



California Apartment Association
Los Angeles County

May 19th, 2026

Chair Nithya Raman
Los Angeles Housing and Homelessness Committee
City of Los Angeles
VIA Email

Re: Item 5- Ratio Utility Billing Systems (C.F. [22-0178](#))

On behalf of the California Apartment Association, we write to express our support for stronger transparency standards that ensure residents clearly understand how utility charges are calculated.

Transparency is not the same as prohibition. The originating motion focused on transparency, not a ban on Ratio Utility Billing Systems (RUBS). For that reason, CAA opposes the Los Angeles Housing Department's recommendation to eliminate RUBS in Los Angeles.

It is unclear how such a significant policy recommendation moved forward without specific direction from the Council, stakeholder input, or supporting analysis.

No Direction for Prohibition

Neither the [originating motion](#) nor [subsequent direction](#) from the Housing and Homelessness Committee directed LAHD to evaluate or recommend a prohibition on RUBS. The policy discussion was focused on greater transparency standards. It is unclear what authority LAHD relied upon to advance a recommendation that goes well beyond the scope of council direction.

No Stakeholder Process

LAHD held one stakeholder meeting in November 2023. That discussion focused on transparency practices, billing clarity, and enforcement. Eliminating RUBS, and the potential impacts on residents, housing providers, conservation, and operating costs, was not presented for review or feedback. Following this letter is CAA's 2023 correspondence with LAHD regarding that stakeholder meeting.

No Environmental or Economic Analysis

The recommendation also lacks environmental and economic analysis. RUBS helps connect utility use with cost responsibility, encouraging residents to conserve water and energy, report leaks, and avoid waste. A recent analysis of San José's RUBS ban found that water usage increased among affected apartment buildings after the policy took effect. San José is now considering whether to reverse course and lift the ban. We have included these documents.

No comparable analysis was conducted before LAHD recommended eliminating RUBS. Nor was an analysis on how this would impact rent and operating costs. There was also no review of how this recommendation may conflict with other local policies, including indoor temperature requirements, the City's existing [Energy and Water Benchmarking program](#), or a possible Building



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Performance Standard. The city will potentially require reductions in energy and water usage while also eliminating the very tools that encourage conservation.

Compounding Regulations on Housing Providers

Los Angeles should not move forward with another costly regulation on rental housing providers without first completing a full analysis of impacts on conservation, affordability, utility costs, and housing operations. The city recently severely curtailed allowable rent increases despite recommendations, data, and studies showing the need for a different approach.

The City cannot continue to impose unworkable policies on the rental housing stock without appropriate fact gathering and analysis. It is LA local government action that is making housing more expensive and harder to find.

CAA respectfully urges the Committee to reject the RUBS prohibition recommendation and focus on the council direction to pursue reasonable transparency standards that protect residents while preserving conservation and cost-recovery tools.

Sincerely,

A handwritten signature in black ink that reads "Fred Sutton".

Fred Sutton
California Apartment Association



San Jose Ordinance Prohibiting RUBS: Impact on Water Consumption

In late 2017, the City of San Jose (City) adopted Ordinance #29775, which banned the use of Ratio Billing Systems (RUBS) for allocating utility billing among apartments not having individual meters starting in February 2018. In response to this change, the California Apartment Association commissioned our firm to examine how water usage in the City was affected by the ban. Based on the data and methods discussed below, we find that (1) median water usage in our sample of approximately 4,000 apartments using RUBS increased 11 to 12 percent following the law change, and (2) the law change likely played a major role in this consumption increase.

Background

A Ratio Utility Billing System (RUBS) is a method used by property owners to allocate utility costs – such as water, sewer, and gas or electricity – among tenants. Instead of measuring each unit’s actual consumption with a submeter, landlords apply formulas based on variables like square footage, number of occupants, or number of bathrooms. RUBS is typically implemented in older buildings where installing individual utility meters is impractical or cost prohibitive.

