



Utility Adjustment Petitions for Landlords

August 15, 2024

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Utility Adjustment Petition Agenda – August 15, 2024




1. Introduction to Changes in Utility Billing
2. Key Points of Regulations
3. Petition Process
 - A. Demonstration of Petition Forms and Standard Workbook
4. Questions

*Please note, this PowerPoint contains additional slides for reference if in PDF format.


Contact Us!

mvrent@mountainview.gov

650-903-6136



Introduction to Changes in Utility Billing



CSFRA Regulations on Utility Charges to Tenants



Under the CSFRA, **rent includes utilities**, and is subject to rent increase limitations

- Only 1 rent increase per 12 months
- Subject to yearly rent increase limits (AGA)
- No fluctuating rental costs within a 12-month period

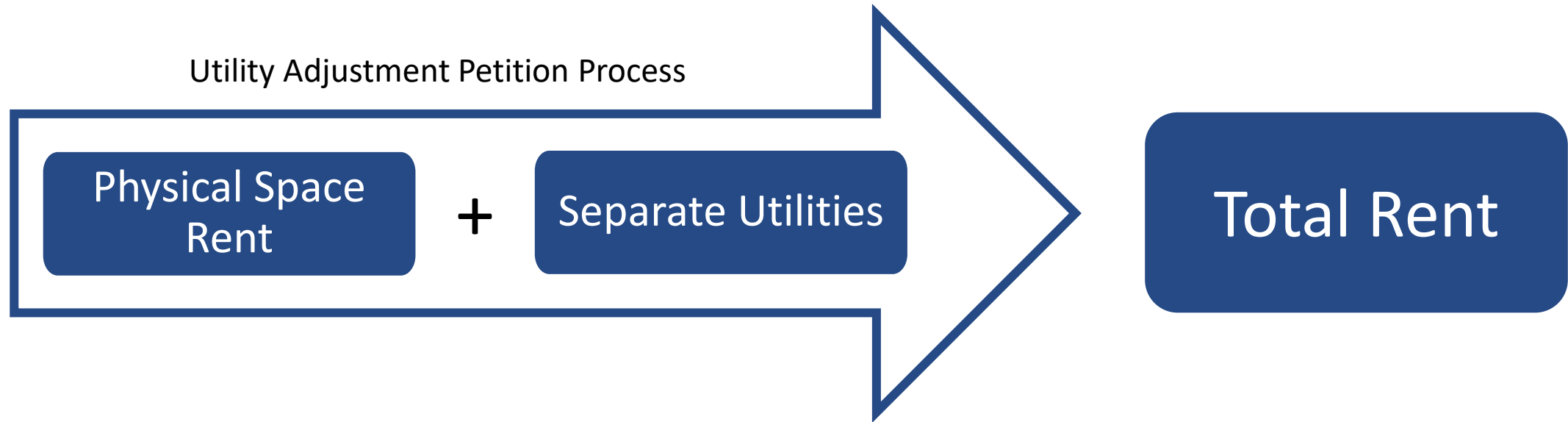


On December 18, 2023, the Rental Housing Committee (RHC) adopted regulations clarifying that utilities are part of rent for units fully covered by the CSFRA.

What is a Utility Adjustment Petition?



A one-time process to incorporate utilities currently charged separately from rent (and not sub-metered) into a fixed amount included in a tenant's total rent.



Landlords need to complete and submit a petition to qualify for and apply the adjustment.

Which properties are affected?



All Landlords of **fully-covered CSFRA units** need to complete and submit a One-Time Utility Adjustment Petition

- Submit for verification
- Allow for tenant response

Who does this not apply to?

- Partially Covered CSFRA Properties
- Mobile Homes



Key Points of Utility Regulations



What types of utilities are included in rent?

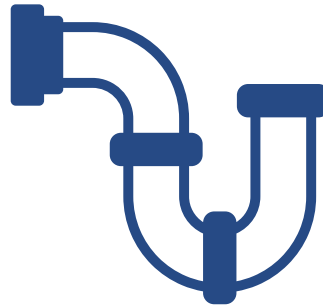


Any utility charges paid by the tenant directly to the landlord or through a third-party billing service. This could include:

Water



Sewer



Garbage



Utility charges **paid directly by tenant** to utility service provider (like PG&E) or sub-metered utilities are **exempt**.

