



"Great Apartments Start Here!"

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Via Electronic Mail

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

Re: Relocation Fees – Agenda Item 8

Dear Honorable Mayor Sandoval and Members of the Pomona City Council:

The Apartment Association of Greater Los Angeles (AAGLA) represents nearly 10,000 rental housing providers, including many in Pomona. More than 80% of our members are mom-and-pop owners with 20 or fewer units.

The RSG report is fatally flawed with multiple incorrect assumptions and data for the following reasons:

HUD Fair Market Rent

Using HUD Fair Market Rent (FMR) for all of Los Angeles County instead of Pomona's actual rent for a study that is supposed to be "specific to Pomona" is misleading and greatly inaccurate. HUD's rate results in rent of \$2,187 for a 1-bedroom unit. In stark contrast, Pomona's average monthly rent for a 1-bedroom unit is only \$1,052 according to Costar, the leading aggregator of residential and commercial rental data nationwide. RSG should have used this data, which is readily available to anyone by a simple subscription to CoStar in creating a report with data specific to Pomona. **RSG's failure results in overstating the rent in Pomona by more than DOUBLE! This grave error must be corrected prior to any new relocation fees being adopted in Pomona.**

Security Deposits

The RSG report incorrectly includes data that is completely unreliable and costs that should not exist. The RSG report includes "security deposits," which are inappropriate to include as they are refunded by existing rental housing providers assuming no damage was done to the unit when the renter vacates the existing unit.

Therefore, the renter already has existing funds to pay such costs and including security deposits is DOUBLE COUNTING a significant cost.

In addition, RSG report clearly states that it used 2 months’ worth of security deposit as its assumption. This is grossly overinclusive as state law only permits owners with 4 or fewer units and no more than 2 properties (a key fact left out of RSG’s report) to accept more than one month’s security deposit. RSG gives no breakdown of housing in Pomona to show the percentage of owners with 4 or fewer units and it is in fact the tail wagging the dog as such owners do NOT make up a majority of owners in Pomona much less ALL owners. **Using this DOUBLING of the standard security deposit allowed under state law results in grossly overestimated security deposit amounts in Pomona.**

Short-Term Lodging

The RSG report includes an additional cost for short-term lodging that is unlikely to occur. By state law, rental housing owners must provide at least 30 days’ advanced notice and up to 60 days’ advanced notice (if the renter has lived at the property for at least 1 year) to the renter prior to exercising a No-Fault eviction. This advanced notice gives renters substantial time to locate another unit for rent especially in today’s market where vacancy rates have increased the availability of housing units. Thus, there is no legitimate reason that any short-term lodging should be needed by a renter. At a minimum, such an occurrence would be a rarity and not common among all renters.

Temporary Storage

Here again the RSG report is using a category of costs that is unlikely to occur. The same notice that is required to be provided for the renter to locate a new rental unit should also eliminate the need for any “temporary” storage. Further, it is unclear upon what basis this temporary storage has been calculated or why such calculations were deemed necessary at all.

“Peer Jurisdictions”

The RSG report falsely claims to use “peer jurisdictions” as comparisons for other cities actions. In fact, most of the cities used have nothing whatsoever in common with Pomona and are some of the most affluent cities in all of California with much higher median incomes and rental prices that would support higher relocation fees.

In contrast, Pomona is far more similar to local cities such as Baldwin Park, Claremont and Long Beach and it is their relocation fees that should be more heavily weighed by Pomona as to what would be fair and reasonable (see chart below). Yet, RSG’s report completely fails to include any of these cities as comparisons for No Fault relocation fees. In addition to relocation fees, Claremont has a Housing Stabilization and Relocation Program where renters can apply for additional funding related to a No-Fault move.

City	Population	Median Household Income	Average Monthly Rent (2-20 units). 1 bedroom	Existing Relocation Fee
Pomona	147,966	\$78,869	\$1,052	
Baldwin Park	69,247	\$79,087	\$1,147	2 ½ months' fair market rent and \$1,306 moving allowance
Claremont	36,139	\$122,127	\$1,096	3 months' rent at time of notice
Long Beach	450,901	\$83,969	\$1,293	For Substantial Remodel and Demolition Only = 2 months' rent or \$4,500. For All Other No-Fault (including Owner Move-In) = 1 months' rent at time of notice.
Alameda	78,795	\$132,015		
Berkley	121,749	\$108,558		
Culver City	39,883	\$122,312		
Hayward	158,440	\$113,775		
Inglewood	102,774	\$71,029		
Mountain View	87,316	\$179,917		
Oakland	443,554	\$ 97,369		
Richmond	115,353	\$90,038		
San Jose	997,368	\$141,565		
Santa Monica	90,729	\$109,739		
West Hollywood	34,371	\$94,844		

Current Relocation Fees

It is worth remembering that the existing relocation fees in Pomona that were set almost 3 years ago were based on similarly substantially flawed comparisons. Staff acknowledged at that time that the amounts are wildly inflated as the average rental rates in Los Angeles County were 33% higher than the average rents in Pomona. The revised "interim" rates set last year merely continued the inequity that had grown to be even more disparate as the difference between the **City of Los Angeles' rental rates had grown to be 37% higher than in Pomona.**

Conclusion

Pomona must stop wrongfully penalizing its rental housing providers by using data from cities that are extremely dissimilar to Pomona creating relocation fees that are excessive and completely out of reach for local housing providers. These extreme relocation fees will only drive more mom-and-pop owners out of business in Pomona when they face a need to make major system repairs or to move-in for personal reasons. The few remaining housing providers will be forced to delay major repairs and properties will fall into disrepair until ultimately sold for demolition and permanently lost as affordable rentals. **Setting reasonable relocation fees is the single most important act by the City Council to preserve existing affordable rental housing.**



"Great Apartments Start Here!"

We urge the City Council to finally, after nearly 3 years, correct the gross injustice of these extremely excess relocation fees by adopting 2 months' worth of rent for relocation fees based upon Pomona's actual rental rates being paid by renters for the unit at the time notice is given. We also urge a 50% reduction in all relocation fees for small owners with 10 or fewer units. Setting the relocation fee based on actual rent instead of the grossly inaccurate, extremely inflated and excessively broad "moving costs" presented in RSG's report is the only fair approach that will ensure preservation of needed affordable rental housing in Pomona.

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,

Janet M. Gagnon

Janet M. Gagnon, Esq.

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