

RENTAL HOUSING COMMITTEE
RESOLUTION NO. RHC - ____
SERIES 2022

A RESOLUTION OF THE RENTAL HOUSING COMMITTEE OF MOUNTAIN VIEW
AMENDING REGULATIONS CHAPTER 2 DEFINITIONS, OF THE COMMUNITY STABILIZATION AND
FAIR RENT ACT (CSFRA)

WHEREAS, CSFRA section 1709(d) authorizes the Rental Housing Committee to establish rules and regulations for administration and enforcement of the CSFRA; and

WHEREAS, the Rental Housing Committee has held a publicly noticed meeting on July 18, 2022, and solicited input to clarify the definition of Base Rent in furtherance of the CSFRA; and

NOW, THEREFORE, BE IT RESOLVED by the Rental Housing Committee that amendments to Chapter 2 (Definitions), as set forth in Exhibit A, are hereby adopted.

Community Stabilization and Fair Rent Act Regulations

Amendment to Chapter 2 - Definitions

Paragraph (b) of Chapter 2 of the CSFRA Regulations is amended as follows:

- "(b) **Base Rent.** The Base Rent is the reference point from which the lawful Rent shall be determined and adjusted in accordance with the Act.
- (1) Tenancies Commencing on or before October 19, 2015. The Base Rent for tenancies that commenced on or before October 19, 2015 shall be the Rent in effect on October 19, 2015.
 - (2) Tenancies Commencing After October 19, 2015. The Base Rent for tenancies that commenced after October 19, 2015 shall be the initial rental rate charged upon initial occupancy, provided that amount is not in violation of the Act or any provision of State law. The term "initial rental rate" means only the amount of Rent actually demanded to be paid and paid by the Tenant for the initial term of the tenancy.
 - (i) Rent Concession. If a temporary rent concession is provided by the Landlord during the initial term of the tenancy, the "initial rental rate" shall be the average of the Rent actually demanded to be paid and paid by the Tenant during the initial term of the tenancy. A "rent concession" includes, but is not limited to, any of the following:
 - One or more months' free Rent, except as specified in subparagraph (ii) below; or
 - A dollar or percentage amount reduction of the Rent provided over the course of the initial term of the tenancy.
 - (ii) Exclusions. The following shall not be considered in the calculation of "Base Rent" for any Tenancy:
 - First month's free or discounted Rent, where the "first month" refers to the first full month following the start date of the Rental Agreement. For instance, if the Rental Agreement begins on September 15, then the

"first month" would refer to the period from October 1 to October 31; or

- The Tenant's withholding of or failure to pay Rent in violation of the Rental Agreement, the Act or state law; or
- Any reduction in Rent imposed pursuant to the final decision of a Hearing Officer or the Rental Housing Committee in a petition for downward adjustment based on failure to maintain a habitable premises or a decrease in housing services or maintenance, as outlined in Sections F and H of Chapter 6 of these Regulations, respectively.

(iii) Initial Term of Tenancy. The "initial term of the tenancy" refers to either the initial term as agreed upon by the Landlord and Tenant in the Rental Agreement, or if the Rental Agreement is month to month or longer than twelve (12) months, the initial term shall mean twelve (12) months.

- Where the first month's Rent is free, the "initial term of the tenancy" shall be reduced by one (1) month in calculating the Base Rent. For instance, if the Rent for the first month of a six (6) month Rental Agreement is free, then the "initial rental rate" shall be the average of the amount of Rent actually demanded to be paid and paid by the Tenant over the course of the subsequent five (5) months. Similarly, if the Rent for the first month of a twelve (12) month Rental Agreement is free, then the "initial rental rate" shall be the average of the amount of Rent actually demanded to be paid and paid by the Tenant over the course of the subsequent eleven (11) months.

(iv) Examples. Below are a number of examples demonstrating the calculation of Base Rent.

- Example 1: If a Tenant agrees to pay \$1000/month for 12 months for a Rental Unit and the Landlord provides a concession of first months' Rent free, then

the Base Rent for the Rental Unit shall be \$1000 $((11 \times \$1000)/11)$.

- **Example 2:** If a Tenant agrees to pay \$1000/month for 12 months for a Rental Unit and the Landlord provides a concession of two free months, then the Base Rent for the Rental Unit shall be \$909.09 $((10 \times \$1000)/11)$. **In this example, the first free month would be excluded from the calculation, while the second free month would be included in the calculation.**
- **Example 3:** If the Landlord provides a 25 percent discount over the course of the 12 months, then the Base Rent for the Rental Unit shall be \$750, regardless of the rental amount noted in the Rental Agreement.

(v) Notice of Rent Concession. A Landlord who provides any form of concession, regardless of whether that concession is included or excluded from the calculation of Base Rent, must provide the Tenant with a Notice of Rent Concession at the time that the Parties enter into the Rental Agreement. The Notice of Rent Concession shall be in a form prescribed and provided by the Rental Housing Committee, and shall include, at least, the following information:

- The type of concession provided;
- The amount of concession provided; and
- The calculation of the Tenant's Base Rent for the Rental Unit, as calculated pursuant to these Regulations.

This requirement shall apply to Tenancies commencing on or after September 1, 2022."