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Laura K. Weimer

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## Tenants' Rights Get New Support: Chapter 1061

Laura K. Weimer

### *Code Sections Affected*

Civil Code §§ 1950.5, 1954 (amended).  
AB 2330 (Migden); 2002 STAT. Ch. 1061.

### I. INTRODUCTION

In California, forty-two percent of households are renters, and vacancy rates are at only two to four percent.<sup>1</sup> Renters are faced with high security deposit demands from landowners—sometimes multiple months' rent—and those tenants are having trouble retrieving deposits due back to them when a leasehold has reached its term.<sup>2</sup> Renters have been forced to use the 150-year-old system created to support landlords—not tenants—when fighting for their rights.<sup>3</sup>

Now more than ever, not only individuals but families in California are renting their homes.<sup>4</sup> These families pay a large deposit, sometimes multiple months' rent.<sup>5</sup> These are generally lower-income people who do not have extra money to save.<sup>6</sup> For example, a Santa Monica family rented a condominium for six years, after which the landlord only refunded \$597.57 of their \$2,550.00 security deposit, withholding the balance to replace or repair items that were used but not damaged.<sup>7</sup> Another Santa Monica tenant had to wait two months before receiving an accounting statement from her former landlord, only to discover that she was charged \$150 for painting, \$55 for cleaning, and \$45 for carpet cleaning

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1. See Press Release, Association of Community Organizations for Reform Now, Security Deposit Reform Passes California Assembly (May 29, 2002) [hereinafter ACORN Press Release] (on file with the *McGeorge Law Review*) (describing tenant-rights groups that met and rallied on April 4, 2002 in support of pro-tenant legislation to lay out the problems they and other California renters are experiencing).

2. *Id.*

3. See *id.* (stating that “200,000 families are in court fighting against a 150-year-old system of tenant law that provides more protections for landlords than tenants.”).

4. See *id.* (stating that families are forced to put forward large security deposits that usually do not get refunded when they leave the rented space).

5. See CAL. CIV. CODE § 1950.5 (West 1985 & Supp. 2002) (listing the allocations and allotments for rental security deposits).

6. See U.S. CENSUS BUREAU, GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS (2002), available at <http://www.factfinder.census.gov> (copy on file with the *McGeorge Law Review*) (showing that over six million households use over fifty percent or more of their household income toward rent).

7. Los Angeles Legal Aid Foundation, *Stories in Support of AB 2330* (n.d.) [hereinafter *Stories in Support*] (copy on file with the *McGeorge Law Review*).

although she left the apartment in a clean condition.<sup>8</sup> A San Diego family vacated their apartment after two years, having paid the last month's rent, one-thousand-dollar security deposit, and having spent a week repairing and cleaning the space.<sup>9</sup> They left it in better condition than when they first occupied it.<sup>10</sup> The family received a bill from their landlord for five dollars, who claimed the difference between their deposit and refund equaled the cost of repairs to the unit.<sup>11</sup> Chapter 1061 negates some of these problems by making it easier for a tenant to address concerns with the landlord through pre-walkthrough meetings and by making the consequences for non-cooperation more severe for the landlord in the form of large fines and penalties.<sup>12</sup>

## II. LEGAL BACKGROUND

With rents increasing and security deposits potentially costing double one month's rent, California renters are faced with many challenges in the market.<sup>13</sup> Retrieving a security deposit from a prior rental unit to put down on a new residence is difficult. Many times renters lose their deposit money because landlords claim damage that was not the fault of the tenant or did not actually exist.<sup>14</sup>

### A. Existing Security Deposit Law

Section 1950.5 of the California Civil Code lists the existing regulations governing security deposits on rented dwellings.<sup>15</sup> The amount of the security deposit can be no more than two months rent.<sup>16</sup> The money requested by a landlord from a prospective tenant is a "security" if it is used for advance payment of rent (including compensation for rent), repair of damages, cleaning, or defaults by the tenant.<sup>17</sup> A landlord is prohibited from applying security deposit funds for pre-existing damages or for ordinary wear and tear.<sup>18</sup> A landlord is required to provide a list of deductions from the security within three

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8. *Id.*

9. *Id.*

10. *Id.*

11. *Id.*

12. See ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 6 (May 14, 2002) (outlining the purpose and goal of Chapter 1061).

13. See ACORN Press Release, *supra* note 1 (stating the problems faced by Californians who rent homes and are forced to pay extraordinarily high security deposits for those homes).

