



Rent Stabilization Ordinance Update and Next Steps

November 18, 2024



Background





Purpose

Discuss Permanent Rent Stabilization Options

Consider three potential pathways for rent stabilization:

1. **No Local Policy:** Repeal the current ordinances and rely solely on state law for tenant protections
2. **Enhanced Local Protections:** Continue or expand Pomona's local ordinance to provide rent protections beyond what is provided by state law
3. **State-Aligned Policy (AB 1482+):** Adopt a policy that aligns with the rent limits of state law (AB 1482) while implementing alternative programs to enhance housing stability

Goal: Stabilize rents and enhance housing security for Pomona's residents while considering the impacts on tenants, landlords, and the City's financial and administrative capacity

Objective: Obtain direction from City Council on the approach that best aligns with Pomona's long-term vision for tenant protections, housing stability, and balanced community impact



Urgency Ordinance No. 4320 and 4329

Rent Increase Limit

- Lesser of 4% or change in CPI for non-exempt residential rental units

Just Cause Eviction Protections

- Property owners must cite a **for cause** or **no-fault** reason to terminate tenancy
- No-fault terminations receive relocation assistance ranging from \$5,926 to \$15,377

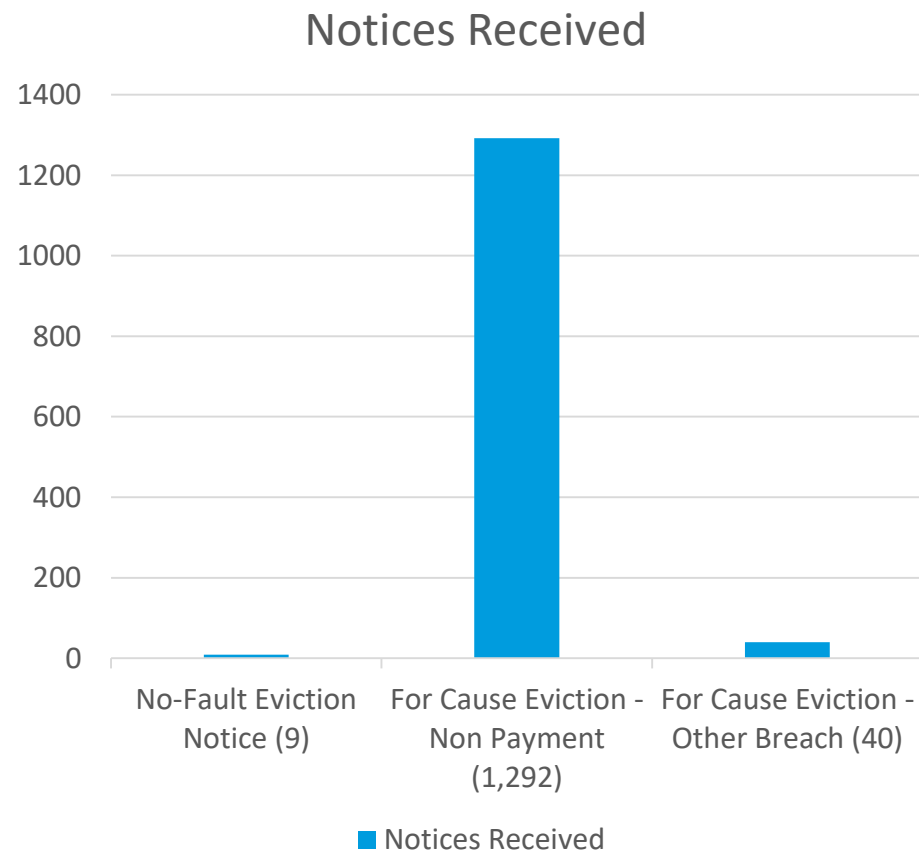
Established Petition Process

- Petition for Relief - for property owners seeking fair return
- Petition for Noncompliance - for tenants who allege there is a violation



