

Attachment 2

DRAFT Revisions to Text Providing Guidance Regarding Allocation of Upward Adjustments

1. **Chapter 6 § J** [Renumbering existing section and adding subsection 2.]

J. Allocation of Upward Adjustment of Rents

1. Presumption. Upward Adjustments of Rents authorized by Hearing Officers and/or the Rental Housing Committee shall be allocated equally among all Rental Units in the property, subject to the condition that in the interests of justice, a Hearing Officer and/or the Rental Housing Committee may allocate Rent increases in another manner necessary to ensure fairness and further the purposes of the Act.

2. Guidance for Application of Presumption.

a. Relative Unit Size. Generally, allocations of Upward Adjustments of Rents granted pursuant to a Petition should result in total Rents for individual Rental Units that reflect the relative size and amenities in the Rental Units as compared to other Rental Units in the same property. Specifically, Rent after allocation of any Upward Adjustments of Rents should generally be lower for smaller Rental Units with fewer or no bedrooms than Rents for larger Rental Units with a greater number of bedrooms. However, the condition of the Rental Units, including the state of repair, refurbishment, renovation or rehabilitation may impact the application of this general guidance.

b. Recent Tenancies. Generally, tenancies commenced within six (6) months of the acceptance of a Petition for Upward Adjustment should not be allocated any increase in Rent pursuant to the Petition. Generally, the Rent applicable to a tenancy commenced within six (6) months of the acceptance of a Petition for Upward Adjustment should be considered the maximum Rent for a Rental Unit in the same property of similar size and amenities. Specifically, any allocation of Upward Adjustment should not result in a total Rent for a Rental Unit that is greater than the Rent applicable to a tenancy commenced within six (6) months for a similarly sized unit with similar amenities.

2. **Chapter 7** [Revising title of chapter.]

CHAPTER 7
~~BANKING~~ PROCEDURES FOR ~~UNIMPLEMENTED~~ ANNUAL GENERAL
ADJUSTMENTS

3. **Chapter 7 § B** [Adding new subsection 1, and revising title and renumbering existing subsection 1 as subsection 2, subsection 2 as subsection 3, and subsection 3 as subsection 4.]

B. Notice.

1. Mandatory Notice to Tenant with Rent Increase Notice. In addition to the notice requirement identified in California Civil Code Section 827, or any successor legislation, any notice requesting an increase in Rent must include a form notice to tenants regarding the CSFRA in substantially the same form as the form notice published by the Rental Housing Committee, as it may be updated from time to time.
2. Banked AGA, Mandatory Notice to Tenant. In addition to the notice requirement identified in California Civil Code Section 827, or any successor legislation, any notice requesting an increase in Rent greater than the Annual General Adjustment identified for the current calendar year must include the following:

...
3. Notice to City. A copy of any notice required by this subsection B.2 of Chapter 7 must be submitted to the City within seven (7) days of delivery to a Tenant.
4. Application. ...