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November 19, 2021

City of Santa Ana Notice of Allowable Rent Increase Pursuant to Ordinance No. NS-3009

Dear Santa Ana Residential Property and Mobilehome Park Owners/Managers and Tenants:

On October 19, 2021, the City Council of the City of Santa Ana adopted Ordinance No. NS-3009 prohibiting residential and mobilehome space rental rate increases within a twelve (12) month period that exceed the lower of three percent (3%), or eighty percent (80%) of the change in the Consumer Price Index. The full Ordinance in English, Spanish, and Vietnamese can be found on the City's website at the following web address: www.santa-ana.org/rso.

The new Rent Stabilization Ordinance (RSO) applies to residential buildings built on or before February 1, 1995 (pursuant to the Costa-Hawkins Rental Housing Act) and mobilehome parks established before 1990, regardless of ownership. However, the RSO will not apply to mobilehomes with long-term leases (over 12 months).

Pursuant to the RSO, a CPI-based allowable rent increase is found and determined to provide a just and reasonable return on an owner's property. However, any owner of residential real property or a mobilehome park who contends that the limit on rental increases set forth below will prevent the owner from receiving a fair and reasonable return on their property may petition for relief pursuant to the Fair Return Petition procedures set forth in RSO Section 8-1998.3.

Allowable Rent Increase through August 31, 2022

RSO Section 8-1998.1 states that:

- (a) Increases in rent on residential real property or mobilehome spaces in the City of Santa Ana in excess of three percent (3%), or eighty (80%) of the change in the Consumer Price Index, whichever is less, and more

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than one rent increase in any twelve (12) month period, are prohibited, unless expressly exempt under the Costa-Hawkins Rental Housing Act codified in California Civil Code section 1954.50, et seq., or the Mobilehome Residency Law codified in California Civil Code sections 798, et seq. If the change in the Consumer Price Index is negative, no rent increase is permitted. The term Consumer Price Index means, at the time of the adjustment calculation completed by the City pursuant to subsection (b), the percentage increase in the United States Consumer Price Index for all Urban Consumers in the Los Angeles-Long Beach-Anaheim Metropolitan Area published by the Bureau of Labor Statistics, not seasonally adjusted, for the most recent twelve (12) month period ending prior to the City's calculation pursuant to subsection (b). A violation of this section occurs upon the service of notice or demand for a prohibited increase in rent.

- (b) No later than June 30th each year, beginning with the year 2022, the City shall announce the amount of allowable rent increase based on subsection (a) herein, which shall be effective as of September 1st of that year.

This Notice provides the allowable rent increase to be used by property owners from the RSO's effective date through August 31, 2022.

According to the United States Department of Labor's Bureau of Labor Statistics, which reports the applicable CPI, the increase in CPI from May 2020 through May 2021 was 3.89% (as indicated in Table 1). Since 80% of the change in CPI through May 2021 is greater than 3%, then **the allowable rent increase for the period through August 31, 2022, will be 3%.**

Table 1: Allowable Rent Increase Calculation

CPI Index - prior year (May 2020)	[A]	276.842
CPI Index - current year (May 2021) ¹	[B]	287.620
CPI Change	[C = (B - A) / A]	3.89%
80% of CPI change	[D = C x .8]	3.11%
Allowable Rent Increase =		
Lesser of 3% or 80% of CPI	[E = MIN(.03,D)]	3.00%

Applying The Allowable Rent Increase

RSO Section 8-1998.1(a) states that only one rent increase is allowed in a 12-month period, and it cannot exceed the allowable rent increase in effect for that period. Table 2 provides three different situations and how property owners may apply the allowable rent increase, depending on when the property owner applied their last rent increase:

Table 2: Applying Next Allowable Rent Increase

Date of Last Increase:	Next Allowable Increase:
Before 11/19/20	- up to 3% - one time - between 11/19/21 and 8/31/22
Between 11/19/20 and 8/31/21	- up to 3% - one time - at least 12 months after last increase
After 9/1/21	- must wait at least 12 mos. after last increase - must wait until next allowable increase amount is announced prior to 6/30/22 and effective 9/1/22

Pursuant to RSO Section 8-1998.5, no rent increase shall be effective if the property owner (a) fails to substantially comply with all provisions of the RSO, including but not limited to the failure to provide notices as required, or (b) fails to maintain the residential property or mobilehome space in compliance with California law, or (c) fails to make repairs ordered by the City or courts. Pursuant to RSO Section 8-1998.6, a property owner subject to the RSO shall provide tenants with written notice of the existence and scope of the RSO and the tenant's right to respond to any Fair Return Petition filed with the City by the owner. Such notice must be provided on or before the date of commencement of a tenancy, or as part of any notice to increase rent.

If you have any further questions regarding this notice, we can be reached by e-mail at rso@santa-ana.org or call (714) 667-2209.

Sincerely,

City of Santa Ana