



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: November 4, 2025

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TO: Board of Supervisors

SUBJECT

PROTECTING RESIDENTIAL RENTAL APPLICANTS AND TENANTS FROM PRICE GOUGING AND FEE EXPLOITATION (DISTRICTS: ALL)

OVERVIEW

The County of San Diego (County) has increasingly become one of the most expensive places to live for renters in the United States. Indeed, the City of San Diego ranked number 12 among the 100 biggest cities in the nation for its overall median rent, ahead of Los Angeles, Seattle, Miami, and Chicago. Moreover, the average monthly rent in San Diego County rose 52% between 2018 and April 2025. Specifically, the average rent in San Diego County during this time rose from \$2,071.67 to \$3,161.94. Just in 2023, 141,544 low-income renter households in San Diego County did not have access to an affordable home.

Various fees imposed by landlords increase these costs, including rental application fees, tenant screening fees, and “junk fees” such as pet rent, late fees, and trash valet. These fees create significant barriers to housing that compound unaffordable rents, deepen housing discrimination, and make the housing search difficult for many people, especially low-income renters and renters of color. Additionally, fees add to the already heavy burden that exorbitant rents place on renters, with over 40% of renter households in the United States being “cost burdened,” i.e., paying over 30% of their income on housing costs. For 27% of renters in California, or roughly 1.6 million households, rent is over half of their income. In San Diego County, 82% of extremely low-income households pay more than half of their income on housing costs compared to 1% of moderate-income households.

Accordingly, this is a request for the Board of Supervisors (Board) to direct County Counsel to draft an ordinance (1) prohibiting the charging of fees in addition to rent that is in excess of a percentage of the cost of monthly rent and (2) requiring landlords to disclose the total cost of their residential rental units. The draft ordinance should include the following:

- **Transparency:** A landlord must disclose the total cost of monthly rent and any fees in addition to rent in advertising, on their website, and in any document that lists rental costs.

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- **Public Education:** A landlord must include in the lease educational materials explaining AB 2493, including when a landlord is prohibited from charging an applicant a tenant screening fee.
- **Reusable Tenant Screening Reports:** Where an applicant for a residential rental unit provides their own tenant screening or consumer credit report, the landlord is required to accept the report and may not charge the applicant an application fee.
- **Holding Deposit:** A holding deposit is a sum of money paid to a landlord to reserve a rental property while the lease signing process is still underway. Landlords may charge an applicant a holding deposit up to 5% of the monthly rent for the unit being held. Holding deposits must be refunded to applicants when the lease agreement is finalized or if the lease does not move forward at no fault of the tenant.
- **Junk Fees:**
 - Any fees required by local, state, or federal law must be excluded from the costs owed by the tenant.
 - Any and all fees required to be paid by the tenant must not exceed 5% of the monthly cost of rent. Fees to be defined as all fees other than rent, late fees, and processing fees.
 - Landlords may charge late fees for the late payment of rent up to 2% of monthly rent. This may not be charged unless rent is overdue by seven days or greater. Landlords must apply payments by the tenant to monthly rent before any existing late fees.
 - Landlords may charge a processing fee, including a convenience fee or a check cashing fee, for the payment of rent or any other fees or deposits that is up to the cost the landlord pays for the processing of the payment of rent or any other fees or deposits.
 - Landlords may not charge to the tenant any fees for services solicited by a landlord to maintain the habitability of the rental unit, including, but not limited to, pest control, trash, and trash valet fees. This does not include utility fees for a residential rental unit, which a landlord may charge to the tenant.
 - A landlord may not charge a tenant any fee for a tenant to own a household pet. This does not prohibit a landlord from charging a pet security deposit that is refundable at the end of the tenancy.
 - A landlord may not charge a tenant any fee that is not specified in the rental agreement. For any fee added after the rental agreement, a landlord must provide notice, in writing, 30 days before the fee goes into effect, and the new agreement must be signed by all parties.

Moreover, this action directs County Counsel to include in the draft ordinance remedies against landlords who fail to comply with the above.

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RECOMMENDATION(S)

