

# **NEW:** Changes to Rent Adjustment Program Ordinance & Regulations

The following is a brief summary of the recent amendments to the Rent Adjustment Ordinance and the Rent Adjustment Program Regulations, and is not intended to be a complete description or a substitute for the laws themselves. For authoritative materials, please consult the text of the Ordinance and the Regulations, available at the Rent Adjustment Program website: <http://www2.oaklandnet.com/Government/o/hcd/o/RentAdjustment>

## **Changes Regarding Rent Increases Greater than the Annual CPI Amount:**

### **Effective April 1, 2014:**

- Debt service as a justification for a new rent increase is eliminated.

### **Effective August 1, 2014:**

- Maximum of 10% annual limit on all rent increases, unless CPI is above 10%.
- Maximum of 30% on rent increases within a 5-year period. Rent increases above 30% within a 5-year period allowed if only CPI increases were given during the 5-year period.
- Enhanced noticing requirements for all capital improvements.
- Maximum 70% of capital improvements costs can be passed through to tenants.
- The new capital improvement procedures apply to all capital improvements, whether a single unit or an entire building.
- Owners face administrative penalties and interest for any overcharge in rent after allowable capital improvement rent increases expire.

## **Enhanced Noticing Requirements for All Capital Improvements:**

- After work is completed and paid for, the Owner must prepare and submit to tenant(s):
  1. Notice of rent increase
  2. Rent Adjustment Program (RAP) Notice to Tenants
  3. Summary of capital improvements:
    - With costs listed by category
    - Date improvements were completed and paid for
    - Start and end date of rent increase
- This set of 3 documents must be filed with the Rent Adjustment Program (RAP) within 10 days of service on each tenant affected by the capital improvement.
- Failure of Owner to provide the required set of documents invalidates the proposed capital improvement rent increase.
- Owners may still file a petition with RAP for a capital improvement increase in lieu of the enhanced notice requirements.

## **Grandparent Clause:**

- The new Ordinance will not apply to capital improvements on which permits have been taken out (unless no permits are required for any of the work) and substantial work performed and substantial monies paid or liabilities incurred (other than permit fees) prior to the implementation date of the Ordinance (August 1, 2014), and the Owner reasonably, diligently pursues completion of the work. For any rent increase based on capital improvements which were commenced prior to the implementation date, but which are noticed on or after the implementation date of this Ordinance, the new (enhanced) noticing requirements under this Ordinance are required.