



CITY OF SACRAMENTO
Community Development Department
300 Richards Blvd., 3rd Floor
Sacramento, CA 95811
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Email: tpp@cityofsacramento.org / Website: www.cityofsacramento.org/tpp

Landlord Fair Rate of Return Petition Hearing – Application Form

Purpose

This form is used to petition for an increase in rent in excess of the Annual Rent Adjustment of 5% plus the Consumer Price Index (CPI) increase over the prior year in order to receive a Fair Rate of Return. There are six reasons for such an increase:

1. Making capital improvements to the rental property which were either: (a) necessary for health and safety reasons to meet Building Code requirements and are not routine repair and maintenance improvements; or (b) to address substantial deterioration of the rental unit, other than from normal wear and tear, which was not caused by a lack of routine repair and maintenance. Substantial repairs due to damage caused by uninsured disaster or vandalism can be considered. The capital improvements should have been completed within the past 12 months or are proposed for completion within six months. The costs are to be amortized over the useful life of the improvements using depreciation allowances as set out below.
2. Unavoidable increases in maintenance and operating expenses.
3. Increases in the cost of Housing Services provided to tenants.
4. Increases in the number of tenants occupying the rental unit which has caused increases in maintenance and operating expenses or the need to make capital improvements.
5. Increases in property taxes, which includes assessments, above the standard 2% annual increase.
6. The cost of debt service due to purchase of the rental property by a new owner. Refinancing a loan or a variable rate loan interest adjustment is not an eligible reason for a higher rent increase.

Rental Property Information

Property Address: _____ Sacramento CA, Zip Code: _____

Apartment Complex Name (if applicable): _____

- Total number of residential units on property: _____ (including exempt and owner-occupied units)
- Check if this application seeks rent increases for all rental units at this property. Otherwise list each unit by its identification number for those units for which you are seeking a rent increase:

Landlord and/or Manager Information

Landlord First Name: _____ Landlord Last Name: _____

Email: _____ Phone: _____

Mailing Address (if different from the unit address): _____

City, State & Zip Code: _____

Manager First Name: _____ Manager Last Name: _____

Email: _____ Phone: _____

Mailing Address (if different from the unit address): _____

City, State & Zip Code: _____

Unit Information

- Enter the total number of residential units on this property: _____
- Enter Tenant information including names, unit number, and current rent on the attached schedule. Complete the Tenant Mailing List form.

Reason for Higher Rent Increase

A higher rent increase is requested based on the following facts:

Attach all documentation in support of the request for the rent increase.

Declaration of Landlord and/or Property Manager Representative

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

Signature: _____

Date: _____

Print Name of Person Signing: _____

OFFICE USE ONLY		
Petition Number _____	Number of Units _____	Year Built _____
Rental Registry Status	<input type="checkbox"/> Registered	<input type="checkbox"/> Not Registered
Code Enforcement Cases	<input type="checkbox"/> Yes, open cases	<input type="checkbox"/> No open cases
Building Permits _____		
Comment _____		

TENANT INFORMATION

Name: _____ Unit No.: _____ Current Monthly Rent: \$ _____ Current Monthly Housing Services*: \$ _____	Name: _____ Unit No.: _____ Current Monthly Rent: \$ _____ Current Monthly Housing Services*: \$ _____
Name: _____ Unit No.: _____ Current Monthly Rent: \$ _____ Current Monthly Housing Services*: \$ _____	Name: _____ Unit No.: _____ Current Monthly Rent: \$ _____ Current Monthly Housing Services*: \$ _____
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Name: _____ Unit No.: _____ Current Monthly Rent: \$ _____ Current Monthly Housing Services*: \$ _____	Name: _____ Unit No.: _____ Current Monthly Rent: \$ _____ Current Monthly Housing Services*: \$ _____

* If amount fluctuates due to payment for utilities, insert average monthly payment over prior year.

TENANT MAILING LIST

SCHEDULE A
Proposed Individual Rent Increase Schedule

Unit #	Move-in Date (Month/Year)	Date of Last Rent Increase	Current Rent	Proposed Monthly Increase	Percentage Increase	Proposed Rent After Increase
			\$	\$	%	\$

(Attach additional copies of this page if needed)

SCHEDULE B
Income Summary

	Base Year _____	Current Year through _____
1) Total rents for all residential units at the Property assuming 100% occupancy. Include all housing services costs.	\$ _____	\$ _____
2) Annual interest from security and cleaning deposits, except that interest payable to the tenants.	\$ _____	\$ _____
3) Other income including coin laundry, appliance and/or furniture rental, and any or all other income received in connection with rental units, other than housing services.	\$ _____	\$ _____
4) Total Projected Gross Income (add lines 1, 2 & 3)	\$ _____	\$ _____
5) Rent Loss:		
a) Vacancies (Explain below)	\$ _____	\$ _____
b) Uncollected rents (bad debts) (Explain below)	\$ _____	\$ _____
c) Other (Explain below)	\$ _____	\$ _____
6) Total Rent Loss: [add lines 5 (a), (b) and (c)]	\$ _____	\$ _____
7) Total Collected Gross Income (subtract line 6 from line 4)	\$ _____	\$ _____

