Item I-3: Rent Board Regulation 17-05

Regular Meeting of the Richmond Rent Board | June 21, 2017
• The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance requires 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 2017 Annual General Adjustment applicable to those tenancies that were in effect as of September 1, 2016.
Calculation of the 2017 Annual General Adjustment

The Annual General Adjustment is equal to 100% of the change in the Consumer Price Index for the San Francisco-Oakland-San Jose area. (RMC 11.100.070(b)(1))
## Cumulative Effect of the Annual General Adjustment

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual General Adjustment for Tenancies Commencing Prior to September 1 of the Previous Year</th>
<th>Cumulative Increase For Tenancies Commencing Prior to September 1, 2015</th>
<th>Rent Ceiling Example For Tenancies Commencing Prior to September 1, 2015 (assumes Base Rent is $1,000)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.0%</td>
<td>3.0%</td>
<td>$1,030</td>
</tr>
<tr>
<td>2017</td>
<td>3.4%</td>
<td>6.56%</td>
<td>$1,065**</td>
</tr>
</tbody>
</table>

*As defined in Section 11.100.070(a) of the Ordinance, the Base Rent is the rent in effect on July 21, 2015, or the first date rent was charged following July 21, 2015.

**Reflects compounded Annual General Adjustment increases.
## Case Study Research: “Banking” Annual General Adjustment Rent Increases

<table>
<thead>
<tr>
<th>BERKELEY</th>
<th>EAST PALO ALTO</th>
<th>LOS ANGELES</th>
<th>OAKLAND</th>
<th>SANTA MONICA</th>
<th>WEST HOLLYWOOD</th>
<th>RICHMOND (PROPOSED)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Application of the Annual General Adjustment – Can AGA Increases Be “Banked,” such that there is a Maximum Ceiling, not to exceed all applicable Annual General Adjustments?</strong></td>
<td>YES. Rent may be increased so long as the Tenant is noticed in accordance with California Civil Code Section 827(b).</td>
<td>YES, with limitations. Rent increases may not exceed 30% in any 12-month period. A written notice of banking must be given to the tenant by February 1 in the program year for which an AGA is authorized and will not be used that lists which, if any, authorized AGAs have not been taken. A landlord may not bank more than three AGAs during a tenant’s occupancy.</td>
<td>NO.</td>
<td>YES, with limitations. The annual increase may be imposed only if twelve (12) months or more have elapsed since the last such rent increase. The increase is neither cumulative nor retroactive.</td>
<td>YES. Rent may be increased so long as the Tenant is noticed in accordance with California Civil Code Section 827(b).</td>
<td><strong>YES.</strong> Rent may be increased so long as the Tenant is noticed in accordance with California Civil Code Section 827(b).</td>
</tr>
<tr>
<td><strong>Section Reference</strong></td>
<td>The Berkeley Rent Board Mailbag</td>
<td>Rent Stabilization Ordinance, Section 14.04.100</td>
<td>RAC Regulation 360.00</td>
<td>Residential Rent Adjustments and Eviction Ordinance, Section 8.22.065 &amp; Section 8.22.070</td>
<td>Santa Monica Rent Board Regulations, Chapter 3</td>
<td>Rent Stabilization Ordinance, Section 17.36.050</td>
</tr>
</tbody>
</table>

*Section 827(b) of the California Civil Code of Procedures requires 30 days’ notice for rent increases of 10 percent or less of the rental amount charged to that tenant at any time during the 12 months prior to the effective date of the increase, or 60-days’ notice for rent increases more than 10 percent.*
Item I-3: Recommended Action

- ADOPT Regulation 17-05, establishing the 2017 Annual General Adjustment in the amount of 3.4% for tenancies commencing prior to September 1, 2016
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