CITY OF POMONA
COUNCIL REPORT

October 19, 2026

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Beverly Johnson, Neighborhood Services Director

SUBJECT: AMEND FISCAL YEAR (FY) 2026-27 OPERATING BUDGET BY APPROPRIATING FUNDING FROM GENERAL FUND RESERVES FOR THE CONTINUED OPERATION OF THE RENT STABILIZATION PROGRAM

RECOMMENDATION:

It is recommended that the City Council consider the options presented in this report regarding the continuation of the Rent Stabilization and Eviction Control Program and take the following action, as applicable:

1) Adopt the following resolution, if continuation of the Rent Stabilization Program is approved:

   Option 1
   RESOLUTION NO. 2026-124 – AMEND FISCAL YEAR (FY) 2026-27 OPERATING BUDGET BY APPROPRIATING $273,801 FROM GENERAL FUND RESERVES FOR THE CONTINUED OPERATION OF THE RENT STABILIZATION PROGRAM; OR

   Option 2
   RESOLUTION NO. 2026-124 – AMEND FISCAL YEAR (FY) 2026-27 OPERATING BUDGET BY APPROPRIATING $355,401 FROM GENERAL FUND RESERVES FOR THE CONTINUED OPERATION OF THE RENT STABILIZATION PROGRAM

2) Authorize the City Manager, or designee, to execute all agreements, amendments, and other documentation necessary for the continued operation and administration of the Rent Stabilization Program, subject to approval as to form by the City Attorney.

EXECUTIVE SUMMARY:

The City Council has requested that staff return with a review of Ordinance No. 4359, which establishes the City's Rent Stabilization and Eviction Control Program, and options for potential extension of the Ordinance beyond its current expiration date of December 31, 2026. Staff is presenting the following options for City Council consideration: (1) continue the existing Ordinance by removing the expiration date (Resolution No. 2026-124 – Option 1); (2) continue the existing Ordinance and establish a Rental Registry (Resolution No. 2026-124 – Option 2); or (3) take no action, in which case Ordinance No. 4359 will expire by its terms on December 31, 2026.

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:

Option 1 would result in an estimated annual fiscal impact of **$578,076** to the General Fund to continue implementation of the existing Rent Stabilization and Eviction Control Program beyond December 2026 (See Table 1). The program budget includes City staffing, Hearing Officer services, legal review, petition administration, public inquiries, compliance activities, and other costs necessary for continued program implementation.

Option 2 would result in an estimated annual fiscal impact of **$632,256** (See Table 2) to the General Fund. This cost includes City staffing, Hearing Officer services, legal review, petition administration, public inquiries, compliance activities, and other costs necessary for continued program implementation as well as the establishment and administration of the Rental Registry, projected to require an additional $54,180 annually beginning FY 2027-28 (this assumes a cost recovery fee applied to all registrants).

The initial costs associated with the Rent Stabilization Program were funded through the American Rescue Plan (ARP) Fund 191 through December 31, 2026. Beginning January 2027, ARP funding will no longer be available, and the City's General Fund will be the only available funding source to support continued program operations. Continuation of the program would therefore require an appropriation from the General Fund for the remainder of FY 2026-27 and ongoing General Fund appropriations in subsequent fiscal years. The City continues to face General Fund fiscal constraints, which must be considered in determining whether to continue funding the program beyond December 2026. Pursuant to Section 30-586 of Ordinance No. 4359, the Ordinance will remain in effect beyond December 31, 2026 only if the City Council adopts a Resolution on or before that date explicitly identifying and appropriating funds for its continued implementation. If

the required Resolution is not adopted, the Ordinance will become inoperative, as if repealed. The current Fiscal Year 2027-28 General Fund Deficit is $7.9M.

Table 1: Funding Breakdown for Option 1

Proposed Permanent Rent Stabilization Program Budget	**FY 26-27**		**FY 27-28**
Funding Source	**American Rescue Plan (ARP)** (July 26 – Dec 26)	**General Fund** (Jan 27 – Jun 27)	**General Fund**
City Staffing – (2.35 FTE) *(Salaries, Benefits, and allocations)*	$191,826	$191,826	$491,076
RSG Inc. – As Needed *(Capital Improvement & Fair Return Independent Review & Financial Analysis)*	$58,191	$60,475	$62,000
Jones Mayer – As Needed *(Hearing Officer)*	$20,040	$20,000	$22,000
BBK Legal Services – As Needed *(City forms and document legal review)*	$1,100	$1,500	$3,000
Total RSO Expenditures	**$271,157**	**$273,801**	**$578,076**

