NEED PATCHING AND REPAINTING.
FADED PAINT	WATER DAMAGE ON WALL FROM HANGING PLANTS OR CONSTANT RUBBING OF FURNITURE
SLIGHTLY TORN OR FADED WALLPAPER	UNAPPROVED WALL PAPER, DRAWINGS, OR CRAYON MARKINGS ON WALLS
CARPET FADED OR WORN THIN FROM WALKING	HOLES, STAINS, OR BURNS IN CARPET. FOOD STAINS, URINE STAINS, AND LEAKY FISH TANKS ARE NEVER "NORMAL".
DIRTY OR FADED LAMP OR WINDOW SHADES	TORN, STAINED, OR MISSING LAMP AND WINDOW SHADES
SCUFFED VARNISH ON WOOD FLOORS FROM REGULAR USE	CHIPPED OR GOUGED WOOD FLOORS, OR EXCESSIVE SCRAPES FROM PET NAILS
DARK PATCHES ON HARDWOOD FLOORS THAT HAVE LOST THEIR FINISH OVER MANY YEARS	WATER STAINS ON WOOD FLOORS AND WINDOWSILLS CAUSED BY WINDOWS BEING LEFT OPEN DURING RAINSTORMS
DOORS STICKING FROM HUMIDITY	DOORS BROKEN, OR RIPPED OFF HINGES
WARPED CABINET DOORS THAT WON'T CLOSE	STICKY CABINETS AND INTERIORS (DUE TO LACK OF CLEANLINESS)
CRACKED WINDOW PANE FROM FAULTY FOUNDATION OR BUILDING SETTLING	BROKEN WINDOWS FROM ACTION OF THE TENANT OR GUESTS
SHOWER MOLD DUE TO LACK OF PROPER VENTILATION	SHOWER MOLD DUE TO LACK OF REGULAR CLEANINGS
LOOSE GROUTING AND BATHROOM TILES	MISSING OR CRACKED BATHROOM TILES
WORN OR SCRATCHED ENAMEL IN OLD BATHTUBS, SINKS, OR TOILETS	CHIPPED AND BROKEN ENAMEL IN BATHTUBS AND SINKS
RUSTY SHOWER ROD OR WORN VARNISH ON PLUMBING FIXTURES	MISSING OR BENT SHOWER ROD OR PLUMBING FIXTURES
PARTIALLY CLOGGED SINKS OR DRAINS CAUSED BY AGING PIPES	CLOGGED SINKS OR DRAINS DUE TO ANY STOPPAGE (HAIR, DIAPERS, FOOD, ETC.), OR IMPROPER USE
MODERATELY DIRTY MINI-BLINDS OR CURTAINS	MISSING OR BROKEN MINI-BLINDS OR CURTAIN
BATHROOM MIRROR BEGINNING TO "DE-SILVER" (BLACK SPOTS)	MIRRORS CAKED WITH LIPSTICK AND MAKEUP
BROKEN CLOTHES DRYER BECAUSE THE THERMOSTAT HAS GIVEN OUT	DRYER THAT WON'T TURN AT ALL BECAUSE IT'S BEEN OVERLOADED, OR THE LINT TRAP WAS NEVER CLEANED OUT.
WORN GASKETS ON REFRIGERATOR DOORS	BROKEN REFRIGERATOR SHELF OR DENTED FRONT PANELS
SMELLY GARBAGE DISPOSAL	DAMAGED DISPOSAL DUE TO METAL, GLASS, OR STONES BEING PLACED INSIDE
REPLACEMENT OF FLUORESCENT LAMPS - OR ANY LIGHT BULB DESIGNED TO LAST FOR YEARS OF CONTINUOUS USE	REPLACEMENT OF MOST COMMON LIGHT BULBS

Disclaimer: This is not an exhaustive list. If there is a dispute, it is up to a judge or hearing examiner to decide.

4. Resolving Disputes and Options for Recourse

Tips for Security Deposit Disputes

- Both the Landlord and Tenant should keep accurate documentation of the condition of the unit when it is initially occupied and upon vacancy. Taking photos and or video of the unit prior to and after occupancy is highly recommended.
- The Landlord is required to offer a walk-through inspection at the end of the tenancy (as required by State law) to avoid unnecessary disputes and to give the Tenant an opportunity to fix any damage and do necessary cleaning.

Recourse for Resolving Security Deposit Disputes

Landlord Recourse for Disputes

- Landlord can utilize the Rent Program's Mediation Program to avoid court and try to get to a solution or compromise.
- If the Tenant causes more damage than can be covered by the deposit, or owes unpaid rent in excess of the security deposit the Landlord may need to sue in small claims court.

Tenant Recourse for Disputes

- The Tenant can utilize the Rent Program's Mediation Program to avoid court and try to get to a solution or compromise.
- If the Tenant does not agree with the amount reduced from the security deposit or the security deposit is not returned, the Tenant can file a petition with the Rent Program for Failure to Refund Security Deposit (only applicable for fully controlled units).
- If the Tenant does not agree with the amount reduced from the security deposit or the security deposit is not returned, the Tenant can sue in small claims court for to two times the amount if bad faith retention can be proven.

Thank you for attending!



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