



HOUSING ADVISORY COMMISSION

Staff Report

TO: City of Albany Housing Advisory Commission

FROM: Leslie Mendez, Planning Manager
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SUBJECT: Rent Stabilization Policy Discussion

DATE: May 7, 2025

Staff Recommendation

That the Commission hold a discussion on rent stabilization and provide initial feedback on the potential for a local ordinance. No action is required.

Background

On February 5, 2025, staff presented, and the Housing Advisory Commission (HAC) concurred with, a sequential order of review for Tenant Protection Programs identified in the first phase of Housing Element implementation. Staff and HAC recommended that today's meeting would focus on rent stabilization, including reviewing existing State measures and considering whether any additions or amendments would warrant adoption of a local ordinance. Rent stabilization is a legal framework that limits the amount property owners may increase rent, typically on an annual basis, for ongoing tenancies. Rent stabilization is designed to protect tenants from excessive rent hikes, thereby retaining a level of affordability and reducing the risk of displacement of vulnerable households. These policies often are adopted alongside Just Cause for Eviction protections, as well as establishment of a rent registry database requiring rental housing providers to register their rental properties and provide key information for each unit such as monthly rent, date of tenancy, number of bedrooms, housing amenities, etc.

Discussion

State Regulatory Landscape

The [Costa-Hawkins Rental Housing Act](#), enacted in 1995, limits the ability of local governments to implement rent stabilization. Any local rent stabilization ordinances must adhere to the framework established by Costa-Hawkins, including:

- Prohibiting local jurisdictions from applying rent regulation to single-family homes and condominiums, as long as the property is not owned by a corporation or institutional property owner.
- Exempting from local rent stabilization any unit that received a certificate of occupancy after February 1, 1995, or an earlier cutoff established by local law.

- Mandating *vacancy decontrol*, allowing all property owners to reset the rent without limitation when a tenant voluntarily vacates or is lawfully evicted.

AB 1482 (Tenant Protection Act of 2019) and SB 567 (2023), codified in [Civil Code § 1947.12](#), set statewide limits on annual rent increases applicable to most rental units. The law, which has a sunset of January 1, 2030, makes landlords who violate its provisions liable in civil court for damages. Specifics of the law include:

- **Rent Increase Limits:** Rent increases are limited annually to the lesser of 5% of the current rent *plus* the local Consumer Price Index (CPI), or 10%, in any 12-month period. Owners may raise rent up to twice in 12 months, but the total increase cannot exceed the annual limit.
- **Exemptions:** The law exempts from rent increases any single-family homes and condominiums owned by private individuals; duplexes where one unit is owner-occupied; deed restricted affordable housing; dormitories owned and operated by an educational institution; and any housing that received a certificate of occupancy within the past 15 years, calculated on a rolling basis.
- **Notices:** Owners must include notice of rent increases within specified time frames stating the increase amount, effective date, and reason. Proper written notice to tenants is also required for a single-family home or condominium property to qualify for the "ownership by individual" exemption; without such notice, the rent and eviction protections under state law remain in effect.

[California Civil Code § 827\(b\)](#) requires that property owners provide at least 30 days' notice for rent increases of 10 percent or less and at least 90 days for increases greater than 10 percent, including cumulative increases over a 12-month period.

The principle of a "fair rate of return," which means that property owners subject to rent regulation must be allowed to earn enough income to cover operating expenses and receive a reasonable return on their investment, is codified in Civil Code §1947.15. This right is grounded in the U.S. Constitution (Fifth and Fourteenth Amendments – Takings and Due Process Clauses) and California Constitution (Article I, Section 19 – Takings Clause), which prohibit government actions that amount to a regulatory taking of property without just compensation. As a result, local rent control programs must include a fair return petition process and failure to do so may render such regulations legally vulnerable.

Available Data & Considerations on Rent Stabilization

Rent stabilization policies aim to promote housing stability, prevent displacement, and preserve affordability for tenants, especially in high-cost markets. Because rent stabilization is not means-tested, it tends to benefit residents with longer tenancies regardless of income, rather than specifically targeting the most vulnerable or lowest-income households. Additionally, under state law, local rent stabilization benefits accrue only to tenants living in housing built before 1995. Many argue that the uneven application of rent stabilization programs places disproportionate burdens on owners of older rental housing, reducing incentives and available capital for maintenance, and in

some cases encouraging owners to withdraw units from the rental market due to financial and administrative costs. See Attachment 1 for a summary of studies on rent stabilization and rent control policies.

Of Albany's 3,948 rental units, it is estimated that 1,901 units or 48.2% are subject to rent stabilization, while the remainder are exempt. See Attachment 2 for a detailed calculation. See Attachment 3 for estimated rent increases and cumulative impacts for the years 2016 -2025.

