

Community Stabilization and Fair Rent Act

CHAPTER 7
PROCEDURES FOR ANNUAL GENERAL ADJUSTMENTS

A. Purpose

The Community Stabilization and Fair Rent Act (“CSFRA”) guarantees that Landlords are entitled to earn a fair rate of return from a property. The CSFRA authorizes Landlords to seek rent increases via the Annual General Adjustment (“AGA”), identified in CSFRA Section 1707, as well as via a Petition for Upward Adjustment of Rent. Subsection (d) of CSFRA Section 1707 authorizes a Landlord to accumulate one or more AGAs to be implemented at a later date. Subsection (d) of CSFRA Section 1707 and Subsections (d)(1) through (d)(3) and Subsection (e) of CSFRA Section 1709 authorize the Rental Housing Committee to issue rules and regulations related to rent increases, AGAs, banking, and Tenant hardships.

B. Notices

1. Mandatory Notice to Tenant with Rent Increase Notice. In addition to the notice requirement identified in California Civil Code Section 827, or any successor legislation, any notice requesting an increase in rent must include a form notice to tenants regarding the CSFRA in substantially the same form as the form notice published by the Rental Housing Committee as it may be updated from time to time.

2. Banked AGA.

Mandatory Notice to Tenant. In addition to the notice requirement identified in California Civil Code Section 827, or any successor legislation, any notice requesting an increase in rent greater than the AGA identified for the current calendar year must include the following:

a. Identification of the requested increase in monthly rent due, including the actual increase as well as calculation of the dollar increase as a percentage of the rent due immediately prior to the imposition of the proposed rent increase; and

b. The following text, in at least 12-point font (if notice is printed):

“The rent increase requested in this notice exceeds the annual general adjustment authorized for the current year. Landlords may save (“bank”) annual general adjustments that were not imposed in previous years and implement them with the current annual general adjustment in accordance with the Community Stabilization and Fair Rent Act, Section 1707, and implementing

regulations. Rent may only be increased once every twelve (12) months and rent increases cannot exceed ten percent (10%) of the rent actually charged in the previous year. Tenants have the right to petition the Rental Housing Committee (RHC) for relief if this rent increase will cause an undue hardship. The RHC defines a hardship based on either household income or if the household spends fifty percent (50%) or more of household income on rent, with specific definitions for households with children, seniors, or persons with disabilities or who are terminally ill. If you believe the rent increase requested in this notice is incorrect, excessive, or causes an undue hardship, you can: (a) contact your landlord to discuss the increase; and/or (b) file a petition with the RHC. For more information about petitions or the hardship process, contact the Mountain View Rental Housing Helpline at 650-903-6136 or MVRent@mountainview.gov.”

3. Notice to City. A copy of any notice required by this Section B of Chapter 7 must be submitted to the City within seven (7) days of delivery to a Tenant.
4. Application. This Section B of Chapter 7 is not applicable to rent increases authorized by the Decision of a Hearing Officer or the Rental Housing Committee pursuant to a Petition for Upward Adjustment of Rent in accordance with CSFRA Section 1710(a).

C. Tenant Hardship

Any Tenant household receiving a notice requesting an increase in rent greater than the AGA identified for the current calendar year may claim that the requested increase would cause an undue hardship on the Tenant household and request relief, in accordance with this Section C of Chapter 7.

1. Petition Required. Any Tenant household claiming a hardship must do so on a form provided by the Rental Housing Committee, with supporting documentation as described in Subsection (C)(2) of this Chapter 7.
 - a. Contents of Petition. The Hardship Petition must: (i) be submitted on a form provided by the Rental Housing Committee; (ii) clearly identify the hardship claimed under Subsection (C)(2) of this Chapter 7; (iii) indicate whether the Tenant can pay any portion of the banked AGA increase, inclusive of the AGA increase for the current year, and if yes, the amount of the banked AGA increase the Tenant can pay; and (iv) provide adequate supporting documentation of the hardship as described in Subsection (C)(2) of this Chapter 7.
 - b. Petition Due Date. Hardship Petitions should be submitted as early as possible after receipt by the Tenant of a notice of rent increase to allow for potential relief. Hardship Petitions must be received within ten (10) calendar days of the effective date of a rent increase. Hardship Petitions received after the effective

date of a rent increase cannot alter the first month of the requested rent increase. Hardship Petitions received more than ten (10) calendar days after the effective date of the requested rent increase will be rejected, unless the Tenant demonstrates that there was good cause for the delay in filing the Hardship Petition and the length of the delay was reasonable given the cause.

