

DATE: May 22, 2025

TO: Rental Housing Committee

FROM: Patricia Black, Senior Management Analyst
Anky van Deursen, Rent Stabilization Manager
Karen M. Tiedemann, Special Counsel to the Rental Housing Committee
Nazanin Salehi, Special Counsel to the Rental Housing Committee

SUBJECT: Amendments to CSFRA and MHRSO Regulations Chapter 2: Definitions

RECOMMENDATION

Review and approve amendments to Community Stabilization and Fair Rent Act (CSFRA) Regulations and Mobile Home Rent Stabilization Ordinance (MHRSO) Regulations Chapter 2: Definitions, addressing certain fees charged by landlords for a tenant's requested reporting of their positive rental payment information.

BACKGROUND**A. Assembly Bill 2747 (2024)**

In January 2025 Assembly Bill 2747 (AB 2747) went into effect. AB 2747 requires most landlords to offer tenants the option of having the tenant's positive rental payment information reported to at least one nationwide consumer reporting agency. "Positive rental payment information" means information regarding the tenant's complete, timely payments of rent, and does not include an instance where the tenant did not completely or timely make a rental payment. (California Civil Code § 1954.07(l).) This legislation provides an avenue for tenants to enhance their credit scores through the consistent payment of rent, which has historically been underreported to credit agencies.

If a tenant elects to have their landlord report their positive rental payment information to a consumer reporting agency, then the landlord may charge the tenant a fee of not more than the actual cost to the landlord or ten dollars (\$10) per month, whichever is lesser. (Civ. Code § 1954.07(g)(1).) If the landlord does not incur any actual cost to do the reporting, then they may not charge the tenant. (*Id.*) The payment or nonpayment of this fee by the tenant is not to be reported to the consumer reporting agency, and the landlord may neither evict the tenant for the nonpayment of this fee nor deduct the fee from the tenant's security deposit. (Civ. Code § 1954.07(h)(1)-(2).) Rather, if the fee remains unpaid for 30 days or more, the landlord may stop

the reporting, and the tenant is barred from requesting reporting again for a period of at least six (6) months from the date on which the fee became due. Civ. Code § 1954.07(h)(3).)

The requirement to offer to report a tenant's positive rental payment information to a consumer reporting agency does not apply to (1) a landlord of a residential rental building that contains 15 or fewer units, unless the landlord owns more than one residential rental building (regardless of the number of units in each building) **and** the landlord is a real estate investment trust, a corporation, or a limited liability company in which at least one member is a corporation; or (2) assisted housing development (as defined in California Government Code Section 65863.10).

B. RHC Authority

The CSFRA empowers the Rental Housing Committee to: “Establish rules and regulations for administration and enforcement of this Article.” (CSFRA § 1709(d)(2).)

Similarly, the MHRSO authorizes the Rental Housing Committee to: “Establish rules and regulations for administration and enforcement of” the Ordinance. (MHRSO § 46.9(a)(3).)

ANALYSIS

Since the passage of AB 2747, which requires that landlords make the reporting offer to existing tenants by April 1, 2025, Rent Stabilization Division Staff (“Staff”) has received inquiries about whether fees charged for positive rental credit reporting constitute “Rent” under the CSFRA and MHRSO, and whether it is required to go through a joint petition process with tenants who elect to have their positive rental credit information reported.

To address these questions, Staff is recommending that the Rental Housing Committee (“Committee” or “RHC”) adopt amendments to CSFRA and MHRSO Regulations Chapter 2: Definitions, clarifying that positive rent payment credit reporting is not a “Housing Service” and the fees charged by a landlord for this service are not “Rent” under the CSFRA and MHRSO.

CSFRA Chapter 2, Sections h.1.; p.1.

h. **Housing Services.** Housing Services include, but are not limited to, repairs, maintenance, painting, providing light, hot and cold water, elevator service, window shades and screens, storage, kitchen, bath and laundry facilities and privileges, janitor services, Utility Charges that are paid by the Landlord, refuse removal, furnishings, telephone, parking, the right to have a specified number of occupants, and any other benefit, privilege, or facility connected with the use or occupancy of any Rental Unit. Housing Services to a Rental Unit shall include a proportionate part of services provided to common facilities of the building in which the Rental Unit is contained. A downward adjustment resulting from a One-Time Utility Adjustment Petition does not constitute a rollback of any Annual General Adjustment(s) that have already been implemented by a Landlord. After a Landlord imposes the one-time downward adjustment, the Landlord must still wait at least twelve (12) months from the last Rent increase (pursuant to either Annual General Adjustment(s) or an Upward Adjustment of Rent Petition) to impose the next Rent increase.

