

SENATE THIRD READING
SB 709 (Menjivar)
As Amended September 4, 2025
Majority vote

SUMMARY

Requires a storage service rental agreement to contain specified disclosures and prescribes the manner in which the disclosures shall be made.

Major Provisions

- 1) Requires a rental agreement to disclose all of the following information:
 - a) The initial length and renewal term of the rental agreement.
 - b) Whether the storage facility occupant has received a promotional or discounted rental fee and, if so, the duration of the promotional or discounted rental fee.
 - c) Whether 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.
 - d) The required steps that the occupant must take to terminate the rental agreement and avoid future rental fees or other charges, including removing all personal property from the occupant's storage space.
 - e) Contact information for the owner.
- 2) Requires the information specified in 1), above, to appear the first page of the rental agreement, in larger type than the surrounding text, and meet either of following criteria:
 - a) The disclosures are in contrasting type, font, or color to the surrounding text.
 - b) The disclosures are set off from the surrounding text by symbols or other marks.
- 3) Specifies that the above requirements only apply to rental agreements initially entered into on or after January 1, 2026.

COMMENTS

The California Self-Storage Facility Act (Business and Professions Code Sections 21700-21716) regulates the relationship between the owners of self-storage facilities and customers (or "occupants" as they are called in the statute) who store their property in self-storage units within those facilities. Most of the provisions in the Act concern the procedures by which the owner acquires a lien on, and disposes of, an occupant's stored personal property if the occupant fails to timely pay the rent or any late fees. Specifically, after the customer has been given a prescribed notice, the owner has a right to place a lien on the occupant's personal property as security for unpaid storage rent and fees. In order for the lien to become legally enforceable, the owner must follow statutorily prescribed steps, including providing notice of any lien sale and the customer's opportunity to oppose the lien sale. In addition, the Act sets forth procedures for the disposition of excess sale proceeds once the amount of the lien has been satisfied, and for the disposition of

any property abandoned in the storage facility. Finally, in addition to setting forth the procedures above, the Act requires the rental agreement to inform the consumer of their rights and obligations relative to these procedures.

This bill requires a self-storage facility rental agreement to disclose additional information, including whether the rental fee is discounted or promotional, whether 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. The bill also requires the rental agreement to inform the customer how they may terminate the rental agreement and avoid future rental fees or other changes, and requires the agreement to provide the contact information of the storage facility owner. Finally, the bill requires these disclosures to appear on the first page of the rental agreement, in larger type than the surrounding text and in a manner calculated to draw attention to the disclosures.

Concerns and an amendment proposed by the self-storage industry. As introduced, the bill, rather than requiring disclosures, imposed a cap on rental increases. Specifically, earlier versions of the bill would have prohibited the owner of a self-storage facility from increasing the gross rental rate for a storage unit by more than the lower of 5% plus the percentage change in the cost of living, or 10%, over the course of any 12-month period. (In short, it would have mirrored the Tenant Protection Act for residential tenancies.) The prior bill would have excluded the use of promotional or discounted rates to determine the allowable increase, so long as the promotional or discounted rates are clearly and separately listed in the rental agreement. However, the author agreed to eliminate the hard caps on rent increases and instead only require the self-storage facilities to make the disclosures now required by the bill. As a result, the organizations representing the self-storage industry then changed their position from a hard "oppose" position to an "oppose unless amended" position.

While many business organizations continue to oppose the bill in its entirety, as duplicative and of little benefit the consumer, the organizations representing the self-storage industry now accept most of the required disclosures. However, the self-storage industry continues to oppose the provision that requires the rental agreement to disclose "the maximum rental fee that the owner could charge *during the first 12 months* following the date of the rental agreement." The self-storage industry opponents would remove their opposition if the bill only required them to disclose the maximum that they could charge during the first *six months*. The industry prefers the six month estimate for two reasons. First, the industry claims that the typical self-storage customer rents for six months or less. Second, the industry contends that its members cannot always anticipate how much they will increase the rates 12 months out, because demand can fluctuate over the course of a year, and not always in predictable ways.

According to the Author

One out of five people depend on self-storage facilities, usually due to an unfortunate circumstance that forces them to attempt to store their "life" into a 5x5 unit. For life events like repairing property damage after a natural disaster, moving, or renovations, self-storage offers a temporary place to keep belongings safe and secure. The self-storage industry has implemented aggressive pricing strategies, making storage units less affordable for individuals. Many of these companies lure in unsuspecting customers with deceptively low rates before raising the fees by 30% to 40% and then another 10% to 15% on a regular basis thereafter. This practice of regular rate increases has become a common concern among customers, who may feel trapped by the lack of transparency and the difficulty of finding affordable alternatives. Self-storage units are

widely unregulated, and these massive rental increases will continue to burden the most vulnerable. To address this issue, SB 709 would provide that disclosures be made on the self-storage rental agreement so that consumers are aware of the promotional pricing, the duration of the pricing, and the max rate that could be charged during the first 12 months. These provisions should apply only to contracts initially entered into on or after January 1, 2026.

Arguments in Support

The Consumer Federation of California, the bill's sponsor, writes in support:

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

A coalition of organizations representing business, building, and property owner associations writes in opposition:

We continue to oppose SB 709 because it imposes rigid contract formatting and disclosure requirements that are unnecessary, duplicative of existing consumer protection laws, and likely to increase compliance costs for operators across the state.

SB 709 imposes rigid, one-size-fits-all formatting and disclosure mandates-like requiring key terms in larger type on the first page-that create compliance burdens for an industry that already provides transparent rental terms. These prescriptive requirements increase liability risk for good-faith operators and create confusion by departing from standard contract practices. The 12-month pricing disclosure requirement is excessive and will result in higher introductory rates and stricter eligibility—limiting access for those who need storage most, especially low-income families facing economic hardship or communities recovering from natural disasters.

Self-storage plays an important role for families in transition, small businesses, and disaster response efforts. This bill adds unnecessary complexity and regulatory costs without offering meaningful consumer benefit.

FISCAL COMMENTS

None

VOTES

SENATE FLOOR: 30-6-4

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNeerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Grove, Jones, Seyarto, Strickland

ABS, ABST OR NV: Dahle, Niello, Reyes, Valladares

ASM JUDICIARY: 9-3-0

YES: Kalra, Garcia, Bryan, Connolly, Harabedian, Pacheco, Papan, Lee, Zbur

NO: Dixon, Tangipa, Sanchez

UPDATED

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CONSULTANT: Tom Clark / JUD. / (916) 319-2334

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