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October 31, 2025

County of San Diego
Board of Supervisors
County Administration Center
1600 Pacific Highway
San Diego, CA 92101

Via Email at: PublicComment@sdcounty.ca.gov

RE: Support for Discussion Item 15 – Protecting Residential Rental Applicants and Tenants from Price Gouging and Fee Exploitation

Dear Chair Aguirre and Members of the Board:

On behalf of the undersigned organizations, we write to offer our strong support Discussion Item 15 - Protecting Residential Rental Applicants and Tenants from Price Gouging and Fee Exploitation. We collectively believe that pets and people belong together and that the strong bonds between people and pets make for healthier and more prosperous communities. The proposed motion is a productive first step to removing significant financial barriers to having pets in housing and reducing the devastating trend of housing-related pet surrenders.

A national study conducted by the ASPCA revealed that those who rent are more likely to need to rehome their pets for housing issues than for any other reason.[1] Costly pet deposits, pet-related fees, and additional monthly "pet rent" are all roadblocks renters encounter as they attempt to find a place to live with pets. According to an apartments.com survey of 3,000 renters, close to 80 percent of respondents said they were required to pay a pet deposit or other costs to include a pet in their household. Nationally, research shows that pet-owning residents are paying an average of $857 in combined security and pet deposits, an average of $244 onetime pet fees, and an average of $600 annually in monthly pet fees. (HABRI and Michelson Found Animals, 2021 Pet Inclusive Housing Initiative.)

These upfront and ongoing costs can be the breaking point as families struggle to find cost appropriate housing that includes their pets. In particular, market factors have made it increasingly difficult for lower income households to maintain a pet. A recent study found that lower income communities and communities of color are more likely to pay disproportionately higher fees to keep pets in their homes.[2] More broadly, there is evidence that there are far fewer pet-friendly housing options available to lower income households. This burden may lead to both housing insecurity and owners surrendering their pets to local shelters and rescues. Furthermore, it is a primary reason for a growing socioeconomic disparity in households with pets.

[1] Weiss, E., Gramann, S., Spain, V., & Slater, M. (2015). Goodbye to a good friend: An exploration of the re-homing of cats and dogs in the U.S. Open Journal of Animal Sciences. 5: 435- 456.
[2] Applebaum, et al., Pet-Friendly for Whom? An Analysis of Pet Fees in Texas Rental Housing (2021 Nov 8) https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8606550/.

While we recognize the complex factors involved in the rental market, the causal link between pet surrender and barriers to pets in rental housing are clear. The lack of supply of new housing has resulted in historically low vacancies and high rents in the rental market. While renters in general may have difficulty finding suitable housing options in the market, those households with pets are confronted with an even greater challenge. The tight rental market means landlords can be more discerning in the types of households they rent to and often exclude potential tenants with pets or charge exorbitant fees as a condition of renting. As a result, thousands of dogs and cats are relinquished to City and County animal shelters every year, breaking apart families and adding additional stress to already difficult situations.

The apartment industry has tended to view pet-related fees as a revenue-generating tool, with the amounts being charged seeming to be arbitrary and rarely, if ever, tied to cost recovery. Extensive interactions with landlords have revealed that many landlords have an unsubstantiated belief that all pets will create significant damage to their property. Recent studies have found that there is little, if any, difference in damage between tenants with and without pets.[3] Only 9% of pets are reported to cause any damage whatsoever, and the average damages are only $210. Furthermore, only 2% of pets caused damage requiring a security deposit deduction, with the majority of pet owners paying out of pocket to fix any damages.

Conversely, there are a number of benefits that both landlords and the community realize when pets are allowed.[4] For example, according to one study, 83% of owners/operators say that pet-friendly vacancies can be filled faster. Furthermore, 21% of residents in pet-friendly housing stay longer than those who don't allow pets.[5] This means lower marketing and turnover costs and downtime. These benefits mean money in the pockets of property owners.

By moving forward with the motion, the Board has at its discretion the ability to open up thousands of new pet-friendly housing opportunities, reduce the strain on local animal sheltering and rescue organizations, strengthen communities and families, and improve public health outcomes. We ask for your support for the proposed motion as a first step towards ensuring that fewer San Diego renters are faced with the difficult decision of giving up their pet.

