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Contact us if you require translation services or reasonable accommodations due to a disability.

**LANDLORD – ATTACHMENT B**  
**Landlord Petition for Adjustment of Base Year NOI and**  
**Associated Additional Rent Increase**

**RENTAL PROPERTY ADDRESS:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**PETITIONER NAME:** \_\_\_\_\_ **TITLE:** \_\_\_\_\_  
(owner, manager, etc.)

**OVERVIEW**

A Landlord of a Rental Unit may file this form with the City Clerk to petition for an adjustment to the Base Year net operating income (NOI) on the grounds that the Base Year did not provide the Landlord with a fair return. This form also allows the Landlord to petition for an associated Additional Rent Increase—in addition to the annual Rent increase authorized by the Rent Stabilization Ordinance, Antioch Municipal Code § 1-1.01 *et seq.* (RSO)—in order to receive a fair return on property.

To petition for an additional rent increase *without* petitioning for an adjustment of the Base Year NOI, use Landlord – Attachment A, Landlord Petition for Additional Rent Increase instead of this form.

**INSTRUCTIONS**

In order for the Petition to be accepted by the City, this form must be completed in accordance with the Rent Program Regulations and the Instructions (see page 11 of this Attachment B). The Instructions pages do not need to be filed with the Petition.

**KEY PRINCIPLES**

- **Presumptions:** The following are presumed unless rebutted by the Petitioner:  
It is presumed that maintenance of net operating income (MNOI) for the Base Year, as adjusted by 60% of the increase in CPI, provides a Landlord with a fair and reasonable return on property.  
It is presumed that the Landlord’s NOI during the Base Year provided a fair return on property.
- **CPI:** CPI is the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland- Hayward Area published by the Bureau of Labor Statistics using a base point of 1982-84 = 100.
- **Base Year:** For most Rental Units, the Base Year is calendar year 2022.
- **Petition Year:**

Date Petition Filed	Petition Year
01/01/2023 – 06/30/2023	<b>CY 2022</b> (01/01/2022 – 12/31/2022)
07/01/2023 – 12/31/2023	<b>FY 22-23</b> (07/01/2022 – 06/30/2022)
01/01/2024 – 06/30/2024	<b>CY 2023</b> (01/01/2023 – 12/31/2023)

**REQUIRED DOCUMENTATION**

This form must be submitted with a Landlord Cover Form and copies of all supporting documentation, which must be labeled and organized. If any documentation contains sensitive personal information, please redact the information and have an unredacted copy available if requested by the City or Hearing Officer.

## LANDLORD – ATTACHMENT B.1 General Information and Services

**1. General Rental Property Information**

\_\_\_\_\_

\_\_\_\_\_

Street Address Assessor's Parcel Number(s)

\_\_\_\_\_

\_\_\_\_\_

Year Purchased (by current owner)      # of Rental Units On Property      # of Affected Rental Units      # of Exempt Units (if any)

(If Applicable) Describe Exemption(s): \_\_\_\_\_

Applicable Base Year: \_\_\_\_\_ Applicable Petition Year: \_\_\_\_\_

**2. Utility Services**

Identify manner in which each service is paid by checking the applicable boxes.

	Gas	Electricity	Water	Sewer	Refuse	Other:	Other:
Paid by Landlord							
Paid directly by Tenant							
Paid by Landlord and passed through to Tenants							

**3. Other Services**

Briefly describe any other services provided to Rental Units in addition to those listed in Section 2, above, and indicate whether the Tenant pays a separate charge for the service. Attach separate sheet if needed.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**4. Changes to Services**

Briefly describe any changes to any services that have occurred since the Base Year, including changes in the responsibility for payment and the elimination of services not listed above. Attach separate sheet if needed.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## LANDLORD – ATTACHMENT B.2 Claim for Adjustment of Base Year NOI

Landlords or Tenants may present evidence to rebut the presumption that the Base Year provided a fair return. Grounds for rebuttal of the presumption must be based on at least one of the claims, below. Select at least one factor for the selected claim(s). Check all that apply.

**CLAIM 1: EXCEPTIONALLY HIGH/LOW EXPENSES**

**The Base Year NOI of the rental property did not provide the Landlord with a fair return due to unusually high or unusually low operating expenses that year in comparison to other years.**

This claim for adjustment of the Base Year NOI is based on the following factor(s):

Expenses for necessary maintenance and repairs during the Base Year were exceptionally high.

