



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: APRIL 22, 2025

DEPARTMENT: COMMUNITY DEVELOPMENT

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TITLE: REPORT ON RESIDENTIAL RENTAL REGISTRATION AND
RENT STABILIZATION PROGRAM IMPLEMENTATION

RECOMMENDED MOTION:

Receive administrative report on the implementation of the Residential Rental Registration Program and Rent Stabilization Program and associated Rent Stabilization, Tenant Protection and Just Cause Eviction, and Tenant Anti-Harassment ordinances and provide direction to staff.

EXECUTIVE SUMMARY:

At the March 25, 2025, Salinas City Council Meeting, the City Council directed staff to provide a report to the City Council on the [Residential Rental Registration](#), [Rent Stabilization](#), [Tenant Protection and Just Cause Eviction](#), and [Tenant Anti-Harassment](#) ordinances (the “Ordinances”). This report provides a summary of each ordinance, outlines implementation actions, identifies implementation challenges and feedback, provides program data to date, and presents alternatives for the City Council’s consideration.

BACKGROUND:

In April 2023, the City Council adopted an ordinance establishing a Residential Rental Registration Program and in September 2024, adopted three ordinances establishing a Rent Stabilization Program, including a Rent Stabilization ordinance, a Tenant Protection and Just Cause Eviction ordinance, and a Tenant Anti-Harassment ordinance.

Ordinance Summaries

The Residential Rental Registration Ordinance requires all landlords to register their residential rental properties with the City. The registration process aids in maintaining accurate records of rental units and facilitates effective communication between the City of Salinas and property owners. Landlords are to provide essential information about their properties and pay an annual registration fee.

Link: [Ordinance No. 2663](#) | [Resolution No. 23170](#)

To address housing affordability, the Rent Stabilization Ordinance limits the amount and frequency of rent increase for applicable rental units. It ensures that tenants are protected from excessive rent hikes while allowing landlords to receive fair return on their investments. The ordinance outlines specific guidelines for permissible rent adjustments and establishes a framework for resolving disputes.

Link: [Ordinance No. 2681](#) | [Resolution No. 23169](#)

The Just Cause Eviction and Tenant Protection Ordinance establishes criteria for lawful evictions, ensuring tenants are not unjustly displaced. It requires landlords to provide a valid reason, or "just cause," for terminating a tenancy, such as non-payment of rent or violation of lease terms. Additionally, the ordinance mandates relocation assistance for tenants facing no-fault evictions, offering further security and support.

Link: [Ordinance No. 2682](#)

The Tenant Anti-Harassment Protections Ordinance prohibits landlords from engaging in behaviors that harass or intimidate tenants. It defines specific actions considered as harassment, such as interrupting essential services, failing to perform necessary repairs, or attempting to coerce tenants into vacating their units. The ordinance provides penalties for non-compliance, thereby promoting a respectful and safe living environment for all residents.

Link: [Ordinance No. 2683](#)

Program Establishment

Implementation of the Residential Rental Registration Program and Rent Stabilization Program (collectively, "Program") required City Council action on November 19, 2024, to establish Program registration fees and FY 24-25 budget, a work force allocation modification to hire additional administrative staff, and authorization of a loan transfer from the General Fund in the amount of \$205,203 to cover Program start-up costs prior to collecting sufficient Program fee revenue to cover Program expenses ([Resolution No. 23171](#)).

The approved FY 24-25 Program budget is \$655,250 and includes the expenditures broken down below.

Salaries and Benefits	\$142,250
Software	\$200,000
Supportive Services	\$300,000 (Hearing Officer, Education/Outreach)
Indirect Costs/Overhead	<u>\$ 13,000</u>
	\$655,250

The approved Workforce Allocation Modification authorized two new limited term positions, which were subsequently hired to support Program implementation. Current Program staffing is provided below.

0.2 FTE Planning Manager
1.0 FTE Community Development Analyst (Limited Term)
1.0 FTE Admin Analyst – Limited Term (November 2024)
1.0 FTE Admin Aide - Limited Term (December 2024)
3.2 FTE

The City Council also approved Resolutions adopting the Program Fees listed below.

Residential Rental Registration: \$ 45.00 per unit ([Resolution No. 23169](#))
Rent Stabilization Units: \$170.00 per unit ([Resolution No. 23170](#))

Residential rental units that are subject to the Rent Stabilization Ordinance pay a registration fee of \$170.00 per unit while non-rent stabilized units are subject to the Residential Rental Registration ordinance and pay a fee of \$45.00 per unit. Rent stabilized units are not charged the rental registration fee of \$45.00 per unit on top of the \$170.00 fee.