**SUPERVISOR MONICA MONTGOMERY STEPPE AND SUPERVISOR PALOMA
AGUIRRE**

1. Direct the Chief Administrative Officer (CAO) to work with County Counsel and staff to draft an ordinance for the unincorporated areas of the County of San Diego with the following to the extent allowed by law:
 - a. **Transparency:** A landlord must disclose the total cost of monthly rent and any fees in addition to rent in advertising, on their website, and in any document that lists rental costs.
 - b. **Public Education:** A landlord must include in the rental application educational materials explaining AB 2493, including when a landlord is prohibited from charging an applicant an application screening fee.
 - c. **Reusable Tenant Screening Reports:** Where an applicant for a residential rental unit provides their own tenant screening or consumer credit report, the landlord is required to accept the report and may not charge the applicant an application fee
 - d. **Holding Deposit:** A holding deposit is a sum of money paid to a landlord to reserve a rental property while the lease signing process is still underway. Landlords may charge an applicant a holding deposit up to 5% of the monthly rent for the unit being held. Holding deposits must be refunded to applicants when the lease agreement is finalized or if the lease does not move forward at no fault of the tenant.
 - e. **Junk Fees:**
 - i. Any fees required by local, state, or federal law must be excluded from the costs owed by the tenant.
 - ii. Any and all fees required to be paid by the tenant must not exceed 5% of the monthly cost of rent. Fees to be defined as all fees other than rent, late fees, and processing fees.
 - iii. Landlords may charge late fees for the late payment of rent up to 2% of monthly rent. This may not be charged unless rent is overdue by seven days or greater. Landlords must apply payments by the tenant to monthly rent before any existing late fees.
 - iv. Landlords may charge a processing fee, including a convenience fee or a check cashing fee, for the payment of rent or any other fees or deposits that is up to the cost the landlord pays for the processing of the payment of rent or any other fees or deposits.
 - v. Landlords may not charge to the tenant any fees for services solicited by a landlord to maintain the habitability of the rental unit, including, but not limited to, pest control, trash, and trash valet fees. This does not include utility fees for a residential rental unit, which a landlord may charge to the tenant.
 - vi. A landlord may not charge a tenant any fee for a tenant to own a household pet. This does not prohibit a landlord from charging a pet security deposit that is refundable at the end of the tenancy.
 - vii. A landlord may not charge a tenant any fee that is not specified in the rental agreement. For any fee added after the rental agreement, a landlord must provide notice, in writing, 30 days before the fee goes into effect, and the new agreement must be signed by all parties.

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f. Remedies:

- i. A rental applicant or tenant claiming a violation of any of the above may file an action against a landlord in a court of competent jurisdiction.
 - ii. A rental applicant or tenant may seek injunctive relief, equitable relief, and money damages, including punitive damages, in a civil action against a landlord for a violation of the above.
 - iii. A tenant may raise, as an affirmative defense, any violation or noncompliance with the provisions above in any action by a landlord to recover possession of a residential rental property.
 - iv. In the court's discretion, a landlord who materially violates the above shall be liable to the tenant in a civil action for reasonable attorney's fees and costs.
 - v. The remedies above are cumulative and may be used in addition to any other remedies available at law, statute, or ordinance.
 - vi. The County of San Diego may enforce this ordinance, including administrative, civil, and/or criminal remedies.
 - vii. In addition to other remedies applicable to a landlord's failure to comply with the above, a landlord's failure to comply with any provision of this ordinance shall render void any notice of termination required by local or state law.
2. Direct the Chief Administrative Officer (CAO) to estimate the cost, staffing, and contract needs to enforce violations of any of the above proposed ordinances.
 3. Direct County Counsel to report back to the Board of Supervisors (Board) with an initial draft of the ordinance reflecting the changes outlined in Recommendation 1 within 90 days.
 4. Direct the CAO to report back to the Board on Recommendation 2 within 120 days.

EQUITY IMPACT STATEMENT

Strengthening and enforcing the rights of tenants, increasing housing opportunities for underserved communities, and preserving and expanding the County's supply of safe and affordable housing demonstrates a commitment to promoting equity, justice, and inclusivity.

SUSTAINABILITY IMPACT STATEMENT

Creating policies that reduce poverty by strengthening the rights of tenants and increasing affordable housing opportunities for underserved communities promotes economic stability for all.

FISCAL IMPACT

Funds for the actions requested in these recommendations to explore and report back to the Board are included in the Fiscal Year 2025-26 Operational Plan based on existing staff time in the Office of County Counsel funded by existing General Purpose Revenue. There may be fiscal impacts associated with future related recommendations which staff would return to the Board for consideration and approval. There is no fiscal impact associated with this recommendation. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

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ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County of San Diego (County) has increasingly become one of the most expensive places to live for renters in the United States. Indeed, the City of San Diego ranked number 12 among the 100 biggest cities in the nation for its overall median rent, ahead of Los Angeles, Seattle, Miami, and Chicago.¹ Moreover, the average rent in San Diego County rose 52% between 2018 and April 2025.² Specifically, the average monthly rent in San Diego County during this time rose from \$2,071.67 to \$3,161.94.³ Just in 2023, 141,544 low-income renter households in San Diego County did not have access to an affordable home.⁴ Various fees imposed by landlords increase these costs, including rental application fees, tenant screening fees, and “junk fees” such as pet rent, late fees, and trash valet. These fees create significant barriers to housing that compound unaffordable rents, deepen housing discrimination, and make the housing search difficult for many people, especially low-income renters and renters of color. These junk fees add to the already heavy burden that exorbitant rents place on renters, with over 40% of renter households in the United States being “cost burdened,” i.e., paying over 30% of their income on housing costs.⁵ For 27% of renters in California, or roughly 1.6 million households, rent is over half of their income.⁶ In San Diego County, 82% of extremely low-income households pay more than half of their income on housing costs compared to 1% of moderate-income households.⁷

