



# Utility Adjustment Petitions for Landlords

October 17, 2024

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# Utility Adjustment Petition Agenda – October 17, 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](mailto: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

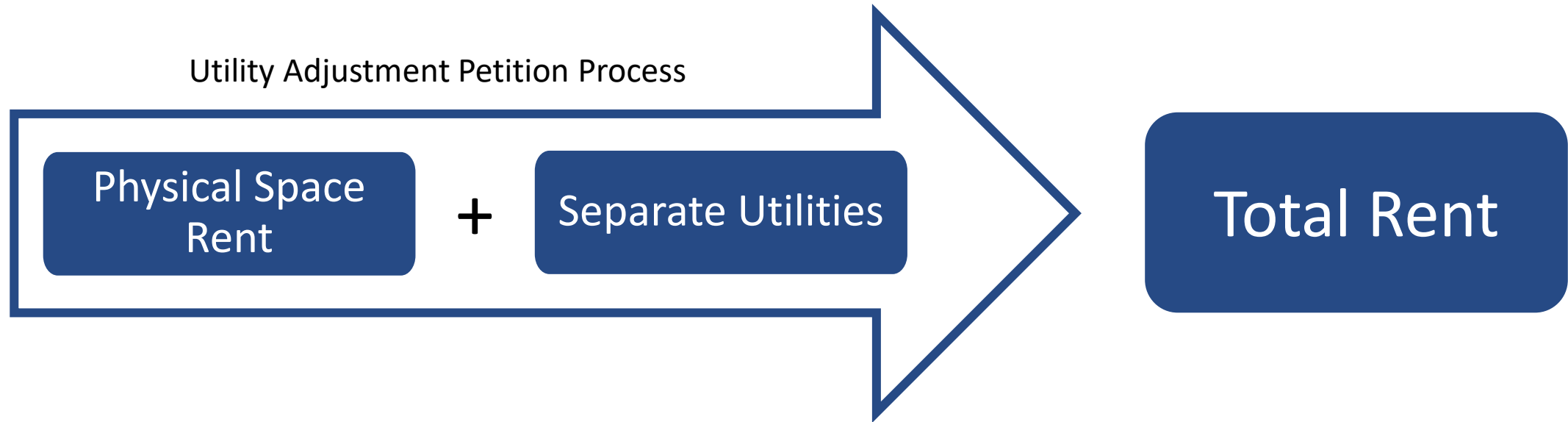


**On December 18, 2023, the Rental Housing Committee (RHC) adopted regulations clarifying that utilities are part of rent for units fully covered by the CSFRA.**

# 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?

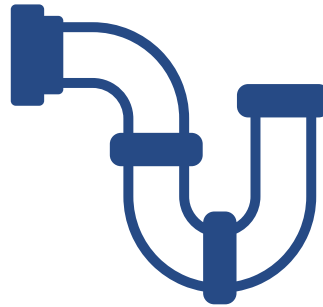


Any utility charges paid by the tenant directly to the landlord or through a third-party billing service. This could include:

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.**



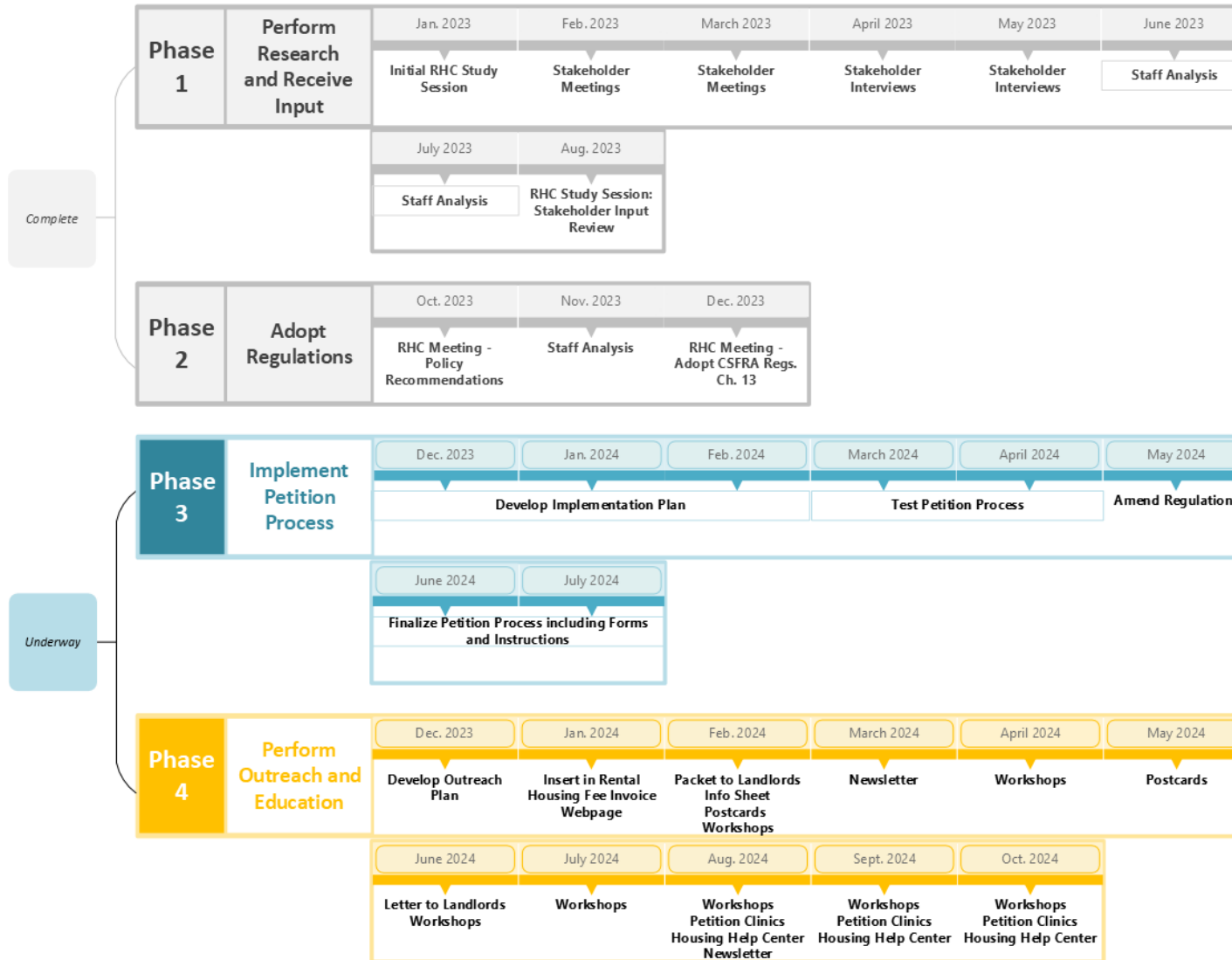
1. If a tenant filed a petition **before** Dec. 18, 2023 and has a final decision that incorporated utilities into rent, the petition decision **remains valid**.
2. If a tenant has already filed a petition **before** Dec. 18, 2023 that included utility charges, the utilities portion of the petition will 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