If a landlord already includes utilities in the fixed amount of rent, this is okay and needs to continue. You will need to file a petition.

Key Points of the CSFRA Regulations on Utilities



Tenancies starting March 1, 2024

For new tenants rent amount **must include** utilities.

- Rental Agreement must state the **total rent amount** and specify the types of utilities and housing service fees included.

Existing Tenancies (prior to March 1, 2024)

RUBS **may continue** for existing tenants until a Utility Adjustment Petition is filed with and approved by the City, the rent adjustment notice is given to the tenant and the adjustment goes into effect..

This process transitions separate utility charges to one fixed amount.

Tenant Petitions

Most tenant petitions for current tenancies about utilities are paused during transition process.

New Tenancies (starting March 1, 2024)



New Tenancies (starting March 1, 2024)

- RUBS is not allowed.
- Total rent must include utilities.
- Rental Agreement must state the total rent amount and specify the types of utilities and housing service fees included (e.g., water, garbage, sewer, parking, pet fee).
- Utility charges paid directly by tenant to utility service provider (such as PG&E) or sub-metered utilities are exempt.

For new tenants, total rent must include utilities.

Existing Tenancies (started Prior to March 1, 2024)



Existing Tenancies (prior to March 1, 2024)

- RUBS may continue until a Utility Adjustment Petition is filed with and approved by the City, the rent adjustment notice is given to the tenant and the adjustment goes into effect.
- Utility charges for vacant or newly rented units may not be allocated to existing rental units through RUBS or similar systems.
- Utility charges paid directly by tenant to utility service provider (such as PG&E) or sub-metered utilities are exempt.