- c. Burden of Proof. No relief can be granted to a Hardship Petition unless it is supported by the preponderance of the evidence supporting the claimed hardship.
2. Hardship Conditions Defined. Any Tenant household claiming a hardship must verifiably demonstrate that one (1) or more of the following conditions apply to either one (1) or more Tenants in the household or to the household generally (as specified below). For purposes of defining a hardship, household income means the gross income received in the previous twelve (12) months from all household members over age eighteen (18).
 - a. Inadequate Household Income. Any Tenant household whose household income does not exceed one hundred percent (100%) of the median household income for Santa Clara County as adjusted for household size according to the California Department of Housing and Community Development, or that spends more than fifty percent (50%) of the household's income on rent, shall be presumed a hardship.
 - b. Families with Children. Any Tenant household: (i) whose household income does not exceed one hundred twenty percent (120%) of the median household income for Santa Clara County as adjusted for household size according to the California Department of Housing and Community Development, or that spends more than fifty percent (50%) of the household's income on rent; and (ii) which household is the primary residence of one (1) or more dependent children under the age of eighteen (18) shall be presumed a hardship.
 - c. Senior Household. Any Tenant household: (i) whose household income does not exceed one hundred twenty percent (120%) of the median household income for Santa Clara County as adjusted for household size according to the California Department of Housing and Community Development, or that spends more than fifty percent (50%) of the household's income on rent; and (ii) which household is the primary residence for one (1) or more persons who are at least sixty-two (62) years of age shall be presumed a hardship.
 - d. Persons with Disabilities. Any Tenant household: (i) whose household income does not exceed one hundred twenty percent (120%) of the median household income for Santa Clara County as adjusted for household size according to the California Department of Housing and Community Development, or that spends

more than fifty percent (50%) of the household's income on rent; and (ii) which household is the primary residence for one (1) or more persons with a disability, as defined in Section 12955.3 of the Government Code, shall be presumed a hardship.

- e. Persons who Are Terminally Ill. Any Tenant household: (i) whose household income does not exceed one hundred twenty percent (120%) of the median household income for Santa Clara County as adjusted for household size according to the California Department of Housing and Community Development, or that spends more than fifty percent (50%) of the household's income on rent; and (ii) which household is the primary residence for one (1) or more persons who are terminally ill, as confirmed in writing by the individual's licensed medical care provider, shall be presumed a hardship.
 - f. Other Hardship. Any Tenant household: (i) which household does not qualify under the definitions of hardship included in Subsections (C)(2)(a) through (C)(2)(e) of this Chapter 7; and (ii) which household demonstrates other extenuating circumstances may request such circumstances be considered hardship for the purposes of Subsection (C)(6) of this Chapter 7.
3. Petition Process. Within thirty (30) days of submission to the Rental Housing Committee of a Petition and documentation supporting eligibility, as described in Section C of this Chapter 7, the Rental Housing Committee shall notify the Tenant-Petitioner of acceptance of the Petition, or inform the Tenant-Petitioner why the Petition has not been accepted. Staff shall not assess the adequacy of any documentation supporting eligibility but shall refuse acceptance of a Petition submitted without a document that purportedly supports a finding of Tenant hardship. One (1) document may be submitted to support more than one (1) eligibility criterion identified in Subsection (C)(2).
- a. Effective Rent During Pendency of Hardship Petition. Prior to submission of a Petition, the Tenant household remains liable for all rent lawfully due. Upon acceptance of a Petition claiming a Tenant hardship by the Rental Housing Committee, the Tenant household shall be liable for and pay to the Landlord on the normal due date the amount of rent that would be due notwithstanding the notice of rent increase for which the hardship was claimed (e.g., the Tenant household may hold the difference between the regular rent and increased rent during the pendency of a Hardship Petition). However, acceptance of the Petition by the Rental Housing Committee does not automatically grant any requested relief from or response to a proposed rent increase. Each Decision regarding a rejected Petition will require the Tenant household to pay the Landlord the total requested rent from the date the increase would have taken effect as if the hardship were not claimed; a Hearing Officer may allow