A landlord's failure to pay the annual Residential Rental Registration and Rent Stabilization Fees as required by the Ordinances triggers a series of enforcement actions by the City. First, the City will issue a delinquency notice, providing the landlord with 45 calendar days to pay the amount due. If payment is not received within that timeframe, the City will assess a late penalty of 10% of the applicable registration fee. For every additional 45-day period that the fees remain unpaid, an additional 10% penalty will be assessed. If the fees remain unpaid 180 calendar days after the issuance of the original delinquency notice, the landlord will be subject to a citation.

Based on a conservative projection of a thirty percent (30%) fee collection rate, an estimated amount of \$205,203 was appropriated from the General Fund in FY 24-25 in the form of a loan transfer to cover Program start-up costs including contracting for Program portal and data base development, hiring administrative staff, developing education and marketing materials, and providing Program supportive services. It was also established that should the actual Program revenue collection rates exceed Program costs, the General Fund loan transfer will be repaid. Attachment 1: Staff Analysis of Program Revenue, Cost and Cost Recovery includes estimated maximum revenue, program cost and cost recovery analysis based on available information at that time that was used to establish the FY 24-25 Program budget.

Program Implementation

In November and December 2024, staff implementation priorities included selecting a qualified vendor to provide an online platform for managing the Program and the development of Program procedures and noticing forms required by the Ordinances. In November 2024, Tolemi was selected as the online platform vendor because of its ability to launch the platform by the Program effective date of January 1, 2025, and the software's capability to search and identify potential rental properties subject to the ordinances within Salinas using different criteria. ([Resolution No.](#)

[23163](#)) Staff worked diligently with Tolemi to develop and test the online platform, which was launched by the Program start date of January 1, 2025.

A [Rental Registration and Rent Stabilization Program](#) web page was developed which summarized the four (4) Ordinances and their requirements and provided forms, definitions, Frequently Asked Questions, and Tenant and Landlord Resources. The web page included the required notices to Tenants that are to be given on or before the beginning of tenancy and posted in common areas in both English and Spanish. Landlord and Tenant Petitions forms were created in English and Spanish. Landlord resources also included an Annual Allowable Rent increase tool with a step-by-step user guide. Program procedures and notices were developed in coordination with the City Attorney.

Attachment 2 to this report provides a chronology of outreach and support provided to facilitate Program registration and compliance. Program staff had a dedicated phone line and email address and established office hours, with the option of scheduling an in-person appointment during non-office hours. There was a noticeable increase in questions and need for registration support after issuing a Notice of Delinquency dated February 12, 2025, to the 5,374 of rental properties identified by Tolemi's BuildingBlocks data. The Notice was sent to properties that had not been registered by the 30-day deadline of January 31, 2025. In response to this increase, staff provided additional evening office hours on February 20 and 27, 2025 from 4:30 PM to 7:00 PM at the Permit Center (65 W. Alisal Street). As of April 14, 2025, staff has fielded 7,086 phone calls, responded to 833 emails, and served 532 individuals through in-person appointments.

Program Implementation Data. The original estimate of 22,000 rental units within the city was based on census data. According to Tolemi's Building Blocks data, there are 8,202 suspected rental properties with a total of 21,779 units in the City of Salinas. As of April 14, 2025, 3,975 properties including 10,963 units have been fully registered. Of the units registered, 7,317 are subject to the Rent Stabilization Ordinance and 3,646 are not rent-stabilized. This represents approximately 48.46% of suspected rental properties and 50.33% of suspected rental units. Additionally, 432 registrations are currently pending payment and four (4) are incomplete. If these pending registrations are completed, the registration compliance rate of suspected rental properties would increase to approximately 53.73%. See Attachment 3, Program Implementation Data for more details. Generally smaller property owners, those owning fewer than 10 units, have been more proactive in registering their properties early. Larger property management firms and landlords have taken longer to complete the process, largely due to the volume of properties requiring registration and the need to coordinate bulk uploads with Tolemi.

Landlord and Tenant Petitions. Landlords who wish to request a rent increase beyond the allowable percentage may file a petition for a fair return. Similarly, Landlords who wish to pass on costs associated with capital improvements made to a rental unit may file a petition to pass those costs on to the tenant through the rent. In either case, landlords are required to provide documentation supporting their claims, including proof of capital improvement expenses and/or increased operating costs.

Tenants may file a Rent Reduction Petition to ensure compliance with the Rent Stabilization Ordinance. This may include issues such as a reduction in housing services, failure to maintain the

premises in a habitable condition, or a rent increase that violates the provisions of the Rent Stabilization Ordinance.

