Checklist for Filing Capital Improvement Petition
For Seismic Work & Improvements Required by Law and
For Other Work & Improvements Required by Laws Enacted After 11/14/02

NOTE: Every item on this checklist must be completed and marked "YES" or your petition will be returned to you as incomplete or inappropriate for hearing!

	YES	NO	
1.	❑	❑	Have you provided a copy of the Capital Improvement Petition for each tenant listed, as well as the original and one copy for the Rent Board? If more than one tenant resides in the unit, you must provide a copy of the petition for each tenant.
2.	❑	❑	Have you completed Form I (Landlord Petition for Arbitration), Form II (the proposed rent increases) and Schedule A (capital improvement list for 20-year amortizations)?
3.	❑	❑	Does Schedule A provide adequate information for the tenants and the Administrative Law Judge to determine what was done for the costs incurred?
4.	❑	❑	If using imputed interest, did you use the rate in effect at the time of filing this petition?
5.	❑	❑	Is there a contract and/or invoice for each claimed cost?
6.	❑	❑	Is there a cancelled check and/or receipt for each claimed cost?
7.	❑	❑	Have you included evidence showing that the seismic work/improvements were required by law? Have you included evidence that the other non-seismic work/improvements were required by laws enacted after November 14, 2002?
8.	❑	❑	Are there two sets of copies of all supporting documentation (receipts, invoices, contracts, copies of cancelled checks, photos, etc.)? (The landlord petitioner is <u>not</u> required to provide copies of supporting documentation for the tenants.)
9.	❑	❑	If the petition requests certification of more than $25,000.00 in capital improvement costs, <u>for each capital improvement item in this petition</u> did you submit copies of competitive bids for work & materials OR copies of time & materials billings for work performed OR a check in the amount of the applicable estimator fee?
10.	❑	❑	Have you determined whether or not the expedited hearing process is a possibility? (Discuss this option with a counselor; the landlord is required to obtain the written consent of all tenants in order to use the expedited hearing process.)
11.	❑	❑	For <u>each tenant in the unit</u> subject to the proposed passthrough, have you provided: **Three business-size envelopes, pre-addressed to each tenant, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing to the tenants and must have first class postage for one ounce; (2) one must have sufficient postage for mailing the petition plus one additional page of instructions from the Rent Board; and, (3) one must have first class postage for two ounces for mailing the decision to the tenants.** *If a postage meter is used instead of postage stamps, please do NOT include a date on the meter marking.*
12.	❑	❑	For each landlord and landlord representative, have you provided: **Two business-size envelopes, pre-addressed to each landlord party, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing and must have first class postage for one ounce; and, (2) one must have first class postage for two ounces for mailing the decision.**

Residential Rent Stabilization and Arbitration Board
City and County of San Francisco

INSTRUCTIONS FOR FILING CAPITAL IMPROVEMENT PETITIONS
For Seismic Work & Improvements Required by Law and
For Other Work & Improvements Required by Laws Enacted After 11/14/02

1. A landlord's petition for certification of capital improvement costs for seismic work & improvements required by law and for other improvements required by laws enacted after 11/14/02 must include the following:
   (1) Landlord Petition for Arbitration, FORM I;
   (2) Proposed Monthly Rent Increases, FORM II;
   (3) Schedule A – Capital Improvements – 20-year amortizations;
   (4) Documentation supporting the requested increase; and
   (5) Evidence showing that the seismic work was required by law and/or that the non-seismic work was required by laws enacted after 11/14/02.

2. The petition must be completely filled out and signed by the landlord or the landlord's authorized agent. The petition must be assembled as noted on page 4, "Tips for Preparing a Capital Improvement Petition." **The Rent Board staff is not permitted to complete or fill in the petition for you.** DO NOT INCLUDE ANY SEISMIC WORK THAT IS NOT REQUIRED BY LAW. DO NOT INCLUDE NON-SEISMIC IMPROVEMENTS THAT ARE NOT REQUIRED BY LAWS ENACTED AFTER 11/14/02. Such work and improvements should be included on the separate Capital Improvement Petition for Properties With 1-5 Residential Units or the Capital Improvement Petition for Properties With 6 or More Residential Units.