Explanation: _____

SCHEDULE C

Summary of Operating Expenses

	A	B
Operating Expenses	Base Year _____	Current Year through _____
1) Property Taxes and Assessments	\$ _____	\$ _____
2) Electricity (excluding charges paid by tenants)	\$ _____	\$ _____
3) Gas (excluding charges paid by tenants)	\$ _____	\$ _____
4) Water (excluding charges paid by tenants)	\$ _____	\$ _____
5) Solid Waste (excluding charges paid by tenants)	\$ _____	\$ _____
6) Management Expenses	\$ _____	\$ _____
7) Legal Expenses	\$ _____	\$ _____
8) Property and General Liability Insurance	\$ _____	\$ _____
9) Normal Repair and Maintenance [Enter totals from <u>worksheets Schedule E (Base Year) and Schedule F (current)</u>]	\$ _____	\$ _____
10) License, registration and other fees (excluding charges paid by tenants)	\$ _____	\$ _____
11) Amortized Capital Expenses (Enter totals from <u>worksheets Schedule G (Base Year) and Schedule H (current)</u>)	\$ _____	\$ _____
12) Other (<u>Itemize below</u>)	\$ _____	\$ _____
13) Total	\$ _____	\$ _____

Explanation: _____

<u>SCHEDULE D</u>		
<u>Net Operating Income</u>		
	Base Year _____	Current Year through _____
1) Total Collected Gross Income (Refer to Schedule B, Line 7)	\$ _____	\$ _____
2) Total Operating Expenses (Refer to Schedule C, Line 13)	\$ _____	\$ _____
3) Net Operating Income (Subtract line 2 from Line 1 above)	\$ _____	\$ _____

Unusually Low Base Year Net Operating Income

If the owner claims that he or she did not receive a fair return because the Base Year Net Operating Income was unusually low due to unusual circumstances, the owner has the obligation to provide that information with supporting documents. The typical reasons for the gross income during the base year being unusually low are: (i) some residents had unusually low rents for the quality, location, age, amenities, and condition of the housing, or (ii) due to the destruction of all or part of the property, there was a need for temporary eviction for construction repairs.

Unusually low rents need to be supported by a market study of rents for similar rental housing in the same community plan area of the City. The study needs to document the location, age of the rental property, average unit size, mix of units by bedroom count, common area amenities, and housing services provided at the subject property and each comparable property.

Temporary eviction based on “necessary and substantial repairs requiring temporary vacancy” needs to be supported by providing copies of the required 120 day advance notice to all tenants terminating the rental housing agreements, building permits, construction contracts verifying that the scope of work was required to comply with building and housing codes and took at least 30 days to complete, and the owner offered the dislocated tenants comparable units or the right to reoccupy the units at the same rate allowed under the ordinance.

The Hearing Officer must make findings of fact based on the evidence submitted by the owner to overcome the presumption of a fair return based on the annual rent increase allowed under the Ordinance. The Hearing Officer can consider the pattern of rent increases and decreases during the occupancy of each tenant. The Hearing Examiner can consider whether the need for the repairs (and capital expenses) was caused by substantial deterioration of the rental unit due to a lack of routine repair and maintenance, and whether the owner was issued a Notice and Order and administrative penalties for violation of the City’s Building and Housing Codes.

Unusually High Repair Expenses

Please note that repairs and improvements to the rental unit before occupancy by current tenant, such as painting, flooring replacement, and remodeling, are not eligible factors for the Hearing Examiner to consider because the owner is able to set the rent amount for a new tenant without any limitation under the ordinance.

SCHEDULE G
Capital Expense Worksheet (BASE YEAR)

A	B	C	D	E	F	G	H	I
Item #	Description of Expense	Units Benefited (check one)	Initial Cost	Interest Rate (Assumed 3.5%)	Amortization Period (# of years) see attached info	Cost of Financing (D x E) x F	Total Cost (D + G)	Annual Cost (H ÷ F)
1.	EXAMPLE	<input type="checkbox"/> All <input type="checkbox"/> Units _____	\$1,000.00	3.5%	7	\$245	\$1,245.00	\$177.85
2.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
3.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
4.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
5.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
6.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
7.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
8.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
9.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
10.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
11.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
12.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
13.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
14.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
15.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
16.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
17.		<input type="checkbox"/>						
18.		<input type="checkbox"/>						
19.		<input type="checkbox"/>						
20.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
Annual Total (Sum of All Annual Costs) – Enter on Schedule C, Line 11A								\$

