Councilmember Elo-Rivera
Council District Nine

Councilmember Foster
Council District Four

Item 330

Residential Rental Price Gouging, Fee Exploitation, and Cost Transparency Ordinance

The City of SAN DIEGO

Informational Item

We are seeking input from the Public and Councilmembers.

Background

Residential Rental Price Gouging, Fee Exploitation, and Cost Transparency Ordinance

Purpose and Goals

- Make housing more affordable for San Diegans
- Respond to the concerns and requests of San Diegans
- Promote fairness, equity, and transparency regarding how landlords charge fees to residential tenants and applicants

Previous Actions

- This item was heard previously at Select Committee on Addressing Cost of Living on October 30th, 2025
- Motion by Chair Elo-Rivera to direct Council District Offices 9 and 4 to work with the City Attorney's Office to draft the Residential Rental Price Gouging, Fee Exploitation, and Cost Transparency Ordinance

City/County Partnership

- Joint Ordinance between City of San Diego & County of San Diego
- Councilmember Sean Elo-Rivera & Councilmember Henry L. Foster III
- Supervisor Monica Montgomery Steppe & Supervisor Paloma Aguirre

Rental Market in San Diego

U.S. metro area	Rentership rate (Q3 2024)	Rentership rate (Q3 2023)	Homeownership rate (Q3 2024)	Homeownership rate (Q3 2023)
San Diego, CA	48.0%	47.3%	52.0%	52.7%

- As of May 2026, average rent in San Diego is approximately $3,027.
- Approximately 109,595 renters in San Diego are cost burdened.

Rental Market

Recent Renters that Submitted	2018	2019	2020	2021	2022	2023	2024	2025
0 applications	14%	13%	12%	14%	11%	13%	14%	20%
1 application	36%	38%	31%	25%	32%	21%	25%	23%
2+ applications	50%	50%	56%	61%	57%	66%	62%	57%

- The burden of application fees totaled $276 million each year.
- Renters of color reported paying higher total amounts in application fees.

The Problem

Based on resident feedback, we are excited to announce that we are now offering termed leases. Below you will find your lease renewal options. Please review and contact the office via phone at (619)-[redacted] or email at management[redacted] by[redacted] to let us know which term you would like. Note that if you decide to go month to month, there will be a fee of $250 per month in addition to your rental rate. The new rates will take effect on [redacted].

Lease Option	Monthly Rent	Parking/Storage	MTM Fee	Total	Effective Date
12 Month	$1525	$0	NA	$1525	[redacted]
Month to Month	$1525	$0	$250	$1775	

Examples

"I received a Notice from my landlord that the garage I've been renting as part of my six-year old Month-To-Month agreement was no longer part of the agreement and to vacate in 30-days. Then the landlord told me I could retain the garage if ***I paid an additional $600/month****"*

Examples

"I am a parent. I am a tenant. And I am writing this testimony because my family went through something that should never happen to anyone…In October my landlord gave me a 60 day notice to move out. I have eight people in my house. Five children and three adults... Every place I apply they want a credit check fee. Not just for me. For all three adults in my house…Three adults, three fees…Every single application… From November all the way to May ***I spend over four hundred*** *dollars just for credit check fees. Just to apply. Not to move in. Just to apply. And we never get any apartments…"*

Examples

"…Every time they tell me the same thing. We already picked somebody else. We have too many applicants. They always have something to say but they never give me my money back. Never. ***They just keep the money and that is it.***"

Rental Fees

- Application Fee
- Screening Fee
- Application Deposit/Holding Deposit
- Late Fee
- Security Deposit
- Pet Fee/Pet Security Deposit
- Trash Valet Fee
- Notice Fee
- Pest Control Fee
- Repair/Maintenance Fee
- Processing Fee
- Lease Termination Fee
- High Risk Fee
- Insurance Fee
- Convenience Fee

Other Jurisdictions

- *Bellingham, Washington*
  - Capped late fees to 2% of the outstanding monthly rent past due,
  - Capped security deposits at an amount equal to one month's rent,
  - Prohibited a fee for the use of an in-unit appliance, access to common area, and more

Other Jurisdictions

- *State of Virginia*
  - HB2430 requires proper fee disclosure
  - HB2218 provided language allowing landlords to charge late fees for the payment of rent after the fifth day and capping late fees

Other Jurisdictions

- *State of Colorado*
  - Prohibited persons from misrepresenting the pricing of a good or service
  - Prohibited landlords from requiring tenants to pay a fee for the processing of rent and for services necessary to comply with responsibilities or obligations of the landlord.

Other Jurisdictions

- *State of Colorado (cont.)*
  - *Restricted pet deposits, pet rent, and pet-related rental fees.*

