

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: June 26, 2023

Final Decision Date Deadline: June 26, 2023

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 announce the amount of the 2023 Annual General Adjustment applicable to those tenancies that were in effect prior to September 1, 2022.

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> | |

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|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Regulation | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Contract/Agreement | <input checked="" 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 612, establishing the 2023 Annual General Adjustment in the amount of 3.0% for tenancies commencing prior to September 1, 2022 – Rent Program (Nicolas Traylor/Charles Oshinuga 620-6564).

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AGENDA REPORT

DATE: June 26, 2023

TO: Chair Cantor and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Charles Oshinuga, General Counsel

SUBJECT: REGULATION ANNOUNCING THE 2023 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 announce the amount of the 2023 Annual General Adjustment applicable to those tenancies that were in effect prior to September 1, 2022.

RECOMMENDED ACTION:

ADOPT Regulation 612, establishing the 2023 Annual General Adjustment in the amount of 3.0% for tenancies commencing prior to September 1, 2022 – Rent Program (Nicolas Traylor/Charles Oshinuga 620-6564).

FISCAL IMPACT:

There is no fiscal impact related to this item.

DISCUSSION:

Background

Measure P amended Richmond Municipal Code Section 11.100.070(b)(1), to explain that the Annual General Adjustment is equal to sixty percent (60%) 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

ITEM H-2

Statistics, or three percent (3.0%), whichever is lower, 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 612 announces the Annual General Adjustment by which the Maximum Allowable Rent may increase for Controlled Rental Units. 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 for 2023 is 5.3%. Sixty percent (60%) of 5.3% is 3.18%. Because 3.18% is larger than 3.0%, the Annual General Adjustment for 2023 is 3.0%.

Next Steps

Staff members will draft a template rent increase notice for Landlord use based on the new 2023 Annual General Adjustment. These forms will be available on the Rent Program website (www.richmondrent.org), within thirty days (30) upon Rent Board adoption of Regulation 612.

In addition, staff members will send an announcement to community members announcing the 2023 Annual General Adjustment. Additional community engagement and education is anticipated to address questions regarding application of the 2023 AGA in September 2023.

DOCUMENTS ATTACHED:

Attachment 1 – Regulation 612, Establishing the 2023 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-2 ATTACHMENT 1

612. Annual General Adjustment Order for 2023

The percentage increase in the CPI from 2022-2023 is 3.0%. Subject to Regulation 601, and any other applicable Regulation and/or provision of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, the following Annual General Adjustment shall apply:

- A. The 2023 Annual General Adjustment is not to exceed 3.0%.
- B. The Annual General Adjustment granted by this Regulation shall become effective on September 1, 2023, 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 2023 Annual General Adjustment for tenancies in effect prior to September 1, 2022, only if the Landlord is in compliance with Regulation 601, and has complied with any existing Rent Board and/or Hearing Examiner Order(s).

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**U.S. BUREAU OF LABOR STATISTICS**

Databases, Tables & Calculators by Subject

Change Output Options:

From: 2019 To: 2023

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

Data extracted on: June 22, 2023 (4:11:28 PM)

CPI for All Urban Consumers (CPI-U)**Series Id:** CUURS49BSA0

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
2019		291.227		294.801		295.259		295.490		298.443		297.007	295.004	293.150	296.859
2020		299.690		298.074		300.032		300.182		301.736		302.948	300.084	299.109	301.059
2021		304.387		309.419		309.497		311.167		313.265		315.805	309.721	306.724	312.718
2022		320.195		324.878		330.539		328.871		332.062		331.222	327.060	323.408	330.711
2023		337.173		338.496											

12-Month Percent Change**Series Id:** CUURS49BSA0

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
2019		3.5		4.0		3.2		2.7		3.0		2.5	3.3	3.7	2.9
2020		2.9		1.1		1.6		1.6		1.1		2.0	1.7	2.0	1.4
2021		1.6		3.8		3.2		3.7		3.8		4.2	3.2	2.5	3.9

2022		5.2		5.0		6.8		5.7		6.0		4.9	5.6	5.4	5.8
2023		5.3		4.2											

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