



MEMORANDUM

CSFRA, Community Development Department

DATE: May 13, 2019

TO: Rental Housing Committee

FROM: Patricia Black, Analyst II
Anky van Deursen, Program Manager

SUBJECT: CSFRA Annual General Adjustment of Rent 2019

RECOMMENDATION

Review and adopt a Resolution announcing an Annual General Adjustment of rent for 2019 of 3.5 percent.

INTRODUCTION AND BACKGROUND

The Community Stabilization and Fair Rent Act (“CSFRA”) provides for an Annual General Adjustment (“AGA”) to increase rent for existing tenancies based on the percentage increase in the Consumer Price Index (for All Urban Consumers, SF-Oakland-San Jose Region (“CPI”). The Committee is required to announce the AGA no later than June 30 each year. Per the CSFRA, the AGA shall be equal to 100 percent of the percentage increase in the CPI for the 12-month period ending as of March of each year. However, the AGA shall not be less than two percent and not more than five percent.

ANALYSIS

In January 2018, the United States Department of Labor, Bureau of Labor Statistics revised the geographic areas for which it produces indices. Consequently, on March 26, 2018 the Rental Housing Committee (“RHC”) adopted a resolution to use the San Francisco-Oakland-Hayward CPI-U (San Francisco Area) as a successor index for determining the AGA. Since these CPIs are only published every two months and March indices are not available, the RHC decided in 2017 to use the indices from February to February of each year to determine the Annual General Adjustment. The CPI for the San Francisco Area increased by 3.5 percent between February 2018 and February 2019, as shown in the table below. This increase falls within the adjustment allowed by the CSFRA.

Annual Change in CPI

February 2018	February 2019	Difference	
CPI Index	CPI Index	Number	Percentage (rounded to nearest tenth)
281.308	291.227	9.919	3.5%

The rent increases imposed pursuant to this adjustment may take effect on or after September 1, 2019. Under State law, landlords are required to provide 30 days' advance notice of such rent increase.

The right of landlords to implement the AGA is conditioned on compliance with the CSFRA.

FISCAL IMPACT

The adoption of the AGA 2019 is not anticipated to affect the budget of the RHC.

PUBLIC NOTICING - Agenda posting

ATTACHMENTS

1. Draft Resolution
2. BLS, Consumer Price Index, San Francisco Bay Area - February 2019