San Francisco Residential Rent Stabilization and Arbitration Board

INSTRUCTIONS FOR COMPLETING 2013 UTILITY PASSTHROUGH CALCULATION WORKSHEET

On December 16, 2008, the Rent Board Commissioners amended Rules and Regulations §6.16 concerning utility passthroughs. Under the new rules, as of January 1, 2009, the landlord no longer needs to file a Petition for Approval of Utility Passthrough for every base year. In 2013, petitions are only required for utility passthroughs comparing utility costs for 2011 (base year) and 2012 (comparison year). For all other base years in 2013 (i.e. 2007, 2008, 2009 and 2010), the landlord is required to complete a 2013 Utility Passthrough Calculation Worksheet form and file it with the Rent Board. The Worksheet is available at the Rent Board's office and on its website at www.sfrb.org.

The Utility Passthrough Calculation Worksheet must be completed and filed with the Rent Board before giving the tenant notice to pay the utility passthrough. The landlord is required to give a copy of the date-stamped Worksheet to the tenant, including the one-page Attachment to 2013 Worksheet/Notice to Tenant, with the notice of rent increase. A utility passthrough may be imposed only at the time of an annual rent increase, on the tenant's anniversary date, and shall not become part of the tenant's base rent. The tenant must live in the unit for one continuous year before a utility passthrough can be imposed. A utility passthrough applies only for the twelve-month period after it is imposed. After twelve months, the passthrough must be discontinued.

The Rent Board will conduct a review of 10% of all Worksheets filed with the Board for compliance with Section 6.16. In addition, if there is no prior utility passthrough petition on file for a property, the Rent Board will review at least one Worksheet for that property.

The following steps should be followed to complete the 2013 Utility Passthrough Calculation Worksheet and calculate the 2013 utility passthrough for tenants with base years 2007, 2008, 2009 and 2010.

Step 1: Determine the Tenant's Base Year and Enter it on Page 1 of the Worksheet

The utility passthrough is calculated by comparing the landlord's utility costs in the tenant's "base year" to last year's (2012) utility costs (the "comparison year"). Different tenants in the same property may have different base years depending on when they moved into the property. Base years are re-set every 5 years and are determined as follows:

- For tenancies that commenced before January 1, 2004, the Base Year is calendar year 2007 with the following exception:
  - ➤ Where a tenancy commenced before January 1, 2004, AND the Rent Board previously approved use of a pre-2002 base year (e.g. 1980-2001), the Base Year in 2013 is calendar year 2008.
- For tenancies that commenced during calendar year 2007, the Base Year is now calendar year 2011 (not 2006).
- For tenancies that commenced during calendar year 2008, the Base Year is calendar year 2007.
- For tenancies that commenced during calendar year 2004 or 2009, the Base Year is calendar year 2008.
- For tenancies that commenced during calendar year 2005 or 2010, the Base Year is calendar year 2009.
- For tenancies that commenced during calendar year 2006 or 2011, the Base Year is calendar year 2010.
- For tenancies that commenced during calendar year 2012, the Base Year is calendar year 2011.

Step 2: Be Sure that a Worksheet Should be Filed instead of a Petition for Approval of Utility Passthrough

- In 2013, Worksheets can only be used for Base Years 2007, 2008, 2009 and 2010.
- In 2013, a Petition for Approval of Utility Passthrough must be filed instead of a Worksheet for Base Year 2011. This includes tenancies that commenced in 2012 as well as tenancies that commenced during calendar year 2007.

Step 3: Determine Utility Costs for Laundry Facilities and Enter the Results on Page 1 of the Worksheet

- Skip Step 3 if any one of the following statements apply:
  - ➤ There are no laundry facilities on the property; OR
  - ➤ The landlord does not charge a user fee for the laundry facilities; OR
  - ➤ The laundry facilities are separately metered in both the Base Year and Comparison Year (in which case the landlord should exclude the laundry facility costs from the utility passthrough calculation).
- If the landlord's utility bills include the cost of gas and/or electricity for laundry facilities AND the laundry facilities are not separately metered in both the Base Year and Comparison Year AND the landlord charges a user fee for the laundry facilities, the landlord must deduct utility costs attributable to the laundry facilities from the total utility costs for the building. The cost of utilities for the laundry facilities can be determined in one of three ways:
  1. Where there is a third party vendor that collects the user fees from the laundry facilities, the landlord can deduct 100% of the income actually received by the landlord from the third party vendor for laundry use during the Base Year and the Comparison Year.
  2. Where there is not a third party vendor that collects the user fees from the laundry facilities, the landlord can deduct 50% of the user fees actually collected by the landlord for laundry use during the Base Year and the Comparison Year.
  3. Regardless of whether or not there is a third party vendor that collects the user fees for the laundry facilities, the landlord can deduct the *actual* proven utility costs for the laundry facilities in the Base Year and the Comparison Year.
- Calculate the sum of all utility costs attributable to the laundry facilities for the Base Year and Comparison Year under method 1, 2 or 3 above. Enter the sum on Lines (B) and (E) of the Worksheet. If the Rent Board has already issued a decision in a prior year determining the utility costs attributable to the laundry facilities for the Base Year, enter the approved figure from Table 1 of the prior decision on Line (B).