repayment of lawfully withheld difference in rent over the course of more than one (1) month.

- b. Notice of Acceptance. Upon acceptance, the Rental Housing Committee shall provide a written notice of acceptance to each Landlord potentially affected by the Petition. The written notice of acceptance provided to a potentially affected Landlord shall inform the Landlord of their right to respond to the Petition and include a copy of the completed Petition; supporting documentation submitted by the Tenant-Petitioner shall be made available for review upon request.
 - c. Prehearing Settlement Conferences. Upon filing of the Hardship Petition, the Tenant-Petitioner can request a voluntary Prehearing Settlement Conference with the Landlord, as described in Section N of Chapter 3.
4. Landlord Response. Each Landlord potentially affected by a Petition submitted in accordance with this Chapter 7 may take any combination of the following actions within thirty (30) calendar days of acceptance of a Petition by the Rental Housing Committee. An action described in Subsections (C)(4)(a) and (C)(4)(b) shall be considered a “Landlord Response” for purposes of Subsection (C)(5) and (C)(6) of this Chapter 7.
 - a. Request a Hearing before a Hearing Officer on a form provided by the Rental Housing Committee to either contest the alleged hardship eligibility of the Tenant household or propose an alternate means of relief; and/or
 - b. File a Petition for Upward Adjustment in accordance with CSFRA Section 1709(a); and/or
 - c. Withdraw the proposed rent increase (in which case, the Hardship Petition shall be deemed withdrawn and a notice of withdrawal shall be delivered to the Tenant-Petitioner and Landlord); and/or
 - d. Elect not to challenge the Petition and await the Decision of the Hearing Officer.
5. Uncontested Petition. If no Landlord Response is received and the noticed rent increase is not withdrawn within thirty (30) calendar days of the notice of acceptance by the Rental Housing Committee, then—the Hearing Officer shall administratively review the adequacy of the Tenant Hardship Petition and any supporting documentation in light of the burden of proof identified in CSFRA Section 1711(h) and in accordance with CSFRA Section 1711(e) and this Chapter 7.
 - a. Decision. Within sixty (60) days from the date of the notice of acceptance by the Rental Housing Committee, the Hearing Officer shall issue a written Decision either confirming the Hardship Petition by granting one (1) or more forms of

relief identified in Subsection (C)(7) or rejecting the Hardship Petition, which Decision shall include: findings of fact and conclusions of law that support the Decision. If the Decision rejects the Hardship Petition, then the Decision must provide for the payment to the Landlord of any rent held by the Tenant during the pendency of the Hardship Petition. The Hearing Officer must issue the Decision outlining the allowed increase (if any) based solely on the Tenant Hardship Petition and the documentation submitted by the Tenant.

