ALLOWABLE RENT INCREASES

Rent Stabilization Bulletin

The Rent Stabilization Ordinance (RSO) which became effective May 1, 1979, was designed to protect tenants from excessive rent increases while allowing landlords a reasonable return on their investments. The following information reviews the allowable rent increases for those rental units subject to the Ordinance.

AUTOMATIC ADJUSTMENTS

The rent for a rental unit may be increased without the permission of the Rent Adjustment Commission (RAC) or the Rent Stabilization Division under the following circumstances by:

1. Three percent (3%) to eight percent (8%) every 12 months in accordance with the annual rent increase percentage, which is based on the Consumer Price Index (CPI) average for the twelve (12) month period ending September 30 of each year. The annual adjustment may be applied once each year. The 3% to 8% annual increase is NOT cumulative or retroactive. **THE CALCULATED ANNUAL INCREASE PERCENTAGE EFFECTIVE JULY 1, 2014 THROUGH JUNE 30, 2015 IS THREE PERCENT (3%).** This annual increase may be imposed only if twelve (12) months or more have elapsed since the last such rent increase.
2. An increase of 3% to 8% in the security deposit is allowed at the same time and by the same percentage as the annual rent increase.
3. An additional 1% for gas and 1% for electric service into the dwelling unit when service is provided by the landlord.
4. Nineteen percent (19%), plus 2% if the landlord provides the gas and electricity, for a rental unit which has not had a rent increase since May 31, 1976.
5. Thirteen percent (13%), plus 2% if the landlord provides the gas and electricity, for a rental unit which has not had a rent increase since May 31, 1977.
6. Ten percent (10%) for each additional tenant exceeding the number of tenants allowed by the original rental agreement. Owners must notify the tenant/s of the rent increase within 60 days of having obtained actual or constructive knowledge of the new tenant. A corresponding reduction in rent is required when the additional tenant vacates the unit. Security deposits may also be increased by 10% for the additional tenant/s.
7. A landlord may collect a monthly surcharge of $3.61 from the tenant to recover the paid Systematic Code Enforcement fee.
8. A $12.25 surcharge may only be collected in the month of June with advance notice to recover half of the $24.51 paid registration fee.

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Landlords are required to serve tenants with a written 30-day notice for rent increases that are less than 10% of the tenant's rent, or a 60-day notice for rent increases over 10% of the tenant's rent within a 12-month period.

CHRONOLOGY OF ALLOWABLE RENT INCREASES SINCE 1979			
DATE	PERCENTAGE ALLOWED	DATE	PERCENTAGE ALLOWED
5/1/79 - 6/30/85	7%	7/1/00 - 6/30/01	3%
7/1/85 - 6/30/86	4%	7/1/01 - 6/30/02	3%
7/1/86 - 6/30/87	5%	7/1/02 - 6/30/03	3%
7/1/87 - 6/30/88	4%	7/1/03 - 6/30/04	3%
7/1/88 - 6/30/89	4%	7/1/04 - 6/30/05	3%
7/1/89 - 6/30/90	5%	7/1/05 - 6/30/06	3%
7/1/90 - 6/30/91	5%	7/1/06 - 6/30/07	4%
7/1/91 - 6/30/92	5%	7/1/07 - 6/30/08	5%
7/1/92 - 6/30/93	5%	7/1/08 - 6/30/09	3%
7/1/93 - 6/30/94	3%	7/1/09 - 6/30/10	4%
7/1/94 - 6/30/95	3%	7/1/10 - 6/30/11	3%
7/1/95 - 6/30/96	3%	7/1/11 – 6/30/12	3%
7/1/96 - 6/30/97	3%	7/1/12- 6/30/13	3%
7/1/97 - 6/30/98	3%	7/1/13 – 6/30/14	3%
7/1/98 - 6/30/99	3%	**7/1/14 - 6/30/15**	3%
7/1/99 - 6/30/00	3%	7/1/15 – 6/30/16	-

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RENT ADJUSTMENTS THAT REQUIRE APPROVAL BY THE RENT STABILIZATION DIVISION

The rent for a rental unit may also be increased through the proper submission to and approval of an appropriate cost recovery application to the Rent Stabilization Division for:

1. Capital Improvement - Additions or replacements to the rental unit or to the property's common areas, provided that the improvement has a useful life of five years or more.

2. Rehabilitation Work — Work or repairs done by the landlord due to changes in the housing code since January 1, 1979, or to repair damage resulting from fire, earthquake or other natural disasters.

3. Just and Reasonable Rent Increase — Based on a financial review of the Net Operating Income (NOI) for a property when the automatic adjustment prescribed by the RSO does not provide a just and reasonable return on the rental unit or units. (Refer to the Just and Reasonable Regulations issued by the Rent Adjustment Commission.)

4. Primary Renovation — Upgrades to major building systems which require a permit such as, but not limited to, central heating/air conditioning, water and sewage piping, wiring inside walls, elevators, or reinforcement of the building structure. It also includes work that is undertaken to abate hazardous materials such as lead-based paint or asbestos. Requires a Tenant Habitability Plan (THP) accepted by the Department in advance of commencement of work.

RENT LEVEL AFTER A VACANCY

The allowable rent level after a vacancy depends on the reason for the vacancy. The RSO provides that the rent may be raised to any amount upon re-rental if the vacancy resulted because:

- The tenant voluntarily vacated the unit.

- The tenant was evicted for non-payment of legal rent.

- The tenant was evicted for violating the terms of the rental agreement and failing to cure the violation.

The RSO requires the rent to a new tenant to remain the same, if the vacancy occurred for any other reason. Examples of circumstances under which the landlord MAY NOT raise the rent upon re-rental include the following:

- An eviction of the previous tenant to recover the unit for the use of the landlord, his immediate family or resident manager.

- An eviction for occupancy by the landlord, his immediate family or resident manager, where the landlord, his family member or resident manager subsequently vacated the rental unit.

- An eviction for using or permitting the rental unit to be used for an illegal purpose, unless the eviction is based upon information provided by a law enforcement agency.

- An eviction based on the tenants refusal to enter into a new written rental agreement, with similar provisions, and terms which are not inconsistent with the Ordinance.

- An eviction based on the tenant's refusal to allow the landlord reasonable access to the rental unit.

- The rental unit is the land upon which a mobile home is located and it is a new tenant renting a mobile home already in place at a mobile home park. (Rent increase limited to 10 percent.)

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