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Rent Reduction: Temporary or Permanent?

By: Lan Nguyen Fullerton, Esq.

San Francisco is known for having the highest rents in the country. While that's probably still true, the impacts of the pandemic are causing landlords and tenants to renegotiate lease terms, including the monthly rent. In a rent-controlled jurisdiction, like San Francisco, it's important to understand when a rent reduction is temporary versus when it's permanent.

For rent-controlled units in San Francisco, the Rent Board has taken the position that temporary rent reductions are allowed if the rent is reduced because of a genuine financial hardship specific to that tenant. But, a rent reduction is permanent and cannot be restored if the rent reduction is due to market conditions.

For example, if the landlord agrees to reduce the rent because the tenant claims that he has suffered a loss of income and can no longer afford the current rent, then the rent reduction is temporary and can be restored later. However, if the landlord agrees to reduce the tenant's rent because the vacant comparable unit next door is being offered at a lower rent than what the tenant is paying, then the rent reduction is permanent because the reason for the reduction is related to market conditions and not a financial hardship of that particular tenant.

In the COVID economy, this distinction may be blurry because it's possible to have a situation where the tenant is suffering from a loss of income, and simultaneously, market rents have declined. So, it is important to have a written agreement that includes the specific reasons for the rent reduction, how long the rent reduction is for, if and when rent can be restored, etc. If you have questions about rent reductions or any other landlord-tenant matter, please contact us. Our attorneys are ready to assist.

Interested in learning about when a tenant can lawfully break a lease?, click [here](#) or the video below.

What are some valid grounds which a tenant might have for breaking a lease in San Francisco or Oakland?



What are some valid grounds which a tenant might have for breaking a lease in San Francisco or...

Sincerely,

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The attorneys at Steven Adair MacDonald & Partners represent clients with landlord-tenant and other real estate legal needs throughout the San Francisco Bay Area.