Accordingly, this is a request for the Board of Supervisors (Board) to direct County Counsel to draft an ordinance prohibiting the charging of fees in addition to rent that is in excess of a percentage of the cost of monthly rent and requiring landlords to provide the full cost for their residential rental units. The draft ordinance should include the following:

- **Transparency:** A landlord must disclose the total cost of monthly rent and any fees in addition to rent in advertising, on their website, and in any document that lists rental costs.
- **Public Education:** A landlord must include in the lease educational materials explaining AB 2493, including when a landlord is prohibited from charging an applicant an application screening fee.
- **Reusable Tenant Screening Reports:** Where an applicant for a residential rental unit provides their own tenant screening or consumer credit report, the landlord is required to accept the report and may not charge the applicant an application fee
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- A landlords may not charge a tenant any fee that is not specified in the rental agreement. For any fee added after the rental agreement, a landlord must provide notice, in writing, 30 days before the fee goes into effect, and the new agreement must be signed by all parties.

Moreover, this action directs County Counsel to include in the draft ordinance remedies against landlords who fail to comply with the above. An explanation of several of these policy changes follows below.

Public Education

On September 29, 2024, California Assembly Bill 2493 (AB 2493) was enacted, amending California Civil Code § 1950.6. Specifically, AB 2493 newly authorizes a landlord to charge an application screening fee *only* if the landlord, at the time the application screening fee is collected, offers an application screening process.⁸ This bill also prohibits a landlord from charging an applicant an application screening fee when they know or should have known that no rental unit is available at that time or will be available within a reasonable period of time.⁹ Moreover, AB 2493 requires the landlord to provide a copy of a consumer credit report within 7 days of the landlord receiving the report.¹⁰

With this recent change in law, many rental applicants may not be aware of their rights, while landlords continue charging unlawful application screening fees. Thus, this action includes direction to County Counsel to draft an ordinance requiring landlords to disseminate information to their rental applicants regarding their rights under AB 2493.

Reusable Tenant Screening Reports

As part of the housing search, prospective renters often pay application fees to be considered for available rental units. These fees can limit options for renters and strain household budgets, particularly for those with low and modest incomes. Application fees are particularly burdensome in tight markets like San Diego, where renters often submit multiple applications as they compete for scarce units. Many people pay hundreds of dollars in application fees before securing a place

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to live, and landlords often charge a separate fee for each adult, resulting in families or groups of roommates spending hundreds of dollars applying just to one unit.¹¹ Application fees also disproportionately burden Black and Latinx renters and low-income households with housing vouchers.¹² Black and Latinx renters, on average, apply to more units than White renters.^{13,14} Application fees are often charged to cover the cost of landlords' tenant screening costs, which usually includes purchasing a report from a tenant screening company that includes information such as criminal, credit, and eviction records, and occasionally a "risk" score.¹⁵ An application fee does not guarantee anything to the applicant; it merely buys them a chance to qualify for the unit, subject to a tenant screening process at the landlord's discretion.

Under California's current statutory framework, a landlord may charge an applicant an application screening fee to cover the costs of obtaining information about the applicant.¹⁶ The amount of the application screening fee cannot be greater than the actual out-of-pocket costs of gathering information about the applicant, including, but not limited to, the cost of using a tenant screening service or consumer credit reporting service, and the reasonable value of time spent by the landlord in obtaining information on the applicant.¹⁷ Moreover, the California Civil Code limits the amount a landlord may charge for an application screening fee, but this limit may be adjusted annually commensurate with an increase in the Consumer Price Index.¹⁸ As of 2025, a landlord may charge up to \$64.50 per application fee.¹⁹

Further, under California law, landlords may elect to accept a reusable tenant screening report or consumer credit report but are not required to accept either.²⁰ If a landlord accepts a reusable tenant screening report, the landlord is prohibited from charging the applicant either a fee for the landlord to access the report or an application screening fee.²¹ Because of the permissive nature of this statute, landlords in the region typically do not accept reusable tenant screening reports and instead opt to charge an applicant to run their own report.