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- Service Period: If the landlord does not have evidence of laundry utility costs for 12 consecutive months that cover an exact calendar year from January 1 through December 31, the landlord may use the 12 months that most closely approximate the calendar years selected for the Base Year and Comparison Year.

Step 4: Compile Utility Bills and Proof of Payment for the Base Year and Comparison Year

- Gather all utility bills for gas, electricity and steam for utility costs *incurred* during the tenant's Base Year and the Comparison Year (2012). The utility passthrough shall be based on actual costs incurred by the landlord during the Base and Comparison calendar years, regardless of when the utility bill was received or paid.
- If the Rent Board has already issued a decision in a prior year determining the allowable utility cost in the Base Year, the utility bills and proof of payment have already been submitted to the Rent Board in the prior case, so it is unnecessary to compile them again.
- Service Period: If the landlord does not have 12 consecutive monthly utility bills that cover an exact calendar year from January 1 through December 31, the landlord may use the 12 bills that most closely approximate the calendar years selected for the Base Year and Comparison Year.

Step 5: Calculate Utility Costs for the Base Year and Comparison Year and Enter the Results on Page 1 of the Worksheet

- Calculate the sum of all utility bills for the tenant's Base Year to get the total Base Year utility cost. Enter the sum on Line (A) of the Worksheet.
- Subtract the Base Year's utility costs for the laundry facilities (Line B) from the total Base Year utility cost (Line A), to get the allowable Base Year utility cost (Line C). Where there is no deduction for the laundry facilities, the total Base Year utility cost (Line A) is the same as the allowable Base Year utility cost (Line C).
- If the Rent Board has already issued a decision in a prior year determining the allowable utility cost in the Base Year, enter the approved figures from Table 1 of the prior decision on Lines (A), (B) and (C).
- Calculate the sum of all utility bills for the Comparison Year to get the total Comparison Year utility cost. Enter the sum on Line (D) of the Worksheet.
- Subtract the Comparison Year's utility costs for the laundry facilities (Line E) from the total Comparison Year utility cost (Line D), to get the allowable Comparison Year utility cost (Line F). Where there is no deduction for the laundry facilities, the total Comparison Year utility cost (Line D) is the same as the allowable Comparison Year utility cost (Line F).

Step 6: Calculate the Monthly Utility Cost Increase

- Subtract the allowable Base Year utility cost (Line C) from the allowable Comparison Year utility cost (Line F) to get the utility cost increase (Line G). (If there is no increase in utility costs or if there is a decrease, no utility passthrough is allowed. Skip the remaining steps.)
- If there is an increase in utility costs, divide the utility cost increase by twelve (12) to determine the average monthly utility cost increase for the entire property (Line H).

Step 7: Determine the Number of Rooms in the Property and Enter it on Page 1 of the Worksheet

It is necessary to determine the total number of rooms in the property in order to calculate the utility passthrough. Enter the total room count on Line (I). For purposes of the room count, use the following guidelines:

- Single rooms without kitchens are one room units; studios are two room units; one bedroom units without a separate dining room are three room units; and so on.
- Bathrooms are not counted as rooms for purposes of the room count.
- Kitchens are counted as one room.
- Each parking space and garage space in the building which is included in a tenant's rental or for which a user fee is charged (to a tenant or non-tenant) shall be counted as one room.
- Areas used for commercial purposes, but for which no user fee is charged to the tenants, including but not limited to management offices and retail space, shall be included in the room count in a manner that most reasonably takes into account the size of the space and its utility usage. Include such spaces in the room count if such spaces are not separately metered for utilities, so that a fair share of the utility costs can be allocated to these spaces and not paid by the residential tenants.

Step 8: Determine the Monthly Utility Cost Increase Per Room on Page 1 of the Worksheet

- Divide the average monthly utility increase (Line H) by the number of rooms (Line I) to get the amount of the monthly utility cost increase per room and enter that amount on Line (J) of the Worksheet.

Step 9: Calculate the Monthly Utility Passthrough for Each Tenant's Unit on Page 2 of the Worksheet

- Determine the size of each tenant's unit that is subject to the passthrough by adding the number of rooms in the tenant's unit (according to the guidelines set forth in Step 7 above) to the number of parking or garage spaces included in the tenant's rental or for which the tenant pays a user fee.
- List all units of the same size (i.e. one-room, two-room, three-room, etc.) in the appropriate space on page 2 of Worksheet. To avoid confusion, list only the units that have the same base year reflected on page 1 of the Worksheet.
- Multiply the number of rooms, including parking/garage spaces, by the monthly utility increase per room (Line J) to get the monthly utility passthrough for each tenant's unit (Line K).

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