Once the petition has been submitted through the Tolemi software and reviewed by City staff it is reviewed by a hearing officer retained by the City who will issue a decision on the petition. Currently, a total of six (6) petitions have been filed, consisting of five (5) landlord petitions and one (1) tenant petition.

Challenges and Feedback

This section outlines Program implementation challenges and feedback.

Interpretation of Ordinance Requirements. One of the most persistent issues has been confusion interpreting the Ordinances. This has led to frequent inquiries and legal clarification requests, particularly around specific forms and compliance scenarios.

One example is as follows: On January 2, 2025, Program staff received an email from a landlord questioning the information required for registration. By January 3, 2025, staff resolved the issue in the Tolemi's platform (Slate) and clarified the expectations. The Rental Registration Ordinance currently requires landlords or property managers to provide: (1) the name, mailing address, phone number, and email of the landlord; (2) the street address and/or APN of each rental unit; (3) the number of bedrooms, bathrooms, and square footage; (4) the business license number, if applicable; and (5) the property manager's contact information, if applicable. Optional fields include tenant information, monthly rent amounts, utility details, occupancy status, and subsidy information.

Registration Process and Platform. The Slate platform has been instrumental in implementing the City's rental registration process, offering bilingual functionality in English and Spanish. However, both staff and landlords encountered challenges with the system. Many landlords, particularly those unfamiliar with digital platforms, have struggled to navigate login steps, locate registration tasks, and complete payments. Even those attempting to pay by check have reported confusion when tasks remained marked incomplete, prompting additional support requests. These issues have required significant staff intervention and coordination with Tolemi to manually resolve errors or reopen workflows.

Administrative limitations in the platform, such as restricted editing capabilities once a task is submitted, have also impacted efficiency. Bulk registration for larger property management companies has taken longer to process due to the required backend upload by Tolemi staff of submitted spreadsheets listing individual units. Despite these hurdles, the platform remains a valuable tool, and staff continue working closely with Tolemi to improve functionality, streamline processes, and enhance user guidance for smoother future registration cycles.

Implementation Feedback. Below is a summary of frequent concerns received from landlords.

Rental Registration & Rent Stabilization Ordinances

- *Registration Fees:* Many landlords have expressed concern regarding the amount of the new Rent Stabilization Program fees of \$170 per unit for rent-stabilized units, especially for larger properties with 100 plus units. There was also concern raised regarding the new flat fee structure established for the Rent Registration Program. The shift to a flat fee raised the cost per unit to ensure coverage of Rental Registration program costs. In FY 23/24, Residential Registration Program fees were determined by the number of units on each parcel owned by the registrant. The fee structure was as follows:

Registration Fee Table 2023							
# of units on a Parcel	1	2-4	5-9	10-24	25-49	50-99	100+
Registration Fee	\$20	\$35	\$60	\$75	\$120	\$225	\$350

- *Rent Increase Limits:* Several landlords have noted that the 2.75% or 75% of CPI cap on rent-stabilized units is too low to maintain a fair return on investment, particularly considering rising property taxes, insurance, and maintenance costs. In addition, the current rent increase cap of 2.75% is lower than that used in comparable jurisdictions and does not account for rising property management and maintenance costs.
- *CPI Timing Issues:* Landlords have pointed out that calculating allowable rent increases based on the month of the last rent increase can create compliance issues as CPI data is not released in time to meet California's 60-day notice requirement for rent increases. There is growing feedback suggesting that the allowable rent increase should be based on an annual CPI percentage instead of a month-to-month approach.
- *Sub meters:* Large-volume property managers sought direction as to how to modify their complexes to comply with the "individually and separately metered" utilities requirement in the Rent Stabilization Ordinance, and citing the cost and time required to sub-meter rental properties.

Just Cause Eviction and Tenant Protections Ordinance

- *Right-to Return / Withdrawal of Rental Unit:* A major concern raised by landlords is the five-year right-to-return requirement under the Ellis Act provision of the Just Cause Eviction and Tenant Protection Ordinance. If a rental unit is withdrawn from the rental market and later re-rented within five years, the ordinance mandates it be offered first to the displaced tenant. Small-scale landlords find this timeframe burdensome, especially when units are temporarily withdrawn for renovations or other personal reasons. Many have requested reducing the period to better align with other cities and ease the burden of compliance.
- *Relocation Assistance.* Many landlords have voiced their concerns about the financial burden of having to pay tenants a relocation payment when terminating tenancies for reasons such as renovations or owner move-ins. While these policies aim to protect renters in competitive markets, many landlords, especially small property owners, are struggling with

the financial burden of covering the three months' required rent payment particularly when combined with rising property taxes, insurance premiums, and maintenance costs. Landlords voiced concerns about long-term sustainability and the unintended consequences on the rental market.

