



"Great Apartments Start Here!"

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June 16, 2025
Via Electronic Mail

Honorable Mayor Tim Sandoval
and the Members of the Pomona City Council
505 S. Garey
Pomona, California 91766

Re: Rent Stabilization, Rental Registry, Just Cause & Relocation Fees – Agenda Item 15

Honorable Mayor Sandoval and Members of the Pomona City Council:

The Apartment Association of Greater Los Angeles (AAGLA) represents rental housing providers throughout Los Angeles, Ventura and San Bernardino counties, including many in Pomona. More than 80% of our membership are mom-and-pop owners with 20 or fewer units. We have extensive experience with many rent stabilization ordinances, Just Cause, rental registries, and relocation fees, including in Los Angeles, Baldwin Park, Culver City and Inglewood and are eager to share our knowledge with you as you consider the adoption of a permanent ordinance that contains each of these highly complex issues with major cost implications for Pomona.

Rent Stabilization

We appreciate the considerable outreach, research and consideration that this issue has received, since the adoption of Urgency Ordinance 4320 nearly 3 years ago on August 1, 2022. We realize that Pomona is trying to keep the ordinance as simple as possible by using a flat percentage as the annual increase. However, by doing so, this will put rental housing providers at substantial risk of bankruptcy during times of high inflation as there is no ability to adjust for increasing costs. If owners are unable to recover the full cost for providing rental housing that rise with inflation, including repairs and maintenance (labor and materials), trash hauling, sewer, and property insurance (already set to increase by 38% this year), then they will be unable to stay in business providing needed naturally occurring affordable housing. When they are forced out, then corporations will use the land for for-sale housing with modern amenities and the city will lose more of its rental housing stock.

Rental Registry

As stated in the staff report, Fiscal Year (FY) 2025-26 General Fund Budget was adopted on June 2, 2025, and projects a **deficit of \$5.5 million**. Further, The City is projected to require **between \$1.5 million and \$2.5 million** to effectively manage a comprehensive rent stabilization program. We know that most of these

costs are related to the rental registry itself as the City already has temporary rent stabilization ordinances in place via Urgency Ordinances 4320 and 4329, which is being conducted as a "complaint based" system rather than a "proactive" monitoring system. Active monitoring by the City in using a rental registry is extremely expensive with significant upfront costs of software, hardware and additional full-time City employees.

Despite the significant research conducted to date on the structure of a rental registry, we have seen no data come forward from staff supporting the need to switch to a proactive monitoring system at this time, especially during a budget shortfall. There has been no publicly available data on the number of complaints the City has received from renters regarding non-compliance by rental housing providers regarding the existing ordinance's maximum rent increase allowance, no data on investigations made by existing City staff and number of complaints verified as accurate versus simple misunderstandings, no data on the number of rental housing providers that were successfully brought into compliance by an initial outreach by City staff, no data on the number of cases referred to the City attorney for additional action, and no data on the outcomes of those referrals.

The City can readily adjust the existing maximum increase as well as including additional adjustments for Just Cause, petitions, appeals, civil penalties and harmonize terminology without the inclusion of a rental registry in this ordinance. **We urge the City Council to eliminate Section 30-614 regarding the creation of a rental registry until additional data has been brought forward showing the necessity to switch to a proactive monitoring system rather than remaining with the existing complaint-based system.**

Short-Term Rental Assistance

According to the staff report, we understand that the City has **\$3.4 million in funding available** from American Rescue Plan - ARP (Fund 191) that must be spend by December 2026. **We urge the City Council to immediately create a short-term rental assistance program for renters that have experienced a sudden job loss, injury or illness.** Claremont already has such a rental assistance program in place that has been highly successful and can be used as a ready template for Pomona. This would provide direct and immediate assistance to renters to avoid evictions based on non-payment of rent for a temporary circumstance. ARP funding was intended for such short-term and immediate needs and is why they have an expiration date attached to them.

Relocation Fees

The proposed relocation fees are so high as to be completely unworkable for small owners and would force many to sell their properties rather than conduct needed major repairs or move-in to the property during times of personal need. According to CoStar data, a national aggregator of residential and commercial rental data, the average rent for a 1-bedroom unit in a multifamily building with 20 or fewer units in Pomona is \$1,058.50. **That means that the relocation fee of \$15,377 for a Qualified Tenant at 80% median income is over 14 months' worth of rent. A Qualified Tenant with 3 years at the property is \$12,998, which would be over 12 months' worth of rent. The regular renter with 3 years at the property is \$6,164, which is 6 months' worth of rent. The regular renter at 80% median income is \$8,074, which is more than 7 months' worth of rent.** These excessively high fees have been set without any cost study act and do not reflect actual costs in moving from an existing rental to a new rental. Instead,



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they are so high as to appear purposefully abusive towards rental housing providers and a backdoor attempt to prevent them from conducting No-Fault relocations when needed.

