



# Memorandum

**TO:** Honorable Mayor and City Council

**FROM:** Councilmember Jimenez

**SUBJECT:** Amendments to the Apartment Rent Ordinance Title 17 for Utility Pass Throughs to Tenants.

**DATE:** April 20, 2018

APPROVED

DATE 04/20/2018

## Recommendations

Accept the staff report and take the following actions:

1. Approve staff recommendation (A) of the memorandum dated April 11, 2018 and continue to prohibit the use of Ratio Utility Billing System (RUBS).
2. Reject staff recommendations (B), (C), and (2) of the memorandum dated April 11, 2018.

## Background

“RUBS” (Ratio Utility Billing System) is used by property owners to pass through sewer, water, and trash utility costs to tenants because some older multi-family apartments do not have sub-meters. Generally, owners of such buildings use a third party billing company to calculate utility bills for tenants based on the number of occupants and/or square footage of the apartment compared to the total occupants/square footage of the building.

As discussed previously by this Council and the Housing Department, this type of pass-through is inconsistent with City Council direction that limits total annual rental increases in ARO buildings. Furthermore, RUBS has proven to be a complicated and uncertain process that for many tenants equates to undisclosed and unverifiable additional monthly charges. Therefore, I encourage my Council colleagues to reject RUBS.

Additionally, landlords who are currently utilizing RUBS or who have lease agreements with tenants that include RUBS should be considered in violation of the law as the City has been consistent with its interpretation of the illegality of RUBS. Allowing rent increases for landlords who have chosen to violate City policy and implement this practice places the burden on the tenant. In the event that a landlord feels this action would create a financial hardship, then they should take advantage of the City’s “fair return” policy, which is currently at their disposal.