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THIRD READING

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Bill No: SB 709  
Author: Menjivar (D), et al.  
Amended: 5/8/25  
Vote: 21

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SENATE JUDICIARY COMMITTEE: 11-0, 5/6/25

AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab,  
Weber Pierson, Wiener

NO VOTE RECORDED: Niello, Valladares

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**SUBJECT:** Self-service storage facilities: rental agreement disclosures

**SOURCE:** Consumer Federation of California

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**DIGEST:** This bill requires a self-storage facility to disclose in a rental agreement with a renter of a self-storage unit certain details regarding the rental agreement, promotional prices or discounts received by the renter, how the renter can terminate the rental agreement, the contact information for the owner of the self-storage facility, and if the rental fee is subject to change, and if so, the maximum rental fee that the owner could charge during the first 12 months following the date of the rental agreement.

**ANALYSIS:**

Existing law:

- 1) Establishes the California Self storage Facilities Act to regulate the rental agreements between a self-storage facility and a renter of a storage unit, specify how a self-storage facility may sell a renter's personal property for non-payment of rent and other charges, and specify limits on allowable late payment fees and other rules regarding self-storage facilities. (Business (Bus.) & Professions (Prof.) Code §§ 21700 et seq.)
- 2) Specifies that an owner of a self-storage facility or their heirs or successors hold a lien on a renter's personal property located in a storage unit, for the

purposes of recovering any owed rent payments, labor costs, late payment fees, expenses for holding and disposing of the property, or other charges incurred pursuant to the rental agreement. (Bus. & Prof. Code § 21702.)

- 3) Provides that each contract for the rental or lease of individual storage space requires a statement that the occupant's property will be subject to a claim of lien and may even be sold to satisfy the lien if the rent or other charges due remain unpaid for 14 consecutive days. (Bus. & Prof. Code § 21712 (a).)
- 4) Requires every contract for the rental or lease of individual storage space in a self-service storage facility to be in writing and to contain a statement that the occupant's property will be subject to a claim of lien and may even be sold to satisfy the lien if the rent or other charges due remain unpaid for 14 consecutive days. (Bus. & Prof. Code § 21712 (a).)
- 5) Provides that a self-storage facility may terminate a renter's right to use the storage unit if rent or other charges remain unpaid after 14 consecutive days, the facility sends the renter a specified notice of the delinquent payments and the timeline by which the facility may deny the renter access to the unit and sell the contents, and the owed charges are not paid within 14 days of the mailing of the notice. (Bus. & Prof. Code §§ 21703-21705.)
  - a) Provides that, at the end of the 14-day period after the initial notice is mailed to the renter, the lien attaches, and the facility may deny the renter access to the unit, and the owner of the facility may enter the unit and remove any property to a place for safekeeping, if the rent remains unpaid. (Bus. & Prof. Code § 21705.)
  - b) Specifies that, once the owner of the facility has taken those actions, they must mail the renter a blank declaration of opposition to the lien sale and a notice of lien sale that states, among other things, that the property in the unit may be sold after a specified date not less than 14 days from the mailing of the lien sale notice. (Bus. & Prof. Code § 21705(b).)
- 6) Specifies that, if a declaration of opposition to the lien sale is not received by the owner of the facility, or is withdrawn, before the specified date in the notice of lien sale, the owner may sell the renter's property. (Bus. & Prof. Code § 21706.)