The total financial impact for Option 1 for the remaining portion of the Fisal Year 26-27 (January through June) would be **$273,801.**

Table 2: Additional Cost for Option 2 (Rental Registry)

Proposed Permanent Rent Stabilization Program Budget	**FY 26-27**	**FY 26-27**	**FY 27-28**
Funding Source	**American Rescue Plan (ARP)** (July 26 – Dec 26)	**General Fund** (Jan 27 – Jun 27)	**General Fund**

Rental Registry (*Software Implementation & subscription, data migration Housing Help Desk, Payment Integration)*	$0	$81,600	$54,180

Below is a summary of the fiscal impact to the FY 2026-27 Operating Budget.

Option 1:

Worktags	**Change to Appropriations**
Fund: *FD101* Cost Center: *CC4204* *Ledger:51000 Staffing* Spend Category: *Earnings & Benefits*	+$191,826
Fund: *FD101* Cost Center: *CC4204* *Ledger: 52000 Controllable Expense* Spend Category: *Controllable Contract Services*	+$81,975
TOTAL	**$273,801**

Option 2:

Worktags	**Change to Appropriations**
Fund: *FD101* Cost Center: *CC4204* *Ledger:51000 Staffing* Spend Category: *Earnings & Benefits*	+$191,826
Fund: *FD101* Cost Center: *CC4204* *Ledger:53000 Required Expenses* Spend Category: IT Automation/Software Maintenance	$81,600
Fund: *FD101* Cost Center: *CC4204* *Ledger: 52000 Controllable Expense* Spend Category: *Controllable Contract Services*	+$81,975
TOTAL	**$355,401**

PREVIOUS RELATED ACTION:

On August 1, 2022, the City Council adopted Urgency Ordinance No. 4320, establishing an initial regulatory framework that capped rent increases at the lower of 4% or changes in the Consumer Price Index (CPI), thereby limiting the amount landlords could raise rents. On April 17, 2023, the Council adopted Urgency Ordinance No. 4329, amending Ordinance No. 4320 to require landlords

to provide relocation assistance in cases of no-fault evictions, thereby providing financial support to tenants who are displaced.

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. At the same time, significant community input was gathered both for and against the implementation of a permanent rent stabilization policy at nearly every City Council meeting.

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

Subsequently, 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 a Phase II implementation of a Rental Inspection Program.

On June 16, 2025, the Council approved the first reading of the Rent Stabilization and Eviction Control Ordinance of 2025 (Ordinance 4359) with the following revision: the annual rent increase cap was reduced from 6% to 5%. Additionally, the Council directed staff to provide a report on the progress and the impact of the Rent Stabilization measures within 12 months of the ordinance's effective date.

On October 20, 2025, the Council did not approve the second reading of the Rent Stabilization and Eviction Control Ordinance of 2025 (Ordinance 4359). Mayor Tim Sandoval requested staff return to the City Council with a revised Ordinance excluding the Rental Registry component.

On November 3, 2025, the Council approved the first reading of the Rent Stabilization and Eviction Control Ordinance of 2025 (Ordinance 4359).

On November 17, 2025, the Council approved the second reading of the Rent Stabilization and Eviction Control Ordinance of 2025 (Ordinance 4359) establishing an effective period of January 1, 2026, through December 31, 2026.

DISCUSSION:

On November 17, 2025, the City Council approved the second reading of the Rent Stabilization and Eviction Control Ordinance of 2025 (Ordinance No. 4359), establishing an effective period of January 1, 2026, through December 31, 2026. Ordinance No. 4359 established a local Rent Stabilization and Eviction Control Program that includes a five percent (5%) annual rent increase cap for covered rental units, tenant protections, relocation assistance requirements, petition and hearing procedures, and other administrative and enforcement provisions.

The City Council has requested that staff return with a review of Ordinance No. 4359, which establishes the City's Rent Stabilization and Eviction Control Program, and options for potential

extension of the Ordinance beyond its current expiration date of December 31, 2026. Staff is presenting the following options for City Council consideration: (1) continue the existing Ordinance by removing the expiration date (Resolution No. 2026-124 – Option 1); (2) continue the existing Ordinance and establish a Rental Registry (Resolution No. 2026-124 – Option 2); or (3) take no action, in which case Ordinance No. 4359 will expire by its terms on December 31, 2026.

