



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: APRIL 7, 2026

DEPARTMENT: ADMINISTRATION
OFFICE OF THE CITY ATTORNEY

FROM: RENÉ MENDEZ, CITY MANAGER
CHRISTOPHER A. CALLIHAN, CITY ATTORNEY

TITLE: DELEGATION OF APPEAL AUTHORITY

RECOMMENDED MOTION:

A motion to approve a Resolution delegating authority over appeals of Hearing Officer decisions on Fair Return Petitions under the Rent Stabilization Ordinance (Salinas Municipal Code section 17-02.07(d)).

EXECUTIVE SUMMARY:

Under the Rent Stabilization Ordinance, any person aggrieved by a Hearing Officer’s decision on a Fair Return Petition may appeal such decision to the City Council. This proposed Resolution delegates the City Council’s authority over such appeals to a neutral third party (e.g., Administrative Law Judge or Hearing Officer). The decisions of such, from a third party on the appeals shall be the final decision of the City.

BACKGROUND:

Salinas Municipal Code section 17-02.07 allows landlords of controlled rental units to petition for rent increases above the maximum limits set in the Rent Stabilization Ordinance (the “Ordinance”) in order to obtain a fair and reasonable return on the landlord’s property (“Fair Return Petition”). Such petitions may be granted if the landlord demonstrates to a hearing officer that such adjustments are necessary to provide the landlord with a fair return on their investment. The City has contracted with a third-party neutral Hearing Officer to consider and decide on Fair Return Petitions. When the Hearing Officer issues their decisions, any person aggrieved by the decision (landlord or tenant) may appeal such decision. If no appeal is made, the decision of the Hearing Officer is the final decision of the City.

Under section 17-02.07(d) of the Ordinance, if an appeal is made such appeals are to be heard by the City Council which may either affirm, reverse, or modify the decision of the Hearing Officer. Consideration of Fair Return Petitions involves an analysis of patterns of rent increases, changes in the Consumer Price Index, changes in property condition, and evaluation of occupancy rates and changes in operating and maintenance expenses, among other factors. To facilitate the fair and

efficient hearing of such appeals the proposed Resolution delegates the City Council’s authority over such appeals to a neutral third-party with experience in considering such petitions and in making such analyses. The State of California’s Department of General Services provides such services through Administrative Law Judges. Should the City Council choose to delegate its authority over appeals of Hearing Officer Decisions on Fair Return Petitions, such appeals would be heard by these Administrative Law Judges and other third party neutrals identified by the City Manager and City Attorney.

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).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The City Council’s approval of the proposed Resolution supports the City Council’s goal of providing high quality customer service. (City of Salinas Strategic Plan 2025-2028)

DEPARTMENTAL COORDINATION:

The City Manager and City Attorney coordinated with the Community Development Department on this proposed Resolution.

FISCAL AND SUSTAINABILITY IMPACT:

There is no immediate fiscal impact associated with the City Council’s approval of the proposed Resolution; however, cost of any appeals to neutral third parties would be covered by the City’s General Fund.

| 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:

Resolution

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION DELEGATING AUTHORITY OVER APPEALS OF HEARING OFFICER DECISIONS ON FAIR RETURN PETITIONS (SALINAS MUNICIPAL CODE SECTION 17-02.07)

WHEREAS, in order to obtain a fair and reasonable return on their investments, landlords of controlled rental units (as defined in the Rent Stabilization Ordinance—Article IIA of Chapter 17 of the Salinas Municipal Code (the “Ordinance”) may petition for rent increases in excess of the maximum limits set by the Ordinance (“Fair Return Petition”); and

WHEREAS, such Fair Return Petitions are considered by a neutral third-party hearing officer who considers such petitions against a number of factors including, but not limited to, changes in the Consumer Price Index, the pattern of rent increases or decreases applicable to a controlled rental unit, changes in property tax and other taxes related to a controlled rental unit, occupancy rates, and the condition of the controlled rental unit. Following their consideration of the Fair Return Petition against such factors the Hearing Officer either grants or denies, in whole or in part, the Fair Return Petition; and

WHEREAS, any person aggrieved by a decision of the Hearing Officer (landlord or tenant) may appeal such decision. Salinas Municipal Code section 17-02.07(d) provides that such appeals are made to the City Council which is authorized affirm, reverse, or modify the decision of the Hearing Officer; and

WHEREAS, the City Council finds that review and consideration of a Fair Return Petition or an appeal of the Hearing Officer’s decision on a Fair Return Petition requires an understanding of the factors to be considered and experience in considering such factors in order to ensure as fair and efficient process as possible.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:

1. The City Council finds the above recitals to be true and correct and incorporates them here by this reference.
2. The City Council hereby delegates its authority over appeals of Hearing Officer decisions on Fair Return Petitions as set forth in Salinas Municipal Code section 17-02.07(d) to neutral third-parties identified by the City Manager, or his designee, and the City Attorney.
3. The City Council hereby authorizes the City Manager and City Attorney to take or cause to be taken such actions necessary to implement the intent of this Resolution including, but not limited to, the preparation of forms and promulgation of administrative regulations for the processing and handling of appeals of Hearing Officer decisions on Fair Return Petitions.

PASSED AND APPROVED this 7th day of April 2026, as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Soratos, City Clerk