3. You must submit a copy of your completed petition for each tenant in the unit whose rent you propose to increase, plus the original and one copy for the Rent Board. You must also submit two (2) copies of all relevant documents (contracts, invoices, cancelled checks, receipts, etc.) to verify your claims. You do not need to provide extra copies of the supporting documents for mailing to each tenant. At the hearing, you must be prepared to clearly describe the nature of the work performed and explain the documents verifying the costs claimed in the petition. All invoices must clearly state a specific dollar amount for each item of work performed. If your petition and the supporting documentation are complete, clear and well-organized, you may be eligible for a Minute Order (a decision issued within 14 days of the hearing). A full description of the Minute Order program will be mailed to you with the Notice of Hearing.

4. You must submit 3 business-size envelopes, pre-addressed to each tenant, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing to the tenants and must have first class postage for one ounce; (2) one must have sufficient postage for mailing the petition plus one additional page of instructions from the Rent Board; and, (3) one must have first class postage for two ounces for mailing the decision to the tenants. You must also submit 2 business-size envelopes, pre-addressed to each landlord party, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing and must have first class postage for one ounce; and, (2) one must have first class postage for two ounces for mailing the decision.

5. If your petition requests certification of more than $25,000.00 in capital improvement costs, exclusive of interest, for each capital improvement item listed in Schedule A you must provide copies of competitive bids received for work and materials OR copies of time and materials billing for work performed by all contractors and subcontractors OR you must pay the cost of an estimator hired by the Board. The Estimator Fee Schedule is set forth on page 3 and is based upon the cost of the work ***without*** interest. The fee must be paid at the time the petition is filed. Make the check payable to the San Francisco Rent Board.

6. The cost of work required to correct a code violation for which a notice of violation was issued and remained unabated for 90 days will not be certified unless the landlord made timely good faith efforts to do the work within that 90-day period but was not successful in doing so due to the nature of the work or circumstances beyond the landlord's control.

7. A petition will not be accepted for filing unless you have fully complied with the above. **FAILURE TO SUBMIT ADEQUATE DOCUMENTATION MAY RESULT IN EITHER ADMINISTRATIVE DISMISSAL OR THE DENIAL OF YOUR REQUESTED INCREASES.** Rules and Regulations Section 7.17 permits dismissal of incomplete Capital Improvement Petitions. Please review this section if you have any questions.

NOTE: You are required to serve written notice of the rent increase on a tenant *after* filing your petition with the Rent Board. Civil Code Section 827 requires service of a sixty (60) day notice of rent increase if the increase, either by itself or combined with any other rent increase in the one year period before the effective date, is more than 10%. If 10% or less, a thirty (30) day notice is required. If the rent increase notice is served by mail, the required notice period must be extended by an additional five days. Rent increases based on capital improvements may be imposed at any time and need not be imposed only on the tenant's rent increase anniversary date. PRIOR TO OR AT THE HEARING, YOU MUST SUBMIT A COPY OF EACH RENT INCREASE NOTICE WHICH YOU SERVED ON THE TENANT(S) AFTER THIS PETITION WAS FILED.

CAPITAL IMPROVEMENT AMORTIZATION PERIODS
For Seismic Work & Improvements Required by Law and For Other Work & Improvements Required by Laws Enacted After 11/14/02
Ordinance Section 37.7(c)(3)(C)

20 years: Seismic work and improvements required by law; non-seismic work and improvements required by laws enacted after 11/14/02

CAPITAL IMPROVEMENT ESTIMATOR FEES
Rules and Regulations Section 3.10

COST OF WORK			FEES
$ 0	–	$ 9,999	$ 480
$ 10,001	–	$ 20,000	$ 630
$ 20,001	–	$ 30,000	$ 780
$ 30,001	–	$ 40,000	$ 900
$ 40,001	–	$ 50,000	$ 960
$ 50,001	–	$ 60,000	$ 1,020
$ 60,001	–	$ 70,000	$ 1,080
$ 70,001	–	$ 80,000	$ 1,140
$ 80,001	–	$ 90,000	$ 1,200
$ 90,001	–	$ 100,000	$ 1,260
$ 100,001	–	$ 125,000	$ 1,350
$ 125,001	–	$ 150,000	$ 1,500
$ 150,001	–	$ 200,000	$ 1,650
$ 200,001	–	$ 300,000	$ 2,250
$ 300,001	–	$ 400,000	$ 3,000
$ 400,001	–	$ 500,000	$ 3,750
$ 500,001	–	$ 600,000	$ 4,500
$ 600,001	–	$ 750,000	$ 5,625
$ 750,001	–	$ 1,000,000	$ 7,250
$ 1,000,001	–	$ 1,500,000	$ 10,875
$ 1,500,001	–	$ 2,000,000	$ 14,000
$ 2,000,001	–	$ 2,500,000	$ 16,875
$ 2,500,001	–	$ 3,000,000	$ 19,875
$ 3,000,001	–	$ 3,500,000	$ 23,188
$ 3,500,001	–	$ 4,000,000	$ 26,000
$ 4,000,001	–	$ 4,500,000	$ 28,690
$ 4,500,001	–	$ 5,000,000	$ 31,625
$ 5,000,001	–	$ 6,000,000	$ 34,031
$ 6,000,001	–	$ 6,500,000	$ 36,000
$ 6,500,001	–	$ 7,000,000	$ 38,500
$ 7,000,001	–	$ 7,500,000	$ 39,375
$ 7,500,001	–	AND OVER	$ 40,000

