

## Summary of Stakeholder Meeting Feedback

In its meeting on January 31, 2023, the RHC directed staff to hold stakeholder meetings to receive more detailed information from landlords, tenants and interested parties.

Three virtual stakeholder meetings were held on the following dates:

1. February 28, 2023 – Landlord stakeholder meeting
2. March 2, 2023 – Tenant stakeholder meeting
3. March 21, 2023 – General session

Staff performed the following outreach prior to the stakeholder meetings:

- Created and distributed flyers throughout the community
- Mailed multi-lingual postcards to all CSFRA covered tenants and property owners
- Emailed all property owners registered in MV Rent Portal and all Constant Contact members
- Posted information online and on City calendars
- Coordinated with community organizations to engage vulnerable stakeholders

At each virtual stakeholder meeting, staff presented information to attendees about utility billing, the CSFRA and RUBS, potential conflicts between the CSFRA and RUBS as well as possible policy options. The policy options presented to stakeholders for feedback at the direction of the RHC were as follows:

1. No longer allow RUBS but include a one-time rent adjustment for landlords to compensate for previous pass-through of utility costs, possibly through a petition process
  - a. Policy Option 1a: Allows Landlords the opportunity to file a petition for upward adjustment of rent with the RHC to implement the one-time increase.
  - b. Policy Option 1b: Allows Landlords to independently implement the one-time increase using the defined parameters. Tenants can file a petition with the RHC if they disagree with the amount of the increase.
2. Only allow RUBS if lease states both amount of rent and maximum amount charged for utilities
3. Other options as presented by stakeholders to staff

Interactive polling asked participants about a variety of relevant topics during each stakeholder meeting. Participants were also provided the opportunity to respond to questions posed by staff, give feedback on the policy options presented and provide any additional comments.

The general session allowed staff to report back to the community about the information received during the other stakeholder meetings, inquire if the summarization was correct and solicit further comments, if any.

Staff also conducted individual meetings with landlords, tenants, the California Apartment Association (CAA) and Conservice (a utility billing company frequently contracted by landlords to provide RUBS services). The results of the stakeholder meetings as well as the feedback received during individual meetings are summarized by stakeholder type in alphabetical order and provided below in Tables 1 and 2. Table 1 shows the general feedback from the stakeholders grouped by major themes. Table 2 below shows the feedback received regarding the policy options. The major themes include:

- Allocation of Utility Charges and Transparency of Charges
- Conservation of Resources
- Definition of Rent
- Submetering
- Utility Charges
- Utility Rate Increases

**Table 3: Summary of Feedback Themes from Stakeholder Input.**

Feedback Theme		Landlord Feedback	Tenant Feedback	Conservice and CAA
<b>A</b>	<b>Allocation of Utility Charges and Transparency of Charges</b>	<ul style="list-style-type: none"> <li>• Allocation of utility charges between units varies by property; landlords determine how the averaged costs are spilt between units.</li> <li>• Landlords determine which factors they prefer for cost-sharing between units, whether or not vacancy rates are included in the calculation and how much, if any, of the usage of utilities in common spaces are passed on to tenants. Once they determine this, they inform the RUBS provider of how they would like the utilities charges to be allocated and RUBS then implements the billing calculations.</li> </ul>	<ul style="list-style-type: none"> <li>• There is little to no transparency about how utility costs are allocated with RUBS; Tenants need clarity on how RUBS allocates utilities, including how vacancy rates affect the fluctuations in charges.</li> <li>• The RUBS cost-allocation and fees charged to tenants should be accurately disclosed in the lease and monthly bills and clearly state the amount charged to tenants.</li> <li>• Tenants should be able to file a downward adjustment in rent petition with the RHC if they have overpaid utilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Most frequently used per unit formula is 50% occupancy/ 50% square footage.</li> <li>• Some properties include vacancy rates in their per unit calculations.</li> <li>• For Common Areas, most properties use a deduction between 5% and 25%, depending on the property.</li> </ul>
<b>B</b>	<b>Conservation of Resources</b>	<ul style="list-style-type: none"> <li>• RUBS promotes conservation of valuable resources like water by making units accountable for their usage.</li> <li>• Tenants have an ability to conserve collectively through RUBS, which contributes to a 5-27% of reduction in water usage. If a fixed utility cost is</li> </ul>	<p>Conservation of resources like energy and water is important and should be incentivized through government programs that require properties to be more energy-efficient and to utilize less non-renewable resources.</p>	<p>Water conservation with RUBS is over 15%; with submeters it is 40%.</p>

