

Notes on 2014 Amendments to Rent Adjustment Ordinance and Rent Adjustment Program Regulations

1. Debt Service Rent Increases

City Council Ordinance No. 13221 C.M.S., adopted by the Oakland City Council on April 1, 2014, amends the Rent Adjustment Ordinance (O.M.C. Sections 8.22.020 and 8.22.070) to eliminate Debt Service as a justification for new rent increases.

This Ordinance will not apply to any property on which the rental property owner can demonstrate that the owner made a bona-fide, arms-length offer to purchase on or before April 1, 2014, the effective date of this amendment.

2. Capital Improvement Rent Increases

City Council Ordinance No. 13226 C.M.S., approved by the Oakland City Council on May 6, 2014, amends the Rent Adjustment Ordinance (O.M.C. Sections 8.22.070 and 8.22.090) to limit Rent increases to ten percent in any one year and thirty percent in five years and to require special noticing for Capital Improvement Rent increases.

The amendments on Capital Improvements take effect concurrently with City Council Resolution No. 84936 C.M.S., which amends the Rent Adjustment Program Regulations to provide for extended Capital Improvement amortization periods for Rent increases greater than ten percent, passing through seventy percent (instead of 100%) of Capital Improvement costs, interest on Capital Improvement overcharges, administrative penalties for such overcharges, and removing the requirement that only one year of Capital Improvements increases can be passed through at one time.

The effective date of the new provisions in the Rent Adjustment Ordinance and Rent Adjustment Program Regulations is August 1, 2014, with some in-progress Capital Improvements to be grandfathered in under the old rules, as follows:

The new Ordinance and Regulation amendments will not apply to capital improvements on which permits have been taken out (unless no permits are required for any of the work) and substantial work performed and substantial monies paid or liabilities incurred (other than permit fees) prior to the implementation date of the Ordinance (August 1, 2014), and the Owner reasonably, diligently pursues completion of the work. However, for any rent increase based on capital improvements which were commenced prior to the implementation date, but which are noticed on or after the implementation date of this Ordinance, the new (“**enhanced**”) noticing requirements under this Ordinance are required.

3. Deferred Maintenance

City Council Resolution No. 85306 C.M.S., approved by the Oakland City Council on December 9, 2014, amends Rent Adjustment Regulations, Appendix A, Sections 10.1 and 10.2.2 to address excluding the costs of deferred maintenance from Capital Improvement and Housing Service Costs Rent increases.