



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: FEBRUARY 24, 2026

DEPARTMENT: COMMUNITY DEVELOPMENT

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TITLE: RENTAL REGISTRATION AND RENT STABILIZATION 2025
FINAL PROGRAM DATA AND 2026 IMPLEMENTATION
ACTIVITIES

RECOMMENDED MOTION:

Receive an administrative report on Rental Registration and Rent Stabilization Program (Program) 2025 final Program data and 2026 Program implementation strategy. No action required.

EXECUTIVE SUMMARY:

This administrative report provides final 2025 Program data, including excess fee revenue reimbursement methodology, process, and timing. It also outlines next steps for ongoing 2026 Program administration, including expanding community outreach with community partners, property owners and managers, and tenants to increase participation and system improvements to streamline registration with the community's feedback.

DISCUSSION:

2025 Final RR/RSO Program Data

The 2025 Rental Registration and Rent Stabilization Program completed its first full implementation cycle, with strong participation occurring in the first quarter of the calendar year. Between January 1, 2025, and March 31, 2025, a total of 7,806 registered units were received, of which 3,199 units registered under the Rental Registry Program and 4,607 units registered under the Rent Stabilization Ordinance. Beginning in the second quarter of the 2025 calendar year,

registration volume declined sharply as the Program entered delinquency and late-fee assessment and City Council discussed and considered repealing the four ordinances. By calendar year end, 12,938 units were registered representing an estimated 45% participation rate. Total 2025 Program Fees Paid of \$1,700,710 exceeded 2025 Program expenditures of \$602,922 for an excess revenue balance of \$1,097,788, less late fees, adjustments, and refunds. Tables 1 and 2 below provide a breakdown of revenues, expenditures, and remaining 2025 Program balance.

Table 1: 2025 Program Revenue January 1 to December 31, 2025					
Program	Fee Amount	Units Registered	Fees Paid	Late Fees	Total
Rental Registration	\$45	3,990	\$179,550	\$7,242	\$186,792
Rent Stabilization	\$170	8,948	\$1,521,160	\$30,927	\$1,552,087
Adjustments & Refunds				(\$2,068)	(\$2,068)
Total Revenue		12,938	\$1,700,710	\$36,101	\$1,736,811

Table 2: 2025 Program Expenditures & Balance Summary January 1 to December 31, 2025	
Program Expenditures	\$520,040
Loan Repayment to General Fund	\$205,203
Grant Funding	(\$122,321)
Total Program Expenditures	\$602,922
Total Fees Paid	\$1,700,710
Revenue Surplus for Refund	\$1,097,788

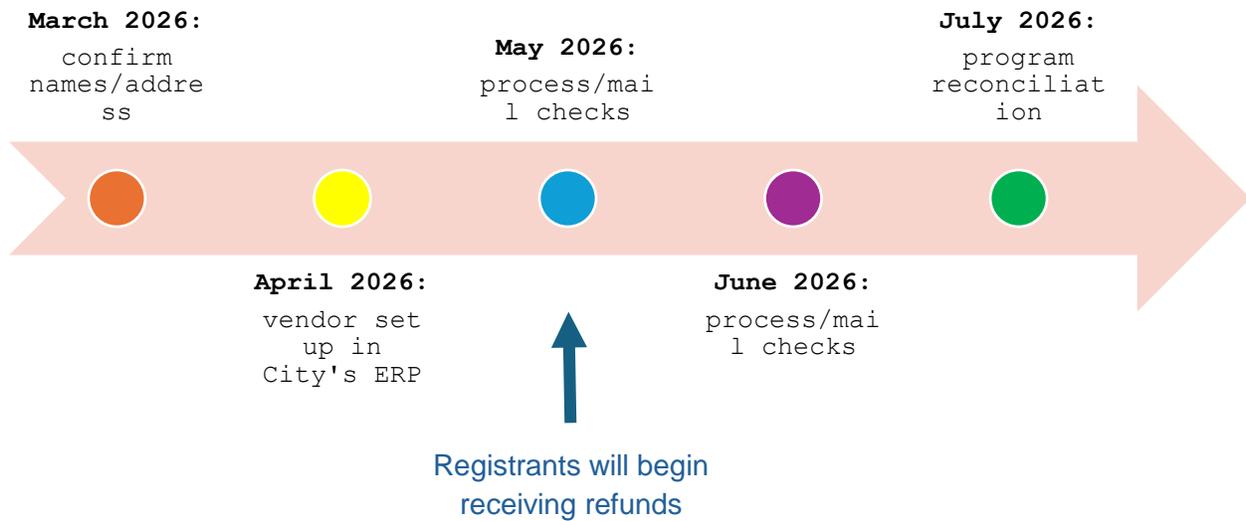
2025 Program Refund Methodology, Process and Timing

