

Rent stabilization

Summary and Benefits:

Deed restricted affordable housing properties offer protections from market vacillations and provide stability for families. In contrast, market-rate units fluctuate with changes in the housing market. With the Bay Area housing market bouncing back, rent increases have exceeded 20% per year in some municipalities. These rapid rent increases have made homes that were previously affordable to lower-income families and households on a fixed income too expensive.

Rent stabilization ordinances limit the amount that rents are allowed to increase as market values increase. Landlords continue to obtain ever higher returns on their rental properties while tenants have the certainty that their rents will not increase more than a certain amount each year. Once a tenant moves out vacancy decontrol takes effect, that is, rents “reset” to market rate values for new occupants. While the Costa-Hawkins Act of 1995 limits the use of rent stabilization for new construction, these rules can apply to units built prior to February 1, 1995.

Below are a few examples of the diverse approaches to rent stabilization undertaken by Bay Area jurisdictions:

Jurisdiction	Applicability	Maximum Allowable Rent Increase
East Palo Alto	Most Rental Properties	80% of the increase in the Consumer Price Index
Hayward	All rental properties	5% annual increase
Los Gatos	Properties with three or more rental units	Cannot exceed annual increase of 5% or 70% of the increase in the Consumer Price Index
San Rafael	Mobile Homes	75% of the increase in the Consumer Price Index
San Jose	Applies to triplex or larger units built before 1979. Does not apply to condominiums, single family homes, or properties paid by federal subsidies.	8% annual increase If rent is increasing for first time in 24 months limited to 21%

Potential Policies:

- Consider implementing controls on the rate of rent increases - note the distinction between rent *control* and rent *stabilization*. Rent control generally applies to setting the price of rent, while rent stabilization speaks to the rate of rent increase. New York City has [both](#).
- Consider implementation of Just Cause provision for tenant evictions

Model Ordinances/Useful Sources:

- City of East Palo Alto, link: <http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469>
- City of Hayward Rent Stabilization Ordinance, link: <http://www.echofairhousing.org/images/ResidentialRentOrdinance-1.pdf>
- Town of Los Gatos, link <http://www.losgatosca.gov/faq.aspx?tid=31>
- San Rafael municipal code, link: <http://library.municode.com/index.aspx?clientId=16610&stateId=5&stateName=California>
- City of Berkeley Guide to Rent Control, link: http://www.ci.berkeley.ca.us/Rent_Stabilization_Board/Home/Guide_to_Rent_Control.aspx
- San Jose, link: <http://www.sanjoseca.gov/index.aspx?NID=2313>