

# Item G-1: Rent Board Regulation 17-09

Regular Meeting of the Richmond Rent Board | July 19, 2017

## Item G-1: Statement of the Issue

The proposed Regulation 17-09 would allow residential rental property owners to raise the Rent up to the Maximum Allowable Rent Level, also known as “banking” rent increases, under certain limitations.

# Regulation 17-09: Purpose

- Provide a mechanism for landlords to take previously deferred Annual General Adjustment rent increases.
- Landlords would be able to raise the rent up to the Maximum Allowable Rent Level under specific limitations.
- Places limitations on “banking” and is meant to strike a balance for landlords and tenants, allowing landlords to take allowable AGA rent increases, but limiting the financial impact on the tenant of taking multiple accrued and deferred increases at one time.

# Case Study Research Findings

- Staff examined and compared six other rent control jurisdictions (Berkeley, East Palo Alto, Santa Monica, Los Angeles, West Hollywood and Oakland) to see how they applied “banking” of Annual General Adjustments.
- Only Los Angeles and West Hollywood did not allow “banking” of AGA increases. Berkeley and Santa Monica were the only two cities without any limitations on “banking” AGA increases.
- Oakland and East Palo Alto allowed banking under specific limitations.
- Jurisdictions that allowed “banking” and base the AGA on 100% of CPI typically have some restrictions on “banking” allowable AGA increases (see attached chart comparing the “banking” rules of comparable rent control jurisdictions).

# Policy Options

- **Option 1:** Do not allow banking for future AGA increases. Utilize a “use it or lose it” approach to AGA rent increases.
  - *Examples: Los Angeles, West Hollywood*
- **Option 2:** Allow banking for all past and future AGA increases, with restrictions on the magnitude and frequency of rent increases.
  - *Examples: East Palo Alto, Oakland*
- **Option 3:** Allow banking of all AGA rent increases, without restriction.
  - *Examples: Berkeley, Santa Monica*
  - *NOTE: Berkeley and Santa Monica calculate AGA increases as a fraction of CPI (65% and 75%, respectively.) For this reason, Option 3 is not advised.*

# Item G-1: Summary of Regulation 17-09

## The following is a summary of Regulation 17-09, modeled after Option 2:

1. A Landlord may, but is not required to, increase Rent by the Annual General Adjustment as provided by Board Regulation.
2. Based on the Annual General Adjustment, a Landlord may increase Rent only once in any twelve month period.
3. To the extent that a Landlord has not increased Rent by the full amount of the allowable Annual General Adjustment and subject to item 2 above, a Landlord may increase Rent in excess of the Annual General Adjustment but by no more than (a) 10% in any twelve month period and (b) 30% in any five year period.
4. Nothing in Regulation 17-09 precludes a Landlord from petitioning for a Rent Increase in excess of the Annual General Adjustment.

## Recommended Action

- **ADOPT Regulation 17-09** , regarding the right to raise the Rent up to the **Maximum Allowable Rent Level**, also know as “banking” rent increases, under certain limitations.

**Thank You**

Nicolas Traylor, Executive Director  
[nicolas\\_traylor@ci.richmond.ca.us](mailto:nicolas_traylor@ci.richmond.ca.us)

Michael Roush, Legal Counsel  
[michael\\_roush@ci.richmond.ca.us](mailto:michael_roush@ci.richmond.ca.us)

Rent Program: (510) 620-6576  
[rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us)