Program staff worked with Finance, the City Attorney and Economic & Planning Systems (EPS) to establish a methodology for calculating the proportional refund of fees paid. The percentage of the overcharge, the surplus divided by total fees paid, would be used to determine the proportional amount of refund per unit. Late fees will not be refunded. As shown in the table below, the percentage of overcharge is sixty-five percent (65%). In other words, the Rental Registry Program fee of \$45 and the Rent Stabilization fee of \$170 were established 65% higher than needed to cover expenses. To calculate the proportional refund amount per unit, 2025 Program fees were multiplied by 65%. Paid registrants will receive refund of \$29.05 for each Rental Registry unit and \$109.73 for each Rent Stabilization unit.

Table 3: Refund Calculation

Percentage of Overcharge		Fee Charged	Overcharge %	Refund per unit
Revenue Surplus/Revenue	Rental Registry	\$45	65%	\$29.05
$\$1,097,788 / \$1,700,710 = 65\%$	RSO	\$170	65%	\$109.73

Refund checks will be processed beginning March and issued on a rolling basis per the timeline below. Program staff is working to verify payee names and mailing addresses of 3,236 registrants.



2026 Program Implementation Strategy

On December 9, 2025, the City Council established a 2026 Rental Registration fee of \$29 and a Rent Stabilization fee of \$112, reducing fees in comparison to 2025 Program, however sized to together support the administration, compliance monitoring, and ongoing operations of the City’s rental housing programs. The 2026 registration cycle began on January 1st. An email notification was sent via Tolemi’s Slate platform to all registrants informing them that their rental registration license(s) was expiring and provided an opportunity to renew.

Delinquency notices were mailed on February 17, 2026, establishing a final registration deadline of April 3, 2026, before late penalties apply. Beginning April 4, 2026, late fees will accrue at 10% and increase every 45 days until 2026 registration and payment is completed. If a unit remains unregistered 180 days after the delinquency notice, the City is authorized to take enforcement action (including the issuance of citations or action to recover any unpaid amounts) in accordance with the Municipal Code. This schedule establishes a structured annual process to support timely compliance and effective program administration.

In 2026, staff will continue to advance Program implementation and improvements including, but not limited to:

- Updating the City’s rental registration and rent stabilization webpages to ensure that program information is clear, accessible, and easy for both landlords and tenants to navigate. Updates will focus on reorganizing content, simplifying instructions, and improving the visibility of key resources.
- Expanding targeted outreach and education through renewal notices, delinquency mailers, district-based workshops, and landlord and tenant workshops in partnership with community organizations, landlords, and property managers.
- Providing direct customer support through open office hours aligned with the Permit Center schedule, offering in-person assistance from 8:00 a.m. to 5:00 p.m. with Qless appointments between 9:00–11:00 a.m. and 1:30–4:00 p.m., and walk-in availability as time permits.
- Improving the petition process and reducing petition cost through uniform guidance for landlords and tenants that outlines petition workflows, documentation requirements, system functionality, and processing time frames.
- Continuing to work with Tolemi to address user feedback and pursue enhancements that improve usability, accuracy, and overall platform and program efficiency.
- Building internal infrastructure for outcome tracking, standardizing inquiry triage protocols, and expanding training for frontline staff on common registration and petition scenarios to streamline processing and response times.
- Recruiting and hiring of the Limited-Term Community Development Analyst position to sustain operational capacity.

Next Steps

Next steps for the Program implementation include providing quarterly updates to the City Council to enhance transparency, track participation rates, and monitor key performance indicators such as registration completion, petition volume, and inquiry response times. Quarterly reports will also include status updates on the implementation activities listed above.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The Residential Rental Registration and Rent Stabilization Program does not directly align with objectives under the City Council’s 2025-2028 Strategic Plan Goal of Housing. Examination of a Rent Stabilization Program was an identified objective under the 2022-2025 Goal of promoting Housing/Affordable Housing.

DEPARTMENTAL COORDINATION:

The Program is administered by the City’s Community Development Department in coordination with the City Attorney and Finance Department. These three departments worked collaboratively to prepare this report.

FISCAL AND SUSTAINABILITY IMPACT:

The Rental Registration and Rent Stabilization Program is to be cost neutral, with no impact on the General Fund. The 2025 Program Year concluded with total revenues of \$1,736,811 and total expenditures of \$602,922, resulting in a remaining balance of \$1,133,889. This balance reflects the first-year ramp-up period, during which participation levels, system development, and operational needs were still stabilizing. Excess revenue (remaining balance less late fees) of \$1,097,788 will be returned following the methodology and process described above.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
N/A	N/A	N/A	N/A	N/A

ATTACHMENTS:

PowerPoint Presentation