

The Honorable San Diego City Council
202 C St.
San Diego, CA 92101



Re: Fee Limitations & Transparency Measure

Dear Honorable Councilmembers

On behalf of the Building Industry Association of San Diego, I am writing to provide our organization's respectful opposition to Item 330 coming before you tomorrow.. While we continue to review the policy with our member builders and other industry experts, we felt it important to provide you and your colleagues with feedback prior to the meeting, and to express our significant concerns with the proposal as described in the staff report.

The BIA represents over 25,000 local professionals who plan, design, build, and deliver housing throughout our region. Our members are committed to creating homes, supporting economic opportunity, and helping meet San Diego's housing needs. We offer these comments based on our members' direct experience navigating the policies, regulations, and costs that affect housing production and our shared goal of increasing housing opportunities for San Diegans.

As outlined in the report, costs are rising in San Diego, and that includes the cost of property management for landlords. Our members take deep pride in providing safe, desirable housing for families in our County and regard our roles as stewards of this housing with the utmost seriousness. The reality for landlords is consistently rising costs- particularly in the case of the well-documented extraordinary increases in things like insurance, inflationary pressures for supplies, maintenance, and staffing broadly.

When reviewing the initial proposal put forth, it is clear that we share mutual goals of providing quality living accommodations for San Diegans, and transparent financial expectations, but we believe the policy as written fails to consider the realities of the industry, the cost of maintaining high quality homes and the increasing pressure on the landlord community. That said, we hope that the feedback provided below can serve as a starting point for ongoing conversations as the policy process unfolds for this proposal.

Charges to Applicants

- The unfortunate reality is that the application process for rental housing is fraught with fraudulent applications that require thorough vetting. As property owners, the health and safety of our tenants is our highest priority, and as such we review all applicants

equally, fairly, and thoroughly. By removing our ability to appropriately screen tenants that will be sharing the community with others, we are deeply concerned about significant negative outcomes. One large landlord has estimated that upwards of 30% of the applications received are fraudulent, and if we were required to simply accept a screening document without an ability to require our own application process we would have no real oversight of the tenant community whom we are responsible for. Additionally, there are questions about the legality of such a process in consideration of the Fair Housing Act.

- Holding deposits, an accepted part of the lease process, are determined by a number of factors. Industry has identified the 5% cap as proposed as deeply problematic as it does not consider the real costs of repairs and maintenance, and appears to be an arbitrarily determined cap.

Charges to Tenants

- We fully agree that fees should be transparently outlined and agreed upon for all parties, and will support efforts to enforce that. However, a 5% cap on fees does not fully consider the entirety of the costs of managing and maintaining a property, particularly when those may be optional for tenants and reflective of an amenity that they have chosen to pay for.
- A late fee cap of 2%, at seven days late, does not address rising costs for San Diegans as this proposal and its state legislation predecessor aims to lessen. Instead, it is impractical and unnecessary. Tenants understand that their responsibility to pay their rent upon its due date, as indicated by the fundamental role of the lease process and we believe this could incentivize the wrong outcomes.
- We would request additional details on the definition of habitability as we believe this may be overly broad and therefore problematic.
- The opportunity for tenants to own and keep pets in rental units is one that many property owners value, understanding the importance of the pet relationship for so many. However, the balance to the presence of animals inside properties is an appropriate charge to maintain the unit, shared spaces, and healthy and safety considerations. We are concerned about the elimination of our ability to collect the necessary fees to maintain pet-friendly communities and would point out that some property owners may simply stop allowing animals on-premise.

Again, our industry understands the rising costs in San Diego. We would be amenable to a policy that requires transparency in fees and disclosures, but must caution against any further requirements due to their clear and detrimental impacts. We appreciate the opportunity to provide this feedback and look forward to continuing to work with your office to support San Diego's families. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, reading "Aimee Faucett". The signature is written in a cursive, flowing style with a large initial "A".

Aimee Faucett
President & CEO
Building Industry Association of San Diego