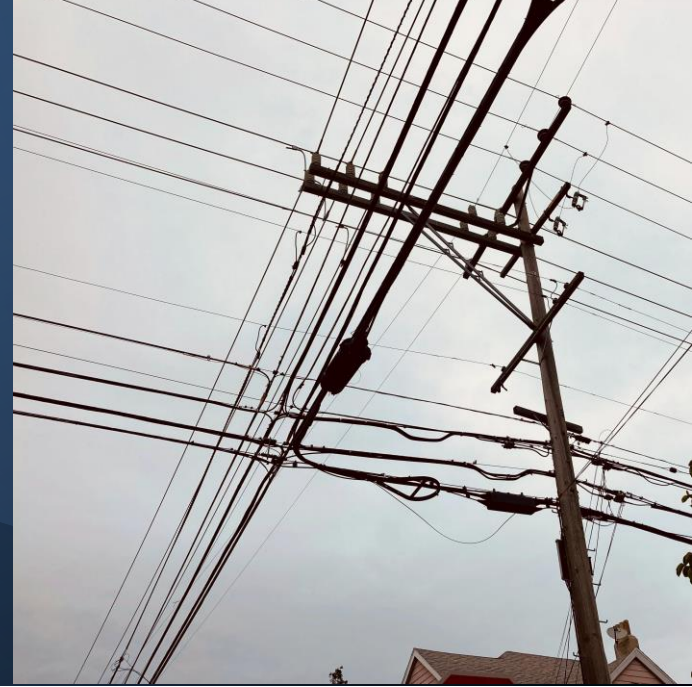


# Rent Ordinance Update – Utility Fees

Proposed amendments to prohibit billing  
for utilities that are not separately  
metered



July 16, 2026

Bill Chapin, Rent Program Director

# Utility Charges for Rental Properties

- Each rental unit is separately metered
  - A. Tenant sets up account and pays utility provider directly
  - B. Landlord pays provider and bills tenant for usage
- One master meter for entire rental property
  - C. Utility is included with the rent, landlord responsible for payment
  - D. Flat monthly fee established in rental agreement
  - E. Fee varies month to month based on estimated usage (Ratio Utility Billing System or RUBS)



# Current Regulations

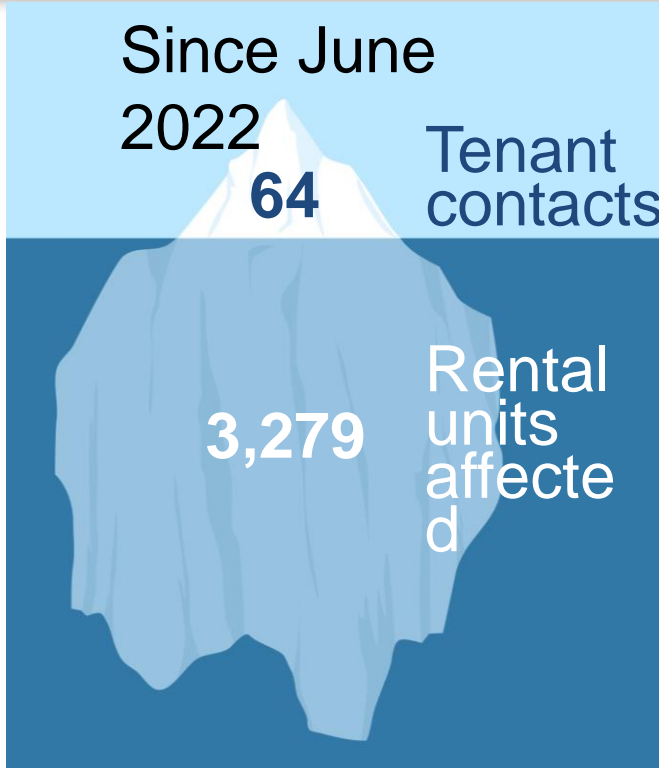
- **Alameda:** Landlords may charge for utilities as a separate fee not included in rent, including use of RUBS
  - Must be established as tenant’s responsibility in original rental agreement; utilities included in rent may not be “unbundled”
  - Not subject to restrictions on rent increases
- **Other jurisdictions with rent control:** Most do not allow fees for utilities unless separately metered
  - Bans in San Jose (2018), Mountain View (2023) & Berkeley (2024)

# Justifications for RUBS Bans

- Concern about utility fees being used to circumvent limits on rent increases
- Increasing tenant complaints about RUBS:
  - Lack of transparency
  - Confusing allocation formulas
  - Subsidization of larger households or vacant units
- Investigations are complex and require significant staff resources