The financial incentives to conserve are perhaps less strong in a building using RUBS than in a building where renters are charged based on actual usage (as measured by direct metering). However, the financial and conservation incentives are much stronger than the almost non-existent feedback that renters receive when projected utility expenses are folded into monthly rents and fixed for the full term of the lease. In fact, a fixed payment creates a “use-it-or-lose-it” incentive, since tenants receive no rent reduction from water conservation and no rent increase from profligate water usage. Any savings from conservation would either go to the landlord or a future renter (in the form of lower rent).

RUBS also aligns with California’s sustainability initiatives – such as the State Water Resources Control Board’s conservation mandates – by encouraging responsible water use in multi-family dwellings.

Past Research on RUBS and Water Conservation

Several studies have examined the impact of RUBS on water consumption in multi-family buildings. For example, a 1999 study prepared for the National Apartment Association and the National Multi Housing Council found that sub-metered properties used 18 to 39 percent less water, and RUBS properties used 6 to 27 percent less water, than did in-rent properties.¹ The authors also found that

¹ “Submetering, RUBS, and Water Conservation.” Doug Koplrow and Alexi Lownie. Industrial Economics, Incorporated. June 1999. [https://utilitymca.org/pdf/NAA & NMHC-Water-study-on-RUBS-and-SubMetering.pdf](https://utilitymca.org/pdf/NAA%20&%20NMHC-Water-study-on-RUBS-and-SubMetering.pdf)

billing type had a greater influence on consumption patterns than either the cost of water/sewer or the age of the building. Other studies, including ones from the U.S. Environmental Protection Agency, have suggested that RUBS are nearly as effective as submetering in promoting conservation, especially when supported by educational outreach and transparent billing practices.²

The San Jose Ordinance Prohibiting RUBS

In late 2017, the City of San Jose adopted Ordinance #29775, which prohibited the use of RUBS in residential rental properties. The ordinance took effect in February 2018. At the time of implementation, the ordinance included a grace period for existing fixed-term leases, whereby landlords were permitted to continue RUBS billing until the expiration of any fixed lease that was in effect as of the ordinance's effective date.

Under this ordinance, apartment landlords are required to include the projected cost of water and other utilities in the rent, rather than billing tenants separately using RUBS formulas. The measure was intended to protect tenants from unpredictable utility charges. The actual impact was to eliminate all financial incentives to conserve, and to shift the burden of unexpected increases in utility costs from tenants to landlords and to future renters.

Our Data and Analysis

To assess whether the City of San Jose's ordinance prohibiting the use of RUBS has had a measurable effect on water consumption in multi-family apartments, we undertook a multi-step data analysis. Specifically, we obtained anonymized water billing and usage data from a major billing service for billings from 2016 through 2024. We eliminated buildings that exhibited intermittent reporting during the revised 2016-2024 period. After these exclusions, we analyzed usage data for approximately 4,000 apartment units in San Jose that reported consistently throughout the sample period.

Our Results

Our analysis indicates that the phase-out of RUBS coincided with a 11-12 percent increase in median water usage for the buildings in our sample.³ Based on a comparison to broader residential per-capita water consumption trends for the Bay Area, we conclude that the ordinance likely played a major role in this increase.

Discussion

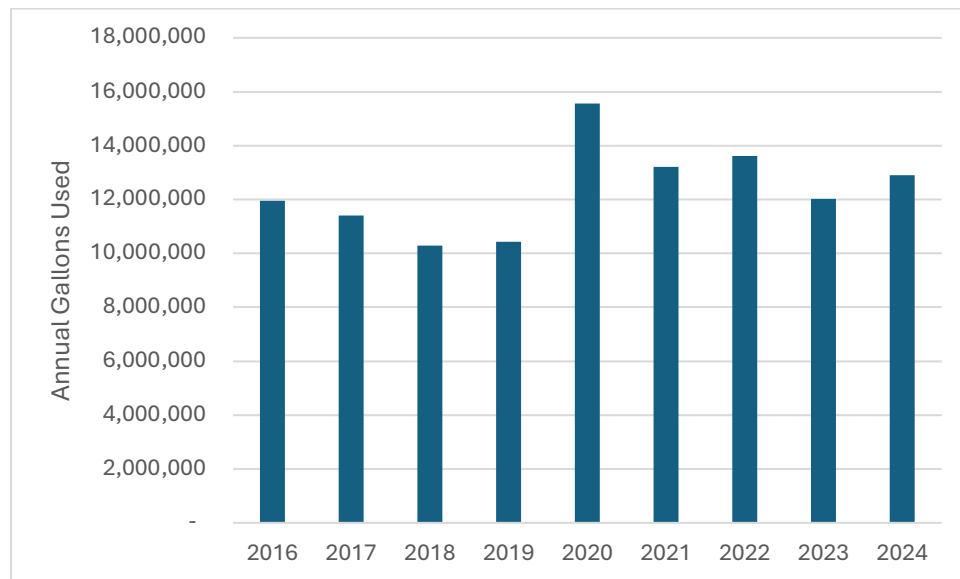
Figure 1 shows median annual water usage in our sample from 2016 through 2024. It shows that median usage declined modestly between from 2016 through 2019 but then jumped in 2020. The