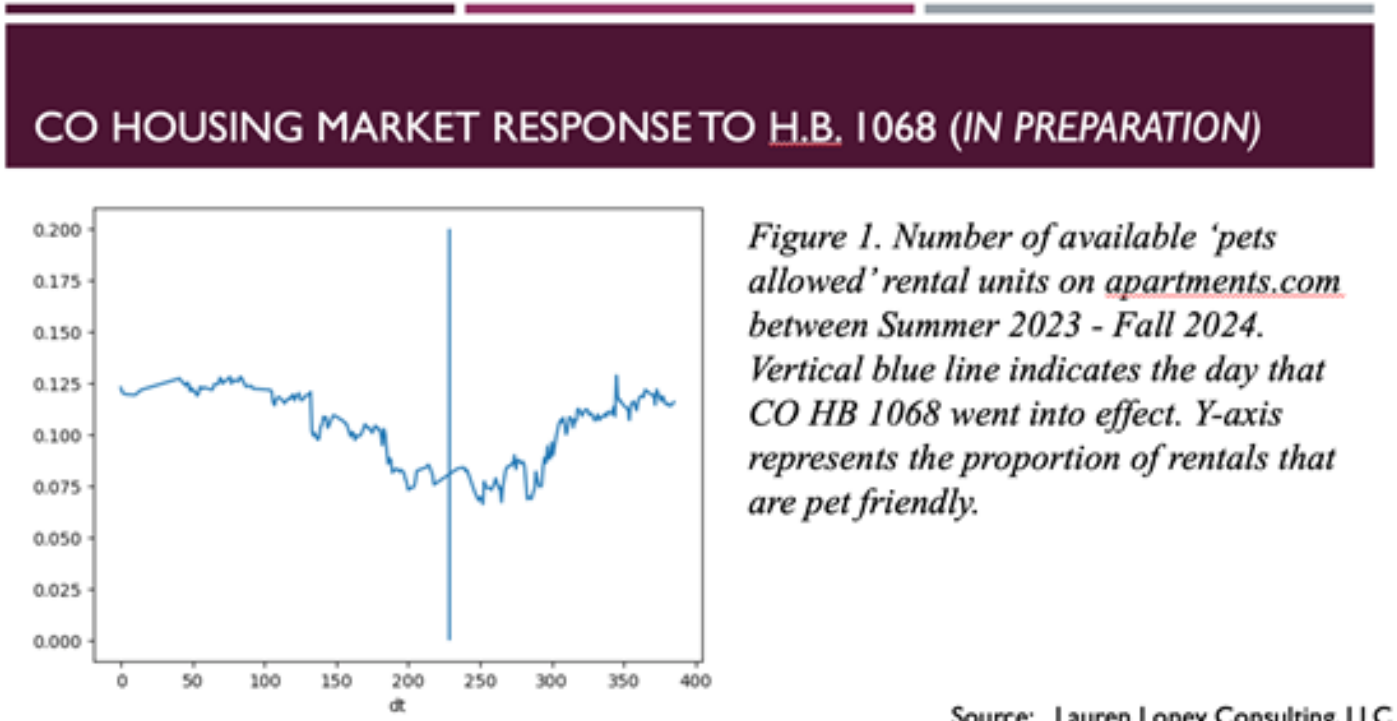

Figure 1. Number of available 'pets allowed' rental units on apartments.com between Summer 2023 - Fall 2024. Vertical blue line indicates the day that CO HB 1068 went into effect. Y-axis represents the proportion of rentals that are pet friendly.

Source: Lauren Loney Consulting, LLC
Dr. Kevin Horecka, Austin, TX

California State Laws

- Cal Civ. Code §§ 1950.1, 1950.6
  - Reusable tenant screening report | § 1950.1
  - Application screening fee | § 1950.6
  - Screening fees when no units available | § 1950.6
  - Documentation of screening fee and refund requirement | § 1950.6
  - Copy of report where screening fee paid | § 1950.6

Policy proposal

Residential Rental Price Gouging, Fee Exploitation, and Cost Transparency Ordinance

Charges to Applicants

- A *landlord* shall accept an ***applicant's screening report*** and not charge the *applicant* for *landlord* to separately obtain any information included in the *applicant's screening report*.

- A *landlord* may charge an *applicant* a **holding deposit in an amount not to exceed 5%** of monthly *rent* for the *residential rental property* being held.

Charges to Tenants

- A *landlord* shall not charge a *tenant* **recurring *fees*** in a cumulative amount greater than **5% of monthly *rent***.

- A *landlord* shall not charge a *tenant* a ***late fee*** in an amount greater than **2% of monthly *rent***.

Charges to Tenants

- A *landlord* shall not charge a *tenant* an amount greater than the ***processing fee*** imposed on the *landlord*.

- A *landlord* shall not charge a *tenant* a *fee* for services solicited by a *landlord* to maintain the *residential rental property* in a **habitable condition**

- A *landlord* shall not charge a *tenant* a *fee* for a *tenant* to own or maintain a ***common household pet*** at the *residential rental property*.

Pet Fees in San Diego

Average Pet Fees (3 total)	$92.00
Average Pet Deposit (133 total)	$437.00
Average Pet Rent (141 total)	$51.00

Many of these fees were charged per pet.

Source: ASPCA® (American Society for the Prevention of Cruelty to Animals®)

Charges to Tenants

- A *landlord* shall not charge a *tenant* a *fee* that is **not specified in the *lease***.
  - *A tenant* may agree in writing to a proposed *fee* not specified in the *lease* after the *landlord* provides written notice to the *tenant* not less than 30 days before the *fee* is intended to go into effect.

Fee Transparency

- A landlord must **disclose** the following information on **any website or advertisement** that lists an available rental:
  - The total amount of charges of an application to lease
  - Total monthly rent
  - Total amount of fees (optional or required)
  - The nature and purpose of the fees
  - The timing and frequency

Fee Transparency

- A *landlord* shall **itemize all *fees*** distinct from *rent* in the *lease* and on any bill or invoice to the *tenant*.
  - Each *fee* must be intelligible and distinct from other *fees*.

Fee Transparency

Required

Monthly base rent Based on a 12-month lease	$3,194
Hot Water Energy	Varies
Pest Control Services	$2
Renters Liability Insurance - Third Party	Varies
Trash Services - CA	Varies
Utility - Billing Administrative Fee	$4.88

Required

Security deposit	$2,975

Optional

☐ Pet fee ($450)	$0
☐ Storage Space Rental ($50-200)	$0
☐ Parking ($150)	$0
☐ Positive Credit Reporting Services ($3.70)	$0

Questions?