(1) For the purposes of the CSFRA and these Regulations, a Landlord's reporting of a Tenant's positive rental payment information to at least one nationwide consumer reporting agency that meets the definition in Section 603(p) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(p)) or any other consumer reporting agency that meets the definition in Section 603(f) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(f)) as long as the consumer reporting agency resells or otherwise furnishes rental payment information to a nationwide consumer reporting agency that meets the definition in Section 603(p) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(p)), pursuant to California Civil Code Section 1954.07, does not constitute a Housing Service.

p. **Rent.** All periodic payments and all nonmonetary consideration, including, but not limited to, the fair-market value of goods, labor performed, or services rendered to or for the benefit of the Landlord under a Rental Housing Agreement concerning the use or occupancy of a Rental Unit and premises and attendant Housing Services, including all payment and consideration demanded or paid for parking, Utility Charges, pets, furniture, and/or subletting.

- (1) For the purposes of the CSFRA and these Regulations, a fee charged by a Landlord to recover any costs associated with reporting a Tenant's positive rental payment information to a consumer reporting agency pursuant to California Civil Code Section 1954.07 does not constitute "Rent" provided such fee is compliant with the limitations in California Civil Code Section 1954.07. In accordance with state law, failure to pay this fee by the Tenant shall not be cause for termination of the tenancy (whether pursuant to California Code of Civil Procedure Section 1161 or otherwise) and a Landlord may not deduct the unpaid fee from a Tenant's security deposit.

MHRSO Chapter 2, Sections j.1.; y.4.

- j. **Housing Services.** Housing Services include, but are not limited to, repairs, maintenance, painting, providing light, hot and cold water, elevator service, window shades and screens, storage, kitchen, bath and laundry facilities and privileges, janitor services, Utility Charges that are paid by the Landlord, refuse removal, furnishings, telephone, parking, the right to have a specified number of occupants, and any other benefit, privilege, or facility connected with the use or occupancy of any Mobile Home or Mobile Home Space. Housing Services to a Mobile Home or Mobile Home Space shall include a proportionate part of access to and services provided by Communal Facilities.

- (1) For the purposes of the MHRSO and these Regulations, a Mobile Home Landlord's reporting of a Mobile Home Tenant's positive rental payment information to at least one nationwide consumer reporting agency that meets the definition in Section 603(p) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(p)) or any other consumer reporting agency that meets the definition in Section 603(f) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(f)) as long as the consumer reporting agency resells or otherwise furnishes rental payment information to a nationwide consumer reporting agency that meets the definition in Section 603(p) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(p)), pursuant to California Civil Code Section 1954.07, does not constitute a Housing Service.

y. **Rent.** All periodic payments and all nonmonetary consideration, including, but not limited to, the fair-market value of goods, labor performed, or services rendered to or for the benefit of a Park Owner for the use or occupancy of a Mobile Home Space or to a Mobile Home Landlord for the use or occupancy of a Mobile Home, access to and from a Mobile Home Space, and any Communal Facilities and Housing Services. Rent includes all payment and consideration demanded or paid for parking, pets, furniture, and/or subletting.

Rent excludes:

- (4) ...A fee charged by a Mobile Home Landlord to recover any costs associated with reporting a Mobile Home Tenant's positive rental payment information to a consumer reporting agency pursuant to California Civil Code Section 1954.07, provided such fee is compliant with the limitations in California Civil Code Section 1954.07. In accordance with state law, failure to pay this fee by the Tenant shall not be cause for termination of the tenancy (whether pursuant to California Code of Civil Procedure Section 1161 or otherwise) and a Landlord may not deduct the unpaid fee from a Tenant's security deposit.

Reason for Recommendation: The purpose of the additional language is to clarify that positive rent payment credit reporting is not a "Housing Service" and the fees charged by a landlord for this service are not "Rent" under the CSFRA and MHRSO. Staff recommends that the Committee adopt language clarifying that the fees are not Rent because the state statute indicates an intent that these fees not be treated as Rent (i.e., non-payment of the fee cannot be reported as rental payment information, and a tenant cannot be evicted for non-payment of the fee). (See Civ. Code § 1954.07(g)-(h).) Moreover, this recommendation will make it easier for existing tenants to opt into the positive rental payment information reporting without having to file a joint petition.

FISCAL IMPACT - None

PUBLIC NOTICING - Agenda posting, posting on the City's website, and email to distribution list.

Attachments:

1. Resolution to Amend CSFRA Regulations Chapter 2: Definitions
Exhibit A: Amended CSFRA Regulations Chapter 2: Definitions
2. Resolution to Amend MHRSO Regulations Chapter 2: Definitions
Exhibit A: Amended MHRSO Regulations Chapter 2: Definitions