Trends to Date

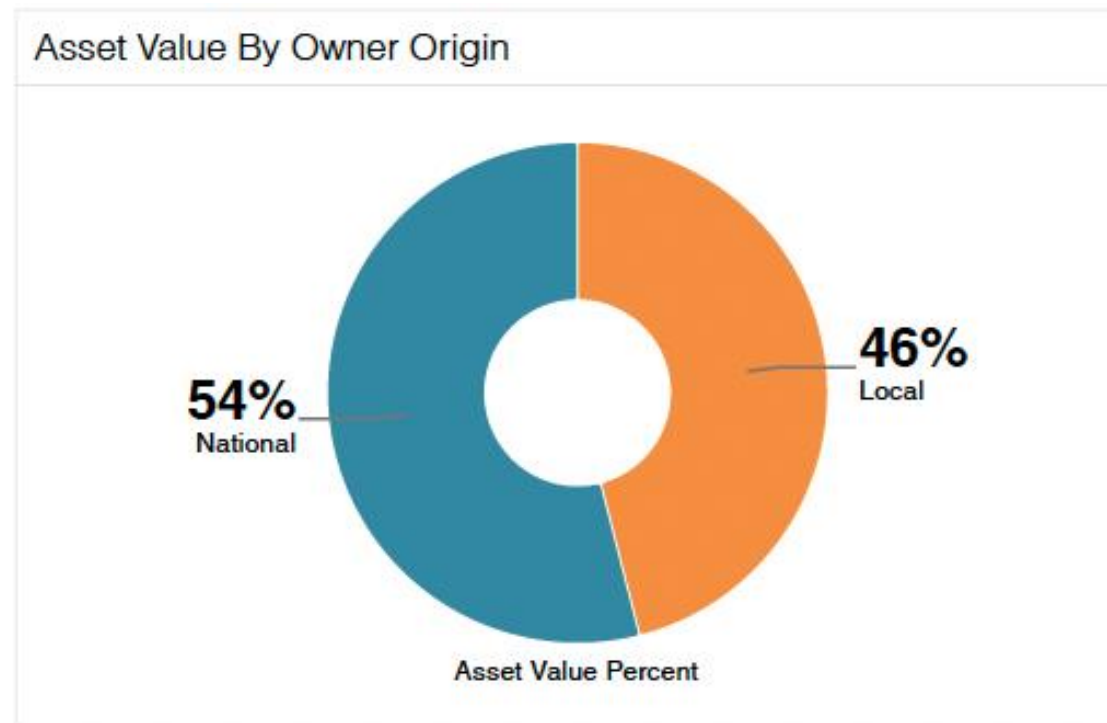
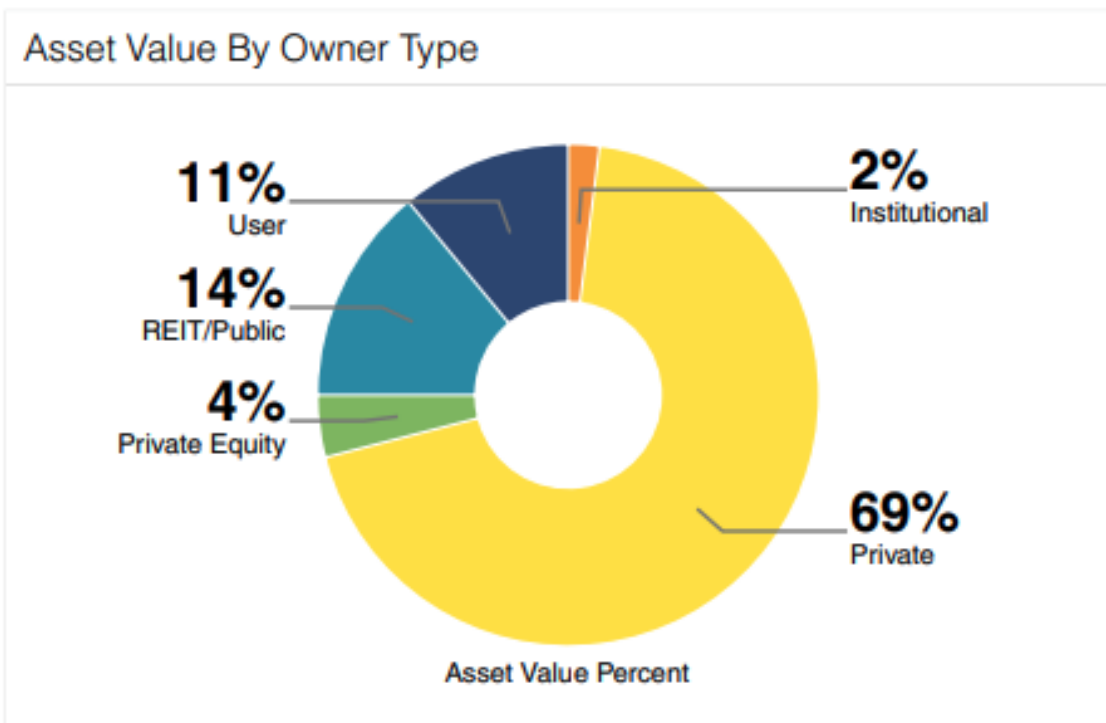
- Data in Pomona shows that approx. 96% of eviction notices served in the City are for a tenant's failure to pay rent
- 4 Petitions for Relief (landlord petitions) have been submitted
- 6 Petitions for Non-Compliance (tenant petitions) have been submitted
- 1 hearing has been conducted
- Approx 975 public inquiries since the inception of the Ordinance (phone and email)