Junk Fees

In addition to rental application and tenant screening fees, renters face an inordinate number of junk fees that force safe, affordable, and sustainable housing out of reach. These junk fees are also often not disclosed in advertisements for rental units and are not included in the monthly rent, and tenants are caught off guard by these hidden fees. Moreover, these junk fees disproportionately harm people of color who are more likely to rent homes and pay steep application fees. Some examples of junk fees include excessive late fees, utility-related fees, pet fees or pet rent, trash fees, insurance fees, pest control fees, and mail sorting fees.²²

Additionally, junk fees can jeopardize access to future housing and financial stability. Tenants are sometimes evicted when they cannot pay these junk fees, even if they have paid their rent. Moreover, if a tenant cannot afford to pay a required junk fee, a housing provider may seek to collect the fees through a third-party debt collector, who then in turn reports the account to a credit bureau.²³ This in turn becomes an alleged rental debt, leading to negative marks on a credit report, resulting in lowered credit scores.²⁴ Not only can this alleged rental debt result in a collection lawsuit, but negative entries in a credit report oftentimes create a long-term barrier to renters obtaining new housing.²⁵ Ninety percent of landlords run credit checks on all potential tenants, often automatically rejecting applicants who have lower credit scores.²⁶

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Thus, this action proposes an ordinance to address unfair practices, price gouging, and transparency within fees in the residential rental market.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the County's 2025–30 Strategic Plan initiatives of Community (Quality of Life), Equity (Housing), and Sustainability (Economy) by prohibiting excessively high fees which increase the overall cost of rental expenses.

Respectfully submitted,



MONICA MONTGOMERY STEPPE
Supervisor, Fourth District



PALOMA AGUIRRE
Supervisor, First District

ATTACHMENT(S)

N/A

¹ Danielle Dawson, *San Diego rents dipped slightly in May compared to 2024, new report finds*, FOX 5 NEWS (May 29, 2025, 4:24 PM), <https://fox5sandiego.com/news/local-news/san-diego-rents-dipped-slightly-in-may-compared-to-2024-new-report-finds>.

² Jake Gotta, *In San Diego, rents rise slower where more homes are permitted*, KPBS (June 25, 2025, 6:00 AM), <https://www.kpbs.org/news/economy/2025/06/25/rents-rise-slower-where-more-homes-are-permitted>.

³ *Id.*

⁴ *San Diego County 2023: Affordable Housing Needs Report*, California Housing Partnership 1 (May 2023).

⁵ ARIEL NELSON ET AL., NAT'L CONSUMER LAW CTR., TOO DAMN HIGH: HOW JUNK FEES ADD TO SKYROCKETING RENTS 6 (Mar. 2023) [hereinafter Nelson, "Too Damn High"].

⁶ Jonathan Lansner, *For 27% of California tenants, rent is more than half their income*, THE SAN DIEGO UNION TRIBUNE (Sept. 16, 2025), <https://www.sandiegouniontribune.com/2025/09/16/for-27-of-california-tenants-rent-is-more-than-half-their-income>.

⁷ California Housing Partnership, at 1.

⁸ Cal. Civ. Code § 1950.6(a) & (b).

⁹ *Id.* § 1950.6(c)(1).

¹⁰ *Id.* § 1950.6(f).

¹¹ Eric Dunn, *The Case Against Rental Application Fees*, 30 GEO. J. ON POVERTY L. & POL'Y 21, 23 (Fall 2022); see, e.g.,

U.S. Dep't of Housing & Urban Dev. Office of Pol'y Dev. & Research, Transparency in Rental Fees, at 1, July 2023, <https://www.huduser.gov/portal/sites/default/files/pdf/policy-and-practice-publication-2023-july.pdf>.

¹² OFFICE OF POLICY DEVELOPMENT & RESEARCH, U.S. DEP'T OF HOUSING AND URBAN DEVELOPMENT, POLICY & PRACTICE: INNOVATIVE SOLUTIONS TO HELP LOCAL POLICYMAKERS AND PRACTITIONERS ADDRESS TODAY'S HOUSING AND COMMUNITY DEVELOPMENT CHALLENGES 1 (July 2023).

¹³ *Id.*

¹⁴ *Id.*

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¹⁵ Mariah de Leon & Natasha Duarte, *Tenants Pay the Price: The Trap of Portable Tenant Screening Reports*, UPTURN, Aug. 2024, at 7.

¹⁶ Cal. Civ. Code § 1950.6(a).

¹⁷ *Id.* § 1950.6(b).

¹⁸ *Id.*

¹⁹ *California Rental Application Fee (AB 2493) in 2025: Updated Laws & Limits*, LEASERUNNER (June 4, 2025), <https://www.leaserunner.com/blog/california-rental-application-fee>.

²⁰ Cal. Civ. Code §§ 1950.1(c) & (h), 1950.6(a).

²¹ *Id.* § 1950.1(d).

²² Too Damn High, at 3–4.

²³ *Id.* at 7.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*