



DATE: January 22, 2026

TO: Rental Housing Committee

FROM: Anky van Deursen, Rent Stabilization Manager
Karen M. Tiedemann, Special Counsel to the Rental Housing Committee
Nazanin Salehi, Special Counsel to the Rental Housing Committee

SUBJECT: **Minor Clarifications in CSFRA Regulations Chapter 13: Utility Charges**

RECOMMENDATION

Receive a report on minor clarifications to the Community Stabilization and Fair Rent Act (CSFRA) Regulations Chapter 13: Utility Charges.

BACKGROUND

On [December 18, 2023](#), the Rental Housing Committee (RHC) adopted CSFRA Regulations Chapter 13: Utility Charges to:

- Clarify that all rental charges, directly or indirectly charged by landlords, including charges for shared or master-metered utilities, including, but not limited to, water, sewer, or trash, are part of the definition of rent as stipulated in the Community Stabilization and Fair Rent Act, and the cost of such services must be established as part of the initial rental rate and specified in the rental agreement at the commencement of the tenancy; and
- Implement a One-Time Utility Adjustment (OTUA) Petition process that:
 - Allows landlords currently using a Ratio Utility Billing System or similarly calculated and billed utility charges to transition from separately charged utilities to including utility costs in the rental amount, thereby bringing rental properties into compliance with the CSFRA; and
 - Establishes the process for submitting and reviewing OTUA Petitions.

Staff began implementing and administering the OTUA Petition process and landlords were able to start filing petitions on September 1, 2024. Depending on the specific circumstances of each unit, the utility portion of rent will ultimately be adjusted up or down as a result of the petition process.

On September 26, 2024, the RHC adopted amendments to the CSFRA Regulations: Chapter 13, delegating to staff the authority to make minor amendments and clarifications to the One-Time Utility Adjustment (OTUA) Petitioner process without prior Committee action, approval or ratification. (CSFRA Reg., Chapter 13, Section C.). Since that time, 4 minor amendments have been made.

Summary of the Current Minor Amendment

Staff have received inquiries from landlords regarding the appropriate timing of implementing a one-time downward rent adjustment when the OTUA petition results in such an adjustment. Specifically, landlords have inquired about (1) how soon after receiving a Notice of Final Administrative Determination by the City they must notify tenants of the downward adjustment and (2) when the downward adjustment takes effect.

Furthermore, while the intention of CSFRA Regulations Chapter 13 is that landlords must cease using or billing tenants for Utility Charges via a Ratio Utility Billing System (RUBS) (or any similar system or methodology that is not based on a Tenant's actual usage) once the one-time utility adjustment is implemented, this requirement is not explicitly stated.

ANALYSIS

As explained, based on the current wording of the regulations, landlords have expressed uncertainty about when they must implement a rent reduction resulting from an OTUA petition after receiving a Notice of Final Administrative Determination from staff. As a result, staff is updating the regulations to clarify this issue, as shown below.

1. Administrative Clarification to Section B.15.d.

d. Downward Adjustment Procedure. If the One-Time Utility Adjustment Petition results in a one-time downward adjustment, the Landlord shall ~~impose the adjustment within~~ serve any affected Tenant(s) with the notice required by Civil Code Section 827 no later than thirty (30) days of the ~~after the Landlord's~~ receipt of the Notice of Final Administrative Determination by Staff. ~~after providing notice in accordance with Civil Code Section 827. Thereafter, the downward adjustment shall become effective no more than thirty (30) days after the Landlord serves the affected Tenant(s) with the notice required by Civil Code Section 827.~~

Reason for Recommendation: The purpose of amending the existing language is to clarify the timing of implementing a one-time downward rent adjustment resulting from an OTUA petition. Specifically, a landlord must serve any tenants subject to a one-time downward adjustment with the required state law notice, within 30 days of receiving a final determination on the OTUA

petition from staff. Thereafter, the landlord must implement the one-time downward adjustment no later than 30 days after serving the required state law notice on the affected tenants.

2. Addition of Section B.15.g.

g. RUBS Prohibited. Immediately upon the imposition of the One-Time Utility Adjustment, the Landlord shall cease the use of a Ratio Utility Billing System (RUBS) (or any similar system or methodology that is not based on a Tenant's actual usage) to allocate Utility Charges to all affected Tenant(s). This paragraph applies regardless of whether the One-Time Utility Adjustment constitutes an upward or downward adjustment of Rent.

Reason for Recommendation: The purpose of the additional language is to explicitly prohibit landlords from continuing to use RUBS (or any similar system or methodology that is not based on a Tenant's actual usage) after they have completed the OTUA petition process and implemented the one-time utility adjustment in accordance with the timing mandated by the regulations. This clarification aligns with the intent of the OTUA process.

FISCAL IMPACT – None.

PUBLIC NOTICING – Agenda posting, posting on the City's website, and email to distribution list.

Attachments:

1. Resolution to adopt amendments to CSFRA Regulations Chapter 13: Utility Charges
Exhibit A: CSFRA Regulations Chapter 13: Utility Charges