14. See *id.* (describing how renters cannot always reclaim their deposit before leasing a new dwelling).

15. See CAL. CIV. CODE § 1950.5 (West 1985 & Supp. 2002) (listing the current allocations and allotments for rental security deposits).

16. *Id.* § 1950.5(c).

17. *Id.* § 1950.5(b).

18. See *id.* § 1950.5(e) (detailing the current landlord requirements for the security deposit).

weeks of the move-out date.<sup>19</sup> Additionally, the landlord is required to refund the remaining deposit after the landlord's deductions.<sup>20</sup> "Existing law does not require the payment of interest on the security deposit."<sup>21</sup>

Currently, section 1954 of the California Civil Code provides that a landlord may enter a dwelling only for certain enumerated reasons.<sup>22</sup> Those reasons include: "(a) [i]n case of emergency . . . (b) [t]o make necessary . . . repairs . . . (c) [w]hen the tenant has abandoned . . . the premises [or] (d) [p]ursuant to court order."<sup>23</sup> Before a landlord may enter the premises, she must give reasonable notice, which is presumed to be twenty-four hours absent contrary evidence.<sup>24</sup>

### B. California Renters Find New Support

California's tenant advocates have been relatively quiet for twenty years.<sup>25</sup> Now, activists in the Association of Community Organizations for Reform Now (ACORN), like local organizer Brian Kettenring, a Sacramento-based lobbyist, are "trying to fill a gaping political void."<sup>26</sup> "ACORN is the nation's largest community organization of low- and moderate-income families, with over 120,000 member families organized into 600 neighborhood chapters in 45 cities across the country."<sup>27</sup> A major campaign for tenants' rights is brewing in California with the leadership of organizations like ACORN.<sup>28</sup>

## III. CHAPTER 1061

Chapter 1061, "[o]ne of the biggest pro-tenant bills in the [S]tate Legislature this year, provides renting families with a way to protect themselves against unfair landlords."<sup>29</sup> Chapter 1061 provides that a landlord's retention of a security deposit based on normal wear and tear, carpet cleaning, or painting is

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19. See *id.* § 1950.5(f) (stating that a landlord must give the tenant information regarding deductions from the security deposit prior to returning the deposit to the tenant).

20. See SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 2 (June 25, 2002) (describing existing law for landlords and tenants in relation to security deposit, wear and tear to the dwelling, and a requirement of the landlord to provide "an itemized statement stating how much security was received, and how much of the security was deducted and why.>").

21. *Id.*

22. CAL. CIV. CODE § 1954 (West 1985).

23. See *id.* (listing the only acceptable reasons for a landlord to enter a dwelling).

24. *Id.*

25. Andrew LePage, *Tenants' Rights on Tap: Landlords Set to Fight City, State Measures*, SACRAMENTO BEE, Apr. 14, 2002, available at <http://acorn.org/acorn10/affordablehousing/clips2002/tr.htm> (copy on file with the *McGeorge Law Review*).

26. *Id.*

27. See ACORN Press Release, *supra* note 1 (describing ACORN's membership and organizational purpose).

28. *Id.*

29. Andrew LePage, *Assembly Passes Tenant Deposit Bill*, SACRAMENTO BEE, May 30, 2002.

illegal.<sup>30</sup> The new law, as originally proposed, made significant changes to security deposit law.<sup>31</sup> As introduced, tenants could earn interest on their deposit and request an initial inspection.<sup>32</sup> The inspection allowed a tenant and landlord to meet to discuss damages and deductions prior to the tenant vacating a rented dwelling.<sup>33</sup> Chapter 1061 was introduced to define the term of art, “ordinary wear and tear,” by statute and to increase the penalty for bad-faith on the part of the landlord from six hundred dollars to twice the amount of the security deposit.<sup>34</sup> Late amendments to the proposed law eliminated earned interest on a security deposit and deleted the definition of “ordinary wear and tear,” thereby alleviating some concerns of the landlord community.<sup>35</sup>

According to the author, Chapter 1061 is designed to “redress some of the imbalances in California’s Landlord-Tenant law.”<sup>36</sup> Many renters in California have trouble getting the money they paid as a security deposit returned to them when they move out.<sup>37</sup> This bill assists tenants in protecting their interests by providing them with an opportunity to meet with their landlord prior to leaving the premises to determine potential deductions from the original deposit.<sup>38</sup> This initial inspection, at the request of a tenant prior to the move out date, will allow the tenant to make improvements and to get the full security deposit back.<sup>39</sup> “The purpose of [this] inspection [is] to allow the tenant an opportunity to remedy identified deficiencies, in a manner consistent with the rights and obligations of the parties under the rental agreement.”<sup>40</sup> The timing of the inspection shall be at a “mutually acceptable date and time,” and the landlord must provide the tenant written notice of such date and time at least forty-eight hours prior to the

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30. *Stories in Support*, *supra* note 7.

