



CITY OF POMONA

COUNCIL REPORT

June 16, 2025

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Beverly Johnson, Neighborhood Services Director

SUBJECT: FIRST READING OF ORDINANCE 4359 AMENDING THE CITY CODE TO ADOPT THE RENT STABILIZATION AND EVICTION CONTROL ORDINANCE OF 2025

RECOMMENDATION:

It is recommended that the City Council introduce, waive further and give first reading to the following ordinance:

ORDINANCE NO. 4359 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, ADOPTING THE RENT STABILIZATION AND EVICTION CONTROL ORDINANCE OF 2025

EXECUTIVE SUMMARY:

The proposed Ordinance No. 4359 (Attachment No. 1) aims to amend the Pomona City Code by adopting the Rent Stabilization and Eviction Control Ordinance of 2025. This action is in accordance with State law and, upon going into effect, will repeal and replace Urgency Ordinance Nos. 4320 and 4329, which are currently codified in Municipal Code sections 30-571 to 30-582.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

☐ When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$500 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$500 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary, or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT:

The initial costs associated with the Rent Stabilization program are funded via the American Rescue Plan- ARP (Fund 191) in an amount totaling \$3.4M. This includes \$958k for consulting, rental registry and hearing officer services. Also funded is \$2.3M for staff primarily housed in the recently formed Rent Stabilization division in the Neighborhood Services Department. All ARP dollars must be expended by December 2026. The extent of the fiscal impact of this Ordinance for FY 2026-27 and beyond will depend on the adoption and implementation of cost recovery fees, with full or near full cost recovery possible within 1-2 years. The City is projected to require between \$1.5M and \$2.5M to effectively manage a comprehensive rent stabilization program. This budget will cover expenses such as city staffing, funding a Hearing Officer, implementing a Rental Registry program, conducting a Fee Study, and completing the overall program implementation. It typically takes one to two years for such a program to become fully operational. Please note the Fiscal Year (FY) 2025-26 General Fund Budget was adopted on June 2, 2025, and projects a deficit of \$5.5M.

PREVIOUS RELATED ACTION:

On August 1, 2022, the City Council adopted Urgency Ordinance No. 4320, which established an initial regulatory framework that capped rent increases at the lower of 4% or changes in the Consumer Price Index (CPI). On April 17, 2023, the Council adopted Urgency Ordinance No. 4329, amending Ordinance No. 4320 to include provisions for relocation assistance in cases of no-fault evictions.

Following the adoption of Ordinances 4320 and 4329, two City Council Study Sessions were held in August 2023 and August 2024. During these sessions, staff and consultants presented various program options and related cost estimates. Throughout this period, significant community input was gathered both for and against the implementation of a permanent rent stabilization policy at nearly every City Council meeting.

Staff has been working within the limited regulatory framework provided by Ordinances 4320 and 4329, while also collaborating with the City Attorney and RSG, a qualified consulting firm, to develop long-term program options for the Council's consideration.

On November 18, 2024, the Council reviewed options and community input regarding the potential expansion of the Urgency Ordinance. Following this review, on February 24, 2025, the Council directed staff to establish a local rent stabilization program that includes a 6% annual cap, to implement a rental registry, to include just cause eviction protections, to provide access to mediation services, and to commit to the Phase II implementation of a Rental Inspection Program.

DISCUSSION:

Based on staff experiences implementing the current program under Ordinances 4320 and Amended Ordinance 4329, and following extensive discussions with the Mayor, Council, and community input, including two detailed Study Sessions, an additional Council presentation, and the most recent discussion of February 24, 2025, we are pleased to present the attached draft Ordinance 4359 for Council's consideration. Key updates are outlined below and in the attached

PowerPoint presentation (Attachment No. 2).

Program Structure and Coverage

6% Annual Rent Cap - Implement local rent limits that include an annual percentage rent cap and comply with requirements mandated by state law, including exemptions under the Costa Hawkins Act and the Tenant Protection Act of 2019 (AB 1482). The rent cap provides that rent increases shall not exceed six percent (6%) of the highest monthly rent charged for each covered rental unit during the twelve (12) months preceding the effective date of the increase. Notably, the allowable percentage increase does not accrue or carry forward. Additionally, this policy would require an ordinance that mandates affected property owners to register their properties through an annual rental registry program.

Rental Registration Requirement – The rental registry would be an online portal where landlords can register their rental units, update information about those units, and provide limited tenancy details without including personally identifiable tenant information. The primary aim of the rental registry is to enhance transparency, facilitate effective regulation, and ensure compliance with local housing laws and regulations.

Typically, property owners must pay a fee to enroll their unit(s) in the rental registry software system. This annual fee is used to cover costs related to the program, including maintaining the registry, managing inquiries, processing petitions, coordinating public awareness efforts, and carrying out compliance and enforcement activities. While the rental registry fee is designed to offset the program's costs, full cost recovery depends on compliance; the effectiveness of the fee structure relies on property owners registering and paying the necessary fees.

Each registration statement must include, but is not limited to, the following information for every covered rental unit:

- Property street address and unit number;
- Year the property was built;
- All amenities and housing services associated with the unit;
- Total number of bedrooms and bathrooms;
- Name, address, and contact information of the landlord representative and/or property manager;
- Tenancy start date and rent amount at the start of tenancy; and
- Current rent amount and date of the most recent rent increase, along with the increase amount.