² U.S. Environmental Protection Agency, "Water Conservation Measures for Multi-Family Residential Properties," 2012. [https://utilitymca.org/pdf/NAA & NMHC-Water-study-on-RUBS-and-SubMetering.pdf](https://utilitymca.org/pdf/NAA%20&%20NMHC-Water-study-on-RUBS-and-SubMetering.pdf)

³ The median is the level at which 50 percent of observations are above and 50 percent are below. Our use of median rather than average values for most of this analysis is consistent with other studies that have evaluated water usage. Medians are less affected by "outliers" such as a surge in water consumption created by a leak or other factors not related to our analysis. They are also more representative of typical usage trends, as they are less dominated by results of a relatively few large buildings in a sample. The one area where we used averages was when we compared the results for our sample apartments to per-capita water usage in the broader Bay Area. This is because per-capita usage is based on average rather than median consumption rates.

Covid-19 pandemic likely contributed to the large increase in 2020, and indeed, usage partially declined in 2021. However, water consumption has remained consistently above the pre-ordinance years, and, in fact, increased in 2024.

Figure 1
Median Water Usage by Year
2016 to 2024



There are two main challenges in measuring the impacts of the ordinance on water usage: (1) the Covid-19 pandemic, which led to people spending more time at home and likely increased water usage in 2020 and possibly in subsequent years; and (2) uncertainty regarding the precise timing of the shift from RUBS billing to rent-inclusive billing for the buildings in the sample. (This is mainly due to the grace period in the ordinance that allowed RUBS to be used until the expiration of leases that were in effect prior to the ordinance’s effective date.) To account for these factors, we measured changes in median water consumption in two ways, as shown in Figure 2 (next page):

- First, we compared median consumption between the pre-ordinance period (2016-2017) and the post-ordinance period (2019-2024), excluding only 2018. This resulted in an increase of 11.0 percent.
- Second, we excluded the 2018 and 2019 transition years, as well as the 2020 pandemic year, and compared median consumption between the pre-ordinance period (2016-2017) and the post pandemic period (2021-2024).⁴ This resulted in an 11.8 percent increase.

⁴ In this alternative, we exclude 2019 as well as 2018 because fixed leases likely delayed the phase-out of RUBS for many renters into 2019, and, more generally, it would likely take a while for renters to adjust their behavior in response to a change in billing practices.

Figure 2
Increases in Median Water Consumption
In Sample RUBS Apartment Complexes