31. See SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 1 (June 25, 2002) (describing the changes to security deposit law proposed by AB 2330).

32. *Id.*

33. *Id.*

34. *Id.*

35. See ASSEMBLY FLOOR, CONCURRENCE IN SENATE AMENDMENTS, AB 2330, at 3 (August 14, 2002) (listing the Senate amendments approved by the Assembly).

36. ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 6 (May 14, 2002).

37. See *id.* (reflecting the need for tenant advocacy in legislation because tenants are having trouble retrieving their initial deposit).

38. CAL. CIV. CODE § 1950.5(f)(1) (amended by Chapter 1061); see ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 6 (May 14, 2002) (discussing the opportunity for a tenant to require the landlord to determine what damage costs will be deducted from the security deposit at a meeting prior to the tenant moving out of the dwelling).

39. CAL. CIV. CODE § 1950.5(f)(1)-(2) (amended by Chapter 1061); see ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 3 (May 14, 2002) (describing how a tenant can request a meeting with the landlord prior to termination of the tenancy for an inspection of the premises with the purpose of the inspection to allow the tenant to make repairs and changes to avoid deductions).

40. CAL. CIV. CODE § 1950.5(f)(3) (amended by Chapter 1061).

inspection.<sup>41</sup> This notice may be waived, but only if both parties sign a written waiver.<sup>42</sup>

The return of the security deposit will, however, not include interest on the original amount paid to the landlord.<sup>43</sup> The interest was originally to be held by the landlord for the tenant and was to accrue “at the rate of one percent less than the Federal Reserve Discount Rate as of December 31st of the preceding calendar year.”<sup>44</sup> The bill provided that any landlord not in compliance with the interest requirement would be liable to the tenant “for twice the amount of the accrued interest.”<sup>45</sup> It is important to note that “this provision would not apply in any jurisdiction that requires by local rule payment of interest on a tenant’s security deposit.”<sup>46</sup> Chapter 1061 as amended does not include any interest on the tenant’s security deposit.<sup>47</sup>

Chapter 1061 also originally provided for an industry standard definition for “wear and tear” as “the deterioration or depreciation in value of a premise that is the result of reasonable and ordinary use by the tenant or a guest or licensee of the tenant and deterioration that occurs through every day usage, rather than unusual damage caused by tenant abuse or carelessness.”<sup>48</sup> The Senate amended Chapter 1061 because it did not change existing definitions of wear and tear.<sup>49</sup> The landlord is, however, still required to prove that the tenant is liable for damages that are other than ordinary wear and tear before she may take money out of the deposit.<sup>50</sup>

Chapter 1061 amends the definition of “security.”<sup>51</sup> The security deposit will include “any payment, fee, deposit, or charge . . . except [an application screening

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41. *Id.* § 1950.5(f)(1).

42. *Id.*

43. *See* CAL. CIV. CODE § 1950.5 (amended by Chapter 1061) (providing no provisions for interest payments); *see also* ASSEMBLY FLOOR, CONCURRENCE IN SENATE AMENDMENTS, AB 2330 at 3 (Aug. 14, 2002) (summarizing the proposal to make the landlord pay interest to the tenant on any deposit made “at the rate of [one percent] less than the Federal Reserve Discount Rate as of December 31st of each of the preceding calendar [year],” which was later amended out of the new law).

44. ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 2 (May 14, 2002) (proposing that the bill include provisions requiring that the landlord will hold the interest for the tenant at a rate designated by the Federal Reserve Discount Rate).

45. *See id.* (designating the fine for landlords who fail to pay the interest as required to their terminated tenants).

46. SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 3 (June 25, 2002).

47. *See* CAL. CIV. CODE § 1950.5 (amended by Chapter 1061) (providing no provisions for interest payments).

48. ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 3 (May 14, 2002).

49. *See* CAL. CIV. CODE § 1950.5 (amended by Chapter 1061) (detailing no provisions regarding wear and tear); *see also* ASSEMBLY FLOOR, CONCURRENCE IN SENATE AMENDMENTS, AB 2330, at 3 (Aug. 14, 2002) (listing the Senate amendments that were approved by the Assembly).