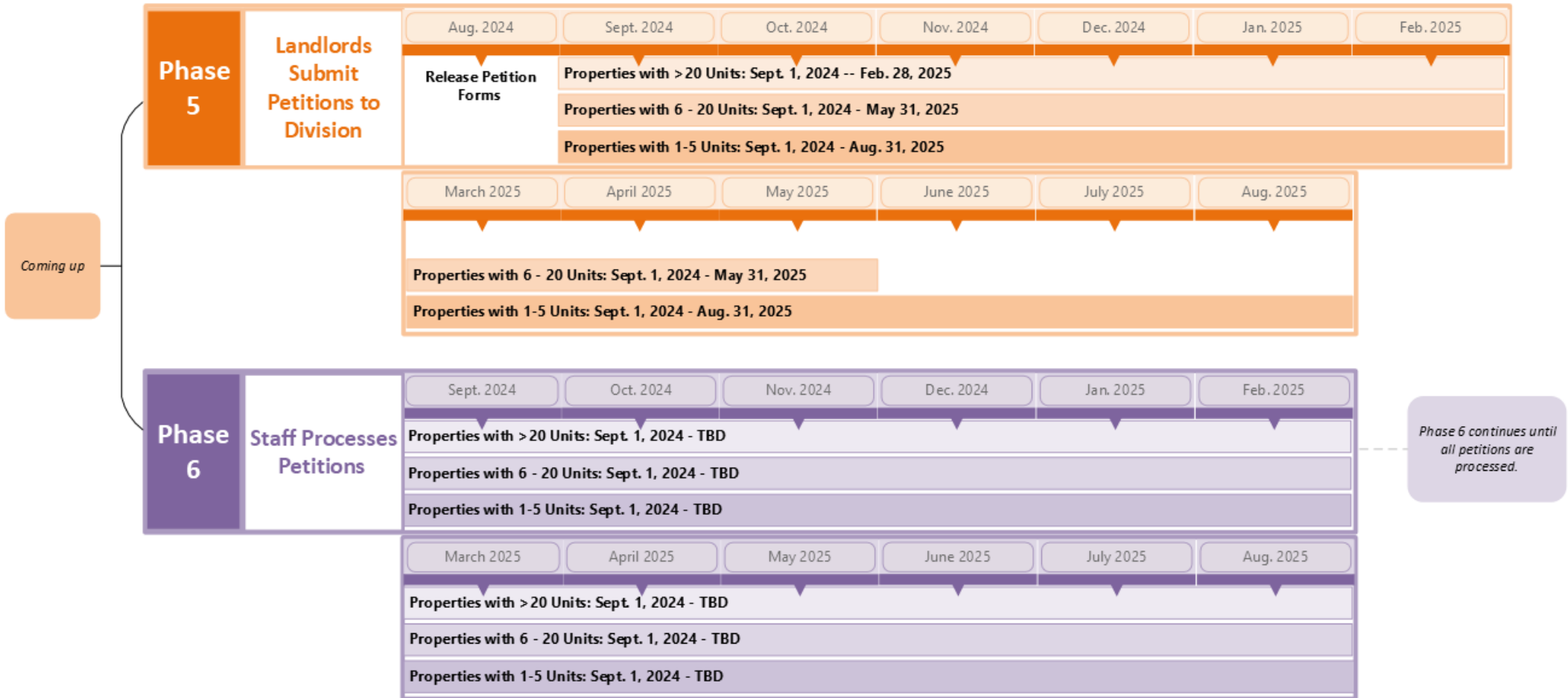


# Implementation Plan



Phase 4 continues as needed throughout Phases 5 and 6.

# Implementation Plan



# 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**



# 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

# 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

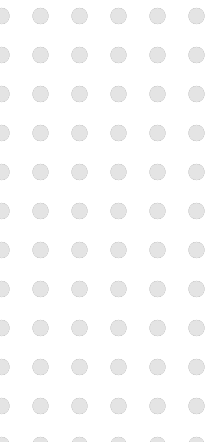
Staff reviews petition, selected calculations and tenant responses. Staff requests additional documents if necessary.

## 6

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

## 7

Landlords determine if the adjustment is upward or downward and apply the adjustment accordingly.



# Utility Charges Become Part of Rent



*If the petition calculations are confirmed*, landlords need to determine if the utility adjustment is a downward adjustment or an upward adjustment by using a form provided by Division staff that averages the utilities paid by each unit between July 1, 2023 and June 30, 2024 (plus 3.2%) and compares the average against the amount of the one-time utility adjustment in the Notice of Final Determination.

- If the amount in the Notice of Final Determination is less than the average monthly utility paid by the tenant between July 1, 2023 and June 30, 2024, then the adjustment is a **downward adjustment**.
- If the amount in the Notice of Final Determination is more than the average monthly utility paid by the tenant between July 1, 2023 and June 30, 2024, then the adjustment is an **upward adjustment**.
  - Tenants can dispute this portion of the process by filing a Notice of Dispute with the Division. If filed, staff reviews the form provided to the Division by the tenant and determines if the adjustment is an upward or downward adjustment.

