

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: June 17, 2020

Final Decision Date Deadline: June 17, 2020

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 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. Adoption of a regulation is necessary to establish the amount of the 2020 Annual General Adjustment applicable to those tenancies that were in effect prior to September 1, 2019.

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

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

RECOMMENDED ACTION: ADOPT Regulation 608, establishing the 2020 Annual General Adjustment in the amount of 2.9% for tenancies commencing prior to September 1, 2019 – Rent Program (Nicolas Traylor/Charles Oshinuga 620-6564).

AGENDA ITEM NO:

H-1.



AGENDA REPORT

DATE: June 17, 2020

TO: Chair Maddock and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Paige Roosa, Deputy Director
Charles Oshinuga, Staff Attorney

SUBJECT: REGULATION ESTABLISHING THE 2020 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 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. Adoption of a regulation is necessary to establish the amount of the 2020 Annual General Adjustment applicable to those tenancies that were in effect prior to September 1, 2019.

RECOMMENDED ACTION:

ADOPT Regulation 608, establishing the 2020 Annual General Adjustment in the amount of 2.9% for tenancies commencing prior to September 1, 2019 – Rent Program (Nicolas Traylor/Charles Oshinuga 620-6564).

FISCAL IMPACT:

There is no fiscal impact related to this item.

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

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).¹

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 percentage represents the Annual General Adjustment that may take effect September 1.

Calculation of the Maximum Allowable Rent

As written, Regulation 608 establishes the Annual General Adjustment by which the Maximum Allowable Rent increases for Controlled Rental Units. Pursuant to Regulation 602, Landlords may choose to apply rent increases in the amount of the Annual General Adjustment or delay and “bank” the 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 five years.

The change in the Consumer Price Index and corresponding Annual General Adjustment for 2020 is 2.9%.

Next Steps

Staff members have drafted a template rent increase notice for Landlord use based on the new 2020 Annual General Adjustment. These forms can be found on the Rent Program website (www.richmondrent.org) upon adoption by the Rent Board.

In addition, staff members will send an announcement to community members announcing the 2019 Annual General Adjustment. Additional community engagement and education is anticipated to address questions regarding application of the 2020 AGA in September 2020 in light of the City’s rent freeze. The current rent freeze expires on July 15, 2020, but may be extended.

DOCUMENTS ATTACHED:

Attachment 1 – Regulation 608, Establishing the 2020 Annual General Adjustment

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

¹ 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 H-1
ATTACHMENT 1**

608. Annual General Adjustment Order for 2020

The percentage increase in the CPI from 2019-2020, is 2.9%. Subject to any existing Citywide or Statewide rent increase moratorium, the following Annual General Adjustment shall apply:

- A. The 2020 Annual General Adjustment is not to exceed 2.9%.
- B. The Annual General Adjustment granted by this Regulation shall become effective on September 1, 2020, provided that the Landlord is in full compliance with all applicable provisions of the provisions of the Richmond Fair Rent, Just Cause For Eviction and Homeowner Protection Ordinance, outstanding Rent Board and/or Hearing Examiner Orders, and any other applicable Regulation.
- C. 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 2020 Annual General Adjustment for tenancies in effect prior to September 1, 2019, only if the Landlord is in compliance with Regulation 601, and has complied with any existing Rent Board and/or Hearing Examiner Order.



U.S. BUREAU OF LABOR STATISTICS

Databases, Tables & Calculators by Subject

Change Output Options:

From: 2010 ▼

To: 2020 ▼

 include graphs include annual averages[More Formatting Options](#) →

Data extracted on: June 11, 2020 (2:01:38 PM)

CPI for All Urban Consumers (CPI-U)

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
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		3.9		4.3		4.4		4.5	3.9	3.4	4.3
2019		3.5		4.0		3.2		2.7		3.0		2.5	3.3	3.7	2.9
2020		2.9		1.1											

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Telephone:1-202-691-5200_ Federal Relay Service:1-800-877-8339_ www.bls.gov [Contact Us](#)