

Item I-3: Rent Board Regulation 17-05

Regular Meeting of the Richmond Rent Board | June 21, 2017

Item I-3: Statement of the Issue

- The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance requires no later than June 30 each year, the Board shall announce the percentage by which Rent for eligible Rental Units will be generally adjusted effective September 1 of that year.
- Adoption of a regulation is necessary to establish the amount of the 2017 Annual General Adjustment applicable to those tenancies that were in effect as of September 1, 2016.

Calculation of the 2017 Annual General Adjustment

CPI-All Urban Consumers (Current Series) Original Data Value

Series Id: CUURA422SA0,CUUSA422SA0
Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-San Jose,
Area: San Francisco-Oakland-San Jose, CA
Item: All items
Base Period: 1982-84=100
Years: 2007 to 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
2017		271.626		274.589											

Calculation of 2017 Annual General Adjustment

Year	Month	CPI
	2015 Feb	254.910
	2016 Feb	262.600
	2017 Feb	271.626
Change 2016-2017		
	Index Difference	9.026
	Percent Change 2016-2017	3.4%
Cumulative Change 2015-2017		
	Index Difference	16.72
	Cumulative Change 2015-2017	6.56%

The Annual General Adjustment is equal to 100% of the change in the Consumer Price Index for the San Francisco-Oakland-San Jose area.
 (RMC 11.100.070(b)(1))

Cumulative Effect of the Annual General Adjustment

Year	<u>Annual General Adjustment</u> for Tenancies Commencing Prior to September 1 of the Previous Year	<u>Cumulative Increase</u> For Tenancies Commencing Prior to September 1, 2015	<u>Rent Ceiling Example</u> For Tenancies Commencing Prior to September 1, 2015 (assumes Base Rent is \$1,000)*
2016	3.0%	3.0%	\$1,030
2017	3.4%	6.56%	\$1,065**

*As defined in Section 11.100.070(a) of the Ordinance, the Base Rent is the rent in effect on July 21, 2015, or the first date rent was charged following July 21, 2015.

**Reflects compounded Annual General Adjustment increases.

Case Study Research: “Banking” Annual General Adjustment Rent Increases

	BERKELEY	EAST PALO ALTO	LOS ANGELES	OAKLAND	SANTA MONICA	WEST HOLLYWOOD	RICHMOND (PROPOSED)
Application of the Annual General Adjustment – Can AGA Increases Be “Banked,” such that there is a Maximum Ceiling, not to exceed all applicable Annual General Adjustments?	<p>YES.</p> <p>Rent may be increased so long as the Tenant is noticed in accordance with California Civil Code Section 827(b).*</p>	<p>YES, with limitations.</p> <ul style="list-style-type: none"> Rent increases may not exceed 10% in any 12-month period. A written notice of banking must be given to the tenant by February 1 in the program year for which an AGA is authorized and will not be used that lists which, if any, authorized AGAs have not been taken. A landlord may not bank more than three AGAs during a tenant’s occupancy. 	<p>NO.</p> <p>The annual increase may be imposed only if twelve (12) months or more have elapsed since the last such rent increase. The increase is neither cumulative nor retroactive.</p>	<p>YES, with limitations.</p> <ul style="list-style-type: none"> An owner may increase the rent on a covered unit occupied continuously by the same tenant only once in a 12-month period. No individual rent increase can exceed the existing rent by more than ten percent in any 12-month period. No series of rent increases in any five-year period can exceed 30 percent for any rent increases based on the CPI Rent Adjustment, with exceptions. 	<p>YES.</p> <p>Rent may be increased so long as the Tenant is noticed in accordance with California Civil Code Section 827(b).¹</p>	<p>NO.</p> <p>The annual general adjustment announced by the Commission each year shall be available only for annual rent increases which first become effective at any time during the period of September first of the year in which the adjustment is announced through August thirty-first of the following year.</p>	<p>YES.</p> <p>The annual adjustment is cumulative. Rent may be increased so long as the Tenant is noticed in accordance with California Civil Code Section 827(b).¹</p>
Section Reference	The Berkeley Rent Board Mailbag	Rent Stabilization Ordinance, Section 14.04.100	RAC Regulation 360.00	Residential Rent Adjustments and Eviction Ordinance, Section 8.22.065 & Section 8.22.070	Santa Monica Rent Board Regulations, Chapter 3	Rent Stabilization Ordinance, Section 17.36.050	Rent Board Regulation 17-05

*Section 827(b) of the California Civil Code of Procedures requires 30 days’ notice for rent increases of 10 percent or less of the rental amount charged to that tenant at any time during the 12 months prior to the effective date of the increase, or 60-days’ notice for rent increases more than 10 percent.

Item I-3: Recommended Action

- **ADOPT Regulation 17-05, establishing the 2017 Annual General Adjustment in the amount of 3.4% for tenancies commencing prior to September 1, 2016**

Thank You

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