



MEMORANDUM

CSFRA, Community Development Department

DATE: June 29, 2020

TO: Rental Housing Committee

FROM: Patricia Black, Analyst II
Anky van Deursen, Program Manager
Karen Tiedemann, Special Counsel to the RHC

SUBJECT: CSFRA Regulations

RECOMMENDATION

Review and adopt resolutions and regulations for Chapter 1: Purpose and Chapter 2: Definitions of the CSFRA Regulations and amend Chapter 6: Fair Return Standard Regulations to address inconsistencies.

INTRODUCTION AND BACKGROUND

The Community Stabilization and Fair Rent Act (CSFRA), Sections 1708(b), 1709(d)(2), and 1709(e), authorize the Rental Housing Committee (RHC) to establish rules and regulations for administration and enforcement of the CSFRA, including clarifications of ambiguities in the CSFRA.

ANALYSIS

The CSFRA regulations are currently incomplete and lack Chapters 1 and 2 of the Regulations. Additionally, an error exists in Chapter 6: Fair Return Standard Regulations, which requires an amendment to the regulations to correctly reference applicable calculations.

- Chapter 1: Purpose. The purpose of this proposed regulation is to clarify the intent of the CSFRA Regulations.
- Chapter 2: Definitions. The purpose of this proposed regulation is to define the terms as presented in the CSFRA Regulations in order to improve clarity and understanding.

- Chapter 6: Fair Return Standard. Chapter 6 of the CSFRA regulations requires an edit to Section (C)7. The section currently reads as follows:

“Petition Year. The Petition Year shall be defined as the calendar year for which the most recent Consumer Price Index data was published for the San Francisco-Oakland-San Jose area prior to acceptance of a Petition for Upward Adjustment of rent. If actual data for the complete Petition Year is not available, Net Operating Income shall be estimated in accordance with calculations defined in subsection (C)(2) of Chapter 6.”

The reference to (C)(2) is incorrect because it refers to Capital Improvement expenditures. The subsection should refer to calculations related to Net Operating Income.

“Petition Year. The Petition year shall be defined as the calendar year for which the most recent Consumer Price Index data was published for the San Francisco Oakland-Hayward region prior to acceptance of a Petition for Upward Adjustment of rent. If actual data for the completion Petition year is not available, Net Operating Income shall be estimated in accordance with the calculation defined in subsection (C)(5) of this Chapter 6 using the methods for calculating Gross Income (subsection (D)) and Operating Expenses (subsection (E)) in accordance with the provisions of this Chapter.”

FISCAL IMPACT

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

PUBLIC NOTICING – Agenda posting.

PB-AVD-KT/TG/6/CDD/RHC
812-06-29-20M-2

- Attachments:
1. Draft Resolution to adopt Regulations for Chapter 1: Purpose of the CSFRA Regulations
Exhibit A: Draft Regulations for Chapter 1: Purpose
 2. Draft Resolution to Adopt Regulations for Chapter 2: Definitions of the CSFRA
Exhibit A: Draft Regulations for Chapter 2: Definitions
 3. Draft Resolution to Amend Regulations for Chapter 6: Fair Return Standard Regulations of the CSFRA Regulations
Exhibit A: Draft Amendment of Regulations for Chapter 6: Fair Return Standard Regulations