**For a limited time,
utilities can continue to
be charged separate
from rent for existing
tenancies.**



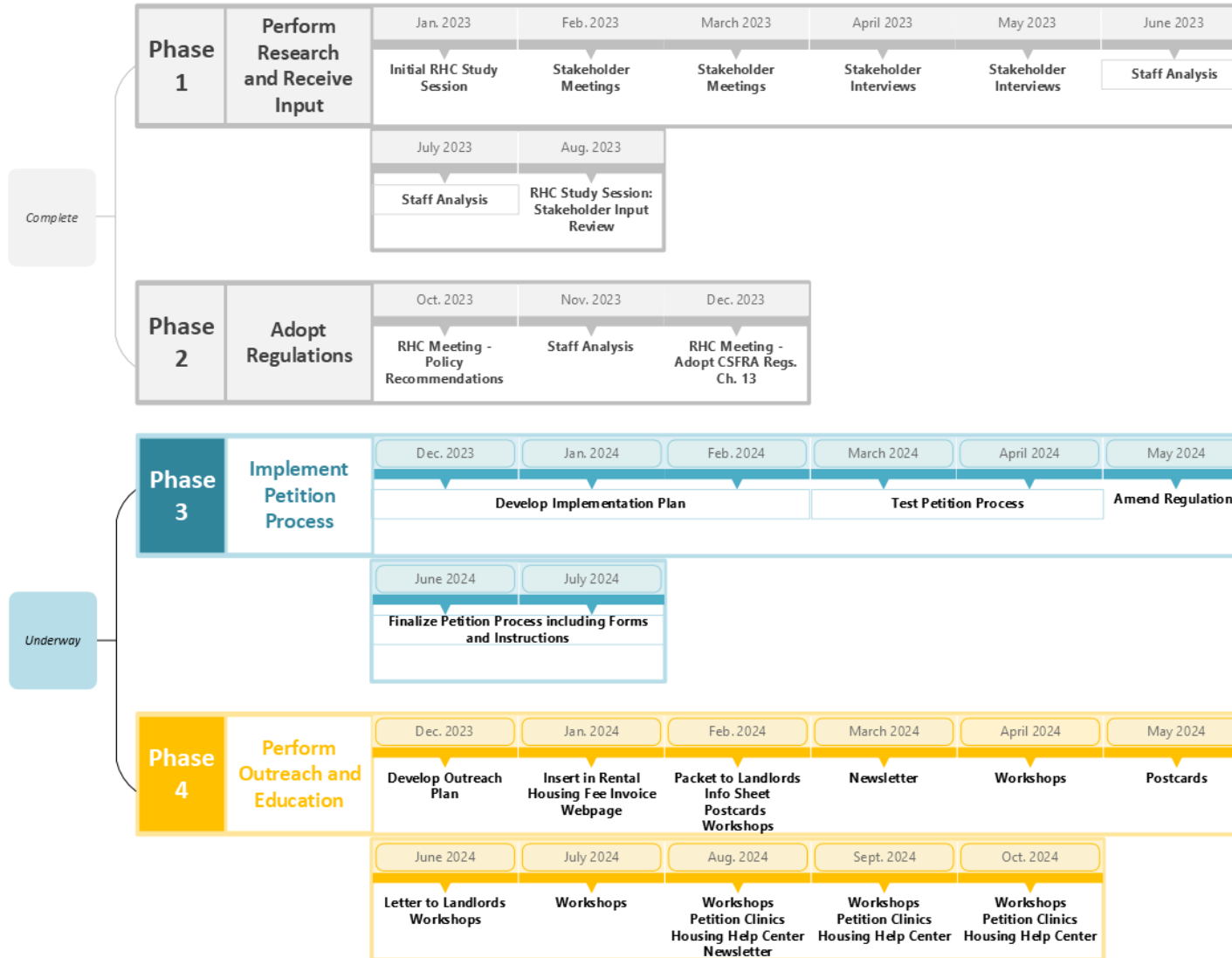
1. If a tenant filed a petition **before** Dec. 18, 2023 and has a final decision that incorporated utilities into rent, the petition decision **remains valid**.
2. If a tenant has already filed a petition **before** Dec. 18, 2023 that included utility charges, the utilities portion of the petition will be included in the decision during this transition process.
3. If a tenant has already filed a petition **after** Dec. 18, 2023 that includes utility charges, the utilities portion of the petition will be paused during this transition process.
4. Petitions for Utility Charges Only: Not allowed until after the applicable deadline for the One-Time Utility Petition has passed UNLESS the petitioner alleges utilities were part of rent and the landlord is now charging for them separately or if a new tenancy is being charged utilities separately through RUBS or directly to the landlord.



