

Rent Stabilization

Rent stabilization policies restrict annual rent increases based on a measure of inflation and/or other metrics. They reduce the risk of tenants being priced out of their homes due to market-driven rent increases, decreasing the likelihood of displacement and promoting long-term housing stability.

Legal Context

What Does State Law Require?

[Tenant Protection Act of 2019 \(AB 1482\)](#), codified as Civil Code. § 1947.12, limits annual rent increases to no more than 5% plus the local Consumer Price Index (a measure of the inflation rate) or 10%, whichever is lower. This law currently has a sunset date of January 1, 2030. [SB 567 \(2023\)](#) makes landlords who violate the Tenant Protection Act liable in civil court for damages and provides mechanisms for the Attorney General, city attorney or county counsel to enforce the law.

Additionally, local rent stabilization ordinances must adhere to the framework established in state law by the [Costa-Hawkins Rental Housing Act](#). This law establishes certain parameters for the policy features of local ordinances, such as prohibiting rent stabilization on single-family homes, condominiums and buildings constructed after February 1, 1995, and allowing landlords to reset rents to market rate after a tenant leaves their unit (known as “vacancy decontrol”).

How Can Jurisdictions Implement Programs That Go Beyond State Law?

Jurisdictions can implement programs that provide the same protections with no sunset date. Additionally, a jurisdiction can limit rent increases to a lower threshold than the limit under the state’s Tenant Protection Act. Jurisdictions can also expand rent stabilization to include mobile homes and deed-restricted affordable housing.

At-A-Glance

RELEVANT STATE LAWS

[Tenant Protection Act of 2019 \(AB 1482\)](#)

[Costa-Hawkins Rental Housing Act](#)

POTENTIAL FUNDING SOURCES

Rent programs, rental registries and staffing are typically funded by an annual fee for registered properties.

COST

Programs can be budget neutral by adding an annual fee on stabilized units.

ADMINISTRATIVE BURDEN

 Medium

Staff capacity is needed for program design, public and legislative processes, program management, monitoring, enforcement, training and outreach. While passing the ordinance can require significant staff time, running the program is often a low lift.

EXTRA CONSIDERATIONS

 Politically sensitive

 Highly effective

WHICH P?

Protection

POTENTIAL PARTNERS

Community Organizations

OPTION FOR TOC POLICY COMPLIANCE?

Yes!



Program Design, Implementation and Evaluation Considerations

The callout box below labeled “TOC Policy Requirements” describes the policy features necessary for a jurisdiction to receive credit toward TOC Policy compliance. All other policy features discussed in this document represent details found in existing policies on the subject and a jurisdiction may want to consider them when adopting or implementing a policy, but nothing is required for TOC Policy compliance unless noted as a requirement in the “TOC Policy Requirements” callout box or the [TOC Policy Administrative Guidance](#).

Elements of the Program

- Limits on annual rent increases.
Maximum annual rent increases can be a percentage, or they can be linked to changes in the cost of living (generally measured by the consumer price index). They could also be structured as a combination of both.

Program Design Considerations

Jurisdictions may want to consider the following:

INITIAL ANALYSIS: Analyze the local rental housing stock to determine how many units could be covered by the policy as well as trends in displacement or vulnerability to displacement.

MAXIMUM ALLOWABLE ANNUAL RENT INCREASES: In setting the maximum allowable annual rent increase, seek a balance between protection against excessive rent increases that could lead to displacement and allowing landlords a fair and reasonable return on investment. In addition to tying rent increases to inflation, set a maximum percentage that rent can be increased regardless of inflation to prevent price-gouging.

TYPES OF HOUSING UNITS COVERED: The Costa-Hawkins Rental Housing Act forbids rent control on all single-family homes, multifamily buildings constructed after February 1, 1995, and condominiums. While jurisdictions must abide by this, they can provide additional rent stabilization protections on certain properties. For example, jurisdictions can choose to apply rent stabilization protections with no

exemptions for owner-occupied duplexes or units deed-restricted for low- or moderate-income households.

PASS-THROUGHS: Some jurisdictions allow landlords to recover a portion of their expenses related to maintenance and capital improvements by passing it on to the tenant. Consider specifying which costs could be eligible in pass-throughs to avoid rent increases for minor repairs.