Expenditures for maintenance and repairs during the Base year were so exceptionally low that maintenance was inadequate and/or there was a significant deterioration in the quality of services provided.

Other expenses were unreasonably high or low notwithstanding the application of prudent business practices.

Where indicated on Attachments B.3. and B.3.2., include proposed adjusted expense amounts based on average expenses over a reasonable period of time. Claim for adjustment of Base Year NOI based on extraordinary expenses must be proven by supporting documentation. Attach an explanation of the basis of the proposed adjusted expense(s) and documentation supporting claim and proposed adjusted expenses.

**CLAIM 2: EXCEPTIONAL CIRCUMSTANCES AFFECTING INCOME**

**The Base Year NOI of the rental property did not provide the Landlord with a fair return because exceptional circumstances caused the rental income that year to be disproportionately low.**

This claim for adjustment of the Base Year NOI is based on the following factor(s):

The gross income during the base year was lower than it might have been because at least 20% of the tenants were charged reduced rent.

The gross income during the base year was significantly lower than normal because of the destruction of the premises and/or temporary relocation of tenants for construction or repairs.

The history of rent increases in the years prior to the base year was less than 60% of the percentage changes in the CPI.

Base year rents were disproportionately low in comparison to the base year rents of comparable rental units in the City of Antioch.

Other exceptional circumstances (describe on separate sheet and attach).

Where indicated on Attachments B.3. and B.3.1., include proposed adjusted rental income amounts. Claim for adjustment of Base Year NOI based on exceptional circumstances must be proven by supporting documentation. Attach an explanation of the basis of the proposed adjusted income and documentation supporting claim.

## LANDLORD – ATTACHMENT B.3

### MNOI Rent Increase Worksheet w/ Proposed Adjusted Base Year NOI

The worksheet below incorporates information from the worksheets in Attachment B.3.1 (Annual Income Worksheet w/ Proposed Adjusted Base Year Income) and Attachment B.3.2 (Annual Expenses Worksheet w/ Proposed Adjusted Base Year Expenses).

After completing Attachment B.3.1 and Attachment B.3.2, follow the Instructions for Attachment B.3 beginning on page 14 to complete the worksheet below.

	Actual Base Year	Proposed Adjusted Base Year	Petition Year
<b>1. Total Income</b>	[1a]	[1b]	[1c]
<b>2. Operating Expenses</b>	[2a]	[2b]	[2c]
<b>3. NOI (Net Operating Income)</b>	[3a]	[3b]	[3c]

Petitions Filed Before July 1, 2023: The Base Year and Petition Year for any Petition filed before July 1, 2023 are both calendar year 2022. Because the 12-month periods are the same, the annual average CPI is also same, resulting in a CPI Adjustment Factor of 1. If the Petition is filed before July 1, 2023, skip Line 4 and Line 5, and use 1 for Line 6.

<b>4. Annual Average CPI of the San Francisco-Oakland-Hayward (CPI-U), 1982 = 100.</b> <small>Note: This number is <i>not</i> a percentage.</small>	[4a/b]	[4c]
<b>5. Percent Change in CPI—Base Year to Petition Year</b> <small>Note: This number is a decimal.</small>	[5]	
<b>6. CPI Adjustment Factor</b>	[6]	

	Actual Base Year	Proposed Adjusted Base Year
<b>7. Fair Return NOI</b>	[7a]	[7b]
<b>8. Fair Return NOI Differential</b>	[8a]	[8b]
<b>9. Additional Rent Increase needed to maintain Fair Return NOI?</b>	[9a]	[9b]
<b>10. Amount of Additional Rent Increase needed per Rental Unit per month to maintain Fair Return NOI.</b>	[10a]	[10b]

**LANDLORD – ATTACHMENT B.3.1**  
**Annual Income Worksheet w/ Proposed Adjusted Base Year Income**

Follow the Instructions for Attachment B.3.1 beginning on page 17 to complete the worksheet below.