Utility Adjustment Petition Process

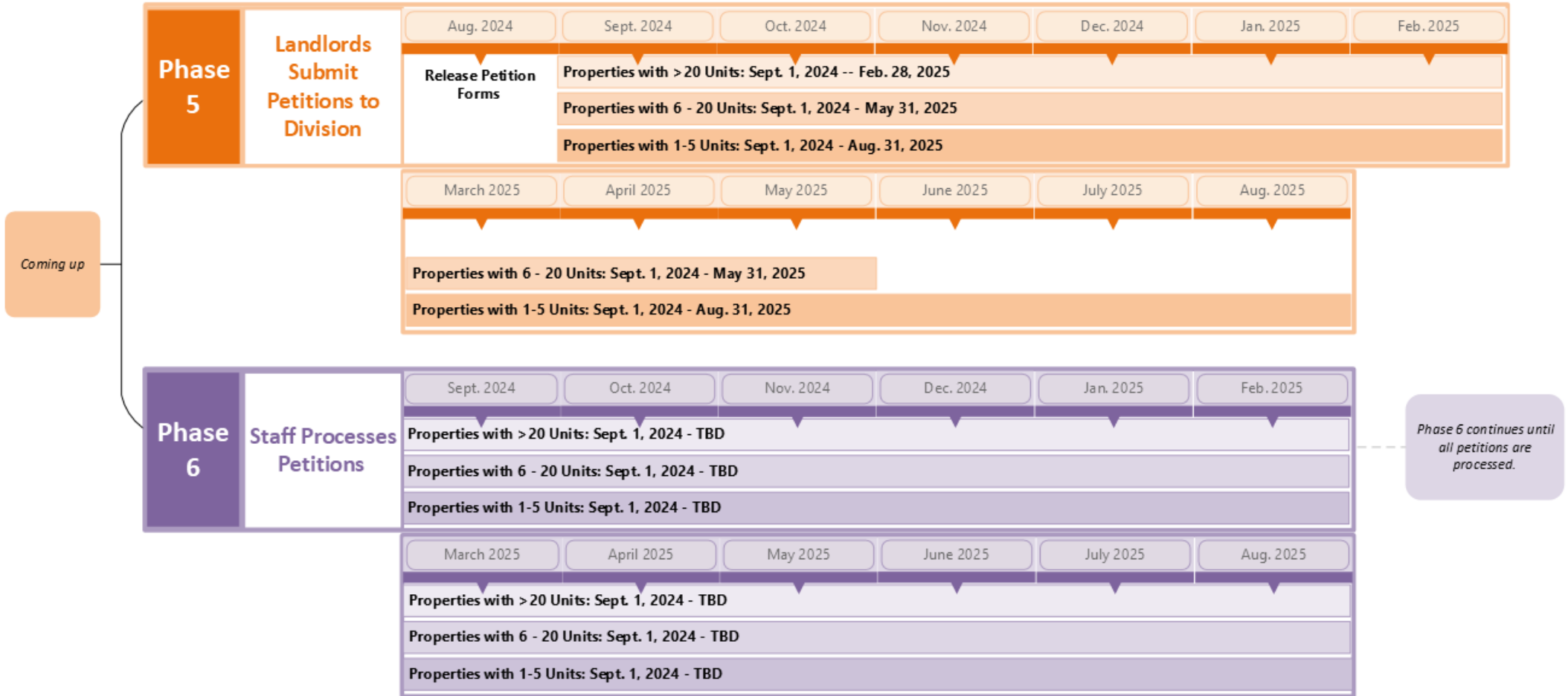


Implementation Plan



Phase 4 continues as needed throughout Phases 5 and 6.

Implementation Plan



Who does this apply to?



All Landlords of **fully-covered CSFRA units** need to complete and submit a One-Time Utility Adjustment Petition

- Depending on the current scenario for billing utilities to existing tenants on the property, different portions of the petition may be required.

Who does this not apply to?

- Partially Covered CSFRA Properties
- Mobile Homes

Which Petition Process is required for my property?



Which of the options below best describes how **tenancies in existence before March 1, 2024** are billed for utilities?

1. At least one of these utilities are paid by the tenant directly to the landlord or through a third-party billing service (such as RUBS):

Water, sewer, trash

AND

All of these utilities (PG&E) are submetered and/or included in rent.

Gas and electric

Standard Petition Workbook

2. At least one of these utilities are paid by the tenant directly to the landlord or through a third-party billing service (such as RUBS):

Water, sewer, trash

AND

At least one of these utilities are paid by the tenant directly to the landlord or through a third-party billing service (such as RUBS).

Gas and electric

All Utilities Workbook

3. All of these utilities are submetered and/or included in rent:

*Water, sewer, trash,
gas and electric.*

Condensed Petition Workbook

Landlord Petition Submittal Deadlines



The Landlord One-Time Utility Adjustment Petition will be available starting **September 1, 2024**.

More than 20 Units

Due February 28, 2025

6-20 Units

Due May 31, 2025

1-5 Units

Due August 31, 2025

Utility Adjustment Petition Process



1

Landlord submits property-wide petition form.

2

Staff reviews petition for completeness and notifies landlord. If complete, landlord serves petition on tenants and files with City.

3

Staff sends Notice of Formal Filing to landlord and tenants.

4

Tenants may respond to the petition within 30 days.

5

Staff reviews petition, selected calculations and tenant responses. Staff requests additional documents if necessary.

6

Staff determines if calculations are correctly calculated or if corrections are needed. If approved, notice sent to landlord and tenants.

7

Landlords can add in the utility adjustment amount determined in the petition *with the next annually allowed rent increase*.