MOBILE HOME RENT STABILIZATION POLICY: Mobile homes are not covered by the Tenant Protection Act (AB 1482). If mobile homes are a part of the local rental housing stock, consider enacting a mobile home rent stabilization policy to address rents for mobile home spaces and ensure that the broader rent stabilization policy covers tenants who rent mobile homes.

RENT REGISTRY: Require that landlords register their properties and maintain a database of all rental properties covered by rent stabilization and other tenant protection programs. This is a critical tool for monitoring rent increases, evictions, code violations and other information relevant to landlord-tenant regulations.



TOC Policy Requirements: A rent stabilization ordinance must limit maximum annual rent increases to be less than those allowed under state law, as well as have no sunset date. At minimum, the ordinance must apply to multifamily rental housing with three or more units, while adhering to the parameters of the Costa-Hawkins Rental Housing Act. The ordinance may allow for exemptions for special housing types (e.g., deed-restricted housing, student housing, assisted living facilities).

Additionally, a jurisdiction must define a local enforcement mechanism (such as a rent board or administrative hearing) whereby tenants can dispute rent increases that exceed legally allowed maximums.

Program Implementation, Administration and Enforcement

Rent stabilization is generally implemented by ordinance. To ensure enforcement of rent stabilization ordinances and other tenant protections, jurisdictions will need to invest in staffing within an existing or new program or department, or contract out these services. If there are several neighboring jurisdictions that have implemented rent stabilization policies, jurisdiction staff may want to contract with the same organization or create a sub-regional rent board, rather than creating many separate rent boards.

Rent program staff can provide information and counseling to landlords and tenants, conduct administrative hearings, issue decisions on landlord-tenant disputes, collect registration fees, and maintain a database of registered rental units. Additionally, there can be an elected or appointed rent board that oversees programs and enacts regulations.

Rent programs, rental registries, and associated staffing are typically fully funded by an annual fee for each property registered with the city.

Fees are generally tiered based on the number of units in a property or on a per-unit basis. Some jurisdictions offer reduced registry fees for landlords managing unsubsidized affordable housing (that is, units without deed restrictions that rent at levels affordable to lower income households). Some jurisdictions allow landlords to split the rental registry fee with tenants. Registration fees should be updated annually based on the level of funding needed to staff and operate tenant protection programs.

It is essential to ensure that both tenants and landlords are informed and educated about their rights and obligations under the law. At minimum, information about the program should be available on a public website. Local community organizations and tenant legal service providers are also appropriate to contract with for outreach and education.

Program Evaluation

Rent registries can be an important tool to collect and maintain data that can then inform future policy, ensuring it fits the local context and meets community needs. Jurisdictions can evaluate the effectiveness of rent stabilization policies by analyzing turnover and rent increases over time in rent stabilized housing compared to general market conditions.

Complementary Policies

JUST CAUSE EVICTION PROGRAMS: Just cause eviction programs prevent landlords from evicting tenants without just cause, such as evictions in order to raise rents. Just Cause and Rent Stabilization programs are often administered in tandem by jurisdictions, allowing for efficiency in administration.

MOBILE HOME RENT STABILIZATION: Mobile home rent stabilization can ensure that mobile home renters have the same protections as other renters.

LEGAL ASSISTANCE FOR TENANTS: Legal assistance for tenants can help ensure that tenants have the legal support they need to address unlawful rent increases.

TENANT ANTI-HARASSMENT PROTECTIONS: Similarly to just cause eviction protections, tenant anti-harassment protections can help prevent landlords from harassing tenants in order to encourage them to vacate the unit to rent it at a higher price.

This document is intended to provide general information and does not constitute legal advice. Additional facts, facts specific to a particular situation, or future developments may affect the subjects discussed in this document. Seek the advice of your jurisdiction's legal counsel before acting or relying upon this information. For specific questions regarding TOC compliance, please reach out to TOCpolicy@bayareametro.gov.

Other Resources

EXAMPLES*

[City of Mountain View - Community Stabilization and Fair Rent Act](#)

[City of East Palo Alto - Rent Regulations for Residential Tenancies](#)

OTHER RESOURCES

[Urban Displacement Project - Exploring the Effectiveness of Tenant Protections in Silicon Valley](#)

[Urban Habitat - Strengthening Communities through Rent Control and Just-Cause Evictions](#)

[PolicyLink - Rent Stabilization](#)

[Metropolitan Transportation Commission - Protection Policy 6: Rent Stabilization](#)

**Note that examples have not been vetted for full TOC Compliance.*