Sincerely,

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[3] Human Animal Bond Research Institute and Michelson Found Animals, "On average pets only cause $210 in damage to rental units" https://fapihitemp.wpengine.com/wp-content/uploads/2022/10/PIHI-Sept20-2.pdf.
[4] *Companion Animal Renters Study: The Market for Rental Housing for People with Pets,* The Pet Savers Foundation, https://www.petfinder.com/dogs/living-with-your-dog/pet-friendly-housing-study/ (2004).
[5] Human Animal Bond Research Institute and Michelson Found Animals, https://fapihitemp.wpengine.com/wp-content/uploads/2022/10/PIHI-Sept20-2.pdf.

Southern California
Rental Housing Association

October 31, 2025

San Diego County Board of Supervisors
1600 Pacific Highway
San Diego, CA 92101

RE: ITEM 15 - PROTECTING RESIDENTIAL RENTAL APPLICANTS AND TENANTS FROM PRICE GOUGING AND FEE EXPLOITATION

Dear Supervisors:

On behalf of the Southern California Rental Housing Association (SCRHA) I am writing to express our opposition to the proposed Protecting Residential Rental Applicants and Tenants from Price Gouging and Fee Exploitation ordinance. While SCRHA supports transparency, what is being proposed goes far beyond transparency and disclosure. We are extremely disappointed that there was no outreach whatsoever to rental housing organizations by those introducing the measure. Stakeholder input, especially by those who will be regulated, is vital to effective public policy.

Housing providers in California and San Diego have long unbundled certain services from the cost of rent and charged them as separate fees. Transparency is those fees and charges already exists in most advertising and rental agreements. More importantly, housing providers make sure to carefully go over those specifics at the time of lease signing. These fees not only help offset increasing costs to housing providers, they help illustrate the costs associated with operating rental housing and provide tenants with opportunities to manage and reduce certain expenses, such as utilities, trash, and optional services. Limiting and/or prohibiting certain fees, essentially mandating that all fees be folded into rent, will not reduce the overall cost of housing. It is more likely that the proposed ordinance will so strictly restrict the types of fees and charges that can be passed on separately to tenants that it is likely to increase overall rent prices, particularly for new tenants.

Importantly, there is no data to suggest that there is a problem with fees and charges in San Diego. In 2025, bills were introduced in the State Legislature, SB 681 and AB 1248, with similar intent and both failed passage. The Assembly Committee on Judiciary analysis dated April 22, 2025, also conveyed that there is no data to support a problem with “junk fees.”

> *The only source cited for this claim in the letters of support is a 2023 report by the National Consumer Law Center, entitled “Too Damn High: How junk fees add to skyrocketing rents.” However, this report does not cite any data comparing practices before and after the TPA’s operative date. The only thing in the report that comes*

remotely close to supporting this assertion is a single sentence claiming that "two California advocates commented that since the passage of a state law that limits rental increases, they have seen an increase in landlords finding any other way to charge renters more money." We know nothing about these "two California advocates." This is not to dispute the co-sponsors' contention, for the statement may very well be true; but no empirical data has been provided to the Committee that supports the claim.

SCRHA believes a statewide standard on fee transparency and/or disclosure is the best path forward and we expect that bills to address this topic are likely to return in the coming legislative session.

Below are the concerns and questions we have with the proposed policy items:

- **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**.**
    - This could prove to be impractical for those who do not have websites or independent housing providers who do not utilize online technology for advertising. Those who rely on newspaper ads or signs at the property will find it difficult, if not impossible, to comply. Additionally, some fees might be voluntary and/or dependent on choices made by the tenant on or after lease signing. Disclosure of fees at lease signing is a more reasonable approach and mirrors what some other states have done.
    - It is also arguable that California law already requires this - The Honest Pricing Act, which was passed under SB 478 in 2024, amended the California Consumer Legal Remedies Act ("CLRA") to prohibit "advertising, displaying, or offering a price for a good or service that does not include all mandatory fees or charges." In other words, the advertised price for a good or service must include all mandatory fees that will be charged to the consumer, excluding only government-imposed taxes or fees and reasonable shipping costs. While SB 478 does not specifically mention "residential rental housing" it also does not exclude it. The law is not settled on whether a residential rental unit is a good or service under the Honest Pricing Act/SB 478. There are some cases that hold that CLRA does not apply to residential rental housing, but there are other cases that hold that depending on what the lease terms are, residential rental housing could fall under CLRA. Consistent and clear regulations are always best. Let case law or a legislative fix proceed before creating a local law that may conflict with the CLRA.
- **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.