Option 1 – Continue Ordinance No. 4359

Adopt *Resolution No. 2026-124 (Option 1)* explicitly identifying and appropriating General Fund resources for continued implementation of the Rent Stabilization and Eviction Control Program. Pursuant to Section 30-586, adoption of the Resolution would cause the Ordinance to remain in effect beyond December 31, 2026, until repealed by a subsequently adopted ordinance.

This option would maintain the existing five percent (5%) annual rent increase cap for covered rental units, as well as the tenant protections, relocation assistance requirements, exemptions, petition and hearing procedures, and other components currently contained in Ordinance No. 4359. The existing Ordinance includes processes for both tenant and landlord petitions. These include tenant noncompliance petitions and landlord fair return and capital improvement petitions.

Removing the expiration date would provide continuity of the City's existing local rent stabilization framework beyond December 31, 2026. It would also require the City to continue administering and funding the program. As discussed in the Fiscal Impact section of this report, the City’s current ARP funding for the Rent Stabilization Program is available through December 2026. Beginning January 2027, the City’s General Fund would be the only available funding source identified to support continued program operations, including staffing, hearing officer services, legal review, petition administration, compliance activities, and other program costs.

Option 2 – Continue Ordinance No. 4359 and Establish a Rental Registry

Under Option 2, the City Council would adopt Resolution No. 2026-124 (Option 2) explicitly identifying and appropriating General Fund resources for the continued implementation of the Rent Stabilization and Eviction Control Program beyond December 31, 2026. Pursuant to Section 30-586, adoption of the funding resolution would allow Ordinance No. 4359 to remain in effect until repealed by a subsequently adopted ordinance. In addition, *Option 2 would require an amendment to Ordinance No. 4359 to establish a Rental Registry* for covered rental properties. The amendment would establish the applicable registration requirements and provide the regulatory framework necessary for implementation and administration of the Registry.

A Rental Registry would provide the City with a centralized mechanism for identifying and maintaining information regarding rental properties and units subject to the City's Rent Stabilization and Eviction Control Ordinance. Specific registration requirements, information to be collected, exemptions, registration frequency, fees, compliance requirements, and implementation procedures would be established through the amended Ordinance and/or subsequent City Council action, as appropriate.

Rental Registry

Establishing a Rental Registry could provide the City with more comprehensive and current information regarding the City's rental housing inventory and properties subject to the Ordinance. Potential benefits include improved identification of covered and exempt rental units; more direct communication with rental property owners; improved administration and compliance monitoring; better data to evaluate program activity and impacts; and improved information for projecting staffing, workload, and future program resource needs. A registry could also assist the City in tracking petitions and complaints, responding to tenant and landlord inquiries, conducting outreach, and evaluating compliance with applicable provisions of the Rent Stabilization Ordinance.

These potential benefits should be weighed against the anticipated costs of establishing and administering the registry, including staffing, technology, ongoing maintenance, and compliance monitoring. The City Council should consider whether the anticipated improvements in program administration, oversight, and access to information justify the associated financial and operational commitments.

If Option 2 is selected, staff would return to the City Council with the necessary Amendment to Ordinance No. 4359 establishing the Rental Registry and its associated requirements.

If no action is taken to extend or modify Ordinance No. 4359, it will expire on December 31, 2026, in accordance with its existing sunset provision. No further legislative action would be required to allow the Ordinance to expire. Upon expiration, the City's local five percent (5%) annual rent increase cap and the tenant protections, petition processes, relocation requirements, and other provisions established specifically by Ordinance No. 4359 would no longer apply. Applicable rental properties and tenancies would continue to be subject to State law, including the California Tenant Protection Act of 2019 (AB 1482), where applicable. State law establishes rent increase limitations and just cause eviction requirements for covered rental properties and tenancies (See Table 3). Because State law contains exemptions, its requirements do not apply to all residential rental properties.

Rent Stabilization Comparative Analysis

Table 3 below compares key features of Ordinance 4359 and the State AB 1482 Tenant Protection Act.

Table 3: Comparative Analysis

Rent Stabilization Comparative Analysis		
	Local Protections (Ordinance 4359)	**No Local Policy (State AB 1482) (Expires January 1, 2030)**
Rent Limits	5% Annual Cap	State law - 5% + CPI, not to exceed 10% not to exceed 10% (currently set at 8.7% cap effective August 2026)
Eviction Protections	Requiring landlords to have a no-fault "just cause" for eviction.	Statewide eviction protections for most California renters begin after 12 months of tenancy, requiring landlords to have a "just cause" for eviction.
Relocation Assistance	Minimum - $6,164.00 Maximum -$15,377.00	Relocation assistance equal to one month's rent.
Other Considerations	**Petitions** *Noncompliance Petition (Tenant)* *Fair Return Petition (Landlord)* *Capital Improvement Petition (Landlord)* **Mediation Services (FY 2026-27) -** $66,785 (funded through CDBG, and Measure A.	Incorporates due process by requiring landlords to have "just cause" to evict a tenant and provide a written notice stating the reason for termination. For certain "at-fault" reasons, the law also requires landlords to give tenants a notice of violation and an opportunity to cure the issue before issuing an eviction notice.