# Utility Charges Become Part of Rent



## ***If the adjustment is a downward adjustment:***

- Landlords must provide a thirty (30) day rent decrease notice to tenants immediately with the new total rent amount (current rent plus the utility adjustment).
- Tenants are no longer responsible for paying utility charges billed separately from rent or through RUBS incurred after the effective date of the rent decrease notice unless the utility charges accrued prior to the end of the 30 day notice period.
- Tenants are responsible for paying the total rent amount including the utility adjustment once the notice becomes effective.



# Utility Charges Become Part of Rent



## *If the adjustment is an upward adjustment:*

- Landlords can add in the utility adjustment amount determined in the Notice of Final Determination with the next annually allowed rent increase.
- If the landlord does not want to give the annually allowed rent increase, that is okay.
- The landlord can give the utility adjustment without giving the annually allowed rent increase.
- Calculation of allowed rent increase:
  - First determine Annual General Adjustment (AGA) % on existing rent; then
  - Add allowed Utility Adjustment amount to new rent.



# Utility Charges Become Part of Rent



## ***If the adjustment is an upward adjustment (continued):***

- If giving the utility adjustment with the annually allowed increase, the rent increase must comply with all aspects of the CSFRA and State noticing requirements.
- If giving the utility adjustment separately from the annually allowed increase, the adjustment must be given 12 months after the last rent increase or 12 months after the start of the initial term of tenancy.
- At all times before the Utility Adjustment goes into effect, the landlord may continue to use RUBS or any similar system for tenancies starting before March 1, 2024.
- Moving forward, once the utility adjustment is implemented, only utilities that are submetered or separately metered and charged directly to the tenant can be billed separately from rent.



# If No Petition is Submitted On Time



**If a landlord does not submit a petition within the deadlines or otherwise does not comply with the applicable requirements of the process**, they forgo the one-time ability to add a utility adjustment amount to the rent AND can no longer separately charge for separate utilities.

- Current rent amount now automatically is assumed to include utility charges
- Utilities cannot be billed separately unless individually submetered
- 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/RUBS](http://Mountainview.gov/RUBS)

# Petition and Workbook Demonstration



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

**Contact Us!**

**[mvrent@mountainview.gov](mailto:mvrent@mountainview.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.

## 3

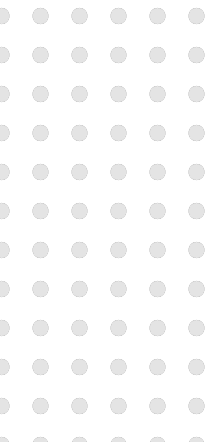
Determine the average monthly Utility Charges, excluding CAD, for the property by dividing the total 12-month utility bill, minus the CAD (as done in Step 2), by 12 months.

## 2

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

## 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

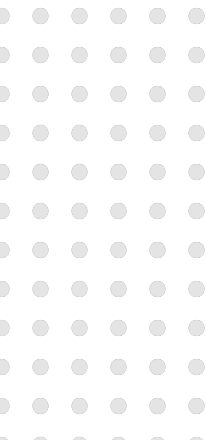
Compare the amount in Step 5 (monthly Utility Charges per rental unit) with the sum of Step 6 (the sum of applicable Utility Allowance per rental unit) and determine the lesser amount for the unadjusted One Time Utility Adjustment.

## 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.

**Thursdays (walk-ins welcome): 1 - 3 p.m.**

298 Escuela Ave, Mountain View, CA 94041

Join virtually at [mountainview.gov/housinghelpclinics](https://mountainview.gov/housinghelpclinics)

Every  
Thursday

1 - 3 p.m.

298 Escuela Ave.



City of  
**Mountain View**

# Rent Stabilization Division

[mvrent@mountainview.gov](mailto:mvrent@mountainview.gov) | 650-903-6136

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