  - While SCRHA strongly supports education and outreach, the onus should not fall solely on rental housing providers to educate renters. Moreover, this approach is deeply flawed since lease signing comes after the application phase. It is ineffectual to provide information on tenant screening laws after the screening has already occurred.
  - The County should take the lead on tenant education by creating a website dedicated to renters, including their rights and responsibilities under AB 2493 and other key rental laws.
- **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.
  - Fraud is rampant across the country when it comes to screening. SCRHA members have been reporting an increase in fraud over the last few years with many now using an additional company to screen for fraud.
  - A recent Wall Street Journal article entitled *"Renters Are Conning Their Way Into Luxury Apartments"* highlighted the national surge in these scams. According to the article:
    - Nationally, nearly three-quarters of apartment owners reported an average 40% increase in rental-application and -payment fraud last year compared with 2023, according to a National Multifamily Housing Council survey.
    - Advanced photoshopping and the advent of generative artificial intelligence have enabled most anyone with a laptop to fake a pay stub or forge an employment letter.
    - Screening partners that utilize technology to help prevent and identify fraud are vital. Mandating the use of reusable screening reports opens the door to increased fraud.
  - Reusable screening reports as defined by state law are not always comprehensive enough to meet the requirements of a housing provider's criteria. This means housing providers will have to adjust their criteria to meet the requirements of this proposed ordinance and forego screening for criminal background, rental history verification, and possibly more. The acceptance of reusable screening reports should remain voluntary
- **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.
  - This interferes with and contradicts existing best practices and the holding deposit agreements used by housing provider and applicant.

- Applicants/tenants are generally the party who request a unit to be held off the market by paying a holding deposit. Housing providers charge an amount, not more than the allowable security deposit and rarely the full amount, to hold the unit off market for an applicant when they could otherwise rent it immediately to another applicant.
- This is a benefit primarily for applicants, not housing providers. More often than not, applicants qualify, sign a lease, and move in, in which case the holding deposit essentially becomes the security deposit or a portion thereof. If the applicant doesn't sign a lease and move in, then the housing provider returns the holding deposit minus actual damages/lost rent.
- Regulating holding deposits as proposed could lead to fewer housing providers engaging in the practice. Without any means to offset the possible losses incurred when a housing provider could have otherwise rented the unit sooner, most will simply not take on the risk. This means tenants who can't yet move into a new unit, whether because they are still in another housing unit, can't afford to pay double, or may not in town, will have a harder time obtaining housing. Moreover, it is unclear what unintended impacts this could have on those utilizing government subsidies that typically come with lengthy approval processes.

Fees

- Any fees required by local, state, or federal law must be excluded from the costs owed by the tenant.
  - It is unclear what fees this are being referenced. Clarification is needed as we are unaware of housing providers charging tenants government fees.
- 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.
  - This does not delineate between mandated and voluntary fees. What if a tenant wants to opt in for a service or amenity that requires a fee but can't because of the 5% limit? Can housing providers deny them the option of that service or amenity because of the fee cap with indemnity from fair housing complaints and lawsuits? Does this specifically exclude fees associated with utility billing per the city's recently passed ordinance?
  - The unintended consequence of this limit is that base rents will increase if housing providers are afraid of not being able to recover costs if capped at 5% for additional fees.
  - This limitation may also discourage owners and managers from offering services that tenants may want such as internet, cable, housekeeping, etc.
- 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.

  - This could negate the use of a tool that some housing providers use to help encourage timely rent payments. This interferes with and negates most existing rental contracts that allow for late fees and a specified grace period, typically three days.
  - Late fees may only be charged if specified in the lease. Case law has already ensured that housing providers may not charge late fees for each day the rent is late, only a flat amount. Furthermore, while there is no fixed statutory limit, fees exceeding 5% of the monthly rent have been deemed unreasonable and challenged in court. The industry standard is 5% or less.
  - The seven-day time frame serves only to encourage late rental payments. Housing providers do not have to allow for late fees. Housing providers will likely cease to include late fees and instead consider rent past due the day after the due date and immediately issue a Three-Day Notice to Pay or Quit, removing any grace period or extra time to pay rent.
- 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.
  - This is unnecessary and conflicts with existing California law which prohibits a landlord from charging a tenant any fee for payment by check. Additionally, housing providers are already in the business of cost-recovery only. We are not aware of any housing provider using fees for profit, only to offset their costs.
  - This may also conflict with state law. California Civil Code 1748.1 which states: No retailer in any sales, service, or lease transaction with a consumer may impose a surcharge on a cardholder who elects to use a credit card in lieu of payment by cash, check, or similar means.
  - Though, there is uncertainty about the actual applicability of the law because there is a court decision holding that the law is unconstitutionally vague as to the specific business involved in that case, we believe that education and outreach to housing providers about Civil Code section 1748.1 could serve to accomplish the stated policy goal without running the risk of conflicts with state law and having to alter municipal code down the road.
- 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.
  - Trash valet typically includes convenience services residents desire to have, which are not related to maintaining a habitable premises. It is a service that helps tenants comply with complicated waste, recycling, and organics laws. Valet services not only help tenants who might not be willing or able to sort their refuse properly, but it also helps keep costs down at properties by reducing cross contamination, something that waste haulers charge housing providers for even

