

Attachment 2

Text of CSFRA Section 1707

RENT INCREASES PURSUANT TO ANNUAL GENERAL ADJUSTMENT

(a) Annual General Adjustment. No later than June 30th each year, the Committee shall announce the amount of the Annual General Adjustment, which shall be effective as of September 1st of that year. The Annual General Adjustment is the percentage by which the Rent for existing tenancies in Covered Rental Units may be increased each year, subject to the limitations of this Article.

(1) The Annual General Adjustment shall be equal to one hundred percent (100%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-San Jose region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending as of March of the current year. The Annual General Adjustment shall be rounded to the nearest one-tenth of a percent.

(2) Subparagraph 1 of this Subsection notwithstanding, in no event shall the Annual General Adjustment be less than two percent (2%) or more than five percent (5%).

(3) Pursuant to Subsection (a) herein, the Committee's first announcement of an Annual General Adjustment shall be made no later than June 30, 2017. Accordingly, the first Rent increase that a Landlord may impose pursuant to this Article shall not take effect prior to September 1, 2017.

(b) One Rent Increase Per Year. No more than one Rent increase per twelve-month period may be imposed on a Tenant.

(c) Notice of Rent Increase Required. Allowable Rent increases pursuant to the Annual General Adjustment shall become effective only after the Landlord provides written notice to the Tenant in the manner prescribed by law, with at least thirty (30) days' advance written notice.

(d) Banking of Unimplemented Annual General Adjustments. A Landlord who refrains from imposing a Rent increase or any portion thereof pursuant to an Annual General Adjustment may accumulate said increase and impose the unimplemented amount in subsequent years. The ability to accumulate and impose unimplemented Rent increases shall not carry over to a successor Landlord in the event of a change in ownership of the Rental Unit. Any such subsequent Rent increase shall be subject to the limitations of this section, including the 10% limitation in Subsection (e) herein. The Committee may issue rules and regulations that modify, restrict, or prohibit the ability of Landlords to impose accumulated increases upon a finding that the banking of Annual General Adjustments causes undue hardship on Tenants, provided that Landlords retain their right to a fair

return.

(e) 10% Annual Rent Increase Limit. The overall Rent increase in any twelve-month period shall not exceed ten percent (10%) of the Rent actually charged to the Tenant. Notwithstanding the foregoing, the overall Rent increase in any twelve-month period may exceed ten-percent (10%) of the Rent actually charged to the Tenant only if that Rent increase is pursuant to a decision of a Hearing Officer or the Committee as a result of a Landlord Petition pursuant to Section 1710(a) of this Article.

(f) Conditions Under Which Rent Increase Not Permitted. No Rent increase shall be effective if the Landlord:

- (1) Has failed to substantially comply with all provisions of this Article and all rules and regulations promulgated by the Committee; or
- (2) Has failed to maintain the Rental Unit in compliance with Civil Code Sections 1941.1 et seq. and Health and Safety Code Sections 17920.3 and 17920.10; or
- (3) Has failed to make repairs ordered by a Hearing Officer, the Committee, or the City.