Property Ownership in Pomona

- 69% of properties are owned by individuals or entities that aren't a part of large institutions
- 46% of property owners are local to Pomona

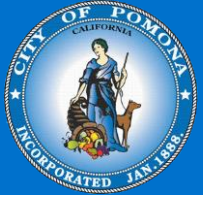


Source: CoStar Realty Information Inc.



Rent Stabilization Options

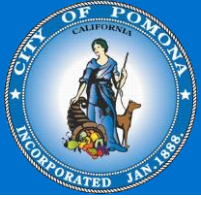
	No Local Policy	Enhanced Local Protections	State-Aligned Policy (AB 1482+)
Rent Limits	State law – 5% + CPI, not to exceed 10%	Keep as in Urgency Ordinance or modify	Mirror state law – 5% + CPI, not to exceed 10%
Eviction Protections	State law protections only	Keep as in Urgency Ordinance or modify	Separate just cause eviction ordinance
Relocation Assistance	State law protections only	Keep as in Urgency Ordinance or modify	Increased tenant relocation payments for no-fault evictions
Additions	<ul style="list-style-type: none"> Anti-harassment Ordinance 	<ul style="list-style-type: none"> Anti-harassment Ordinance Rental Registry and Fee Enforcement Mediation Additional tenant/landlord petitions 	<ul style="list-style-type: none"> Rental inspection program Anti-harassment Ordinance Rental Registry and Fee Expanded rental assistance program



Fiscal Impact

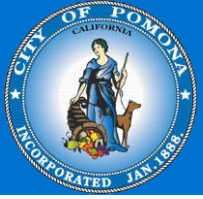
	No Local Policy	Enhanced Local Protections	State-Aligned Policy (AB 1482+)
Administrative Impact	None	6 – 7 FTE	<ul style="list-style-type: none"> Rental Inspection Program – 3-4 FTE
Costs	Anti-Harassment Ordinance- \$300,000	\$1.5 – \$2.5 Million <ul style="list-style-type: none"> Anti-Harassment Ordinance- \$300,000 	\$1 – \$2.25 Million <ul style="list-style-type: none"> Rental Inspection Program – \$350,742 and \$467,656 annually (Associated fee) Anti-Harassment Ordinance – \$300,000 (General Fund) Rental Registry – Aims to be cost-neutral (Associated fee) Enhanced Rental Assistance Program – \$348,000 – \$1.5 Million*
Funding Source	N/A	Rental registry fee aims to covers program costs	<ul style="list-style-type: none"> Business License Cannabis CB + tax Rental Inspection Fee Transient Occupancy Tax (TOT) Implement new rental unit tax

* Depending on funding source



Rent Stabilization Program Budgets

	Berkeley (FY 2024)	Hayward (FY 2023)	Oakland (FY 21-22)	Richmond (FY 23-24)	Santa Monica (FY 24-25 Projected)
Program Revenue	\$6,965,175	\$594,445	\$7,455,514	\$3,074,698	\$6,192,660
Program Expenditures	\$7,506,460	\$696,454	\$9,355,369	\$3,004,698	\$6,269,642
Annual Surplus/Shortfall	(\$541,285)	(\$102,009)	(\$1,899,855)	\$70,000	(\$76,982)



Additional Considerations - Proposition 33

Allows Local Governments to Expand Rent Control

- Eliminates Costa-Hawkins: Removes restrictions, allowing cities and counties limit rent increases on any housing, including single-family homes and newer buildings
- Vacancy Control: Local governments can limit rent increases when a new tenant moves in

No Automatic Changes to Existing Rent Control Laws

- Prop. 33 does not immediately alter current local rent control laws; local governments must take separate actions to change their regulations

Limits State Interference

- Prevents the state from limiting local rent control decisions