The Passage of Measure P

City of Richmond Rent Program

Nicolas Traylor, Executive Director

January 18, 2023

(Continued)

ITEM H-1

Statement of the Issue

The Richmond Voters passed Measure P on the November 8, 2022, ballot by 56%. Measure P amends the existing Rent Ordinance and the provisions of the Richmond Municipal Code (RMC) section 11.100.070(b). The annual rent increase limitation for regulated units, will decrease from 100% of inflation to 60% of inflation, as measured by the Consumer Price Index (CPI), or a flat 3%, whichever is less. The passage of Measure P necessitates the amendment of Chapter 6: Rent Board Regulations (Annual General Adjustments of Maximum Allowable Rents).

Fiscal Impact

There is no fiscal impact of receiving this report

Background

In Richmond, certain residential rental units' rental rates are controlled by Richmond's Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance. As originally written and adopted by Richmond voters in November of 2016, Landlords are entitled to an annual rent increase equivalent to "one hundred (100%) percent of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-San Jose region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) 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."

Prior to the passage of Measure P, the Annual General Adjustment for 2022 was five-point two (5.2%) percent.

What Measure P Does

- Caps rent increases for controlled units at three percent (3%) or sixty percent (60%) of the Local Consumer Price Index, whichever is lower.

- Requires Landlords to decrease rent to the amount on August 31, 2022, plus 3%. Failure to lower the rent on the effective date of Measure P will likely result in a rent overcharge.

- Measure P has a phase in period, which would extend from the effective date of Measure P through August 31, 2023.

- Measure P will become effective ten (10) days after the vote is declared by the City Council (at the December 20, 2022, Regular Council Meeting).

Required Rent Board Action

The passage of Measure P necessitates amending Chapter 6 of the Rent Board Regulations. Chapter 6 (Regulation 600 and 610) of the Rent Board Regulations must be amended to clarify that the Annual General Adjustment is now based on 60% of CPI or 3%, whichever is less, among other necessary clarifications to related Chapter 6 Regulations.

Recommended Action

RECEIVE an update from the Executive Director, Nicolas Traylor on Measure P being passed by voters on the November 8, 2022, ballot and DIRECT staff to draft amendments to Chapter 6 of Rent Board Regulations to be in alignment with Measure P– Rent Program (Nicolas Traylor).