- *10-day Notice to Cure*: There is currently confusion regarding whether a notice to cure is necessary for nonpayment of rent. In its current form, the Just Cause Evictions and Tenant Protections Ordinance, requires that landlords present a tenant with a 10-day notice to cure for all curable lease breaches, including non-payment. Nonpayment of rent is inherently addressed by a specific procedure in state law: a 3-Day Notice to Pay Rent or Quit, after which an eviction may proceed if rent isn't paid.

Alternatives Available to the City Council

Staff is seeking direction from the City Council as to next steps, which may include one of the following alternatives:

- 1) Direct staff to continue to implement all four (4) Ordinances and return with a Program report in October 2025.
- 2) Direct staff to amend any or all four (4) of the Ordinances to address concerns raised or to clarify requirements and bring such amendments back to the City Council for consideration.
- 3) Direct staff to return to the City Council as soon as possible with ordinances to repeal any of or all four (4) of the Ordinances.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that this administrative report is not a project under the California Environmental Quality Act (CEQA Guidelines Section 15061(b)(3)) because it would not have a significant effect on the environment. Additionally, the City's approval of this Resolution is exempt because it does not meet the definition of a "project" under CEQA, pursuant to CEQA Guidelines sections 15060(c)(1) and 15378(a), because it has no potential to result in a direct or reasonably foreseeable physical change in the environment.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This administrative report provides an update on the implementation of four ordinances: Rental Registration, Rent Stabilization, Tenant Protection and Just Cause Eviction, and Tenant Anti-Harassment, which are consistent with and further the City Council's goal of promoting and preserving Housing/Affordable Housing (City of Salinas Strategic Plan 2022-2025) and are identified program activities in the City's adopted 6th Cycle Housing Element (2023-2031).

DEPARTMENTAL COORDINATION:

The City Attorney's Office and Community Development, Finance and Human Resources Departments collaborated on and contributed to the preparation of this agenda item. The Housing and Community Development Division led Program implementation in consultation and coordination with the City Attorney and Administrative staff.

FISCAL AND SUSTAINABILITY IMPACT:

Rental Registration and Rent Stabilization Program implementation is intended to be cost-neutral and self-funded through the collection of annual fee revenues. Based on a conservative projection of a thirty percent (30%) fee collection rate, an estimated amount of \$205,203 was appropriated from the General Fund in FY 24-25 in the form of a loan transfer to cover Program start-up costs including contracting for Program portal and data base development, hiring administrative staff, developing education and marketing materials, and providing Program supportive services. Table 1 below details actual fee revenue collected as of April 14, 2025, and Table 2 below details actual expenditures as of April 14, 2025, compared to the FY 24-25 Program budget. The expense and revenues presented below continue to increase as rental units continue to be registered and staffing costs are incurred.

Table 1: Program Fees Collected | January 1, 2025 to April 14, 2025

	Fee Amount	Number of Units Registered*	Total Fees Remitted*
Residential Rental Registration	\$45/unit	3,646	\$164,070.00
Rent Stabilization	\$170/unit	7,317	\$1,243,890.00
Total		10,963	**\$1,421,233.00

* Data source: Tolemi Slate Platform

**Beginning April 2, 2025, late fees were assessed.

Table 2: Program Budget and Expenditures | January 1, 2025 to April 14, 2025

	FY 24-25 Budget	Actual Expenditures	Remaining Balance
Salaries and Benefits	\$142,250	\$76,928.64	\$65,321.36
Software	\$200,000	\$129,000.00	\$49,300.00
Supportive Services (Hearing Officer, Education/Outreach)	\$300,000	\$26,550.55	\$295,149.45
Indirect Costs/Overhead	\$ 13,000	\$0.00	\$13,000.00
Total	\$655,250.00	\$232,479.19	\$422,770.81

As shown in the tables above, Program Fee revenue exceeded actual Program cost. As actual Program revenue collection rates exceed Program costs, the General Fund loan transfer of \$205,203 will be repaid. Depending on Council direction to staff regarding the Program, Council may need into address the handling of any remaining balance after the General Fund has been repaid.

ATTACHMENTS:

1. Staff Analysis of Program Revenue, Cost and Cost Recovery for FY 24/25 Budget
2. Program Implementation Chronology
3. Program Implementation Data