

Rent Adjustment Section Option

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Definitions:

“Annual General Adjustment” means the maximum allowable rent increase that the owner may impose once per year without an order from a hearing officer. The maximum is the set at sixty (60) percent of the percentage increase of the Consumer Price Index. All references to the “CPI Rent Adjustment” in this chapter will now be interpreted to refer to the Annual General Adjustment.

Section XX. That subdivisions A, B, and C of Section 8.22.070 of the Oakland Municipal Code are modified with the following additions and deletions:

8.22.070 – Rent adjustments for occupied covered units

This section applies to all rent adjustments for continuously occupied covered units. (Rent increases following vacancies of covered units are governed by Section 8.22.080). Any rent increase for a continuously occupied covered unit must comply with this section.

A. One Rent Increase Each 12 Months and Limitations.

1. An owner may increase the rent on a covered unit occupied continuously by the same tenant only once in a 12-month period. Such rent increase cannot take effect earlier than the tenant's anniversary date.
2. No individual rent increase can exceed the existing rent by ~~more than five ten percent in any 12-month period for any and all the Annual General Adjustment.~~ The Annual General rent Aadjustment shall be equal to sixty (60) percent of the percentage increase in the Consumer Price Index for all Urban Consumers, in the 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 twelve (12) month period ending on February 1 of the current year. ~~rent increases based on the CPI Rent Adjustment, as set out in O.M.C. 8.22.070B (CPI Rent Adjustment), and any justifications pursuant to O.M.C. 8.22.070C.2 (Rent Increases In Excess of CPI Rent Adjustment) except as following:~~
 - ~~a. A rent increase based on the CPI Rent Adjustment for the current year that exceeds ten percent, provided however that such Rent increases may only include a CPI Rent Adjustment;~~
 - ~~b. The rent increase is required for the owner to obtain a fair return pursuant to O.M.C. 8.22.070C.2.f~~
3. In no event shall the Annual General Adjustment be approved greater than five (5) percent, nor shall a rent increase on the rent of any tenant exceed five (5) percent in any twelve (12) month period. Should the Board determine, as result of a landlord petition for "fair return," that a resulting Rent Adjustment would be

greater than 5%, landlord shall be permitted to carry the excess to future years until "fair return" is re-established.

4. The owner may petition for an increase beyond the Annual General Adjustment for an individual adjustment if the owner can show that he or she is unable to obtain a reasonable return on his or her investment. In making individual adjustments of the rent, the hearing examiner shall consider the purposes of this chapter and shall specifically consider all relevant factors, including:
 - a. Increases or decreases in property taxes;
 - b. Unavoidable increases or any decreases in maintenance and operating expenses;
 - c. The cost of planned or completed capital improvements to the rental unit (as distinguished from ordinary repair, replacement and maintenance), where such capital improvements are necessary to bring the property into compliance or maintain compliance with applicable local code requirements affecting health and safety, and where such capital improvement costs are properly amortized over the life of the improvement;
 - d. Increases or decreases in the living space, furniture, furnishings, equipment, or other housing services provided, or occupancy rules;
 - e. Substantial deterioration of the controlled rental unit other than as a result of normal wear and tear;
 - f. Failure on the part of the landlord to provide adequate housing services, or to comply substantially with applicable state rental housing laws, local housing, health and safety codes, or the rental agreement;
 - g. The pattern of recent rent increases or decreases.
 - h. No upward adjustment of an individual rent ceiling shall be authorized by the Board under this Section if the landlord:
 - i. Has continued to fail to comply, after order of the board, with any provisions of this chapter and orders or regulations issued thereunder by the Board; or
 - ii. Has failed to bring the rental unit into compliance with the implied warranty of habitability.
 - i. Allowable rent increases pursuant to an individual upward adjustment of the rent ceiling shall become effective only after the landlord gives the tenant at least a thirty (30) day written notice of such rent increase and the notice period expires. If the Board makes a downward individual adjustment of the rent ceiling, such rent decrease shall take effect no sooner than thirty (30) days after the effective date set by the Board for the downward adjustment.
 - j. No provision of this chapter shall be applied so as to prohibit the Board from granting an individual rent adjustment that is demonstrated by the landlord to be necessary to provide the landlord with a fair return on investment. Limits on the total increase per month and length of monthly increase shall be promulgated by the Board through regulations.

k. A rent increase based on the CPI Rent Adjustment for the current year that exceeds ten percent, provided however that such Rent increase may only include a CPI Rent Adjustment;

l. The rent increase is required for the owner to obtain a fair return pursuant to O.M.C. 8.22.070C.2.f.