when it is the tenants who are not throwing their waste in the proper receptacles.
    - Organics recycling requirements increase the need for pest control services. Many residents also chose to live in less-than-clean conditions, exacerbating the need for pest control services. In multifamily environments, pest control services benefit all residents and contracting with a licensed pest control operator ensures adherence to state and federal regulations and application in a safe manner.
    - Housing providers may opt to forego those services and apply pesticides themselves pursuant to state law. This could result in Pest Control Companies, including many small local businesses, losing business and reducing staff.
- 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.
    - Security deposits are now limited to no more than the equivalent of one month's rent. This means housing providers have to pay for all damages, even additional damage created by pets, with a very limited amounts. Pet fees help mitigate risk and damage when allowing pets.
    - This is punitive to housing providers who have opted to allow pets and will likely result in changes to pet policies.
- 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.
    - This is punitive to housing providers who may need to institute other necessary services at some point in a tenancy or wish to add amenities. Without tenant consent, a housing provider could be prohibited from ever billing back for costs such as non-city provided utilities.

In summary, we remain concerned with the overregulation of rental housing providers and the impact on residential renters. A recent study found that overregulation significantly increases the cost of rental housing. In San Diego specifically:

- Eviction laws, which include state law and local ordinances known as Tenant Protection Ordinances (TPOs), are estimated to increase rents about $1,764 per unit annually.
- Source-of-income regulations, which include state law and some local ordinances such as the City of San Diego's law, are estimated to increase rents between $1,416 to $1,584 per unit annually.
- Resident screening laws, which are statewide, are estimated to increase rents by between $408 to $1,020 per unit annually.

Simply put, this kind of regulation is driving the cost of rental housing higher, harming renters, and not creating a single unit of rental housing.

The issues before you are complicated and deserve a more balanced and thought-out approach that includes stakeholder input, especially from those who will be regulated and subject to fines and lawsuits. Rental housing providers are not greedy corporations. They are teachers, veterans, retirees, your neighbors and constituents. Many rely on their rentals as their sole source of income. SCRHA believes in collaboration and would be happy to participate in discussions that will lead to fair and balanced policies that help renters while not harming the ability to provide essential rental housing.

Sincerely,

Molly L. Kirkland

Molly Kirkland
Director of Public Affairs

RELEVANT STATE LAW/CIVIL CODE:

1) Regulates the hiring of real property and imposes various requirements on landlords relating to the application for, and leasing of, residential rental property. (Sections 1940 to 1954.07. Subsequent citations refer to this code.)
2) Prohibits a landlord from demanding or receiving security, however denominated, in an amount or value in excess of an amount equal to one month's rent, in addition to any rent for the first month paid on or before initial occupancy. (Section 1950.5(c).)
3) Prohibits a landlord or its agent from charging a tenant a fee for serving, posting, or otherwise delivering a notice of termination of a hiring of residential property, as specified. (Section 1946.1(i).)
4) Prohibits a landlord or its agent from charging a tenant any fee for payment by check. (Section 1947.3(b).)
5) Prohibits an owner of residential real property from, over the course of any 12-month period, increasing the gross rental rate for a dwelling or a unit more than 5 percent plus the percentage change in the cost of living, or 10 percent, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months prior to the effective date of the increase. (Section 1947.12.)
6) Defines "reusable tenant screening report" as a consumer report that satisfies all of the following criteria: a) It was prepared within the previous 30 days by a consumer reporting agency at the request and expense of an applicant. b) It is made directly available to a landlord for use in the rental application process or is provided through a third-party website that regularly engages in the business of providing a reusable tenant screening report and complies with all state and federal laws pertaining to use and disclosure of information contained in a consumer report by a consumer reporting agency. c) It is available to the landlord at no cost to access or use. Requires a reusable tenant screening report to include all of the following information regarding an applicant: a) Name b) Contact information c) Verification of employment. d) Last known address. e) Results of an eviction history check in a manner and for a period of time consistent with applicable laws related to the consideration of eviction history in housing. (Section 1950.1)