Rent Stabilization Comparative Analysis	Local Protections (Ordinance 4359)	No Local Policy (State AB 1482) (Expires January 1, 2030)

Current Ordinance No. 4359 Program Highlights

The key provisions of the current Rent Stabilization and Eviction Control Ordinance are summarized below.

Program Structure and Coverage

5% 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 five percent (5%) 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.

Exemptions – Ordinance No. 4359, consistent with applicable State law, including the Costa-Hawkins Rental Housing Act and the Tenant Protection Act of 2019 (AB 1482), identifies rental units that are exempt from certain provisions of the Ordinance and establishes the process for landlords to claim applicable exemptions.

Tenant Protection Measures

Relocation Assistance – Ordinance No. 4359 requires relocation assistance for eligible tenants displaced as a result of a no-fault eviction. Current relocation assistance ranges from $6,164 to $15,377, depending on the applicable circumstances. The Ordinance provides that eligibility requirements and relocation assistance amounts may be established by City Council resolution, allowing the City to adjust the requirements and amounts as appropriate over time.

Mediation Program – Effective November 2025, staff sub-contracted 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 any other barriers faced.

Petition and Hearing Process

Ordinance No. 4359 provides petition options for both tenants and landlords to address circumstances that may require review or relief under the Rent Stabilization Program. The available petitions include:

Tenant Noncompliance Petition – Allows tenants to seek review when they believe a landlord has not complied with the requirements of the Ordinance, including issues involving rent increases, reductions in housing services, or habitability concerns. This provides tenants with an administrative mechanism to address potential violations of the Ordinance. Tenants are not charged a fee to file a Noncompliance Petition, ensuring that the petition process remains accessible to tenants seeking review of potential violations.

Landlord Fair Return Petition – Allows landlords to request an adjustment to the allowable rent increase when necessary to provide a fair and reasonable return on their property. This process provides a mechanism for considering individual property circumstances where application of the standard rent limitation may affect a landlord's ability to receive a fair return. Due to the complexity of Fair Return Petitions and the level of financial analysis and review required, these petitions can be more costly to administer. Landlords are required to pay a fee intended to recover the City's actual costs associated with reviewing and processing the petition.

Landlord Capital Improvement Petition – Allows landlords to request recovery of eligible costs associated with qualifying capital improvements to a rental property. The petition requires documentation of the improvement, costs incurred, reasons for the improvement, and other supporting information required by the City. This provides a mechanism for landlords to recover eligible costs associated with significant property investments while maintaining the Ordinance's general rent limitations. Due to the complexity of Capital Improvement Petitions and the financial analysis and review required, these petitions can be more costly to administer. Landlords are required to pay a fee intended to recover the City's actual costs associated with reviewing and processing the petition.

Hearing Process – Once a petition is accepted for review, the matter may proceed to a hearing before an independent Hearing Officer. The hearing provides both parties an opportunity to present relevant information, documentation, testimony, and other evidence regarding the petition. The Hearing Officer is required to have appropriate knowledge and experience with applicable

landlord-tenant laws, rent stabilization regulations, administrative procedures, and due process requirements, helping to ensure that decisions are well-reasoned, legally supported, and capable of withstanding administrative grievances or legal challenges. The Hearing Officer evaluates the information presented and issues a written decision based on the requirements of the Ordinance. This process provides a neutral administrative forum for resolving petition matters and ensures other tenants and landlords have an opportunity to be heard.

COUNCIL PRIORITIES & GOALS:

This item supports the FY 2026-27 City Council Priority #4: Pursue Housing and Homelessness Solutions – Goal #A: Increase Affordable Housing Opportunities and Promote Housing Stability

CHILDREN, YOUTH, AND FAMILY IMPACT:

Not applicable for this item.

Prepared by:

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Donyielle Holley, Housing Stabilization Manager

ATTACHMENTS:

Attachment No. 1 – Resolution No. 2026-124
Attachment No. 2 – Ordinance No. 4359
Attachment No. 3 – Staff RSO Presentation