



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

## SB-381 Residential rental properties: fees. (2025-2026)

SHARE THIS:  

Date Published: 02/14/2025 09:00 PM

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**SENATE BILL**

**NO. 381**

Introduced by Senator Wahab  
(Coauthor: Assembly Member Ortega)

February 14, 2025

An act to amend Section 1950.6 of, to add Section 1950.3 to, and to repeal Section 1947.1 of, the Civil Code, relating to housing.

### LEGISLATIVE COUNSEL'S DIGEST

SB 381, as introduced, Wahab. Residential rental properties: fees.

Existing law regulates the hiring of real property and imposes various requirements on landlords relating to the application for, and leasing of, residential rental property. Existing law places limitations on the amount of rent and security that a landlord can charge a tenant, as specified.

This bill would enact the Fair Rental Act of 2025. The bill would prohibit a landlord or their agent from charging certain fees, including, any fee that is not specified in the rental agreement, a processing fee, including a convenience fee or a check cashing fee, for the payment of rent or any other fees or deposits, or a fee for a tenant to own a household pet. The bill would also prohibit a landlord or their agent from charging a late fee for the late payment of rent that is more than 2% of the monthly rental rate, and would prohibit the late fee from being charged unless the rent is overdue by 7 days or more. Under the bill, if a landlord or their agent charges and collects a fee from a tenant that is not authorized by law, the landlord or their agent would be liable to the tenant in a civil action for the cost of the fee, plus 5% interest compounded daily from the date the fee was collected.

Existing law requires the owner of qualifying residential property, as defined, that provides parking with the qualifying residential property to unbundle parking from the price of rent, as specified. Existing law defines “unbundled parking” as the practice of selling or leasing parking spaces separate from the lease of the residential use.

This bill would repeal those provisions, and instead, would prohibit a landlord or its agent from charging a fee for a parking space.

Existing law authorizes a landlord or their agent to charge an applicant who requests to rent a residential housing unit an application screening fee to cover the costs of obtaining information about the applicant. Existing law prohibits the amount of the application screening fee from being greater than the actual out-of-pocket costs of gathering information concerning the applicant,

including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting service, and the reasonable value of time spent by the landlord or their agent in obtaining information on the applicant, as provided.

This bill, instead, would authorize the application screening fee to cover the costs of the screening, and would prohibit the amount of the application screening fee from being greater than the actual out-of-pocket costs of conducting the screening, including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting service, as provided. The bill would thereby eliminate the authority of the landlord or their agent to charge, as part of the application screening fee, the reasonable value of time spent by the landlord or their agent in obtaining information on the applicant.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

---

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** This act shall be known, and may be cited, as the Fair Rental Act of 2025.

**SEC. 2.** Section 1947.1 of the Civil Code is repealed.

~~1947.1.(a)If an owner of a qualifying residential property provides parking with the qualifying residential property, they shall unbundle parking from the price of rent.~~

~~(b)(1)Off-street parking accessory to a qualifying residential property shall not be included in any residential rental agreement and shall be subject to a rental agreement addendum or provided in a separate rental agreement.~~

~~(2)All off-street parking spaces shall be unbundled from the qualifying residential property for the life of the property.~~

~~(c)(1)A tenant of a qualifying residential property shall have the right of first refusal to parking spaces built for their property. Remaining residential unbundled parking spaces that are not leased to tenants of the residential dwelling may be leased by the owner of the qualifying residential property to other on-site users or to off-site residential users on a month-to-month basis.~~

~~(2)If there are unavailable parking spaces on the residential property upon the occupancy of a new tenant, and parking spaces are subsequently built for the residential dwelling or otherwise becomes available on the qualifying residential property, the new tenant shall receive a right of first refusal to an available parking space.~~

~~(d)(1)A tenant's failure to pay the parking fee pursuant to a separately leased parking agreement shall not form the basis of any unlawful detainer action against the tenant.~~