50. CAL. CIV. CODE § 1950.5(e) (amended by Chapter 1061); *see* SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 3 (June 25, 2002) (requiring the landlord to prove that the tenant’s careless behavior caused the damage to the property and not ordinary wear and tear).

51. CAL. CIV. CODE § 1950.5(b) (amended by Chapter 1061).

fee], that is imposed at the beginning of the tenancy to be used to reimburse the landlord for costs associated with processing a new tenant.”<sup>52</sup> In addition, cleaning costs can now be added to those associated with processing a new tenant, but are limited to costs which would bring the dwelling to the condition that it was in when originally rented to the tenant.<sup>53</sup> Under current law, after these deductions are made the landlord is required to give the tenant the net of the security deposit that remains.<sup>54</sup> Chapter 1061 is designed to encourage compliance with that law by increasing the potential fine from six-hundred dollars to twice the amount of the deposit due to the tenant.<sup>55</sup> The new definition of “security deposit” will only apply to those tenancies which are occupied on or after January 1, 2003.<sup>56</sup>

Chapter 1061 changes section 1954 of the California Civil Code to allow the landlord to enter the premises for the tenant-requested inspection outlined in section 1950.5.<sup>57</sup> Section 1954 is only modified to reflect the changes required under Chapter 1061, making it necessary for the landlord to enter the premises for additional reasons.<sup>58</sup>

#### IV. ANALYSIS OF THE NEW LAW

Chapter 1061 attempts to protect hardworking tenants while assuring the full rights of landlords.<sup>59</sup> Proponents assert that Chapter 1061 makes necessary changes to security deposit law because many tenants have difficulty retrieving their security deposits after leaving a leasehold.<sup>60</sup> ACORN, co-sponsor of Chapter 1061 writes, “[t]oo many renters do not get the proper portion of their deposit returned, nor in a timely fashion.”<sup>61</sup> Opponents of Chapter 1061,

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52. *Id.*

53. *Id.* § 1950.5(b)(3) (amended by Chapter 1061).

54. *Id.* § 1950.5(g) (amended by Chapter 1061).

55. *See id.* § 1950.5(l) (amended by Chapter 1061) (mandating that a landlord pay twice the amount of the deposit due to the tenant if a bad faith claim by the tenant against the landlord is supported).

56. *Id.* § 1950.5(b)(3) (amended by Chapter 1061); *see also* ASSEMBLY FLOOR, CONCURRENCE IN SENATE AMENDMENTS, AB 2330, at 2 (Aug. 14, 2002) (providing the Senate amendments to AB 2330 prior to enactment and clarifying the time-line for the new definitions).

57. *See* CAL. CIV. CODE § 1954(b) (amended by Chapter 1061) (including a reference to section 1950.5 of the California Civil Code to reflect an overlap of limitations and requirements for a landlord’s presence in a rented dwelling).

58. *Id.*

59. *See, e.g.* Letter from Jan Breidenbach, Executive Director, Southern California Association of Non-Profit Housing, to Carole Migden, Assemblymember (Apr. 11, 2002) (on file with the *McGeorge Law Review*) (listing the provisions of Chapter 1061 that will be helpful to tenants).

60. *See* SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 5 (June 25, 2002) (stating need for bill to be that working families should not be forced to endure the hardship of receiving their security deposit).

61. *Id.* at 5-6.

landlords, and ownership groups are certain that its provisions will lead to higher rents and additional antagonism between owners and tenants.<sup>62</sup>

The first proposition in Chapter 1061 was the right to interest accrual on a security deposit.<sup>63</sup> Proponents suggested that tenants should receive this interest as a matter of fairness, since rental amounts are ever increasing and the accrued interest over a long-term tenancy can be significant.<sup>64</sup> However, landowning opponents do not see the significance.<sup>65</sup> Because the Federal Reserve Discount Rate is currently set at less than two percent, the interest left over for the tenant after the administrative deduction of one percent will be even less.<sup>66</sup> For example, a tenant with a \$1500 deposit would only earn \$37.50 over a 5-year tenancy.<sup>67</sup>

However, application of interest to security deposits will allow some savings, at what advocates of Chapter 1061 consider minimal costs.<sup>68</sup> Opponents assert “that the costs of administration would far exceed the benefit.”<sup>69</sup> Opponents are also quick to argue that a need for statewide uniformity is more valuable than the minimal effect to some tenants.<sup>70</sup> They point out that many local jurisdictions already require an interest payment by property owners, and Chapter 1061 will not override these regulations.<sup>71</sup> The opponents were successful, and the interest portion of Chapter 1061 was removed by the Senate before its enactment.<sup>72</sup>

The proposed new definition of “wear and tear” was originally seen as important because it would help avoid misunderstandings between tenants and

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62. See *id.* at 6 (listing opponent summary for opposition to Chapter 1061 including the fear that landlords will vacate the California housing market if faced with the provisions and requirements of the bill).