- b. Appeal. The Decision of the Hearing Officer shall be final unless the Tenant-Petitioner files a timely appeal to the Rental Housing Committee in accordance with Regulations, Chapter 5, Section (H). An affected Landlord who fails to timely file a Landlord Response is prohibited from appealing the Decision of the Hearing Officer in an uncontested Hardship Petition.
6. Contested Petition. If a Landlord Response is received within thirty (30) calendar days of the notice of acceptance by the Rental Housing Committee, then a Hearing shall be scheduled no later than thirty (30) calendar days after receipt by the Rental Housing Committee of the Landlord Response.
 - a. Hearing. A Hearing for a Petition under this Chapter 7 for which a Landlord Response has been received shall be held in accordance with Regulation Chapter 5, Subsection C(3) through Regulation Chapter 5, Section H, and Chapter 5 shall govern the Hearing, Decision, and Appeal procedures. During the Hearing, the Hearing Officer must review the adequacy of the Tenant Hardship Petition and any supporting documentation in light of the burden of proof identified in CSFRA Section 1711(h) and in accordance with CSFRA Section 1711(e) and this Chapter 7.
 - b. Decision. Within thirty (30) days from the date the Hearing, the Hearing Officer shall issue a written Decision either confirming the Hardship Petition by granting one (1) or more forms of relief identified in Subsection (C)(7) or rejecting the Hardship Petition, which Decision shall include: findings of fact and conclusions of law that support the Decision. -If the Decision rejects the Hardship Petition, then the Decision must provide for the payment to the Landlord of any rent held by the Tenant during the pendency of the Hardship Petition. -The Hearing Officer must issue the Decision outlining the allowed increase (if any) based solely on the Tenant Hardship Petition and the documentation submitted by both parties.
7. Relief from Hardship. If the Tenant demonstrates the existence of one (1) or more hardship conditions identified in Subsection (C)(2), the Hearing Officer shall grant the Tenant relief from the banked AGA increase(s). Any relief granted under this Subsection (C)(7) must be documented by the Decision of a Hearing Officer granting an adequately supported Tenant Hardship Petition. No relief granted under this

Subsection (C)(7) shall be applied so as to deprive a Landlord from the ability to earn a fair return.

- a. Prohibit Implementation of Requested Rent Increase. In accordance with CSFRA Section 1707(d), a Hearing Officer may restrict or prohibit the ability of a Landlord to impose one (1) or more accumulated or banked AGAs. Unless the Tenant has indicated in the Hardship Petition that they are able to pay some portion of the banked AGA increase(s), the Hearing Officer shall grant relief from the entire amount of the banked AGA increase(s). In no case, however, shall the relief granted under this Section (C)(7) prevent a Landlord from imposing the effective AGA increase for the year in which the Hardship Petition is filed.
 - i. If the Hearing Officer's Decision restricts or prohibits the ability of a Landlord to impose one (1) or more accumulated or banked AGAs, the Decision shall clearly indicate that the Decision does not preclude the Landlord from applying or imposing the same banked or accumulated AGAs in a subsequent year.
 - ii. If the Hearing Officer's Decision grants relief from all or part of the banked AGA increase(s), then the effective date of the relief granted shall be the effective date of the banked AGA increase(s) and the Hearing Officer's Decision shall require that the Landlord refund to the Tenant any overpayment by the Tenant since the effective date of the banked AGA increase(s).
- b. Phase-In Period. Notwithstanding CSFRA Section 1707(b), which precludes more than one (1) rent increase per twelve (12) month period, a Hearing Officer may authorize a phase-in period for a proposed rent increase, during which period rent is increased incrementally from month to month until the full rent increase is in effect, which incremental increase shall be considered one (1) increase effective on the first date that increased rent is due for purposes of CSFRA Section 1707(b).
- c. Other Relief. A Hearing Officer may provide for such other relief that ensures fairness and furthers the purposes of the CSFRA to a Tenant household that would experience a hardship if the proposed rent increase were imposed based on the qualifying condition of the household.

