

**DATE:** August 28, 2025

**TO:** Rental Housing Committee

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**SUBJECT:** Update on One-Time Utility Adjustment Petition Process

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**PURPOSE**

Receive an informational update on the progress of the Community Stabilization and Fair Rent Act (CSFRA) One-Time Utility Adjustment Petition Process.

**BACKGROUND**

On December 18, 2023, the RHC adopted Chapter 13 of the CSFRA Regulations to clarify that the definition of Rent under the CSFRA includes utilities and to address utility charges and the use of Ratio Utility Billing Systems (RUBS) or similar systems for shared or master-metered utilities in CSFRA-covered properties, including the following elements:

- Clarification that the CSFRA includes utilities in its definition of “Rent.” The CSFRA: (1) allows only one rent increase in any 12-month period; (2) limits rent increases to the increase in the Consumer Price Index—All Urban Consumers (CPI-U; and (3) requires that any rent increases be preceded by at least 30 days’ written notice.
- Clarification of the prohibition of using RUBS or similar systems to charge tenants utility charges which are billed directly or indirectly to landlords associated with the use and occupancy of CSFRA-covered units, including a statement that, for new tenancies, landlords cannot impose a separate fee or charge for any utility service which is billed to landlords by the utility provider.
- An administrative petition process to transition noncompliant practices into compliance with the CSFRA, otherwise known as the One-time Utility Adjustment Petition (OTUA).
- A methodology to calculate each tenant’s share of the utilities which consists of landlords determining and charging the lesser of: (a) the monthly average utility costs per room based

on the actual utility costs for the entire property for the prior 12 months; and (b) the sum of all applicable Santa Clara County Housing Authority Utility Allowances.

- Clarification that if landlords have timely filed a OTUA Petition, they will not be liable for prior overpayment of rent due to RUBS utility charges by the tenant. If landlords do not timely file a OTUA Petition, a tenant has the right to file a Downward Adjustment of Rent Petition based on prior overpayment of rent due to RUBS utility charges.

During the December 18, 2023, meeting, the RHC requested staff to provide regular updates to the RHC throughout the OTUA Petition implementation process. The following overview provides a summary of the efforts to date, including implementation of the petition process, outreach and education, and support provided for landlords and tenants. The first update was provided at the August 2024 RHC meeting. See Attachment 1.

### **ANALYSIS**

Overall, the OTUA petition process was implemented in a manner to provide as much support as feasible to help landlords successfully apply for the utility adjustment. One hundred percent of properties with more than 20 units provided the application and information needed within the deadline as outlined in Table 2 below. Staff is continuing to implement the multi-phase approach summarized below to effectively support the landlords in this OTUA process.

The implementation process has six distinct phases (see Attachment 2):

- Phase 1: Perform Research and Receive Input – **Complete** (January 2023 - August 2023)
- Phase 2: Adopt Regulations – **Complete** (October 2023 – December 2023)
- Phase 3: Implement the Petition Process – **Complete** (December 2023 – July 2024)
- Phase 4: Perform Outreach and Education – **In Progress** (December 2023 – current)
- Phase 5: Landlords Submit Petitions to Division – **In Progress** (September 2024 – current)
- Phase 6: Staff Processes Petitions – **In Progress** (September 2024 – current)

### **Phases 1, 2 and 3: Perform Research and Receive Input; Adopt Regulations; Implement Petition Process (Status: Complete)**

Phase 1 involved the initial RHC study sessions, stakeholder meetings and staff analysis to develop recommendations for RHC consideration while phase 2 focused on the drafting and adoption of regulations. Both phase 1 and phase 2 are complete.

In December 2023, staff began developing the internal procedures necessary for the implementation of the OTUA Petition process. Staff drafted an implementation plan that includes project milestones and deadlines for each phase. Project milestones for phase 3 included the hiring of hourly staff, the creation of process workflows and standard operating procedures, and the testing of the landlord submittal, tenant response and staff processes for petitions as described in the regulations. Upon review, areas of the regulations required refinement to ensure the process was administratively feasible. In the May 2024 RHC meeting, staff presented and the RHC adopted, recommendations to amend the regulations to address these issues. Phase 3 was completed in August 2024.