Local Rent Stabilization Ordinance Measures

Although the City of Albany has not adopted local rent stabilization to date, other California jurisdictions have implemented their own measures. The following is a non-comprehensive list of local rent stabilization measures which extend tenant protections beyond state law or establish criteria for a unit's eligibility for a rent increase.

Rent Limits:

- Limit rent increases to amounts lower than the state cap (5% + CPI, max 10%) either through lower percentages (e.g. 3%, or 60% of CPI – Richmond) or flat caps (e.g. proposed 5% – Concord).
- Allow additional increases for certain conditions (e.g. +1% qualifying small property landlord and/or for each utility paid by owner – Los Angeles).
- Allow banking of unused increases (e.g. up to five years – Oakland)
- Provide process for owner to petition for additional increases (Berkeley, San Francisco, Oakland, Los Angeles)

Unit-specific Eligibility for Rent Increase:

- Unit must be registered to qualify for any rent increase (Richmond)
- Unit must be registered and habitable to qualify for rent increase (Berkeley)

Notice Periods and Frequency Limits:

- One rent increase per 12 months (Richmond, Oakland, Los Angeles, San Francisco); notice must be filed with Rent Program to qualify (Richmond)
- No increase rent in the calendar year in which the tenancy started, nor in the following year (Berkeley)
- Once-yearly increases allowed, no rent increase allowed in 12 months after move-in (Oakland)

Pending State Rent Stabilization Measures

On April 24, 2025, the California Assembly's housing committee took up and narrowly passed [Assembly Bill 1157](#) (Kalra). Although the future of the Bill is uncertain, if ultimately enacted, it would modify State rent stabilization regulations by:

- Reducing the cap from 10% to 5% (or 2% plus the current inflation rate, whichever is lower);
- Extending the law to single-family homes (currently exempt); and

- Making the law permanent (current law sunsets in 2030).

As with current law, the bill would not apply to homes that are 15 years old or newer.

Regional Guidance on Local Rent Stabilization Measures

The Metropolitan Transportation Commission (MTC), through its [Transit-Oriented Communities \(TOC\) Policy](#), Protection Policy 6, recommends that jurisdictions adopt a local rent stabilization ordinance that goes beyond the minimum protections established by State Law. To comply, the ordinance must 1) not have a sunset date; 2) apply to multifamily rental housing with three or more units while adhering to Costa-Hawkins; 3) limit annual rent increases to levels below those permitted by state law (without specifying how much less); and 4) define a local enforcement mechanism whereby tenants can dispute illegal rent increases. The policy also suggests the ordinance may apply to additional housing types, such as duplexes, and provide exemptions for certain housing types such as assisted living facilities and dormitories.

Rent Registry Establishment Considerations

Many cities use rent registries as a foundational tool to administer and enforce rent stabilization. A registry that includes tenancy data—such as rents, move-in dates, allowable increases, and rent increase filings—enables proactive (“active”) enforcement by allowing cities to inform tenants and property owners of legal limits, and to investigate and take action on potential violations. Alternatively, some cities, like San Francisco, use a “passive” model that requires registration but relies on tenants to report issues.

A rent registry in Albany would involve both startup and ongoing costs depending on the level of enforcement the City adopts. Expenses would include software, legal costs, and additional full-time staff positions dedicated to registry maintenance, enforcement, outreach, education, and tenant and property owner notifications. Jurisdictions typically recover costs with per-unit fees charged to property owners, which may require adjustments to existing rental business license fees or the adoption of a dedicated rent stabilization fee structure. Cities using more limited enforcement such as Los Angeles and San Jose charge rent stabilization fees less than \$50 per unit per year, while San Francisco charges \$59 per unit per year and Oakland \$101 per year to support its rent board and annual costs of a registry and enforcement program. Cities with more active enforcement invest more in staffing and program infrastructure and charge higher fees, such as Richmond (\$238) and Berkeley (\$212-\$344 per unit per year).

In 2019, the Budget and Legislative Analyst’s Office prepared a cost benefit analysis of creating and maintaining a rent registry in San Francisco. Although the economies of scale would differ for a smaller jurisdiction like Albany, the report, available online: <https://sfbos.org/sites/default/files/BLA.RentalRegistry.041619.pdf>, provides insight on the resources that would be required to establish a rent registry.

Commission Task

After reviewing the provisions of California’s rent stabilization measures and additional provisions adopted by local jurisdictions and recommendations by regional agencies, staff is seeking feedback from the HAC on whether conditions exist within the City that warrant consideration of additional local protections. Depending on the extent of the potential additional provisions, staff seeks feedback on HAC’s priority of recommended measures as there is currently no allocated funding to establish and operate a local tenant protection program.

Attachments:

1. Summary of Studies on Rent Stabilization and Rent Control Policies
2. Units Eligible for Rent Stabilization and Exempt Units in Albany
3. Estimated Rent Increases and Cumulative Impacts, 2016–2025