Utility Charges Become Part of Rent



If the petition calculations are confirmed, landlords can add in the utility adjustment amount determined in the petition *with the next annually allowed rent increase*.

Calculation of allowed rent increase:

- First determine AGA % on existing rent; then
- Add allowed Utility Adjustment amount to new rent.

No tenant hardship petitions allowed for Utility Adjustment portion of rent increase. Tenants can only file a hardship petition for a banked increase, not for the regular AGA or the Utility Adjustment.

If No Petition is Submitted On Time




If a landlord does not submit a petition within the deadlines, they forgo the one-time ability to add a utility adjustment amount to the rent AND can no longer separately charge for separate utilities.

- The rent amount now automatically is assumed to include utility charges
- Tenants can file unlawful petitions with the City to recover any overpayment due to RUBS charges



Calculating the Utility Adjustment





Petition forms will be available to landlords as well as excel workbooks to automate many of these calculations.

Rent Stabilization Staff is here to help! Contact our office for assistance with the form and workbook.

Where can I get the forms when available?

- Mountainview.gov/RentStabilization

Petition and Workbook Demonstration



Please reference video recording for a review of the Petition and Workbook.

Contact Us!

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gov**

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Steps for Determining One-Time Utility Adjustment



1

Determine the amount of Utility Charges for the entire rental property for the period between July 1, 2023 and June 30, 2024.

2

Determine the Common Area Deduction (CAD) percentage and deduct that amount from the total 12-month property Utility Charges determined in Step 1.

3

Determine the average monthly Utility Charges, excluding CAD, for the property by dividing the total 12-month utility bill, minus the CAD (as done in Step 2), by 12 months.

4

Determine the total number of rooms in the entire property, (counting kitchen and living room). Divide the average monthly Utility Charges as calculated in Step 3 by the total amount of rooms on the property to get the monthly utility charge per room.



Steps for Determining One-Time Utility Adjustment



5

Calculate the allowable monthly Utility Charge per rental unit by determining the number of rooms in each rental unit and multiply that by the monthly Utility Charge per Room, as calculated in Step 4.

7

Compare the amount in Step 5 (monthly Utility Charges per rental unit) with the sum of Step 6 (the sum of applicable Utility Allowance per rental unit) and determine the lesser amount for the unadjusted One Time Utility Adjustment.

6

Determine the sum of applicable utility allowances per rental unit as published annually by the Santa Clara County Housing Authority in 2023.

8

Multiply the amount for the One-Time Utility Adjustment determined in Step 7 by the percentage change in the Consumer Price Index—All Items (CPI-U San Francisco Area) from June 2023 to June 2024 as published in July 2024. Then, add that to the One-Time Utility Adjustment determined in Step 7. This amount is the maximum amount allowed for the One-Time Utility Adjustment.





Preparing for the Utility Adjustment Petition



Preparing for the Petition (Full Petition Process)



Utility Bills



Property wide utility bills from July 1, 2023 – June 30, 2024.

Common Area Facilities



Documentation of pool, landscaping, laundry facilities on the property (pictures or floor plans)

Unit Information



Individual unit documentation such as tenant name and contact information, date of tenant move in, rent increase information and floorplans (number of bedrooms, presence of kitchen and living room).

Proof of utilities included in rent or submetered (if applicable)

Proof of submeters (pictures of submeters, individual bills).

Rental agreement including utilities as part of rent.



Preparing for the Petition (Condensed Petition Process)



Tenant Information



Tenant name and contact information.

Proof of utilities included in rent or submetered (if applicable)

Proof of submeters (pictures of submeters, individual bills).

Rental agreement including utilities as part of rent.





Contact the Rent Stabilization Staff





Housing Help Center for Landlords and Property Owners

Connect with City Staff to learn about how tenant protection laws in Mountain View affect landlords.

1st and 3rd Thursdays (walk-ins welcome): 1 - 3 p.m.

298 Escuela Ave, Mountain View, CA 94041

Join virtually at mountainview.gov/housinghelpclinics

Every
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City of
Mountain View

Rent Stabilization Division

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