#### **Phase 4: Perform Outreach, Education and Support (Status: In Progress)**

A communications and outreach plan was developed to ensure both landlords and tenants understand how utilities can lawfully be charged under the CSFRA, how the OTUA petition process works and to improve petition process outcomes. The plan includes short-, medium-, and long-term goals, objectives, and tasks throughout the OTUA Petition process. Table 1 provides an overview of outreach and education efforts performed to date:

**Table 1: Outreach and Education efforts performed to date.**

Workshops	Mass Mailings	Targeted Outreach per Property Category	Informational Materials	Housing Help Centers
11 Landlord focused (150 participants)	1 Insert in Rental Housing Fee Invoice	Postcards	Webpages	Weekly Landlord dedicated hours
4 Tenant focused (22 participants)	3 Postcards	Letters with pre-addressed return envelope	Information Sheet	Bi-Weekly tenant dedicated hours
	2 Landlord packages	Emails to targeted properties	FAQs	
	4 Newsletters (2 Landlord/2 Tenant)	Direct calls to targeted properties	15+ Forms and Templates	
	3 Mass Emails			

Staff will continue to execute the communications and outreach plan and perform the same level of extensive outreach, education and support throughout the process for the remaining properties.

### **Phase 5: Landlords Submit Petitions to Division (Status: In Progress)**

The submittal periods were extended twice by the RHC to address the level of staff support needed for properties to submit OTUA Petitions and prevent these properties from incurring penalties associated with missing the submittal deadlines (see Attachment 3 for the CSFRA Regulations Ch. 13 – Utilities). Table 2 below gives an overview of the updated submittal periods.

**Table 2: Submittal Periods for One-time Utility Adjustment Petitions**

Number of Units	Submittal Periods	Submittal Dates
> 20 Units	Petition must be submitted to the Rent Stabilization Division within six (8) months of Division release date of petition form(s)	Between September 1, 2024 and April 30, 2025
6-20 Units	Petition must be submitted to the Rent Stabilization Division within thirteen (13) months of Division release date of petition form(s)	Between September 1, 2024 and September 30, 2025
1-5 Units	Petition must be submitted to the Rent Stabilization Division within sixteen (16) months of Division release date of petition form(s)	Between September 1, 2024 and December 31, 2025

The deadline extension of April 30, 2025, for large properties with 21 or more units resulted in a 100% submission response rate. This represents 9,027 of the 12,754 fully covered CSFRA units required to file OTUA petitions.

The submittal deadline for properties with 6 to 20 units ends on September 30, 2025. To ensure compliance, staff is providing the same level of extensive customer service support, and communication updates, as well as researching and contacting nonresponsive properties, similar to what was performed for the largest properties. See Table 3 below for submittal data through August 13, 2025, by property size.

### **Phase 6: Staff Processes Petitions (Status: In Progress)**

Phase 6 started after the submittal of the first petitions in 2024 and will continue until all petitions are processed. In this final phase of the process, staff reviews the submitted petitions, and any responses received from tenants, analyzes the calculations in the workbook, makes a determination of whether the Utility Adjustment(s) for the Property were properly calculated, and once calculations are confirmed, notifies tenants and landlords of the adjustment.

Since September 2024, staff has worked closely with landlords to refine the petition process to make it as easy as possible for landlords to submit petitions, notice tenants, and apply adjustments. Staff created over 15 forms and templates to facilitate this process for landlords. Staff systematically reviews and revises the process, executing many of the complex steps, including creating anonymous tenant workbooks and pre-filling noticing forms on behalf of landlords. These process improvements have made it easier for tenants and landlords to understand and comply with the process. Staff will continuously review feedback received from the community to further streamline the process. See Table 3 below for submittal and processing data through August 13, 2025, by property size.

**Table 3: Submittal and Processing Data for OTUA Petitions by Property Size**

Property Size	Submitted *		Processed and Tenants Notified*		Finalized*	
	Number of Units	Number of Properties	Number of Units	Number of Properties	Number of Units	Number of Properties
1-5 Units	122 (11%)	35 (11.7%)	105 (9.5%)	29 (9.7%)	74 (6.7%)	21 (7.0%)
6-20 Units	745 (28.5%)	66 (26.4%)	289 (11.1%)	27 (10.8%)	220 (8.4%)	21 (8.4%)
> 20 Units	9,027 (100%)	131 (100%)	3,911 (43.3%)	58 (44.3%)	3,208 (35.5%)	52 (39.7%)
Total	9,894 (77.6%)	232 (34.1%)	4,305 (33.8%)	114 (16.7%)	3,502 (27.5%)	94 (13.8%)

\*This includes properties that have confirmed that they do not use RUBS, and instead have utilities already included in rent.

### **NEXT STEPS**

Staff will continue to implement the petition process and provide updates to the RHC as requested and estimates that the process will be finalized by September 2026.

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

### **Attachments:**

1. Aug. 22, 2024, RHC Memo - Update on One-Time Utility Adjustment Petition Process
2. One-Time Utility Adjustment Petition Process Implementation Plan
3. CSFRA Regulations Chapter 13 – Utility Charges