Feedback Theme		Landlord Feedback	Tenant Feedback	Conservice and CAA
		included in rent, landlords feel tenants will not pay attention to usage.		
<b>C</b>	<b>Definition of Rent</b>	<ul style="list-style-type: none"> <li>The definition of Rent in the CSFRA and accompanying regulations should only cover charges that originate from the landlord.</li> <li>Landlords have no control over utility charges and should not be responsible for mitigating utility charges.</li> <li>RUBS is a cost sharing mechanism without any service fee assessed to the resident, and zero profit to housing provider, and all of resident's payment for sewer, trash and water are ultimately passed through to the City of Mountain View.</li> </ul>	NA	NA
<b>D</b>	<b>Submetering</b>	Installing individual submeters for all utilities is cost-prohibitive and therefore not a viable option.	Submetering could be made mandatory through City policy.	
<b>E</b>	<b>Utility Charges</b>	Monthly utility charges fluctuate based on usage, and landlords feel that the fluctuations are not cost-prohibitive to tenants on a monthly basis (anecdotally \$10 to \$50 per month).	Fluctuating utility charges affect monthly rent predictability	Higher monthly fluctuations may stem from COVID, when home usage as well as vacancy rates increased as well. In small properties,

	Feedback Theme	Landlord Feedback	Tenant Feedback	Conservice and CAA
				water leaks may also contribute to fluctuations.
F	<b>Utility Rate Increases</b>	The City of Mountain View sets Utility Rates for Water, Garbage and Sewer; these increases are not controlled by landlords and could increase by more than the AGA. Landlords should not have to absorb the costs associated with rate increases.	NA	NA

**Table 4: Summary of Policy Option Feedback from Stakeholder Input.**

Feedback Theme	Landlord Feedback	Tenant Feedback	Conservice and CAA
Policy Option 1 – No longer allow RUBS	<ul style="list-style-type: none"> <li>Paperwork associated with Options 1a and 1b is challenging – Additional paperwork, especially if a landlord-initiated petition process is required, is burdensome to landlords and City staff.</li> </ul>	<ul style="list-style-type: none"> <li>Tenants would know exactly what their monthly costs are, including utilities. This is similar to what San Jose has adopted.</li> </ul>	NA
Policy Option 2 – Allow RUBS if Lease States Maximum Rent and Maximum Amount Charged for Utilities	<ul style="list-style-type: none"> <li>Defining a maximum amount of utility charges in the lease is feasible for landlords– - Some property management companies already utilize this option and Conservice can accommodate the request. This option should allow for a revision if additional tenants move into the unit.</li> </ul>	<ul style="list-style-type: none"> <li>Tenants would be able to understand the different amounts for both rent and utility costs.</li> <li>Tenants expressed concern that landlords may be able to create irrelevant maximum amounts (like \$1000) in the lease if the regulations are unclear.</li> </ul>	<ul style="list-style-type: none"> <li>Conservice can accommodate this option.</li> <li>Conservice shared that they are familiar with all policy options and that other rent-controlled jurisdictions have similar systems.</li> </ul>

### ***Landlord Stakeholder Feedback Summary***

Staff reviewed the general feedback received from landlords during the stakeholder and individual meetings and grouped it into six overarching themes. The feedback was then synthesized to illustrate common statements shared during the meetings.

### **General Feedback Themes**

1. **Definition of Rent** – The definition of Rent in the CSFRA and accompanying regulations should only cover charges that originate from the landlord.

2. **Allocation of Utility Charges Varies by Landlord** – Allocation of utility charges between units varies by property; landlords determine how the averaged costs are split between units.
3. **Differences in Monthly Utility Bills are Minimal and Due to Fluctuations in Use** – Monthly utility charges fluctuate based on usage, and landlords feel that the fluctuations are not cost-prohibitive to tenants on a monthly basis (anecdotally \$10 to \$50 per month).
4. **Utility Rates and Increases are Set by the City and Not Controlled by Landlords** – The City of Mountain View set Utility Rates for Water, Garbage and Sewer; these rates and increases are not controlled by the landlord and could increase by more than the AGA. Landlords should not have to absorb the costs associated with rate increases.
5. **Conservation Tool** - RUBS is a resource conservation tool that benefits everyone.
6. **Individual Submetering is not an Option** - Installing individual submeters for all utilities is cost-prohibitive and therefore not a viable option.

Participants were also asked for their thoughts on the potential policy options. The feedback was then grouped into themes and synthesized below.

