





View and Sacramento have more expansive age parameters with their rent control measures applying to buildings built before 1995.

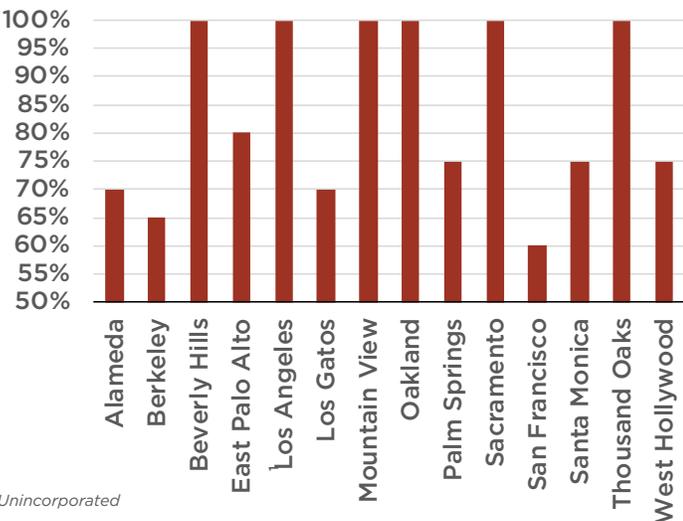
## Annual Increase Calculation Methodology

While municipalities all generally determine their annual allowable rent increase based on CPI, the percentage of increase used varies substantially across cities. At the low end, San Francisco's increase is equal to 60% of CPI and Berkeley's increase is based on 65% of CPI. At the other end of the spectrum, municipalities including Beverly Hills, Oakland, and Sacramento allow for increases equal to 100% of CPI.

There are also variations on the CPI approach. Some municipalities allow for a "greater of" approach. For example, Beverly Hills allows for the greater of 3% or the annual change in CPI while Los Gatos allows for the greater of 5% or 70% of the annual change in CPI.

Other municipalities use a "CPI plus" approach. This involves taking the CPI and adding a predetermined percentage. As an example, Sacramento determines its annual increase based on CPI + 6%. Still other cities like San Jose and Culver City use a flat percentage increase allowed independent of CPI.

## Annual Allowable Increase Methodology: % of CPI



<sup>1</sup>Unincorporated

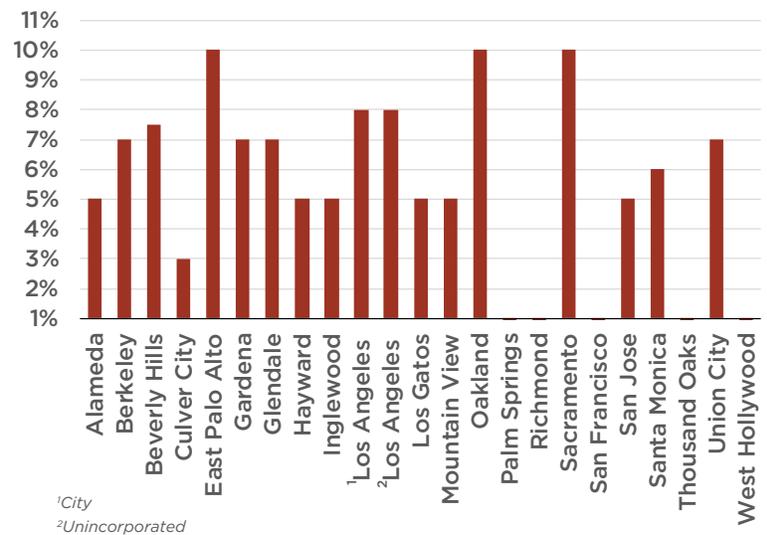
## Cap on Annual Allowable Increase

In addition to calculating annual rent increases, the caps placed on annual rent increases, also have significant variations across municipalities.

On the low end, as an example West Hollywood has no caps on annual allowable increases while Glendale only requires landlords to pay tenant moving costs if rent increases are 7% or greater. Other municipalities like Gardena and Union City do not have caps but allow tenants mediation when rent increases reach certain levels.

Among cities having caps, Culver City is on the low end capping the annual allowable increase at 3% while at the high-end, East Palo Alto, Oakland, and Sacramento allow for up to a 10% annual increase.

## Maximum Allowable Annual Increase



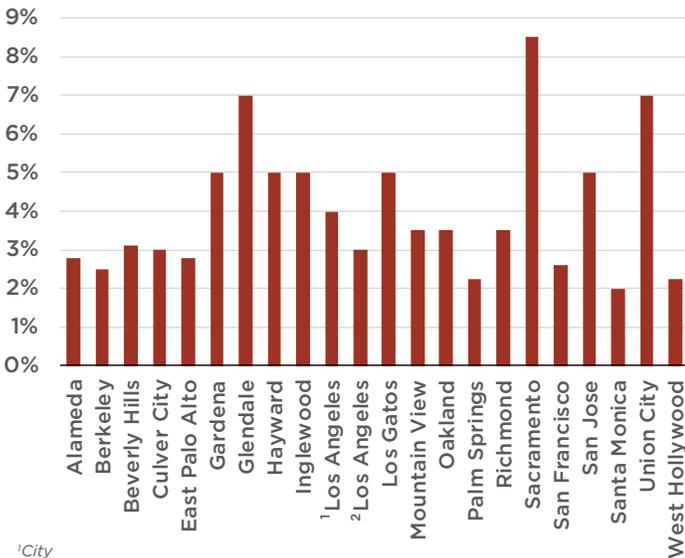
<sup>1</sup>City  
<sup>2</sup>Unincorporated

## Current Year Allowable Increases

In today's low inflation environment, caps won't come into play in most cities. There is significant dispersion in the current year allowable increases across markets. At the high end is Sacramento at 8.5% while Santa Monica is at the low end only allowing for a 2% increase.



## Current Year Allowable Increase



<sup>1</sup>City  
<sup>2</sup>Unincorporated

Sources for all charts:  
 State: CA Assembly Bill 1482  
 County: LA County website  
 Cities: Websites of all cities

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## Conclusion

While rent control related headlines can create a sense that rent control is ubiquitous and uniform, the reality is much more nuanced and less draconian. Current rent control measures generally allow both for tenant protections and reasonable increases. Prudent investors will continue to monitor rent control ordinances and efforts allowing them to separate headlines from reality. While rent control poses an ongoing risk, it also can increase the demand for properties not subject to rent control measures.