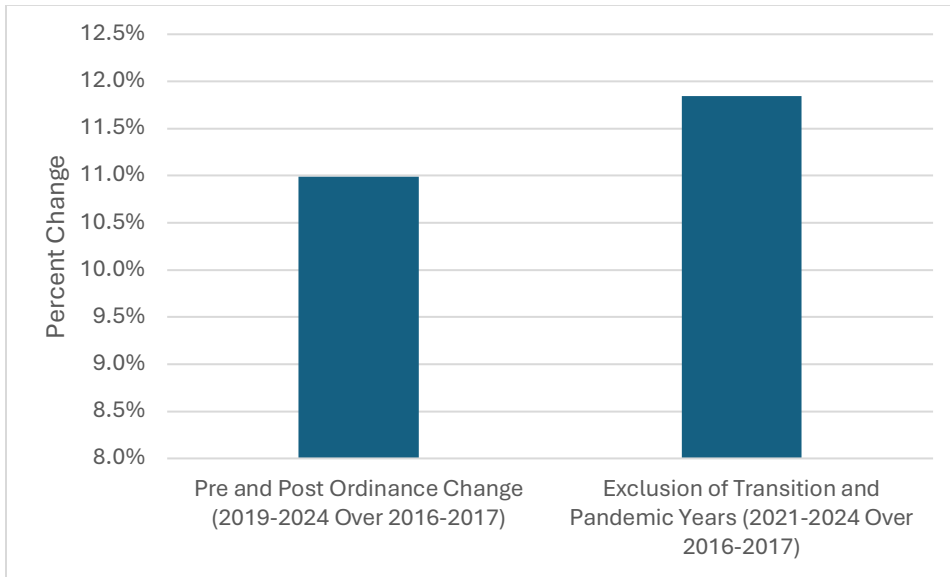
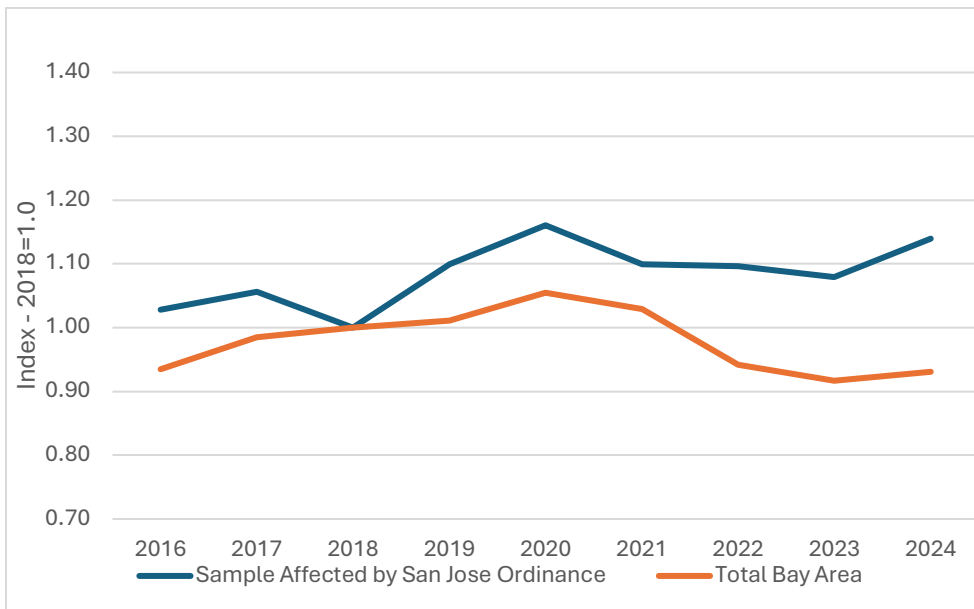


Figure 3
Comparison of Water Usage
Buildings in the RUBS Sample Broader Bay Area
(Each Indexed to 2018=1.0)



Comparison to broader Bay Area consumption trends. Figure 3 illustrates how average water consumption in the buildings impacted by the San Jose ordinance compares to residential per-

capita water use across the Bay Area.⁵ Although these comparisons aren't perfectly aligned – the Bay Area per-capita numbers include both single-family homes and apartments and the per building figures in our sample can be affected by, for example, changes in household size – they still offer a general indication of how the sample compares to broader regional water usage patterns.

Compared to the broader Bay Area region, water use by buildings in the sample rose more sharply in 2020 and stayed elevated in the post-pandemic period. The persistence of elevated water consumption – and the widening gap in consumption rates relative to the overall Bay Area – are indicators that the 2018 ordinance changes are a major contributing factor to increased median water consumption within our sample.

Conclusion

Our analysis of apartment building data indicates that the San Jose ordinance banning RUBS has had a significant impact on water consumption, with the data suggesting an 11-12 percent increase in water use among affected buildings. While the sharp increase in 2020 may be partly attributed to the Covid-19 pandemic, the persistence of higher water usage through 2024 indicates that the ordinance is likely to continue interfering with state and regional efforts to reduce water consumption. This increase in usage continues to undermine the State's reduction targets established during the most recent drought.