**Policy Option 1:** No Longer Allow for RUBS but Incorporate a One-Time Upward Adjustment in Rent to Recuperate Costs – In this policy option, RUBS is no longer allowed but the Regulations would allow for a one-time upward adjustment of rent to compensate for previously passed through utility costs. The AGA would then be applied on the amount of this new base rent. Regulations would also define specific parameters for the calculation of the increase.

- a. Policy Option 1a: Allows Landlords the opportunity to file a petition for upward adjustment of rent with the RHC to implement the one-time increase.
- b. Policy Option 1b: Allows Landlords to independently implement the one-time increase using the defined parameters. Tenants can file a petition with the RHC if they disagree with the amount of the increase

**Policy Option 2:** Allow RUBS if lease states both amount of rent and maximum amount charged for utilities.

### **Policy Option Feedback Themes**

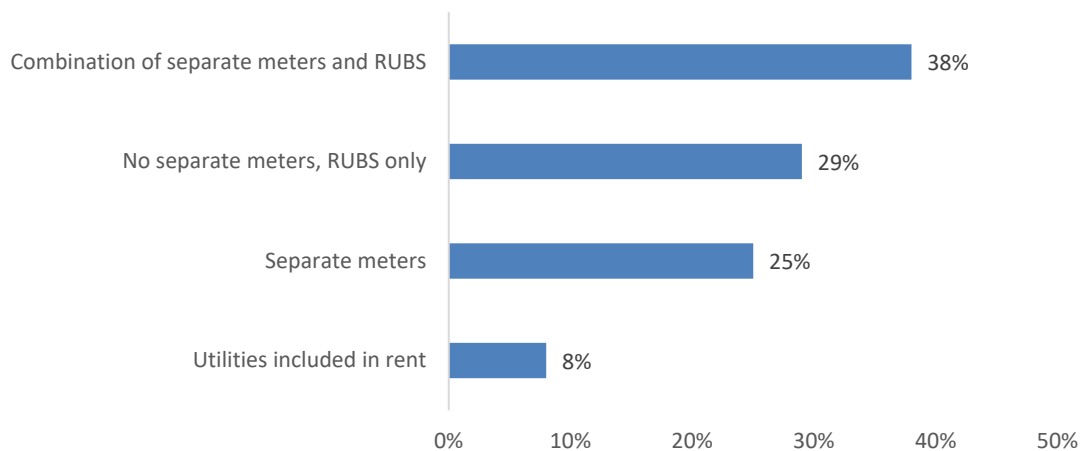
1. Landlords expressed that paperwork associated with Options 1a and 1b is challenging. They shared that additional paperwork, especially if a landlord-initiated petition process is required, is burdensome to landlords and City staff.
2. Landlords expressed that defining a maximum amount of utility charges in the lease is feasible for landlords. They shared that some property management companies already utilize this option and Conservice can accommodate the request. This option should allow for a revision if additional tenants move into the unit.
3. Landlords also expressed that one policy option is to not adopt clarifying regulations and allow tenants to file petitions if they disagree with their monthly rental rate.

## Landlord Stakeholder Meeting Poll Results

Three poll-based questions were posed to landlords during their stakeholder meeting, the results of which are summarized below.

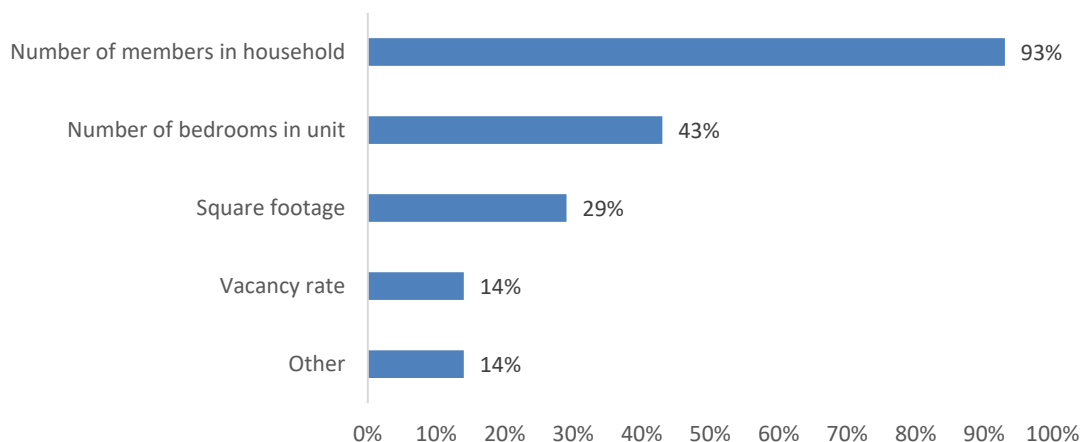
Question One asked landlords to identify the methods of utility billing they currently use in Mountain View. As seen in Chart 1 below, most properties (67%) use either RUBS exclusively for utility billing or a combination of RUBS and separate meters. Stakeholders also commented that in the 1980s, PG and E, the gas and electric utility provider, incentivized the individual metering of units, of which some property owners took advantage.

