

DATE: April 24, 2025

TO: Rental Housing Committee

FROM: Anky van Deursen, Rent Stabilization Division Manager

SUBJECT: Adoption of Annual General Adjustment of Rent for 2025-26

RECOMMENDATION

Review and adopt a Resolution of the Rental Housing Committee announcing an Annual General Adjustment of Rent under the Community Stabilization and Fair Rent Act for the period of September 1, 2025-August 31, 2026 of 2.7% and an Annual General Adjustment of Rent under the Mobile Home Rent Stabilization Ordinance for the period of September 1-August 31, 2026 of 1.6%, to be read in title only, further reading waived (Attachment 1 to this memorandum).

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 that the Rental Housing Committee (RHC) announce the AGA no later than June 30 of each year, which go into effect September each year.

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 (instead of the index referenced in CSFRA 1707(a)(1): the SF-Oakland-San Jose Region), determining the AGA. Additionally, the CSFRA indicates that the March indices are to be used. However, the CPI-U for the index is only published every two months and March indices are not available. Therefore, the March 2018 resolution includes the RHC's decision to use the indices from February to February of each year to determine the AGA for both the CSFRA and the MHRSO.

CSFRA

Section 1707(a)(1) and 1707(a)(2) of the CSFRA stipulate that the AGA shall be equal to 100% of the percentage increase in the CPI-U and that the AGA shall not be less than 2% and no more than 5%, even if the change in CPI-U is less than 2% or more than 5%.

MHRSO

On March 25, 2025, City Council adopted amendments to the MHRSO Sections 46.5 (b) and 46.6 (c), to modify the allowed AGA from the current combination of an adjustment limited to 100% of the CPI-U, with a 2% floor and 5% ceiling to an adjustment limited to **60% of the CPI-U with no floor and a 3% ceiling.**

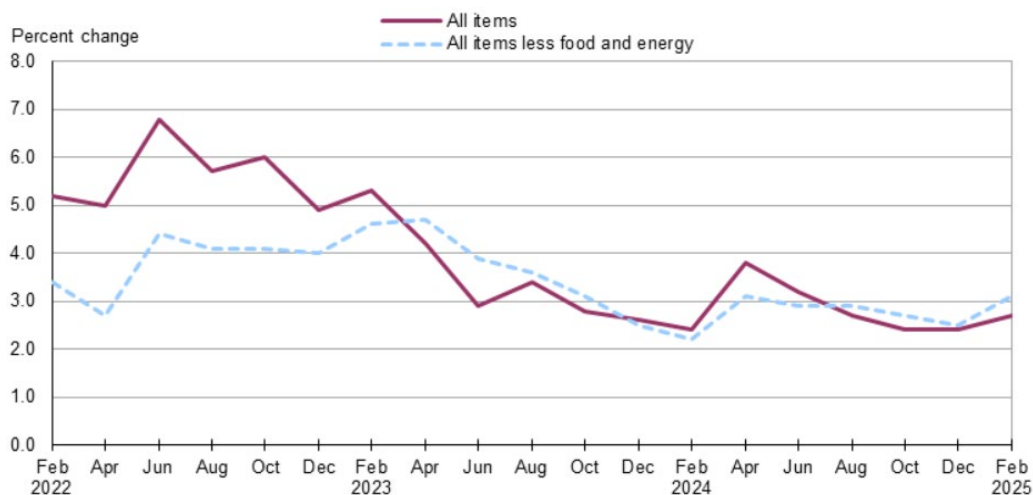
ANALYSIS

Between February 2024 and February 2025, the annual CPI-U for the San Francisco Area increased 2.7% as shown in Table 1. Therefore, the AGA for the CSFRA for the period between September 1, 2025, and August 31, 2026 shall be 2.7% and the AGA for the MHRSO shall be $0.6 \times 2.7\% = 1.6\%$. The rent increases imposed pursuant to this adjustment may take effect on or after September 1, 2025. Landlords are required to provide 30 days’ written advance notice of such rent increase.

Table 1: Annual Change in Consumer Price Index

February 2024		February 2025		Difference	
CPI Index	CPI Index	Number	Percentage (rounded to nearest tenth)		
345.151	354.432	9.281	2.7%		

Chart 1: Year-Over-Year Percent Change in Consumer Price Index (CPI—U), San Francisco-Oakland-Hayward, CA (February 2022—February 2025)



Source: U.S. Bureau of Labor Statistics.

FISCAL IMPACT

The adoption of the AGA does not have any fiscal impact on the budget of the RHC.

PUBLIC NOTICING—Agenda posting, posting on the City’s website, and email to distribution list.

- Attachments:**
1. Draft Resolution to Adopt CSFRA and MHRSO AGA 2025
 2. Bureau of Labor Statistics (BLS), Consumer Price Index, San Francisco Area