SCHEDULE H
Capital Expense Worksheet (CURRENT YEAR)

A	B	C	D	E	F	G	H	I
Item #	Description of Expense	Units Benefited (check one)	Initial Cost	Interest Rate (Assumed 3.5%)	Amortization Period (# of years) see attached info	Cost of Financing (D x E) x F	Total Cost (D + G)	Annual Cost (H ÷ F)
1.	EXAMPLE	<input type="checkbox"/> All <input type="checkbox"/> Units _____	\$1,000.00	3.5%	7	\$245	\$1,245.00	\$177.85
2.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
3.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
4.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
5.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
6.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
7.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
8.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
9.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
10.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
11.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
12.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
13.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
14.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
15.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
16.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						
17.		<input type="checkbox"/>						
18.		<input type="checkbox"/>						
19.		<input type="checkbox"/>						
20.		<input type="checkbox"/> All <input type="checkbox"/> Units _____						

Annual Total (Sum of All Annual Costs) – Enter on Schedule C, Line 11B

\$

CAPITAL EXPENSE INFORMATION

This information is used in conjunction with the Landlord petition for an increase in rent associated with capital improvements made to the rental property. The Tenant Protection Program allows rental property owners to petition for a higher Annual Rent Adjustment to recover the cost of certain capital improvements made to the rental property by passing through the cost of such improvements on an amortized basis to the tenants of the affected units.

Only the listed improvements set out below are eligible to be passed through to tenants provided that the all of the Program requirements are met.

“Capital Improvements” means an addition or modification to the property, building, or unit only when necessary for compliance with the City’s Building and Housing Codes affecting health and safety. Cosmetic remodeling is not an eligible expense, nor are repairs to address normal wear and tear which expenses are covered under routine repair and maintenance operating costs.

Briefly describe your capital improvement project:

- **Total Cost of the Capital improvements:** _____
- **Date improvement project was completed or planned:** _____
- **Building permit number(s):** _____
- Provide copies of invoices, building permits, and other supporting documentation, including any statements on insurance settlements related to the work being claimed. These documents may be scanned and provided in electronic format.

The costs of the following items are to be amortized over the stated period of time:

Type of Improvement	Amortization Period	Type of Improvement	Amortization Period
ADA Ramps/Improvements	10	Foundation/Masonry/Chimney	20
Air Conditioning/Heating	10	Paving	10
Appliances	10	Plumbing/Pumps	10
Cabinets	10	Roofing/Gutters	10
Doors, Drywall, Insulation	10	Security System	10
Electrical	15	Structural Walls, Iron or Steel	20
Elevators	20	Stucco/Exterior Boards	10
Fire Alarm System/Fire Escape	10	Water Heater	7
Fire Sprinklers/Retardant	10	Windows	10

SCHEDULE K
Increase in Number of Tenants in a Unit

Unit # or Address	Base Occupancy (# of tenants)	Number of Additional Tenants	Description of Additional Costs and Amount (attach invoices or estimates)	Proposed Rent Increase
				\$

TENANT: Information Regarding Owner Petition.

After the Owner/Agent files the petition with all supporting documentation to the City of Sacramento, the City will schedule a Hearing on the petition. The City will notify you directly by mail at your unit’s address of the date, time and location of the Hearing at least 10 days in advance. All evidence filed by the owner will be available for inspection at the hearing.

You may file an opposition statement and participate in the Hearing regarding the owner’s petition. The opposition statement should be mailed or filed with the City at least 5 days before the hearing to TPP, 300 Richards Blvd, Sacramento CA 95811 or you can submit it at the hearing. You may wish to have an attorney or other representative at the Hearing; however, the hearing is an informal proceeding.

Based on all of the evidence, the Hearing Examiner may approve or deny the higher rent increase, may approve an increase that is lower than what the owner has requested, and may establish a rent schedule which provides the owner with a fair rate of return due to capital expenses over a period of time. The hearing examiner has 30 days to render a written decision that is supported by findings of fact. The Hearing Examiner’s decision will be posted on the City’s website. The owner cannot increase the rent above the permitted rate before the Hearing Examiner issues a decision.

The City of Sacramento’s Tenant Protection Program information can be found at www.cityofsacramento.org/TPP. You can e-mail tpp@citypfsacramento.org or call 916-808-8121 to answer your questions *during normal business hours: Monday - Friday, 8:00 a.m. to 5:00 p.m.*

Declaration of Notification to Tenants of Filing of Petition

Instructions: The owner must give a copy of this notification to all tenants (*including those units for which no increase is requested*) indicating the intent to file a Fair Rate of Return petition. The owner must sign this declaration and file it with the Department along with the petition.

Declaration: I declare under penalty of perjury under the laws of the State of California that I have served the tenants of the units in my rental property with a copy of this notice.

Signature _____

Name _____

_____ Owner _____ Agent (check one)

Date _____