

RENT ORDINANCE REGULATION 20-05  
IMPLEMENTING REGULATIONS CONCERNING  
BANKING OF ANNUAL GENERAL ADJUSTMENTS

Whereas, on September 17, 2019, the City Council of the City of Alameda adopted Ordinance 3250 (beginning at Section 6-58.10, Alameda Municipal Code), restating and revising previous Ordinances concerning rent control, limitations on evictions and relocation payments to certain tenants, as amended from time to time (the “Rent Ordinance”); and

Whereas, Section 6-58.155, Alameda Municipal Code (all further section references are to the Alameda Municipal Code unless stated otherwise) provides the Program Administrator has the authority to promulgate regulations to implement the requirements and fulfill the purposes of the Rent Ordinance; and

Whereas, Section 6-58.65 provides that a Landlord may increase Rent by the Annual General Adjustment if certain requirements are met and Section 6-58.70 provides that a Landlord may, but is not required to, increase Rent by the Annual General Adjustment and that any unused Rent Increase may be banked as provided in Section 6-58.70; and

Whereas, subsection G of Section 6-58.70 provides that regulations may be promulgated to implement the banking process, including the notices that a Landlord must provide to a Tenant and to the Program Administrator when a Landlord uses banking.

Now, therefore, the following Regulation is revised and adopted to implement provisions of the Rent Ordinance, as amended, concerning banking.

Section 1. Capitalized terms in this Regulation have the same meaning as capitalized terms in the Rent Ordinance.

Section 2. A Landlord may, but is not required to, increase Rent by the Annual General Adjustment (AGA) as provided in Section 6-58.60. If a Landlord does not increase Rent by the AGA, any portion of such increase may be “banked” and used as set forth in Section 6-58.70 and this Regulation.

Section 3. If a Landlord serves a notice of a Rent Increase that includes a banked amount, the Landlord shall:

- A. Serve the tenant with Form RP-203 (Addendum for Imposing “Banked” Annual General Adjustments).

- B. Notify the Tenant in writing what portion of the Rent Increase represents the banked amount. The Landlord may, but is not required to, use Form RP-210 (Notice of Annual General Adjustment) to provide this notice.
- C. Serve on the Tenant such Form(s) and/or notice with or at the same time as the Landlord's service of a notice of a Rent Increase.
- D. File with the Program Administrator within three calendar days of the service on the Tenant a copy of the notices and a proof of service concerning the Form(s) and notices that were served on the Tenant.

Section 4. Calculation of Banked Annual General Adjustments. Banking of Annual General Adjustments is calculated on a compound basis.

- A. For example, assume in Year 1 the AGA is 2.0%, in Year 2 is 2.5%, and in Year 3 is 3.0%, but that the Landlord did not impose a Rent Increase in years, 1, 2, or 3. Compounded, the banking totals 7.69%.

Section 5. A Landlord must comply with all requirements of the Rent Ordinance to implement a Rent Increase using a banked amount, including but not limited to the following:

- A. No Landlord shall increase the Rent of any Rental Unit more than once in any 12-month period.
  - 1. For example, if a Landlord serves notice of a Rent Increase in the amount of the full AGA and with an effective date of January 1, 2024, the next Rent Increase, whether or not the Rent Increase includes a banked amount, shall not have an effective date prior to January 1, 2025.
- B. No Landlord shall increase the Rent using a banked amount in consecutive years, i.e., no more than once in any 24-month period.
  - 1. For example, if a Landlord serves notice of a Rent Increase using a banked amount and with an effective date of January 1, 2024, the Landlord shall not serve notice of a Rent Increase that includes a banked amount with an effective date prior to January 1, 2026.
- C. A Landlord shall not impose a Rent Increase using banked amounts more than three times during any one tenancy.

D. Regardless of the banked amount and its use to increase Rent, a Landlord shall not increase Rent (a) to a Rent that exceeds the Maximum Allowable Rent as determined by the Program Administrator or (b) by a percentage that exceeds the current year's AGA plus 3.0%, whichever, i.e., (a) or (b), is smaller.