~~(2)If a tenant fails to pay by the 45th day following the date payment is owed for a separately leased parking space, the property owner may revoke that tenant's right to lease that parking spot.~~

~~(e)For purposes of this section:~~

~~(1)"Owner of qualifying residential property" includes any person, acting as principal or through an agent, having the right to offer qualifying residential property for rent, and includes a predecessor in interest to the owner.~~

~~(2)(A)"Qualifying residential property" means any dwelling or unit that is intended for human habitation that meets all of the following criteria:~~

~~(i)The property is issued a certificate of occupancy on or after January 1, 2025.~~

~~(ii)The property consists of 16 or more residential units.~~

~~(iii)The property is located in one of the following counties:~~

~~(i)Alameda:~~

~~(ii)Fresno:~~

~~(iii)Los Angeles:~~

~~(iv)Riverside:~~

~~(v)Sacramento:~~

~~(VI)San Bernardino:~~

~~(VII)San Joaquin:~~

~~(VIII)Santa Clara:~~

~~(IX)Shasta:~~

~~(X)Ventura:~~

~~(B)"Qualifying residential property" does not include any of the following:~~

~~(i)A residential property or unit with an individual garage that is functionally a part of the property or unit, including, but not limited to, townhouses and row houses.~~

~~(ii)A housing development of which 100 percent of its units, exclusive of any manager's unit or units, are restricted by deed, regulatory restriction contained in an agreement with a governmental agency, or other recorded document as affordable housing for persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.~~

~~(iii)A housing development that receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (26 U.S.C. Sec. 42).~~

~~(iv)A housing development that is financed with tax-exempt bonds pursuant to a program administered by the California Housing Finance Agency.~~

~~(v)A residential unit that is leased to a tenant who receives a federal housing assistance voucher issued under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f), including a federal Department of Housing and Urban Development Veterans Affairs Supportive Housing voucher.~~

~~(3)"Unbundled parking" means the practice of selling or leasing parking spaces separate from the lease of the residential property.~~

**SEC. 3.** Section 1950.3 is added to the Civil Code, to read:

**1950.3.** (a) A landlord or their agent shall not charge a tenant any of the following fees:

(1) Any fee that is not specified in the rental agreement.

(2) A late fee for the late payment of rent that is equal to more than 2 percent of the monthly rental rate. A late fee shall not be charged for the late payment of rent unless the rent is overdue by seven days or more.

(3) A processing fee, including a convenience fee or a check cashing fee, for the payment of rent or any other fees or deposits.

(4) A processing or administrative fee that a reasonable person would deem as being "the cost of doing business."

(5) A fee for a tenant to own a household pet. This subdivision does not prohibit a landlord or their agent from charging a pet security deposit in an amount that is not more than 5 percent of the total amount of all other security deposits.

(6) A fee for a parking space.

(b) Notwithstanding any other law, any fees that a landlord or their agent may charge a tenant that are in addition to the monthly rental amount shall not, in total, exceed more than 5 percent of the monthly rental rate.

(c) For purposes of this section, "rent" means the monthly rate charged to a tenant for the occupancy of a rental housing unit.

(d) If a landlord or their agent charges and collects a fee from a tenant that is not authorized by law, the landlord or their agent is liable to the tenant in a civil action for the cost of the fee, plus 5 percent interest compounded daily from the date the fee was collected.

**SEC. 4.** Section 1950.6 of the Civil Code is amended to read:

**1950.6.** (a) Notwithstanding Section 1950.5, when a landlord or their agent receives a request to rent a residential property from an applicant, the landlord or their agent may charge, pursuant to subdivision (c), that applicant an application screening fee to cover the *actual* costs of ~~obtaining information about the applicant. The information requested and obtained by the landlord or their agent the screening. The screening~~ may include, but is not limited to, ~~personal reference checks and tenant screening reports produced by tenant screening services and~~ consumer credit reports produced by consumer credit reporting agencies as defined in Section 1785.3. A landlord or their agent may, but is not required to, accept and rely upon a consumer credit report presented by an applicant.