⁵ Bay Area Water Supply and Conservation Agency. 2023-24 Annual Report.
https://bawasca.org/uploads/userfiles/files/BAWSCA_Annual%20Survey_2023-24_FINAL.pdf



Memorandum

TO: CITY COUNCIL

FROM: Mayor Matt Mahan

SUBJECT: MARCH BUDGET
MESSAGE FOR FISCAL
YEAR 2025-2026

DATE: March 12, 2025

APPROVED:

RECOMMENDATION

Direct the City Manager to submit a balanced budget for Fiscal Year 2025-2026, guided by the policy direction and framework of priorities outlined in this March Budget Message.

* * *

In accordance with Section 1204 of the San José City Charter, I present my Fiscal Year 2025-2026 March Budget Message for consideration by the City Council and the residents of San José. With Council approval, this initial framework provides the City Manager with direction to prepare proposals for the Council's budget deliberations in May and to formulate the Fiscal Year 2025-2026 Proposed Budget.

OVERVIEW

I. Following Through on Focus

Since taking office in 2023, I have advocated for increased focus to help us better prioritize our goals and align resources, effectively track progress, and ultimately deliver better outcomes for our community on the most dire challenges we face as a city. The previous City Council adopted four key Focus Areas – Reducing Unsheltered Homelessness, Increasing Community Safety, Cleaning Up Our Neighborhoods, and Attracting Investment in Jobs and Housing. These Focus Areas put us on a path toward greater accountability and results. We will increase residents' trust in local government by working together to produce tangible improvements that our residents can see and feel in their daily lives.

We can achieve this mission if we remain focused, embrace pragmatic solutions, and make operations more efficient. Since the beginning of the current fiscal year, we've opened 417 placements for homeless neighbors by adding emergency interim housing (EIH) beds, converted motel rooms, and safe parking spaces with 1,044 net new placements expected to open by the end of 2025. In parallel, we've opened 298 new affordable housing units and we're issuing a Notice of Funding Availability (NOFA) allocating at least \$50 million for new construction of affordable homes. To speed up police hiring, we've invested in streamlining background checks. We've completed deployment of a network of 474 automatic license plate readers (ALPRs) and secured funding for an automated speed enforcement pilot to supplement our officers. To achieve

agreed upon set of policies should be finalized next year. This review shall be undertaken with approaches to community outreach and engagement that streamline the process.

If we're serious about speeding up housing construction, we also need to be more flexible with existing rules and processes that contribute to longer development timelines. For example, housing developers currently are not permitted to continue construction through the weekend, dragging out construction timelines. The City Manager is directed to bring back an update to the Municipal Code to allow limited weekend construction hours by default in areas zoned for commercial, industrial, and high-density housing, with a mechanism for Council to reduce or modify the allowed hours to address site-specific concerns.

San José's entitlement timelines can also cause unnecessary development delays as projects are entitled for only two years with the option for two one-year extensions. Requests for extension have to come back for a public hearing, consuming staff time and creating uncertainty for investors. Allowing entitlements to span four years will create greater certainty within an investment cycle and reduce staff time preparing paperwork for extensions that are virtually always approved. Therefore, the City Manager is directed to return to the City Council with recommendations to reform entitlements to allow for a longer entitlement period.

New technology can play a role in improving planning processes and customer service. Just as we've successfully utilized AI-powered translation services to make public meetings more accessible, we can embrace technology to deliver better customer service in PBCE. For example, AI can help create checklists for development applicants, calculate fees, help an applicant navigate our online permitting processes, and point out specific rules in the Municipal Code. The Mayor's Office of Technology and Innovation has applied for funding through the Bloomberg Mayors Challenge to implement innovative ideas such as these. Should funding be awarded, the City Manager is directed to work with the Mayor's Office on an AI pilot within PBCE to improve the customer experience.