3. No series of rent increases in any five-year period can exceed 30 percent for any rent increases based on the CPI Rent Adjustment, as set out in, O.M.C. 8.22.070B (CPI Rent Adjustment) and any justifications pursuant to O.M.C. 8.22.070C.2 (Rent Increases In Excess of CPI Rent Adjustment) except for the following:

m. A series of rent increases composed solely of CPI Adjustments may exceed the 30 percent limitation;

n. Exceeding the 30 percent limitation is required for the owner to obtain a fair return pursuant to O.M.C. 8.22.070C.2.f.

4. 5. If an owner is entitled to a rent increase or increases that cannot be taken because of the Rent increase limitations pursuant to Subsections 2. or 3. above, the owner may defer the start date of the increase to a future period, provided that in the rent increase notice that limits the owner's ability to take the increases, the owner must identify the justification and the amount or percentage of the deferred increase that may be applied in the future.

B. ~~CPI Rent Adjustments.~~

1. ~~Effective Date of this Section. An owner may first impose CPI Rent Adjustments pursuant to this section that take effect on or after July 1, 2002.~~

2. ~~CPI Rent Adjustment Not Subject to Petition. The tenant may not petition to contest a rent increase in an amount up to and including the CPI Rent Adjustment unless the tenant alleges one or more of the following:~~

a. ~~The owner failed to provide the notice required at the commencement of tenancy and did not cure such failure (Section 8.22.060);~~

b. ~~The owner failed to provide the notice required with a rent increase (Section 8.22.070 H);~~

e. ~~The owner decreased housing services;~~

d. ~~The covered unit has uncured health, safety, fire, or building code violations pursuant to California Civil Code Section 1942.4 and Section 8.22.070 D.7).~~

3. ~~Calculation of the CPI Rent Adjustment. Beginning in 2002, the CPI Rent Adjustment is the average of the percentage increase in the CPI— All items and the CPI— Less shelter for the twelve (12) month period starting on March 1 of each calendar year and ending on the last day of February of the following calendar year calculated to the nearest one tenth of one percent.~~

4. ~~Effective Date of CPI Rent Adjustments. An owner may notice a rent increase for a CPI Rent Adjustment so that the rent increase is effective during the period from July 1 following the Rent Adjustment Program's announcement of the annual CPI Rent Adjustment through June 30 of the next year. The rent increase notice must comply with state law and take effect on or after the tenant's anniversary date.~~

5. ~~Banking. In accordance with rules set out in the regulations, Aan owner may not bank CPI rent adjustments and annual permissible rent adjustments previously authorized by this chapter.~~

6. Schedule of Prior Annual Permissible Rent Adjustments. Former annual permissible rent adjustments available under the prior versions of this chapter:
- a. May 6, 1980 through October 31, 1983, the annual rate was ten percent.
 - b. November 1, 1983 through September 30, 1986, the annual rate was eight percent.
 - c. October 1, 1986 through February 28, 1995, the annual rate was six percent.
 - d. March 1, 1995 through June 30, 2002, the annual rate was three percent.

C. ~~Rent Increases in Excess of the CPI Rent Adjustment.~~

1. ~~A tenant may file a petition in accordance with the requirements of Section 8.22.110 contesting any rent increase which exceeds the CPI Rent Adjustment. The tenant may also petition for a decrease of rent due to a reduction of housing services.~~
2. ~~If a tenant files a petition and if the owner wishes to contest the petition, the owner must respond by either claiming an exemption to the~~
3. ~~and/or justifying the rent increase in excess of the CPI Rent Adjustment. on one or more of the following grounds:~~
4.
 - a. ~~Banking;~~
 - b. ~~Capital improvement costs, including financing of capital improvement costs;~~
 - c. ~~Uninsured repair costs;~~
 - d. ~~Increased housing service costs;~~
 - e. ~~The rent increase is necessary to meet constitutional or fair return requirements.~~
5. ~~The amount of rent increase allowable for the grounds listed in Section 8.22.070 C.2 are subject to the limitations set forth in the regulations.~~
6. ~~An owner must provide a summary of the justification for a rent increase upon written request of the tenant.~~