**Chart 1: Landlord Poll Question 1 - What method of utility billing are you using? (n=24)**



Question Two asked landlords to identify what factors they use in determining cost allocations to tenants. Landlords could choose more than one answer. As seen in Chart 2 below, most properties use a combination of the following factors: number of household members and square footage/number of bedrooms.

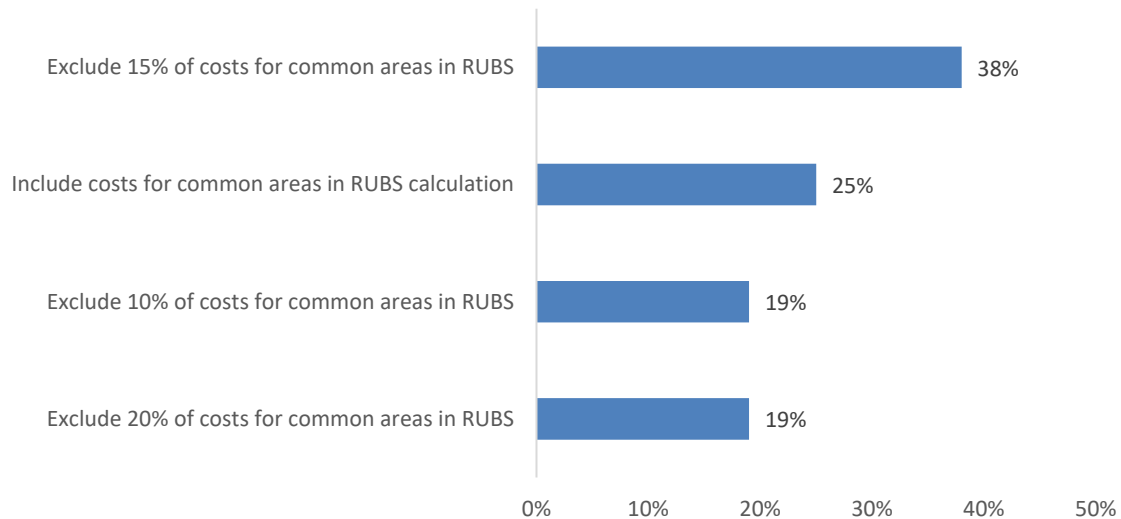
**Chart 2: Landlord Poll Question 2 - If using RUBS which factors are included (choose all that apply)? (n=14)**





Question Three asked landlords using RUBS if they exclude utility usage costs associated with common areas from their per unit calculations. As seen in Chart 3 below, most properties (76%) exclude between 10% and 20% of the costs of utility usage in common area.

**Chart 3: Landlord Poll Question 3 - If using RUBS, do you exclude costs for common areas?  
(n=16)**



### ***Tenant Stakeholder Feedback Summary***

Staff reviewed the general feedback received from tenants during the stakeholder and individual meetings and grouped it into four overarching themes. The feedback was then synthesized to illustrate common statements shared during the meetings.

### **General Feedback Themes**

1. **Billing through RUBS is confusing and lacks transparency** – There is little to no transparency about how utility costs are allocated with RUBS.
  - Tenants need clarity on how RUBS allocates utilities, including how vacancy rates affect the fluctuations in charges.
  - The RUBS cost-allocation should be accurately disclosed in the lease and clearly state the amount charged to tenants.
  - Fees charged to tenants for the landlord’s use of RUBS should be disclosed in monthly bills.
2. **Conservation of resources like energy and water is important and should be incentivized** – Properties should be required through regulations to be more energy-efficient and to utilize less non-renewable resources.
3. **Tenant initiated Petition Process should be implemented for overpaid utilities through RUBS** – Tenants should be able to file a downward adjustment in rent petition with the RHC if they have overpaid utilities through RUBS, which are not in accordance with the CSFRA.
4. **Submetering** – Submetering could be made mandatory through City policy.