Many older buildings in San José have one shared meter for water. Due to city regulations, residents of these master-metered buildings do not pay for the water they use, disincentivizing conservation and exponentially increasing utility bills for property owners. To promote conservation and reduce costs associated with master-metered buildings, the City Manager is directed to return to the City Council with recommendations to align city policy with HUD guidelines that allow property owners to charge proportionally for tenants' use of utilities on master-metered properties.

Incentivizing Housing Development

With limited funding sources for affordable housing construction and tax-fatigue amongst voters, we must be agile in pursuing new sources of capital for affordable housing construction. Housing Revenue Bonds allow government agencies to issue tax exempt bonds at lower interest rates to finance construction of affordable housing that will be paid back through rental income. Enhanced Infrastructure Financing Districts apply a tax increment that may be paired with broader redevelopment opportunities in areas planned for significant development. In pursuit of funding mechanisms that don't add new taxes, the City Manager is directed to explore the feasibility of utilizing Housing Revenue Bonds and Enhanced Infrastructure Financing Districts.



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December 19, 2023

Anna Ortega
Assistant General Manager
City of Los Angeles Housing Department
1200 West 7th Street
Los Angeles, CA 90017
VIA Email

(C.F. 22-0178) Transparency Implementation of Ratio Utility Billing System (RUBS)

The California Apartment Association (CAA) represents local housing providers who are involved with a range of rental properties from those that offer a single unit to large apartment communities as well as businesses that provide goods, services, and support to the housing industry. Our members touch on the everyday lives of many city residents. We have a keen interest in the pursuit of fair and equitable housing policies.

Thank you for including CAA members in feedback sessions with the Housing Department on Ratio Utility Billing Systems (RUBS) and a potential transparency ordinance. We value the ability to relay our thoughts on these issues.

CAA recognizes and appreciates concerns regarding a resident's ability to identify and understand shared utility calculations. RUBS are used to encourage conservation by residents and allow the owners of multi-family properties to share the cost of utilities with their residents using a formula that approximates usage.

RUBS is a critical element of the city's conservation and greening goals. A survey by the National Apartment Association and National Multifamily Housing Council found that when an apartment community implemented RUBS, water usage decreased by 6-27%¹. Consumption behavior changes when people are responsible for outcomes.

By furnishing details about their usage estimates, residents can exert a measurable influence on their consumption. RUBS is particularly useful for buildings that are not equipped or cannot be equipped with utility sub-meters. Acknowledging the age of many properties in the city, retrofitting plumbing, and building systems to accommodate sub-meters may prove cost prohibitive.

Transparency

It is important that residents understand their rent obligations and how the utility costs are determined. Housing providers should utilize a clear utility addendum which **at the inception of the tenancy** describes the methodology and how the amount is calculated.

¹ Koplou, D. and A. Lownie. 1999. "Submetering, RUBS, and Water Conservation". Industrial Economics, Inc. Cambridge, MA.

Property owners who implement RUBS likely use a third-party utility billing service to calculate the RUBS allocation and conduct billing directly with tenants. If desired, a third-party billing service can produce a statement that will allow a resident to understand their usage and track the usage over time. This can give a tenant additional information on the calculation.

Common Areas

As these properties are master metered, it is extremely difficult to ascertain specific water usages attributable to common areas. A high rise with little greenery is different from a garden style community with lush vegetation. Operators determine common area allowances according to the requirements of the property. Common areas are to the benefit of the entire community and utilized by the residents. We want to encourage as much green space as possible. The city should not add complexity to these formulas by capping common area allowances as it can deter green space, can't be accurately quantified, and varies by property.

Enforcement

Housing providers and third-party billing agents should both be responsible and accountable to the rules of this proposed ordinance. We urge the department to include a notification and response timeline for potential concerns. If there are questions on a bill, a tenant should expect a prompt response and communication within 10 days. The city should also include a cure period for any violation to ensure mistakes, miscalculations or errors made in good faith are given a period to rectify and the owner an ability to remedy. The ordinance's objective should prioritize compliance and transparency, rather than fostering a cottage industry of litigation.

Thank you for conducting stakeholder feedback sessions with our members and considering our perspective. We look forward to working with the department further on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Sutton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Fred Sutton
Senior Vice President
California Apartment Association