



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: April 24, 2018

Approved

D. P. S. L.

Date

4/24/18

SUPPLEMENTAL

**SUBJECT: AMENDMENTS TO THE APARTMENT RENT ORDINANCE - TITLE 17
FOR UTILITY PASS THROUGH TO TENANTS**

The purpose of this memorandum is to provide clarification on the proposed changes to the Apartment Rent Ordinance related to the transition process for landlords who have been utilizing a Ratio Utility Billing System (RUBS).

RECOMMENDATION

Staff is recommending that in addition to approval of the original recommendation, the City Council also direct staff to work with the City Attorney's Office to return as soon as possible with a further amendment to Section 17.23.315 of the Apartment Rent Ordinance modifying the date on which existing written RUBS pass through agreements are no longer effective and changing the timing regarding petitions for the one-time offset rent increase, specifically:

- 1) All verbal RUBS agreements are void upon the effective date of the ordinance amendment;
- 2) All written RUBS agreements or amendments executed after January 1, 2018 are void upon the effective date of the ordinance amendment;
- 3) The petition filing period for RUBS petitions will be July 1, 2018 to October 31, 2018, no longer linked to the rent registry process; and
- 4) All pre-existing written RUBS Agreements will be void following the decision of a Petition Examiner determining the outcome of the offset petition. If the landlord does not file a petition, the existing written RUBS shall be void after October 31, 2018.

ANALYSIS

Staff has continued to receive feedback from landlords regarding the implementation of the proposed changes to the Apartment Rent Ordinance. During this process, staff realized that the transition period needed further clarification for tenants and landlords who are currently operating under RUBS agreements. The following timeline provides additional clarification regarding the process:

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Subject: Amendments to the Tenant Protection Ordinance Regarding Immigration and Criminal Activity

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Date	Action
May 15, 2018	First reading of amended ordinance language
June 5, 2018	Second reading of amended ordinance language
July 5, 2018	Effective date of the ordinance changes
July 5 2018 – October 31, 2018	Open period for accepting RUBS petitions
July 5, 2019	Last date for Petition Examiner approval of RUBS petitions

Staff will provide a four-month transition period for landlords to learn about the petition process, complete the petition form, and submit the petition for consideration. During this period of time, the landlord may continue to charge for RUBS until a decision has been made by the Petition Examiner or a Hearing Officer. If the petition is approved, the landlord will provide the notification (consistent with state law) for the rent increase.

Under these proposed changes, landlords may only continue to charge RUBS in certain circumstances. The following parameters will apply to charging RUBS:

- **Verbal Agreements** – Any landlords operating under a verbal agreement will no longer be able to charge RUBS as of the effective date of the Apartment Rent Ordinance amendment.
- **New Written Agreements** – A new written RUBS agreement executed on and after January 1, 2018 will no longer be able to charge RUBS as of the effective date of the Apartment Rent Ordinance amendment.
- **Offset Petitions** – Landlords filing for an offset petition may continue charging RUBS until the date a decision is made by a Petition Examiner or Hearing Officer as long as the original RUBS agreement was executed prior to the January 1, 2018 date.
- **Filing Period** – Landlords who do not file an offset petition during the filing period of July 5, 2018 – October 31, 2018 will no longer be able to charge RUBS.

Landlords may file an offset petition for a RUBS agreement entered into prior to January 1, 2018 and must provide documentation for the amount collected in utility pass through payments throughout the calendar year 2017. Tenancies entered into after January 1, 2018 will not be eligible for an offset petition unless the tenant executed a lease renewal and a previous written RUBS agreement.

These additional amendments will provide additional clarity to the proposed offset petition process.

/s/
JACKY MORALES-FERRAND
Director, Housing Department

For questions please contact Rachel VanderVeen, Program Administrator, at (408) 535-8231.