

The Legal Aspects of Ratio Utility Billing Systems (RUBS)

What California Housing Providers Need to Know

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How RUBS Works: Allocation Methods

RUBS can be used to recover costs from master-metered utilities



WATER



CENTRAL HVAC



TRASH



PEST CONTROL



HOT WATER



LANDSCAPING

Allocation formula*:

Water, Hot Water, Sewer, Trash

NUMBER OF OCCUPANTS	OCCUPANCY FACTOR
1	1
2	1.6
3	1.9
4	2.2
5	2.5
6	2.8

*We also consider common area and in-unit amenities

Requirements

- **Provide transparency**
 - Legally, Housing Providers need to clearly show Residents what is billed and exactly how it's calculated, including access to the utility bills if requested
- **Update your lease language**
 - Disclose billing methodology.
 - Identify any deductions for the common area and goodwill.
 - Specify any fees, including for service, late payment and insufficient funds.
- **Marketing guidelines**
 - Use consistent representations to residents and prospects in marketing and leasing (including renewal).
 - "Utilities not included."
 - Introduce the program in lieu of a rent increase.



Limitations & FAQ's

- Housing Providers cannot resell the utility for a profit.
 - Set reasonable and defensible fees.
 - Some versions of rent control only allow for program implementation on lease inception.
 - Housing Providers cannot ratio bill for gas, unless it's exclusively heating water via a common boiler.
 - Property owners cannot ratio bill for electricity, unless it's separately metered or for a common HVAC system.
- **What can Housing Providers do if a Resident doesn't pay their portion of the bill?**
 - **Enforce lease terms:**
 - Serve a notice to perform or quit.
 - Withhold accrued balance from the security deposit.
 - Late fees may be assessed each month the balance is overdue if stated in the lease.
 - **Enforce contract terms:**
 - Take the Resident to small claims court.
 - Assign the debt to a 3rd-party collection agency.

RUBS and California Law

We understand that Housing Providers are being squeezed between twin forces of rising utilities and softening housing and rental markets. Improving your Net Operating Income is why we're here! That's why we put this piece together. As a California Housing Provider, you need to keep a few more things in mind.

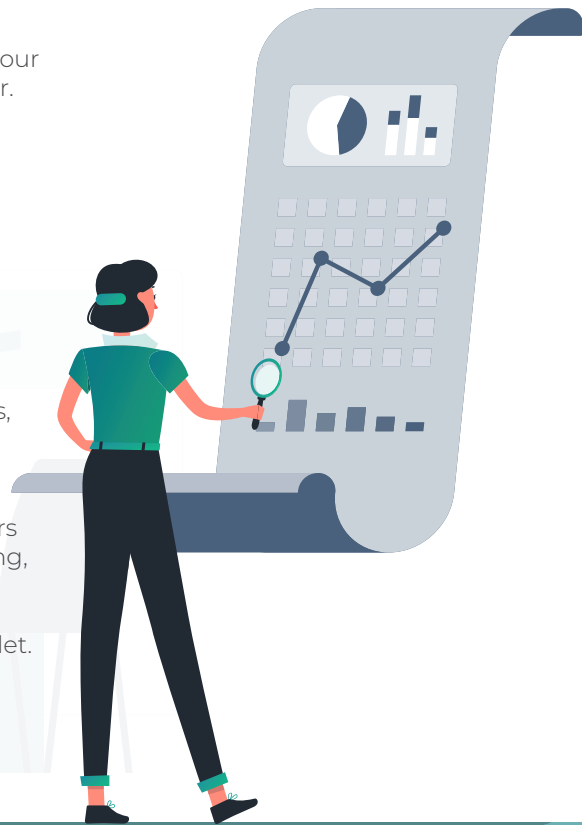
In California, any Ratio Utility Billing System (RUBS) is subject to various legal regulations and guidelines to ensure fair and equitable distribution of utility costs among tenants. The state has enacted specific requirements for billing transparency and accuracy, mandating property owners and managers to clearly disclose the RUBS methodology used, as well as the basis for allocating utility expenses.

Moreover, the California Civil Code requires that all lease agreements include clear and unambiguous terms regarding the responsibility for utility payments, ensuring that tenants are fully aware of their financial obligations.

It's important to note that square footage allocations for recovery of gas and electric costs is not legal in California. Housing Providers must install submeters to avoid absorbing the costs of those utilities. If you're interested in submetering, we can help!

At Livable, we truly believe that what's good for the planet is good for your wallet. Let us know how we can help you start saving.

Come save with us!



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