TIPS FOR PREPARING A CAPITAL IMPROVEMENT PETITION
For Seismic Work & Improvements Required by Law and For Other Work & Improvements Required by Laws Enacted After 11/14/02

- **For each capital improvement completed within the past five years, provide proof of cost and proof of payment.** Proof of cost can be documented by a bill, invoice, contract, receipt, statement, etc. Proof of payment is best documented with a copy of a cancelled check.

  ***SHORTCUT**: Did you know that a check is cancelled on the front as well as the back? The dollar amount of the check is printed by the bank in the lower right corner of the face of the check to show that the check has been paid. Therefore, a copy of the front of the check is sufficient to show proof of payment.*

- **Organize your documents in the order in which the capital improvements are listed on the petition.** For each capital improvement item listed on the petition, include a copy of the bill, invoice, contract, etc., with the proof of payment attached. You must also provide evidence showing that all seismic work/improvements included in the petition were required by law or that the non-seismic work was required by laws enacted after 11/14/02. For example, if the first capital improvement item listed on the petition is a new sprinkler system, include a copy of the contract for the sprinkler system, with a copy of the cancelled check to AAA Sprinklers Co. and attach a copy of the law or official notice requiring installation of the new sprinkler system. Next, include a copy of the bill/invoice/contract for the second item, with a copy of the cancelled check for that item and attach a copy of the law requiring that work/improvement. And so on. Where a single check proves payment for more than one capital improvement, a separate copy of the check should be attached to the bill/invoice/contract for each of the improvements.

- **Capital improvements should be listed on the petition in chronological order,** with the earliest improvement first.

- **For each petition totaling more than $25,000.00** (exclusive of interest), the landlord must provide <u>for each capital improvement item included in the petition</u> either copies of competitive bids received for work or materials OR copies of time and materials billing for work performed by all contractors and subcontractors OR payment for the cost of an estimator hired by the Rent Board. It is permissible to have competitive bids and/or time and materials billings for only some of the items in a petition and to pay an estimator fee for the remaining items. The amount of the estimator fee is based on the cost of the items needing an estimate, which may be less than the total amount claimed in the petition.

OTHER HELPFUL HINTS

- **For owners or managers of more than one property, get separate bills, invoices, contracts, receipts, statements, etc. for each expense at each property.** Alternatively, make sure that the costs attributable to separate properties are kept separate and can be identified as pertaining to a particular property. Likewise, make payments for each property separately so that cancelled checks pertain to one property only.

- **Ask the contractor or service provider to clearly describe** the exact nature of the work performed and to clearly identify the location of the property where the work is performed. In addition, where multiple improvements are listed on a single invoice, an itemization of costs should be provided. This is particularly helpful if the expenses are challenged.

- **At the time that checks are prepared, make a notation on the memo line to identify the expense.** For example, write “sprinkler system – 25 Van Ness Ave.” Or, identify the invoice number that corresponds with the payment.

- **Make all payments by check or credit card.** Cash payments are difficult to document.

- **At the time of purchase of a property, if you anticipate filing a petition, you should require documentation of capital improvement costs as a condition of closing escrow.** It is often difficult to obtain these records from the prior owner after the transaction is completed.

- **Abate code violations promptly.** The Rent Board cannot certify capital improvement costs if the work was required to correct a code violation for which a notice of violation was issued and remained unabated for 90 days unless the landlord made timely good faith efforts within the 90-day period to commence and complete the work but was not successful in doing so because of the nature of the work or circumstances beyond the control of the landlord.