63. *Id.*

64. See *id.* (stating that rents are rising in metropolitan areas and can even “exceed \$800 to \$1,000 a month” and that even a small interest payment would make a difference to tenants).

65. See Letter from Ron Kingston et al., California Association of Realtors, to Carol Migden, Assemblymember (n.d.) (on file with the *McGeorge Law Review*) (stating that “[t]his measure is unnecessary and punitive. There is scant evidence of a problem needing correction.”).

66. See SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 6 (June 25, 2002) (providing an example that “a departing tenant with \$1500 deposit would earn around \$7.50 for each year of tenancy, assuming the economy and the current stagnate rates do not rebound.”).

67. See *id.* (summarizing that a deposit will earn limited interest and is therefore not worth the costs to the landowners).

68. See *id.* (responding that proponents see the administrative costs argued by opponents to be “overinflated”).

69. *Id.* at 6.

70. *Id.*

71. See *id.* (listing the places where local rules already require property owners to pay interest on security deposits, which are: Berkeley, East Palo Alto, Hayward, Los Angeles, Rohnert Park, Santa Cruz, San Francisco, Santa Monica, Watsonville, West Hollywood, and Santa Barbara).

72. See ASSEMBLY FLOOR, CONCURRENCE IN SENATE AMENDMENTS, AB 2330, at 2 (Aug. 14, 2002) (providing the Senate amendments to AB 2330 prior to enactment and “delet[ing] language requiring a landlord to pay to the tenant interest on any security at a specified interest rate to be paid at specified intervals.”).



landlords.<sup>73</sup> However, opponents, such as the California Apartment Association, did not like the vagueness of the proposed definitions.<sup>74</sup> They assert that using “routine” repairs will not allow them to use the security deposit to repair damage to the apartment after a tenant leaves.<sup>75</sup> ACORN, the sponsor of the new law, responded that the provision was designed to protect the tenant from a landlord who confuses the definition and uses the security deposit to repair things that suffer damage from normal use, such as a broken plumbing valve.<sup>76</sup> The California Association of Realtors (CAR) argued that the courts have already defined “ordinary wear and tear” and this legislation would only lead to more confusion and re-examination in an area that is not in need of such scrutiny.<sup>77</sup> They contend that if the cost of carpet replacement and painting are not deducted from a security deposit, landlords are likely to raise rents for subsequent tenants to cover the cost of those repairs.<sup>78</sup>

The protection of all renters is at the heart of this law.<sup>79</sup> Supporters of this law, such as the California Works Foundation, stated that Chapter 1061 “will reduce conflict between landlords and tenants over security deposit return . . . [b]y defining “wear and tear” more precisely.”<sup>80</sup> Renters would have the confidence that comes with knowing that the money used as a security deposit remains their money unless the unit is actually damaged.<sup>81</sup> With the security of Chapter 1061, “a tenant has a better idea of what money to count on.”<sup>82</sup> However, the Senate agreed with the opposition that the new definition did not provide enough clarity to landlords or tenants and removed the language from the final version of the law.<sup>83</sup>

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73. See SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 6 (June 25, 2002) (discussing the original determination that the definition of “wear and tear” was a point of contention between landlords and tenants).

74. See *supra* Part II (describing changes Chapter 1061 had originally made to existing definition of “wear and tear”); see also SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 3 (June 25, 2002) (proposing a new definition of “wear and tear” as “deterioration or depreciation in value of a premise that is the result of reasonable and ordinary use by the tenant or a guest or licensee of the tenant and deterioration that occurs through every day usage, rather than unusual damage caused by tenant abuse or carelessness.”).

75. See SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 8 (June 25, 2002) (quoting the California Apartment Association (CAA): “[w]hat is a “‘routine’ repair” if not the repair of something in the premises that is damaged?”).

76. *Id.*

77. *Id.* at 9.

