

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: June 20, 2018

Final Decision Date Deadline: June 20, 2018

**STATEMENT OF THE ISSUE:** Section 11.100.070(b) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance provides 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 2018 Annual General Adjustment applicable to those tenancies that were in effect as of September 1, 2017.

## INDICATE APPROPRIATE BODY

- |   |   |  |  |   |
|---|---|--|--|---|
| <input type="checkbox"/> City Council               | <input type="checkbox"/> Redevelopment Agency                             | <input type="checkbox"/> Housing Authority     | <input type="checkbox"/> Surplus Property Authority          | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> |   |

## ITEM

- Presentation/Proclamation/Commendation (3-Minute Time Limit)
- Public Hearing                       Regulation                       Other:
- Contract/Agreement                       Rent Board As Whole
- Grant Application/Acceptance                       Claims Filed Against City of Richmond
- Resolution                       Video/PowerPoint Presentation (contact KCRT @ 620.6759)

**RECOMMENDED ACTION:** ADOPT Regulation 17-11, establishing the 2018 Annual General Adjustment in the amount of 3.6% for tenancies commencing prior to September 1, 2017 – Rent Program (Nicolas Traylor/Charles Oshinuga 620-6564).

AGENDA ITEM NO:

**G-1.**



# AGENDA REPORT

**DATE:** June 20, 2018

**TO:** Chair Gray and members of the Rent Board

**FROM:** Nicolas Traylor, Executive Director  
Charles Oshinuga, Staff Attorney

**SUBJECT:** REGULATION ESTABLISHING THE 2018 ANNUAL GENERAL ADJUSTMENT

## **STATEMENT OF THE ISSUE:**

Section 11.100.070(b) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance provides 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 2018 Annual General Adjustment applicable to those tenancies that were in effect as of September 1, 2017.

## **RECOMMENDED ACTION:**

ADOPT Regulation 17-11, establishing the 2018 Annual General Adjustment in the amount of 3.6% for tenancies commencing prior to September 1, 2017 – Rent Program (Nicolas Traylor/Charles Oshinuga 620-6564).

## **FISCAL IMPACT:**

There is no fiscal impact to the City at this time.

## **DISCUSSION:**

### Background

As provided in Section 11.100.070(b)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance ("Ordinance") the Annual General Adjustment is equal to one hundred percent (100%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-San Jose region) as reported by

## ITEM G-1

the U.S. Department of Labor, Bureau of Labor Statistics, for the 12-month period ending as of March of the current year (Attachment 2).<sup>1</sup>

No later than June 30 of each year, the Rent Board must announce the amount of the Annual General Adjustment for the current year. This adjustment is the Maximum Allowable Rent that may take effect September 1 of each year.

### Calculation of the Maximum Allowable Rent

As written, Regulation 17-11 establishes a rent ceiling for Controlled Rental Units, equivalent to the Base Rent plus all applicable Annual General Adjustments. As such, landlords may choose to delay or “bank” application of an Annual General Adjustment for a particular year without losing the opportunity to use such an increase in the future. To reduce the risk of error, staff members utilize the U.S. Department of Labor, Bureau of Labor Statistics’ determination of the CPI in a given 12-month period. The chart in Attachment 2 contains the CPI percentage for the last 30 years.

The change in the Consumer Price Index and corresponding AGA for 2018 is 3.6%.

### Next Steps

Staff members are currently drafting a revised rent increase notice template for Landlord use based on the new 2018 Annual General Adjustment. It is anticipated these forms will be published on the Rent Program website ([www.richmondrent.org](http://www.richmondrent.org)) upon adoption by the Rent Board.

In addition, staff members are planning a mass mailing to community members announcing the 2018 AGA, which is anticipated to be mailed in July 2018.

### **DOCUMENTS ATTACHED:**

Attachment 1 – Regulation 17-11, Establishing the 2018 Annual General Adjustment

Attachment 2 – Bureau of Labor Statistics Consumer Price Index Table – All Urban Consumers

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<sup>1</sup> Since the Consumer Price Index is not announced for the San Francisco-Oakland-San Jose region in March, staff established utilization of the amount published in February.

# ITEM G-1 ATTACHMENT 1

## **RICHMOND RENT BOARD REGULATION 17-11 Regarding Establishment of the 2018 Annual General Adjustment**

Whereas, the Richmond Fair Rent, Just Cause For Eviction and Homeowner Protection Ordinance (Chapter 11.100, Richmond Municipal Code) provides that no later than June 30 of 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. Section 11.100.070 (b), RMC; and

Whereas, the Annual General Adjustment shall equal one-hundred (100%) percent of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-San Jose region, or any other successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics)(CPI) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the 12-month period ending as of March of the current year and

Whereas, on September 1, 2017, Landlords were entitled to increase the Maximum Allowable Rent in an amount not to exceed 3.4% for tenancies in effect prior to September 1, 2016, as provided in Richmond Municipal Code Section 11.100.070 (b) (3), assuming a Landlord served a Tenant with the legally required notice of a rent increase under State law; and

Whereas, the percentage increase in the CPI from 2017-2018, as set forth in recital 2, is 3.6%