1. Assume in Year 1 the AGA is 4.0% and in Year 2 is 3.0%. Further assume that a tenancy began during the 12 months prior to Year 1 with a monthly rent of \$2,000. If the Landlord increased the Tenant's rent by the maximum amount in both Year 1 and 2, then the rent would be \$2,142.40, the "Maximum Allowable Rent." Suppose instead, however, that the Landlord did not impose a rent increase in Year 1. During Year 2, after imposing an 3.0% AGA increase to \$2,060, the Landlord may at the same time impose an additional rent increase using banked amounts, but to no more than \$2,120 (an additional 3.0%), because \$2,120 is less than \$2,142.40. The remaining \$22.40 is still in the bank. Note that the remaining banked amount may not be used within the next 24 months and the Landlord may use banking only three times during any one tenancy.

2. Assume the same facts as above, but instead the AGA in Year 1 is 2.0%. If the Landlord increased the tenant's rent by the maximum amount in both Year 1 and Year 2, then the rent would be \$2,101.20, the "Maximum Allowable Rent." Suppose instead, however, that the Landlord did not impose a rent increase in Year 1. During Year 2, after imposing a 3.0% AGA increase to \$2,060, the Landlord may at the same time impose an additional rent increase using banked amounts, but to no more than the Maximum Allowable Rent of \$2,101.20. An increase to \$2,120 (the 3.0% AGA plus an additional 3.0%) is not permitted because \$2,101.20 is less than \$2,120. In other words, the Landlord had less than 3.0% banked and used the entire bank.

E. A Landlord shall not bank more than 8.0%. Any portion of an AGA that has not been used in excess of 8.0 is lost.

1. Assume that in Year 1 the AGA was 2.0%, in Year 2 was 3.0%, and in Year 3 was 4.0%, but that the Landlord did not impose a Rent Increase in Years 1, 2, or 3. Compounded, the banking totals 9.26%. The Ordinance limits the banked amount to no more than 8.0% at any one time and therefore 1.26% is "lost." Further assume the AGA in Year 4 is 4.5%. The Landlord may increase Rent by no more than 7.5%, i.e. the full amount of the Year 4 AGA (4.5%) plus 3.0% of the banked amount.

The Landlord would continue to have 5.0% in the bank, i.e. 8.0% minus 3.0%. Note that the remaining banked amount may not be used within the next 24 months and the Landlord may use banking only three times during any one tenancy.

- F. Banked amounts expire when a new tenancy is created. A Landlord shall not impose on a new Tenant amounts banked under a previous Tenancy.
- G. Banked amounts expire when a Landlord transfers ownership of the rental property to a bona fide purchaser. A bona fide purchaser/Landlord shall not impose amounts banked by a previous owner. A “bona fide purchaser” is a purchaser who purchases the real property for value. For example, “bona fide purchaser” does not include individuals who receive property as inheritance via a valid will or codicil following the prior owner’s death, nor does it include individuals who receive property as a result of the legal dissolution of their marriage. The Program Administrator will determine whether a transfer has been made to a bona fide purchaser.
- H. A Landlord shall not increase rent by using any banked amount unless the Landlord has increased the Rent by the entire AGA.
  - 1. For example, assume a Landlord has “banked” 4.0% and the current AGA is 3.5%. If a Landlord wants to increase Rent by 5.0%, the Landlord must increase the Rent by the full 3.5% of the AGA and use only 1.5% of the banked amount, leaving 2.5% in the bank. Note that the remaining banked amount may not be used within the next 24 months and the Landlord may use banking only three times during any one tenancy.
- I. A Landlord shall not increase Rent using any banked amount unless the Landlord, as to all Rent Units on the property, is in full compliance with all provisions of the Rent Ordinance and with any other resolution, policies, or Regulations of the Rent Ordinance.

Section 6. Nothing in this Regulation precludes a Landlord from filing a petition for Rent Increase in excess of the AGA.

Dated: October 30, 2020  
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2023



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Bill Chapin, Rent Program Administrator