We urge the City Council to substantially revise the relocation fees to reflect the true cost of moving, including packing materials, movers, and security deposits (with refund of existing security deposit, if no damage was done to existing unit). Until an actual cost study can be conducted, we urge the City Council to set relocation fees at no higher than 3 months' worth of rent for Qualified Tenants and 2 months' worth of rent for other Eligible Tenants.

We appreciate that the City Council recognizes that small owners are drastically different than large corporations in terms of business practices and access to financing. Small owners cannot afford large relocation fees as it makes up a much larger percentage of their total income based on the small number of units that they own. Small owners cannot obtain additional financing from Wall Street, large institutional investors or cross-collateralize assets in multiples properties. **Small owners own far fewer units, many with a single property. Such small owners may own 5, 10 or 20 units for a single property that was built prior to 1980. These are no less small owners than those with 4 or fewer units.** In fact, any owner with 5 or more units must obtain a commercial loan that has a much shorter term of only 7 to 10 years and then requires a new loan be obtained at existing, and much higher, interest rates. Such mortgages are needed to help cover emergency costs and major system repairs that cannot be fully recovered from existing renters. Small owners also have the lowest turnover rates that prevent them from receiving full market rate to help cover such costs.

We urge the City Council to change the definition of small owners to include owners with 20 or fewer units in order to maintain the existing supply of affordable rental housing provided by small owners.

Capital Improvements

We appreciate the City Council's desire to properly address capital improvements. As recognized in the ordinance, capital improvements involve major systems that are necessary for the preservation of the entire property to continue as rental housing supply as well as improving living conditions for existing renters. However, the inclusion of a dollar maximum monthly increase in addition to a percentage increase makes this process unworkable for most rental housing owners. **The flat amount of \$100 per month does not reflect the actual costs for such major improvements and would make it impossible for rental housing owners to recover these costs over any reasonable period of time.** In addition, a flat amount of \$100 will only grow less reflective of true costs over time. This limit is particularly damaging to smaller owners that do not have a sufficient number of units over which to allocate and collect this increase.

Rather than having a flat dollar amount as a maximum, we urge the City Council to eliminate it and allow the existing percentage limit of 10% to remain as the maximum increase allowance for capital improvement costs.

Administrative Fines

We realize that the intent of high fines is to discourage wrongful conduct. However, when fines are set too high, it will create a financial debt that will force the sale of the property by the existing owner to satisfy it.

As a result, entire buildings of renters will lose their housing as owners are forced to sell to corporations that will redevelop the property. This is particularly true for small owners that may make a single misstep, many simply for not knowing about the new ordinance.

The current amount of **\$1,000 per violation, per day** is simply too high for most rental housing providers that are non-corporations to be able to pay without forcing the sale of their properties. **We urge the City Council to remove "per day" as part of these civil penalties or to create a tiered fee structure based on the number of units existing at the property where the violation is claimed to have taken place. Also, we urge the City Council to add a progressive disciplinary ladder based on a first warning, second warning process that does not have any fines or has substantially reduced fines attached to it.**

Attorney's Fees and Court Costs

We understand that litigation is expensive and that attorney's fees are particularly burdensome. This is also true for rental housing providers trying to defend themselves against false and/or frivolous lawsuits. **In order to provide equity for all parties, we urge the City Council to change the existing language to allow attorney's fees and court costs for the "prevailing party".**

We appreciate that the City Council wants to replace the existing urgency ordinances with a permanent ordinance. Thus, it is critical that the City Council fully consider this draft ordinance and make all changes that are necessary to it before its passage. This is the first time that the general public as well as AAGLA have had the opportunity to review the ordinance and provide comments. We urge the City Council to take all comments into consideration to better refine the existing draft permanent ordinance and avoid unintended consequences to the maximum extent possible.

Thank you for your time and consideration. Please feel free to reach out to me directly by telephone at (213) 384-4131; Ext. 309 or via electronic mail at janet@aagla.org.

Sincerely,

A handwritten signature in black ink that reads "Janet M. Gagnon". The script is elegant and cursive.

Janet M. Gagnon, Esq.

CC: Daniel Yukelson, Executive Director, Apartment Association of Greater Los Angeles