- 7) Specifies that, if a declaration of opposition to the lien sale is received, the owner of the facility may only enforce the lien through civil court or a small claims court. (Bus. & Prof. Code § 21710.)
- 8) Specifies that, for the process of selling property after expiration of the time in the notice of lien pursuant to Business and Professions Code Section 21705, an advertisement of sale must be published before the sale in either of the following ways: by once per week for two consecutive weeks in a newspaper of general circulation published in the public notice district where the sale is to be held, or in the county where the self-service storage facility is located; once in a newspaper of general circulation published in the public notice district where the sale is to be held or in the county where the self-service storage facility is located and once on any publicly accessible internet website that customarily conducts or advertises online auctions or sales, on which the advertisement must remain for at least 7 days. If there is no newspaper of general circulation published in the public notice district where the sale is to be held or the county where the self-storage facility is located, requires the advertisement be posted at least 10 days before the sale in at least six conspicuous places in the neighborhood of the proposed sale. (Bus. & Prof Code § 21707.)
- 9) Specifies that, minus the amount of the lien and costs of the sale, the owner must retain the excess proceeds of the sale on the occupant's behalf, to be claimed by the occupant or other person within one year of the sale, after which the remaining proceeds must be paid to the treasury of the county in which the sale was held. (*Id.*)
- 10) Provides that the required notices, as specified, may be sent to the occupant at their provided electronic mail address only if: the rental agreement states that lien notices may be sent to the occupant and the alternate address by electronic mail; the occupant provides a written signature on the rental agreement consenting to receive lien notices by electronic mail. (Bus. & Prof. Code § 21712(c).)
- 11) Prohibits, upon the proclamation of a state of emergency declared by the President of the United States or the Governor or a declaration of a local emergency, a person, contractor, business, or other entity to sell or offer to sell any consumer food items or goods, including storage services, for a price that is more than 10% greater than the price charged immediately prior to the proclamation or declaration of emergency. Specifies that this prohibition

begins at the time of the proclamation, and extends for 30 days following it.  
(Pen. Code § 396(b).)

This bill:

- 1) Requires a rental agreement for a self-storage unit to disclose, as prescribed in 2), the following:
  - a) The initial length and renewal term of the rental agreement;
  - b) Whether the occupant has received a promotional or discounted rental fee;
  - c) If the occupant has received a promotional or discounted rental fee, the duration of the promotional or discounted rental fee;
  - d) Whether the rental fee is subject to change, and if so, the maximum rental fee that the self-storage owner could charge during the first 12 months following the date of the rental agreement;
  - e) All required steps that the renter must take to terminate the rental agreement and avoid future rental fees or other charges, including removing all personal property from the renter's self-storage unit; and
  - f) The contact information of the self-storage facility owner.
- 2) Requires that the disclosures described in 1), above, be made on the first page of the rental agreement in a manner that clearly calls attention to the language and meets all of the following requirements:
  - a) Are in a larger type than the surrounding text;
  - b) Are in contrasting type, font, or color to the surrounding text of the same size; and
  - c) Are set off from the surrounding text of the same size by symbols or other marks.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:** (Verified 5/8/25)

Consumer Federation of California (Source)  
Western Center on Law & Poverty

**OPPOSITION:** (Verified 5/8/25)

Building Owners and Managers Association of California  
California Business Properties Association  
California Business Roundtable

California Rental Housing Association  
California Self Storage Association  
Family Business Association of California  
Institute of Real Estate Management  
Naiop of California  
Orange County Business Council  
San Diego Regional Chamber of Commerce  
Self Storage Association  
Southern California Leadership Council

### **ARGUMENTS IN SUPPORT:**

According to the Consumer Federation of California, which is the sponsor of SB 709:

California is home to more than 3,500 self-storage facilities, with about 60 percent of users relying on storage spaces during the moving process as they settle into their new living situations. A 2024 report revealed that one in five people rely on self-storage for various reasons. In the survey, consumers reported several reasons for relying on storage units, including business storage, home renovations, the need for more space, moving, downsizing, and others. Many other consumers rely on these services in states of emergency such as natural disasters to ensure that their belongings are secure. However, the self-storage industry has become increasingly dominated by large corporations and equity firms who prioritize profit margins over their clients.

At an industry conference in Las Vegas, leaders boasted about and discussed ways to trick consumers by luring them in with low rates, then increasing rental rates by 30-40% once they knew the client would not leave. This practice has become so common within the industry that it is known as ECRI, or Existing Customer Rate Increase. This practice deeply harms consumers, as illustrated by one case where a consumer who had signed a contract for a \$45 rental storage unit saw her rate increase after just two months, and then again, until her monthly rental rate reached \$220 and was forced out because she could no longer afford it.