IF YOU HAVE QUESTIONS, STAFF IS AVAILABLE TO HELP YOU WITH YOUR PETITION. Please call 252-4602 to speak with a Counselor or visit our office between 8:00 am and 5:00 pm. Because of demand and staff limitations, your petition must be completed as fully as possible before discussing it with staff. It will also expedite our assistance to you if you have made a written list of questions **before** you call or visit the office. You may request to speak with a supervisor to determine if an appointment with one of the Capital Improvement Petition Coordinators is necessary.

Residential Rent Stabilization & Arbitration Board
City & County of San Francisco
FORM I

LANDLORD CAPITAL IMPROVEMENT PETITION FOR SEISMIC WORK & IMPROVEMENTS REQUIRED BY LAW OR FOR OTHER WORK & IMPROVEMENTS REQUIRED BY LAWS ENACTED AFTER 11/14/02

(Please Print)
Full Property Address: _____ San Francisco, CA 941 _____

Owner's Name: _____ Owned since: _____
(First) (Middle Initial) (Last)

Owner's Mailing Address: _____
(Street Number) (Street Name) (Apt./Suite Number) (City & State) (Zip Code)

Work Phone: _____ Home Phone: _____ Other Phone: _____

Fax #: _____ E-mail: _____

Is an agent and/or property manager authorized to represent the landlord's interest in this petition? ❑ Yes ❑ No

If yes, check the appropriate box and **attach written authorization**: ❑ Agent ❑ Property Manager

Agent's Name: _____ Work Phone: _____

Agent's Mailing Address: _____
(Street Number) (Street Name) (Apt./Suite Number) (City & State) (Zip Code)

Fax #: _____ E-mail: _____

Property Manager's Name: _____ Work Phone: _____

Manager's Mailing Address: _____
(Street Number) (Street Name) (Apt./Suite Number) (City & State) (Zip Code)

Fax #: _____ E-mail: _____

Notice of hearing and decision to be mailed to [check appropriate box(es)]: ❑ Owner ❑ Agent ❑ Property Manager

Has a previous petition or report been filed with the Rent Board concerning this property? ❑ Yes ❑ No

If yes, list the CASE NO(S): _____ and/or DATE(s): _____

Year built: _____ # of units in the building: Residential _____ Commercial _____ Total _____

You can use this capital improvement petition for any size property.

The total number of units for which I am seeking a rent increase is _____. (List units & tenants on next page.)

❑ **I am filing for a rent increase above the current annual rent increase permitted under the Rent Ordinance based on:**
❑ Seismic Work & Improvements Required by Law
❑ Non-Seismic Work & Improvements Required by Laws Enacted After 11/14/02

Total value of capital improvement costs claimed in the petition (*without* interest): $_____

If total value exceeds $25,000, I have included one of the following for each capital improvement item in the petition:

❑ Competitive Bids ❑ Time and Materials Billing ❑ Estimator's Fee

❑ **None of the work was required to correct a code violation for which a notice of violation was issued and remained unabated for 90 days.**

I declare under penalty of perjury under the laws of the State of California that this information and every attached schedule, form and document is true and correct to the best of my knowledge and belief.

_____ _____

Signature of owner or authorized agent (circle one) **Date**

The following tenants are subject to this petition:

Unit #	Tenant's Name	Phone Number*

*** CAUTION: Phone numbers listed here are public information. Do not include numbers if confidentiality is a concern.**

FORM II
Capital Improvement Petition For Seismic Work & Improvements Required by Law and For Other Work & Improvements Required by Laws Enacted After 11/14/02

PROPOSED MONTHLY RENT INCREASES

1	2	3	4		5	6	7	8	9	10
Unit Number/ Move-In Date	Tenant's Base Rent at Time Petition is Filed	Current ❑ Utility ❑ Gen'l Bond ❑ Water Bond Passthrough	Previous Capital Improvement Passthrough Currently in Effect		Current Total Rent (Columns 2+3+4)	Total Monthly Proposed Cap. Imp. Passthrough	Proposed 1st Year Maximum Cap. Imp.[A]	Proposed ❑ O&M ❑ Comparables ❑ Other	Total Proposed Increases (Columns 7+8)	Proposed Monthly Rent[B] (Columns 5+9)
			AMOUNT	**DATE IMPOSED**						

[A] If the total monthly proposed capital improvement passthrough (column 6) exceeds the greater of $30.00 or 10% of the tenant's base rent at the time the petition is filed (column 2), the landlord must limit the initial passthrough to $30.00 or 10% of the tenant's petition base rent, whichever is greater. The landlord may accumulate or "bank" the remaining portion of the passthrough and impose it in subsequent years at the rate of $30.00 or 10% of the tenant's petition base rent per year, until the full passthrough amount is completely imposed. For large increases, it may take several years to fully phase in a capital improvement passthrough. [See Ordinance Section 37.7(c)(3)(D)]

[B] This amount should not include any annual and/or banked rent increases that were not in effect at the time the petition was filed.