As in the Landlord Stakeholder Meeting, participants in the tenant-focused meeting were also asked for their thoughts on the potential policy options. The feedback was then grouped into themes and synthesized below.

**Policy Option 1:** No Longer Allow for RUBS but Incorporate a One-Time Upward Adjustment in Rent to Recuperate Costs – In this policy option, RUBS is no longer allowed but the Regulations would allow for a one-time upward adjustment of rent to compensate for previously passed through utility costs. The AGA would then be applied on the amount of this new base rent. Regulations would also define specific parameters for the calculation of the increase.

- a. Policy Option 1a: Allows Landlords the opportunity to file a petition for upward adjustment of rent with the RHC to implement the one-time increase.
- b. Policy Option 1b: Allows Landlords to independently implement the one-time increase using the defined parameters. Tenants can file a petition with the RHC if they disagree with the amount of the increase

**Policy Option 2:** Allow RUBS if lease states both amount of rent and maximum amount charged for utilities

#### **Policy Option Feedback Themes**

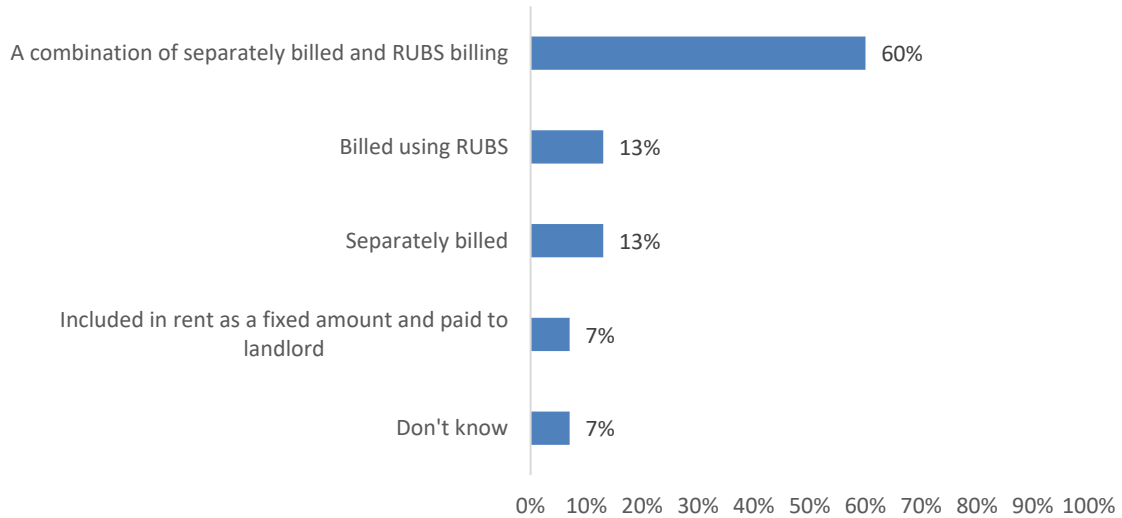
1. Tenants expressed that Option 1.a helps them understand exactly what their monthly housing costs are, including utilities. They pointed out that this policy option is similar to what San Jose adopted.
2. Tenants expressed that Option 2 increases transparency in billing and allows tenants to understand the different amounts for both rent and utility costs.
3. Tenants expressed concern that Option 2 might encourage landlords to state a maximum utility charge that is unreasonably high (for example, \$1,000 per month) and that this would negate the efficacy of the option.

#### **Tenant Stakeholder Meeting Poll Results**

Two poll-based questions were posed to tenants during their stakeholder meeting, the results of which are summarized below.

Question One asked tenants to identify the methods of utility billing used at their rental property. As seen in Chart 4 below, most tenants (73%) report that their rental property uses either RUBS exclusively for utility billing or a combination of RUBS and separate meters. Seven percent of respondents did not know how their property billed utilities.

#### **Chart 4: Tenant Poll Question 1 - What method of utility billing is used at your rental property? (n=15)**



Question Two asked tenants billed through RUBS if they had experienced monthly fluctuations of charges associated with utility costs. As seen in Chart 5 below, most tenants (57%) report that their utility costs fluctuated from month to month. Forty-three percent (43%) of respondents did not know if their costs fluctuated.

**Chart 5: Tenant Poll Question 1 – If billed through RUBS, have you experienced monthly fluctuations of charges? (n=14)**