8. Summary of Tenant Hardship Petition Process.

Timeline to Process a Tenant Hardship Petition	
Review of Submission to Determine if Petition is Complete	
Notice of Acceptance Sent to Tenant and Landlord (Identifies Scheduled Date of Hearing if Uncontested)	Within 30 Calendar Days of Submission to the City
Deadline for Landlord Response to Petition	Within 30 Calendar Days of Notice of Acceptance from City
Date of Administrative Review	Within 60 Calendar Days of Notice of Acceptance
Date of Contested Hearing	Within 30 Days of Submission of Landlord Response to City
Notice of Decision Sent	Within 30 Calendar Days of Contested Hearing

- a. To the extent feasible, each Tenant Hardship Petition accepted by the Rental Housing Committee or designee will be processed, and responses will be accepted in accordance with the preceding schedule.
- b. Deadlines identified in Subsection (C)(8) may be extended for good cause, which may be based on the following, nonexclusive list of factors: complexity of Petition, reasonable requests for continuance, scheduling difficulties, and/or allowing parties adequate time to obtain representation.
- c. Any good-cause extension by the Rental Housing Committee or designee will be set forth in writing, and written notice sent to all parties to the Petition by the Rental Housing Committee or designee. Any failure by the Rental Housing Committee or designee to act in accordance with this Subsection (C)(8) and the timelines set forth therein will not result in an automatic acceptance of a Petition, grant of a Tenant hardship, or grant of relief from a lawful, duly noticed rent increase.

D. Voluntary Agreement to Temporarily Reduce Rent for the COVID-19 Pandemic

At any time, Landlords and Tenants may voluntarily enter into an agreement to reduce the Tenant’s rent on a Covered Unit, provided such voluntary agreement does not change any of the other terms of the tenancy. If a Landlord and Tenant enter into a voluntary agreement to reduce rent, the Tenant’s rent may be returned to its rent prior to the voluntary rent reduction in accordance with the terms of any such voluntary agreement, and the return to the prior rent shall not be considered a rent increase pursuant to Section

1707 of the CSFRA, which limits rent increases to no more than the AGA each year (Section 1707(a)), rent increases to no more than one (1) increase per twelve (12) month period (Section 1707(b)), and annual rent increases to no more than ten percent (10%) per year (Section 1707(e)). In the event of any such voluntary rent reduction, the AGA shall be calculated based on the rent for the Covered Unit in effect prior to the effective date of the voluntary agreement to reduce rent.

1. Notice of Return to Prior Rent. Notwithstanding the foregoing, where a Landlord and Tenant have entered into a Voluntary Agreement, Landlord shall issue a Notice of Return to Prior Rent at least thirty (30) days before the Tenant's rent for a Covered Unit is reinstated to its pre-Voluntary Agreement amount. The Committee shall create and provide a sample Notice of Return to Prior Rent form that Landlords may use to notify Tenants about the reinstatement of Tenant's pre-Voluntary Agreement rent.
2. Filing Required. In the event that Landlord and Tenant enter into a Voluntary Agreement for the temporary reduction of Tenant's rent for a Covered Unit, the Landlord shall file with the Rental Housing Committee a copy of the written voluntary agreement to reduce rent within seven (7) days of the execution date of said agreement. The Landlord shall also file a copy of the Notice of Return to Prior Rent with the Rental Housing Committee within seven (7) days of service upon the Tenant.
3. Mediation Services. A Landlord and a Tenant who need assistance to negotiate a Voluntary Agreement should contact the Mountain View Mediation Program.
4. Individual Rent Adjustment Petitions Permitted. Nothing in this Section D is intended to prohibit a Tenant from filing a petition for downward adjustment of rent, as provided for in Section 1708 of the CSFRA and Sections E and F of Chapter 4 of the CSFRA Regulations, during the effective period of the Voluntary Agreement.

E. Voluntary Agreement to Temporarily Reduce Rent for Major Construction and Capital Improvements

1. Definitions. For the purposes of this Section, the following definitions shall apply; all other capitalized terms are defined by the CSFRA or these Regulations:
 - a. Major Construction. Major construction refers to construction activities, including, but not limited to, those necessary for ground clearing, grading, excavation, foundation building, structure erection, and finishing, that are likely to last at least thirty (30) days.
 - b. Capital Improvements. Capital Improvements shall have the same definition as Subsection (C)(3) of Chapter 6 of the CSFRA Regulations.

