

DATE: May 23, 2022

TO: Rental Housing Committee

FROM: Anky van Deursen, Program Manager

SUBJECT: **Annual General Adjustment of Rent 2022**

RECOMMENDATION

Review and adopt A Resolution of the Rental Housing Committee (RHC) Announcing an Annual General Adjustment of Rent under the Community Stabilization and Fair Rent Act and Mobile Home Rent Stabilization Ordinance for 2022-23 of 5%, to be read in title only, further reading waived (Attachment 1 to this memorandum).

INTRODUCTION AND BACKGROUND

The Community Stabilization and Fair Rent Act (CSFRA) and the Mobile Home Rent Stabilization Ordinance (MHRSO) provide 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 (CPI-U) of San Francisco-Oakland-Hayward (San Francisco Area). Section 1707(a) of the CSFRA and Section 46.6 of the MHRSO require the RHC to announce the AGA no later than June 30 of each year. The AGA shall be equal to 100% of the percentage increase in the CPI for the 12-month period, ending as of February each year. However, the AGA shall not be less than 2% and not more than 5%.

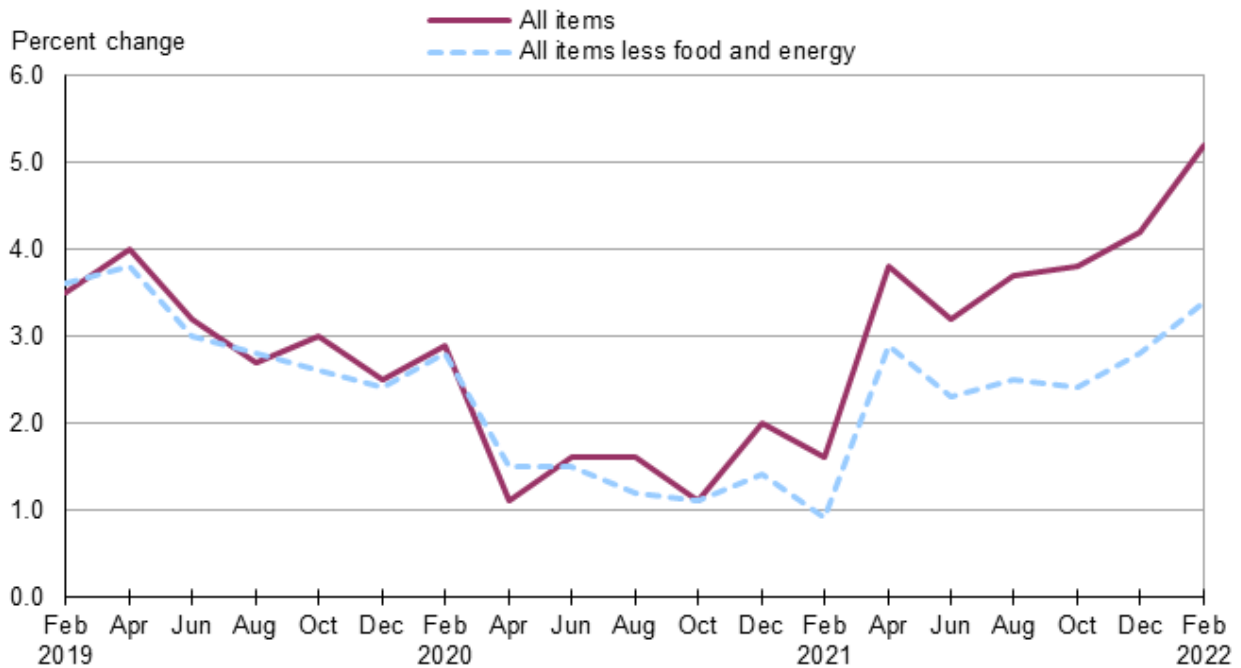
ANALYSIS

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 RHC adopted a resolution to use the CPI-U for the San Francisco Area as a successor index for determining the AGA. The CSFRA indicates that the March indices are to be used, but 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-U for the San Francisco Area increased 5.2% as shown in the chart below (Table 1). This increase falls outside of the 2% to 5% limitations as set by the CSFRA and MHRSO. Therefore, the AGA for 2022 shall be 5% as allowed under the CSFRA and the MHRSO. The rent increases imposed pursuant to this adjustment may take effect on or after September 1, 2022. Under State law, landlords are required to provide 30 days' advance notice of such rent increase.

Table 1—Annual Change in CPI

February 2021	February 2022	Difference	
CPI Index	CPI Index	Number	Percentage (rounded to nearest tenth)
304.387	320.195	15,808	5.2%

Chart 1. Over-the-year percent change in CPI-U, San Francisco-Oakland-Hayward, CA, February 2019–February 2022



Source: U.S. Bureau of Labor Statistics.

FISCAL IMPACT

The adoption of the AGA 2022 is not anticipated to impact the budget of the RHC.

PUBLIC NOTICING—Agenda posting.

AvD/JS/1/CDD/RHC
 895-05-23-22M

- Attachments:
1. Draft Resolution to Adopt AGA 2022
 2. BLS, Consumer Price Index, San Francisco Area