78. See ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 11 (May 14, 2002) (suggesting that landlords will simply spread the cost between the units for damage to apartments that need repairs).

79. *Id.* at 4 (stating that the general purpose and goal for Chapter 1061 is to protect the renters of California).

80. *Id.* at 8-9.

81. *Id.*

82. See *id.* at 8 (restating support for Chapter 1061 by the Service Employees International Union (SEIU), in that “[p]resently, a tenant has to wait three weeks to find out if she is getting her security back, even if she was counting on that security for a new apartment.”).

83. ASSEMBLY FLOOR, CONCURRENCE IN SENATE AMENDMENTS, AB 2330, at 2 (Aug. 14, 2002).

Chapter 1061 also provides an opportunity for landlord and tenant to meet prior to move-out to discuss damage and possible deductions from the security deposit.<sup>84</sup> The Service Employees International Union (SEIU) supported Chapter 1061 because with it, “both the landlord and tenant can try to resolve any disagreements during the walk through inspection.”<sup>85</sup> The California Works Foundation agreed that a reduction in conflict between landlords and tenants will result from a system that allows for pre-moveout walkthroughs.<sup>86</sup> Opponents suggested that most owners already do a walk through at the request of the tenant.<sup>87</sup> However, a walk through usually does not occur until all of the belongings of the tenants have been removed, because only in that case will all the damage be visible to the landlord.<sup>88</sup> The provisions outlined in Chapter 1061 put the responsibility of reporting damage on the owner and will likely result in a “he said she said,” argument between tenant and landlord.<sup>89</sup>

Chapter 1061 makes it easier for the tenant to get his security deposit back by increasing the amount of the fine for its violation.<sup>90</sup> It is now double the amount of the security deposit, not just six hundred dollars if the landlord is found to have violated her good faith agreement with the tenant to return the full deposit.<sup>91</sup> Opponents pointed out that the fine was raised to six hundred dollars just a few years ago and they see no need for such a weighty increase at this time.<sup>92</sup>

Overall, the changes to landlord-tenant law give tenants a few more teeth when it comes to rights and obligations.<sup>93</sup> However it does not substantially effect landlord control because “[t]he result of these new, unnecessary regulations will be an increase in the costs associated with operating rental housing,” according to Cory Koehler, deputy director of the Rental Housing Association of Sacramento Valley.<sup>94</sup> Koehler stated that the costs for the new requirements will just be passed on to the renter next year.<sup>95</sup> Although the author of the original bill hoped to make a bigger change to current landlord-tenant law, it was amended and substantially scaled back before reaching the governor.<sup>96</sup>

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84. See SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 2330, at 1 (June 25, 2002) (describing the changes to security deposit law proposed by AB 2330).

85. ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 8 (May 14, 2002).

86. *Id.*

87. *Id.* at 11-12.

88. *Id.* at 12.

89. *Id.*

90. CAL. CIV. CODE § 1950.5(l) (amended by Chapter 1061); see also ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 4 (May 14, 2002) (listing the changes provided by Chapter 1061, being that it “[i]ncreases the damages that may be awarded for a bad faith claim or retention by a landlord of the security deposit from [six-hundred dollars] to twice the amount of the security.”).

91. CAL. CIV. CODE § 1950.5(l) (amended by Chapter 1061).

92. ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF AB 2330, at 12 (May 14, 2002).

93. Andrew LePage, *New Victory for Renters*, SACRAMENTO BEE, Oct. 2, 2002.

94. *Id.*

95. *Id.*

96. *Id.*

## V. CONCLUSION

Chapter 1061 is tenant friendly and requires more from the landlord, but it does not seem to do enough for the tenant in terms of monetary support because it no longer includes the originally proposed interest addition to the security deposit.<sup>97</sup> However, it does allow tenants to request an inspection from their landlords, which will help tenants avoid some damage charges they may have assumed were normal “wear and tear.”<sup>98</sup> The pre-move-out inspection allows the tenant time to repair the damage and get her investment back, instilling confidence that the proper amount of money will be returned upon leaving a dwelling.<sup>99</sup> However, the potential cost to landlords could be significant and could lead to higher rents and more antagonism between landlords and tenants because of the additional risk involved in inspection dates and deadlines and the higher penalty for late return of security money.<sup>100</sup>

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97. *See supra* Part III (discussing changes made by Chapter 1061).

98. *Id.*

99. *Id.*

100. *See supra* Part IV (discussing concerns surrounding Chapter 1061).