- c. Notice of Return to Prior Rent. A notice served by Landlord on Tenant to inform Tenant that the Tenant's rent will be reinstated to the rent for the Covered Unit in effect immediately preceding the execution of the Voluntary Agreement. Any Notice of Return to Prior Rent shall:
 - i. Inform the Tenant of the date on which the Major Construction or Capital Improvement concluded or will conclude;
 - ii. Inform the Tenant of the specific date on which the Tenant's prior rent will be reinstated; and
 - iii. Inform the Tenant about the Tenant's right to petition for downward adjustment should the Major Construction or Capital Improvement continue to impact Tenant's use and enjoyment of the Covered Unit or associated Housing Services after reinstatement of the Tenant's pre-Voluntary Agreement rent.
 - d. Voluntary Agreement. Voluntary Agreement refers to any written agreement entered by and between Landlord and Tenant for the temporary reduction of rent for a Covered Unit.
2. Applicability. This section is applicable only where the Covered Unit and the site of the Major Construction or Capital Improvement are under the common ownership or control of the Landlord.
3. Voluntary Agreement; Return to Prior Rent Permitted. In response to Major Construction or Capital Improvements that are anticipated to substantially interfere with a Tenant's use or enjoyment of a Covered Unit or associated Housing Services, Landlords and Tenants may voluntarily enter into a Voluntary Agreement to temporarily reduce the Tenant's rent on a Covered Unit, provided such Voluntary Agreement does not change any of the other terms of the tenancy. If a Landlord and a Tenant enter into a Voluntary Agreement to reduce rent, the Tenant's rent may be returned to the Tenant's rent prior to the voluntary rent reduction, in accordance with the terms of any such Voluntary Agreement; and the return to the prior rent shall not be considered a rent increase pursuant to Section 1707 of the CSFRA, which limits rent increases to no more than the AGA each year (Section 1707(a)), rent increases to no more than one (1) increase per twelve (12) month period (Section 1707(b)), and annual rent increase to no more than ten percent (10%) per year (Section 1707(e)). In the event of any such voluntary rent reduction, the AGA adopted by the Committee and effective after the execution of the Voluntary Agreement shall be calculated

based on the rent for the Covered Unit immediately preceding the date of execution of the Voluntary Agreement.

- a. Notice of Return to Prior Rent. Notwithstanding the foregoing, where a Landlord and Tenant have entered into a Voluntary Agreement, Landlord shall issue a Notice of Return to Prior Rent at least thirty (30) days before the Tenant's rent for a Covered Unit is reinstated to its pre-Voluntary Agreement amount. The Rental Housing Committee shall create and provide a sample Notice of Return to Prior Rent form that Landlords may use to notify Tenants about the reinstatement of Tenant's pre-Voluntary Agreement rent.
 - b. Filing Required. In the event that Landlord and Tenant enter into a Voluntary Agreement for the temporary reduction of Tenant's rent for a Covered Unit, Landlord shall file a copy of the Voluntary Agreement with the Rental Housing Committee within seven (7) days of the execution of the Voluntary Agreement. Landlord shall also file a copy of the Notice of Return to Prior Rent with the Rental Housing Committee within seven (7) days of service upon the Tenant.
 - c. Mediation Services. A Landlord and a Tenant who need assistance to negotiate a Voluntary Agreement should contact the Mountain View Mediation Program.
4. Individual Rent Adjustment Petitions Permitted. Nothing in this Section is intended to prohibit a Tenant from filing a petition for downward adjustment of rent, as provided for in Section 1708 of the CSFRA and Sections E and F of Chapter 4 of the CSFRA Regulations, during the effective period of the Voluntary Agreement.

F. Partial Invalidity

If any provision of this Chapter 7, or the application thereof to any person or circumstance, is held invalid, this invalidity shall not affect other provisions or applications of this Chapter 7 or these Regulations that can be given effect without the invalid provision or application, and, to this end, the provisions of this Regulation are declared to be severable. The Regulation shall be liberally construed to achieve the purposes of the CSFRA.