

MOTION

Under the City of Los Angeles' Rent Stabilization Ordinance, landlords who pay all the costs of electricity and/or gas services for a rental unit are allowed to increase the maximum rent or maximum adjusted rent an additional one percent for each such service paid by the landlord, not to exceed a total of two percent. Many landlords instead opt to bill tenants directly, presumably because the allowable one to two percent rent increase fails to offset the cost of utilities.

Many large buildings, however, do not have individual meters for each unit. Rather, they have a single meter covering the entire building. As a result, the utilities billed to a given unit are not a direct reflection of that unit's actual utility usage, but an estimation of that unit's portion of the whole building's utility costs.

Many landlords contract with third-party billing agencies who calculate and collect utility bills from tenants, usually based on a Ratio Utility Billing System (RUBS), which calculates bills for each unit based on things like square footage, number of occupants, number of water fixtures, etc.

Tenants do not have a way of knowing how these third-party agencies calculate the amount charged to each unit, leaving tenants who suspect they are being overcharged with no clear way to verify or dispute their bills. Additionally, the practice of using private companies to bill tenants often leaves many low-income tenants unable to take advantage of low-income utility services.

Tenants in the City would benefit from the implementation of a transparent process by which they could identify their utility charges. In 2003, the City of Seattle adopted an ordinance that requires landlords and the third-party billing agencies they contract with to disclose their RUBS formula in tenants' utility bills, along with readings of the meter for the entire building at the start and end of the billing period. This allows tenants to verify the amount for which they are being billed, ensuring they are not being overcharged.

I THEREFORE MOVE that the City Council instruct the Los Angeles Housing Department, with the assistance of the City Attorney, to report back within 60 days with recommendations for the implementation of an ordinance that will require greater transparency for tenant utility bills.

The report back should include recommendations for:

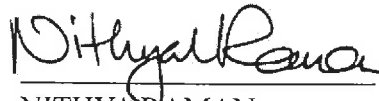
- An ordinance that will require landlords and third-party billing agencies to provide a detailed written disclosure of the methodology used to allocate utility charges to each tenant;
- Any restrictions and regulations for the billing of utility services outside a tenant's primary unit, including for common areas of buildings;

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- A protocol for tenants and landlords to resolve disputes over utility charges, with the possibility of LAHD as a mediator;
- A liability framework in which landlords are liable for the actions of third party billing agencies that violate the ordinance;
- A private right of action for tenants against their landlords for overcharging and violations of the ordinance; and
- Allowing low-income tenants whose utility bills are processed by private companies to take advantage of low-income utility services.

PRESENTED BY:



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SECONDED BY:



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