California Assembly Bill 12 Takes Effect July 1, 2024

Full Bill Language Here

What You Need to Know

- AB 12 takes effect Monday, July 1, 2024
- AB 12 imposes a new security deposit limit of no more than one month's rent

Bill Overview

Beginning July 1, 2024, AB 12 limited the maximum amount that a landlord can receive in security deposits to one month's rent, regardless of whether the property is furnished or unfurnished. AB 12 intends to lower the financial burden of renters who may also encounter additional expenses while pursuing a residence by limiting the maximum amount a landlord may ask for a security deposit.

Exceptions to the new security deposit limit: If a landlord meets the "small business" definition (see below) or if a prospective tenant is a military service member, AB 12 limits the maximum amount a landlord can receive to two months rent.

- **Small business definition**: If the landlord is a natural person or limited liability corporation where all members are natural persons, OR the landlord owns 2 or less residential rental properties that include 4 or less dwelling units offered for rent.

ICMS Responsibilities

As case managers, your role in communicating these changes in security deposit limits to clients and landlords is crucial. If a landlord requests more than one month's rent for the security deposit, remind them of the new state law and request that any document with the security deposit listed, such as the lease or RFTA, be updated to reflect current limitations. Proof must be provided if a landlord claims to meet the small business definition. *More details regarding required documentation for proof will be provided soon.*

For project-based voucher (PBV) sites with Master Rent Subsidy Agreements, please reach out to the PBV Housing Coordinator for the security deposit amount.