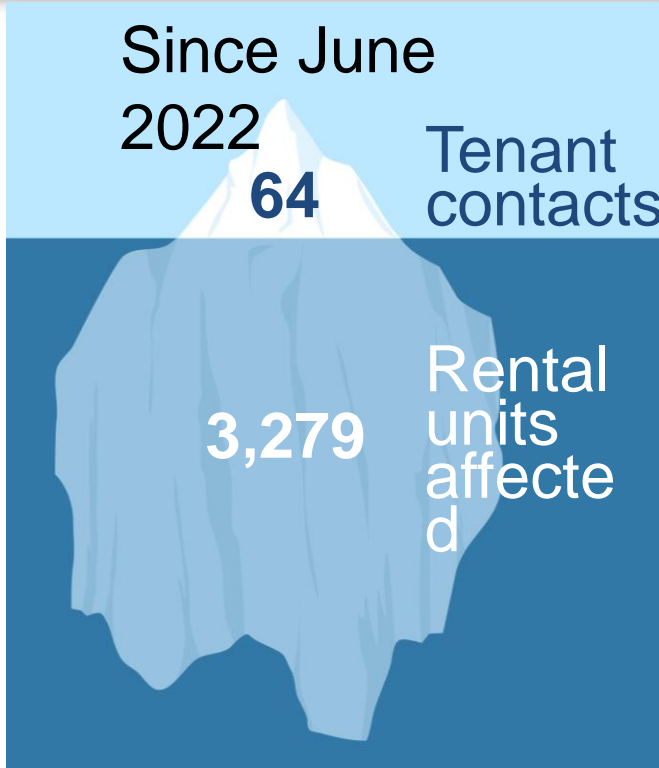
# Increasing Tenant Complaints



## EXAMPLES

- 34-unit property
  - After new RUBS billing provider took over, fees suddenly increased to exactly \$200
  - One tenant's sewer charges quadrupled
  - Multiple tenants charged for utilities that lease identifies as landlord's responsibility
  - Investigation ongoing after 16 months

# Increasing Tenant Complaints



## EXAMPLES

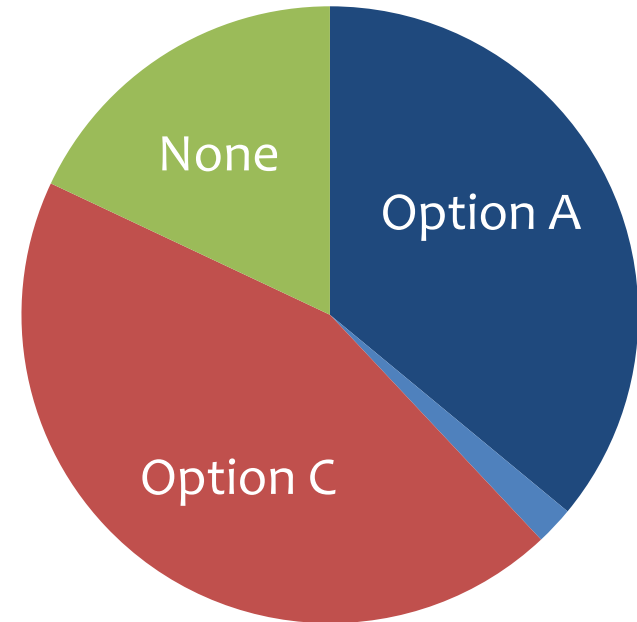
- 4-unit property
  - Lease states tenant to pay “proportional share” of utilities as fee separate from rent
  - As three units have become vacant, remaining tenant charged for half of entire property’s utility expenses
  - Average PG&E bill tripled YoY, including \$1,346 for January 2026

# Research and Outreach

- Analysis of policies in other jurisdictions with rent control
- Interviews with staff in Berkeley and Mountain View
- Three community workshops addressing RUBS and utility fees in March and April 2026
- Online survey posted through April 2026
- Participation by more than 100 community members

# Survey Results

- 3 policy options:
  - **Option A:** Continue to allow RUBS with additional disclosure requirements for improved transparency – **36%**
  - **Option B:** Gradual phase-out of RUBS, fees banned for new tenancies only – **2%**
  - **Option C:** Full ban on fees for utilities that are not separately metered, with one-time rent adjustment petition – **44%**
  - **None of the Above** – **18%**



# Proposed Ordinance

## **RUBS BAN**

- Prohibit fees or charges for utilities without a separate submeter
- RUBS prohibited for new tenancies
- For existing tenancies, landlords may continue to use current system until they have completed the rent-adjustment petition process

# Proposed Ordinance

## **ONE-TIME UTILITY ADJUSTEMENT PETITION**

- Landlords submit documentation showing average monthly utility charges over 12-month period
- Tenant's rent adjusted upward by this average plus allowance for inflation
- Deadline to impose adjustment and stop using RUBS
- Utility allowances calculated by Housing Authority serve as a check against unreasonable charges

# Proposed Ordinance

## TENANT PETITIONS

- Tenants may file a petition if the utility adjustment was not consistent with the tenant's rental agreement, i.e. the calculation was based on a utility that was supposed to be included with the rent
- Will use existing process for downward rent adjustments, with independent Hearing Officers issuing binding decision

# Proposed Ordinance

## **SUBMETERS AS A CAPITAL IMPROVEMENT**

- Installation of separate utility meters added to the list of projects that are eligible for a Capital Improvement Plan
- Landlords able to pass cost of installation on to tenants, amortized over long period of time with maximum caps
- Available for rental properties of all sizes

# Staffing Requirements

- Submissions cannot be reviewed with Rent Program's current staffing without negatively affecting other program services.
- Propose to hire two temporary, part-time administrative technicians for during of petition process
- Operational cost savings and existing fund balance are sufficient to cover cost of positions

# Fair Return Petitions

- Existing procedure already in place to address situations where landlords are experiencing significant cost increases
- If net operating income is not keeping pace with inflation, the landlord may petition for an upward rent adjustment based on the right of Fair Return
- Independent Hearing Officer issues a binding decision

# Staff Recommendation

Introduce the proposed ordinance to update the City's Rent Control laws to better regulate utility charges, banning fees for utilities that are not separately metered and providing a process for landlords to receive a one-time rent adjustment