Bait and switch practices are common within the self-storage industry, with many companies providing consumers with a \$1 introductory rental rate and then spiking up the price once the consumer has signed the rental agreement. If a renter falls behind and cannot pay for their storage unit within 14 days, they risk losing all their belongings to auction. These auctions are intended

to help storage facilities recover monetary losses; however, before proceeding, they must provide the renter with a 'notice of public auction.' After receiving the notice, a consumer has 30 days to pay off their outstanding balance; however, the rate at which self-storage facilities increase their monthly rental rates may not give renters enough time to cover their dues. In addition to this, it has been reported that some operators are restructuring, or have already done so, their 30 or 31 billing cycle to a 28 day payment period, enabling them to charge consumers for 13 months instead of the standard 12 month.

SB 709 would require self-service storage facilities to provide greater transparency to consumers during the rental process. Under this bill, rental agreements must include specific disclosures, such as whether the rental fee is discounted or promotional, whether the fee is subject to change, and the maximum rental fee that may be charged within the first 12 months of the agreement, which is important as the average amount of time consumers rent self-storage units is approximately 14 months. Through this legislation, we are taking the first step to ensuring that consumers are more aware and better protected from sudden massive price increases.

## **ARGUMENTS IN OPPOSITION:**

According to California Self-storage Association, which is opposed to SB 709:

Due to the varied and often short-term needs of consumers, self-storage owners use month-to-month contracts. These contracts provide maximum flexibility to consumers and allow them to move in and out at their convenience. Although some consumers move out to get a reduced price elsewhere, industry data show that most consumers are satisfied with their storage experience and move out when their need for storage ends. [...]

As with any marketplace, pricing differs from business-to-business. Some owners offer discounted pricing at the outset, which is particularly attractive to the roughly 30% of storage consumers whose need for storage is four months or less. Other owners use standard starting rates while ensuring consistent pricing. This type of pricing may be of most interest to consumers with longer-term storage needs. Many owners offer a combination of these and other price options to meet their customers' needs.

Finally, regardless of the pricing options offered by our member companies, we advise these companies to ensure price transparency for their customers

and prospective customers. For example, owners should be clear with customers when they are receiving a promotional rate and state whether the owner has the right to increase rates following written notice to the consumer. Owners achieve this price transparency through disclosures in their advertising, online checkout systems, rental agreements that consumers must review and sign before renting a space, and elsewhere.

We strongly believe that self-storage businesses are meeting the needs of consumers and doing so in a fair and transparent manner. We are very concerned that SB 709, as amended, would jeopardize the flexibility that consumers have come to rely on when searching for a self-storage business that best fits their needs and budget. Our concerns with SB 709, as amended, include the following:

1. Although we understand the importance of self-storage for some consumers, self-storage never serves as a person's residence and should not face the same price controls as rental housing. Self-storage is more similar to other important consumer goods and services where the market sets the price. The self-storage market is competitive, and businesses that do not meet their customers' needs at an acceptable price will lose customers.
2. Like many businesses, self-storage businesses are facing increasing costs of doing business in California. These increased costs include insurance, labor, parcel/property taxes, security, maintenance, and other services necessary to meet consumer needs. Storage owners, particularly the smaller owners that have comparatively fewer means to absorb increased costs, should have the ability to set their prices for new and existing customers to meet their expenses. SB 709 could shift the burden for covering additional costs heavily toward new customers, which would make storage less accessible to these consumers.
3. As mentioned earlier, self-storage agreements are month-to-month contracts that provide maximum flexibility for customers to move in and out based on their needs. Customers have the option to move their property to a different business if they are unhappy with the business where their property is currently stored. However, understanding that certain customers may find it challenging to move on 30 days' notice, storage owners regularly work with customers to tailor solutions specific to their needs.
4. Over the last five years, California has seen the construction of hundreds of additional storage facilities. As noted above, these businesses meet the

vital needs of many families and businesses. If SB 709, as amended, imposes price controls, fewer new self-storage facilities will be built, which will decrease consumer choice and prevent consumers from accessing storage when they are most in need.

Prepared by: Ian Dougherty / JUD. / (916) 651-4113  
5/12/25 10:36:25

**\*\*\*\* END \*\*\*\***