SCHEDULE A OF LANDLORD PETITION
Seismic Work & Improvements Required by Law and Other Work & Improvements Required by Laws Enacted After 11/14/02

CAPITAL IMPROVEMENTS – 20-YEAR AMORTIZED ITEMS

NOTE: ONLY COSTS FOR CAPITAL IMPROVEMENTS COMPLETED WITHIN THE LAST FIVE YEARS BEFORE THE FILING DATE ARE ELIGIBLE FOR CERTIFICATION. Refer to Ordinance Sections 37.7(c)(3) and Rules & Regulations Sections 7.10 through 7.18 for more information on the capital improvement certification process.

Source of Funds Used to Pay for the Work: ❑ **Personal** ❑ **Loan** ❑ **Insurance** **List all item numbers paid by loan proceeds:** _____

List all item numbers reimbursed by insurance proceeds: _____ **You must deduct insurance proceeds from the Total Cost of Each Item.**

Item Number[1]	Description of Work Done	Date Work Began[2]	Date Work Completed	Total Cost of Each Item[3]	Interest Rate[4] (Check One) ❑ Actual ❑ Imputed	Cost With Interest[5]	Total Number of Units Benefited[6]	Monthly Per Unit Cost[7]

The imputed interest rate for the period March 1, 2013 through February 28, 2014 is 2.6% (or a factor of .00535) for capital improvement costs amortized over 20 years.

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[1] Number each item and use that number with all documentation. For example, use 20-1, 20-2, etc. for 20-year amortized items.

[2] Units rented during or after construction, or within 6 months of the commencement of the work, are not eligible for passthrough of the cost. [See Rules & Regulations §7.12(b)]

[3] List uncompensated labor costs separately. Claims for uncompensated labor must be accompanied by a detailed log of dates and hours and calculated at standard labor rates as posted by the Rent Board. Persons seeking compensation at higher rates must submit proof of contractor status and evidence of prevailing labor rates for that trade. Imputed interest is not allowed for uncompensated labor costs.

[4] If the improvement was funded, in whole or in part, with borrowed money, the landlord is entitled to use the actual rate of interest incurred, up to 10% for fixed rate loans. Attach loan documentation to verify the actual interest rate. Variable rate loans will be calculated at the imputed interest rates published by the Rent Board.

[5] To calculate the Cost With Interest using the imputed interest rate, multiply .00535 X cost X 240 (months) for 20-year amortizations. If using an actual rate of interest, obtain the applicable multiplier from Rent Board staff and insert it in the Cost With Interest formula as follows: [Actual Interest Rate Multiplier] X cost X 240 (months).

[6] If all units benefited from the work, including commercial units, list "all" followed by the total number in parentheses; otherwise, list the total number of units benefited and identify particular units in parentheses. For example, if there are 3 residential units and 1 commercial unit and all benefited, list "all (4)". If only 2 of 4 units benefited, list "2 (#101 & #103)".

[7] To determine the "Monthly Per Unit Cost," divide the "Cost With Interest" by 240 (months) and then divide that amount by the "Total Number of Units Benefited." Show the actual amount of the monthly per unit cost. For example, if your "Cost With Interest" is $10,000 and the "Total Number Of Units Benefited" is 4, the "Monthly Per Unit Cost" would be $10.42 ($10,000 ÷ 240 ÷ 4 = $10.42). Note that the maximum monthly passthrough per unit that can be *imposed* is limited annually to 10% of the tenant's base rent at the time the petition was filed or $30.00, whichever is greater. If the actual monthly per unit cost exceeds this 10%/$30.00 limitation, excess amounts certified may be accumulated and imposed in subsequent years, subject to the 10%/$30.00 limitation. [See Ordinance §37.7(c)(3)(D)] Form II, Column 7, lists the maximum initial monthly passthrough permitted for each unit.