The City Council may consider, when deciding on the rental registry and fee structure to allow or disallow a 50% pass-through of the registration fee to tenants.

Clarified Exemptions – Ordinance 4359, in accordance with the Costa-Hawkins Rental Housing Act (AB-1482), specifies which unit types are exempt and describes the process for claiming these exemptions in detail.

Tenant Protection Measures

Relocation Assistance – The current relocation assistance amounts will be required, but Ordinance 4359 provides that the eligibility and amounts for relocation will be set by a City Council resolution, which will allow for adjustments to the fees as necessary over time. RSG, Inc. will carry out a Relocation Study to conduct local market research and perform a comparative analysis. This study will consider local moving costs, interviews with local service providers, and any potential factors that may require variations in relocation assistance. Should the relocation amounts not be adopted upon the effective date of Ordinance 4359, the current established relocation amounts will apply until a resolution is adopted by the City Council.

Mediation Program – Effective July 1, 2025, staff will sub-contract with the Housing Rights Center (HRC) to implement a one-year pilot Mediation Program that will provide voluntary mediation services for both tenants and landlords. The Mediation Services will assign a mediator responsible for the entire mediation process, which includes connecting with the participating parties and guiding them toward a resolution of their housing dispute. While the Mediation Services are related to landlord-tenant issues, they are not intended to resolve disputes under the Rent Stabilization and Eviction Control Ordinance. At the end of the one-year pilot, the City will evaluate program data and outcomes and explore funding opportunities to sustain the Mediation Services Program.

The primary objective of Mediation Services is to help stabilize tenants in their housing situations. HRC will encourage both tenants and landlords to reach agreements regarding their disputes to avoid the issuance of an eviction notice or filing for eviction in court. Such agreements may include but are not limited to, negotiating a payment plan for the tenant to remain in their housing, establishing a mutually agreed-upon move-out agreement, or reaching an agreement to stay with potential repairs. The mediator's role is to facilitate communication, help the parties understand each other's perspectives, and guide them toward a resolution. However, the mediator does not impose decisions or make rulings. Mediation services must be initiated before the filing of any eviction court hearing. Mediation services may occur through joint or separate in-person meetings, virtual sessions, or telephone conversations to accommodate the schedules, transportation limitations, and other barriers faced by households in Pomona.

Petition and Hearing Process

Petition and Hearing Procedures Clarified – This ordinance clarifies the procedures for petitions and hearings, including streamlined timelines, documentation requirements, and responsibilities for both tenant and landlord petitions, along with the duties and scheduling obligations of the hearing officer.

Expanded Tenant Petitions – This ordinance allows tenants to file petitions on a broader range of issues compared to the petitions permitted under Urgency Ordinance 4320. The previous ordinance only addressed non-compliance with rental increases, reductions in housing services, and concerns regarding habitability.

Capital Improvement Petitions – This ordinance allows landlords to submit petitions for relief to recover costs associated with Capital Improvements. This petition must be completed using a form provided by the Department and should include the following:

- A description of the Capital Improvement;

- Documentation of the costs incurred;
- An explanation of the reasons for making the Capital Improvement; and
- Any additional supporting documentation required.

This process ensures that landlords have a clear understanding of the requirements for seeking reimbursement for their improvements.

Administrative Improvements

Submission Flexibility – Required materials, such as notices and supporting documents, can now be submitted via email or mail. This change enhances accessibility and reduces administrative burdens.

Improved Terminology and Formatting – This ordinance includes enhanced terminology and formatting compared to Urgency Ordinance 4320 and Amended Ordinance 4329. The language and timelines in the ordinance have been improved for greater clarity, consistency, and ease of interpretation by the public and staff.

Updates and Clarifications – This ordinance makes updates and clarifications to address questions or issues that have come up during the implementation of the existing provisions, as well as makes updates based on changes in state law, such as new provisions in state law about no-fault terminations for substantial remodels.

Additional Considerations

Phase II Rental Inspection Program – Robust rental inspection programs are a vital component in the broader effort to stabilize housing and improve the quality of life for all residents by ensuring that rental properties meet health and safety standards through regular inspections. These programs are essential in maintaining habitable living conditions, which, in turn, help to stabilize communities and protect tenants from substandard housing. Rental inspection programs are typically self-funded through the collection of various fees, such as annual program fees, inspection fees, re-inspection fees, delinquency fees, and penalty fees. The Rental Inspection Program will be implemented in Phase II following the enactment of the Rent Stabilization and Eviction Control Ordinance.

Artificial Intelligence (AI-Based) Software – AI-based software is increasingly being utilized by property owners to develop rental pricing strategies that maximize their revenue. Under California state law (Costa-Hawkins), landlords can set an initial rent for a vacant rental unit without restrictions at the beginning of a new lease. However, landlords are advised to establish rent prices that are reasonable and comparable to similar affordable units in the area.

AB 1482 – The California Tenant Protection Act of 2019 is a statewide law designed to protect tenants by imposing limits on rent increases and outlining specific grounds for eviction. This law took effect on January 1, 2020, and is scheduled to expire on January 1, 2030. If Assembly Bill 1482 is not extended, further action will be needed to maintain rental caps after that date.

Prepared by:

Donyielle Holley, Housing Stabilization Manager

ATTACHMENTS:

Attachment No. 1 – Ordinance No. 4359

Attachment No. 2 – Staff Presentation