(b) The amount of the application screening fee shall not be greater than the actual out-of-pocket costs of ~~gathering information concerning the applicant, conducting the screening,~~ including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting ~~service, and the reasonable value of time spent by the landlord or their agent in obtaining information on the applicant. service.~~ In no case shall the amount of the application screening fee charged by the landlord or their agent be greater than thirty dollars (\$30) per applicant. The thirty dollar (\$30) application screening fee may be adjusted annually by the landlord or their agent commensurate with an increase in the Consumer Price Index, beginning on January 1, 1998.

(c) (1) A landlord or their agent shall not charge 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.

(2) A landlord or their agent may charge an applicant an application screening fee only if the landlord or their agent, at the time the application screening fee is collected, offers any of the following:

(A) An application screening process that complies with all of the following:

(i) Completed applications are considered, as provided for in the landlord's established screening criteria, in the order in which the completed applications were received. The landlord's screening criteria shall be provided to the applicant in writing together with the application form.

(ii) The first applicant who meets the landlord's established screening criteria is approved for tenancy.

(iii) Applicants are not charged an application screening fee unless or until their application is actually considered.

(iv) Clause (iii) shall not be considered violated if a landlord or their agent inadvertently collects an application screening fee from an applicant as the result of multiple concurrent application submissions, provided that the landlord or their agent issues a refund of the application screening fee within 7 days to any applicant whose application is not considered. The landlord may offer, as an alternative to refunding the screening fee, the option, at the applicant's discretion, for the screening fee paid by the applicant to be applied to an application for another rental unit offered by the landlord. A landlord or their agent shall not be required to refund an application screening fee to an applicant whose application is denied, after consideration, because the applicant does not meet the landlord's established screening criteria.

(B) An application screening process in which the landlord or their agent returns the entire screening fee to any applicant who is not selected for tenancy, regardless of the reason, within 7 days of selecting an applicant for tenancy or 30 days of when the application was submitted, whichever occurs first.

(d) The landlord or their agent shall provide, personally, or by mail, the applicant with a receipt for the fee paid by the applicant, which receipt shall itemize the out-of-pocket ~~expenses and time spent by the landlord or their agent to obtain and process the information about the applicant. expenses.~~ The landlord or their agent and the applicant may agree to have the landlord provide a copy of the receipt for the fee paid by the applicant to an email account provided by the applicant.

(e) If the landlord or their agent ~~does not perform a personal reference check or~~ does not obtain a *tenant screening report or a* consumer credit report, the landlord or their agent shall return any amount of the screening fee that is not used for the purposes authorized by this section to the applicant.

(f) If an application screening fee has been paid by the applicant, the landlord or their agent shall provide a copy of the consumer credit report to the applicant who is the subject of that report by personal delivery, mail, or email within 7 days of the landlord or their agent receiving the report.

(g) Nothing in this section prevents a landlord from accepting a reusable screening report pursuant to Section 1950.1.

(h) As used in this section, "landlord" means an owner of residential rental property.

(i) As used in this section, "application screening fee" means any nonrefundable payment of money charged by a landlord or their agent to an applicant, the purpose of which is to purchase a *tenant screening report or a* consumer credit ~~report and to validate, review, or otherwise process an application for the rent or lease of residential rental property. report.~~

(j) As used in this section, "applicant" means any entity or individual who makes a request to a landlord or their agent to rent a residential housing unit, or an entity or individual who agrees to act as a guarantor or cosignor on a rental agreement.

(k) The application screening fee shall not be considered an "advance fee" as that term is used in Section 10026 of the Business and Professions Code, and shall not be considered "security" as that term is used in Section 1950.5.

(l) This section is not intended to preempt any provisions or regulations that govern the collection of deposits and fees under federal or state housing assistance programs.