**NOW, THEREFORE, THE RICHMOND RENT BOARD ADOPTS THE FOLLOWING  
REGULATION:**

1. Richmond Municipal Code Section 11.100.070(a), establishes the Base Rent Ceiling as the Rent that was in effect on July 21, 2015, or, for tenancies that began after July 21, 2015, the rent that was charged at the inception of the tenancy, plus any adjustments of the Base Rent granted by the Board.
2. The 2018 Annual General Adjustment is not to exceed 3.6%.
3. The Annual General Adjustment granted by this Regulation shall become effective on September 1, 2018, provided that the landlord is otherwise entitled to the adjustment pursuant to the provisions of the Richmond Fair Rent, Just Cause For Eviction and Homeowner Protection Ordinance, and any other applicable Regulation.
4. Where the landlord is entitled to the adjustment pursuant to the provisions of the Richmond Fair Rent, Just Cause For Eviction and Homeowner Protection Ordinance, and any other applicable Regulation, the Annual General Adjustment granted by this Regulation does not automatically provide for a rent increase. A Landlord may increase Rent by the 2018 Annual General Adjustment for tenancies in effect prior to September 1, 2017, only if the Landlord (a) files a copy of the notice of the rent increase with the Board after serving the Tenant with such notice, (b) serves the Tenant with a legally required notice of a rent increase under State law and (c) thereafter files with the Board a copy of the proof of service of such notice to the Tenant, consistent with Richmond Municipal Code Section 11.100.060(s).



# Databases, Tables & Calculators by Subject



**Change Output Options:** From:  To:    
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Data extracted on: June 15, 2018 (2:34:21 PM)

## CPI-All Urban Consumers (Current Series)

### 12-Month Percent Change

Series Id: CUURS49BSA0,CUUSS49BSA0

Not Seasonally Adjusted

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items

Base Period: 1982-84=100

Download: [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1988	5.2	4.0	4.7	3.4	4.1	4.4	4.4	5.1	4.7	4.4	4.2	4.4	4.4	4.3	4.5
1989	4.7	5.2	5.7	5.6	5.5	5.1	5.4	5.0	3.8	4.3	4.1	3.9	4.9	5.3	4.4
1990	3.6	4.2	3.3	4.2	3.6	4.3	3.8	3.9	5.7	5.6	5.9	6.0	4.5	3.8	5.2
1991	6.4	5.3	4.8	3.9	4.1	4.6	4.5	4.5	4.3	3.7	3.8	3.5	4.4	4.9	4.0
1992	2.6	3.6	4.1	4.3	4.2	3.1	2.9	2.6	2.9	3.4	3.1	3.2	3.3	3.6	3.0
1993	3.4	3.2	2.7	3.7	3.5	3.0	2.7	2.5	1.9	1.9	2.1	1.9	2.7	3.3	2.2
1994	1.7	1.3	1.7	0.8	1.0	1.4	1.9	2.2	2.0	1.6	1.8	1.6	1.6	1.3	1.8
1995	1.9	2.1	2.0	2.4	2.0	2.4	1.7	1.4	1.9	2.1	1.7	1.8	2.0	2.2	1.8
1996	1.7	1.8	1.2	1.6	2.5	2.3	2.9	2.7	2.6	2.8	3.0	2.6	2.3	1.9	2.8
1997	2.7	3.1	4.1	3.7	3.0	3.1	3.0	3.6	3.4	3.6	3.6	4.2	3.4	3.2	3.6
1998		3.4		3.1		3.4		3.3		2.9		3.0	3.2	3.3	3.1
1999		3.8		4.6		3.8		4.1		4.8		4.2	4.2	4.0	4.4
2000		4.2		3.8		4.2		4.7		4.7		5.5	4.5	4.0	4.8
2001		6.5		5.8		6.6		5.1		4.5		3.5	5.4	6.2	4.7
2002		1.8		2.1		1.2		1.3		1.4		1.4	1.6	1.9	1.4
2003		3.3		2.2		1.6		1.4		1.0		1.1	1.8	2.3	1.2
2004		0.2		0.5		1.4		1.2		2.0		2.2	1.2	0.7	1.7
2005		1.6		2.1		1.1		2.2		2.8		2.0	2.0	1.7	2.2
2006		2.9		3.2		3.9		3.8		2.5		3.4	3.2	3.2	3.3
2007		3.2		3.3		3.4		2.6		3.3		3.8	3.3	3.3	3.2
2008		2.8		2.9		4.2		4.2		3.6		0.0	3.1	3.3	3.0
2009		1.2		0.8		0.2		0.2		0.1		2.6	0.7	0.7	0.8
2010		1.8		1.7		1.1		1.0		0.9		1.5	1.4	1.7	1.1
2011		1.7		2.8		2.4		2.9		3.2		2.9	2.6	2.2	3.0
2012		3.0		2.1		2.6		2.8		3.2		2.2	2.7	2.6	2.8
2013		2.4		2.4		2.6		2.0		1.6		2.6	2.2	2.4	2.1
2014		2.4		2.8		3.0		3.0		3.2		2.7	2.8	2.7	3.0
2015		2.5		2.4		2.3		2.6		2.6		3.2	2.6	2.5	2.7
2016		3.0		2.7		2.7		3.1		3.6		3.5	3.0	2.8	3.2
2017		3.4		3.8		3.5		3.0		2.7		2.9	3.2	3.6	2.9
2018		3.6		3.2											