	<b>Actual Base Year Income</b>	<b>Proposed Adjusted Base Year Income</b>	<b>Petition Year Income</b>
<b>1. Gross Scheduled Rental Income</b> Attach sheet describing basis and method of calculation in compliance with the Instructions.			
Number of units used to calculate Line 1			
Portion (\$) of Line 1 imputed for vacant or owner-occupied unit(s) or otherwise not collected			
<b>2. Fees</b> List type and amount of other fees collected for services and amenities, other than utilities, that are not included in rent, as well as deposits retained and used.			
a. Late fees			
b.			
c.			
<b>3. Interest and Investment Income</b> List type and amount of interest earned by Landlord on Tenant security deposits, other interest, or investment income.			
a. Security deposits retained and used for repairs			
b.			
c.			
<b>4. Passed-Through Utility Payments</b> List type and amount collected from Tenants as pass-through payment for sub-metered utilities.			
a.			
b.			
c.			
d.			
<b>5. (If applicable) Additional Income Itemized on Attached Sheet(s)</b>			
<b>6. TOTAL INCOME</b> Add all numbered lines.			

## LANDLORD – ATTACHMENT B.3.2

### Annual Operating Expenses Worksheet w/ Proposed Adjusted Base Year Expenses

Follow the Instructions for Attachment B.3.2 on page 18 to complete the worksheet below.  
 Attach documentation verifying each operating expense. Do not include Capital Improvement and other amortized costs as Annual Operating Expenses.

	Actual Base Year Expenses	Proposed Adjusted Base Year Expenses	Current Year Expenses
<b>1. Government</b>			
a. Assessments			
b. Real Property Taxes			
c. Fees (business license, etc.)			
<b>2. Insurance (fire / liability)</b>			
<b>3. Professional Services</b> Excludes legal costs. Attach page describing services and expense amounts.			
<b>4. Management</b>			
<b>5. Security</b>			
<b>6. Maintenance and Repair</b>			
a. Labor			
b. Supplies			
c. HVAC			
d. Elevator			
e. Other (specify)			
<b>7. Utilities</b> Do not include utility expenses that cannot be segregated from uses other than residential rental use.			
a. Gas			
b. Electricity			
c. Water			
d. Sewer			
e. Refuse			
f. Other (specify)			
g. Other (specify)			
<b>8. Other Recurring Expenses</b> Attach page specifying other expense types and amounts.			
<i>Attach additional pages to list and/or describe operating expenses as needed.</i>			
<b>9. TOTAL OPERATING EXPENSES</b>			

REMINDER: Do not include avoidable expense increases; mortgage principal and interest payments; fees, penalties, or interest assessed for code violations; depreciation; reimbursed expenses (insurance or other sources); or any other unpermitted Annual Operating Expense. Capital Improvement and legal costs should be submitted via Attachment B.3.3.

## LANDLORD – ATTACHMENT B.3.3

### Amortized Operating Expenses Worksheet w/ Proposed Adjusted Base Year NOI

Capital Improvement and legal expenses must be amortized as specified in the Article 5 of the Rent Program Regulations. If applicable, follow the Instructions for Attachment B.3.3 beginning on page 19 to complete the worksheet below. Attach documentation verifying each Amortized Operating Expense (AOE) and an explanation of the selected amortization period. Attached additional sheets as necessary.

<b>AOE #1</b> Brief Description: _____				
Date Landlord <u>first</u> had knowledge (or should have known) that expense would be necessary: _____				
Date any portion of cost was first incurred: _____ Date cost was fully incurred: _____				
Units Benefited (List each Unit number)	Units Benefited (Total # of Units)	Total Cost	Amortization Period (In Years)	Total Cost Per Year (Divide Box [c] by Box [d])
[a]	[b]	[c]	[d]	[e]

<b>AOE #2</b> Brief Description: _____				
Date Landlord <u>first</u> had knowledge (or should have known) that expense would be necessary: _____				
Date any portion of cost was first incurred: _____ Date cost was fully incurred: _____				
Units Benefited (List each Unit number)	Units Benefited (Total # of Units)	Total Cost	Amortization Period (In Years)	Total Cost Per Year (Divide Box [c] by Box [d])
[a]	[b]	[c]	[d]	[e]

	Actual Base Year	Proposed Adjusted Base Year
1. Fair Return NOI	[1a]	[1b]
2. Fair Return NOI Differential	[2a]	[2b]
3. Updated Fair Return NOI Differential With AOE #1 Total Cost Per Year	[3a]	[3b]
If applicable: 4. Updated Fair Return NOI Differential With AOE #2 Total Cost Per Year	[4a]	[4b]
5. Total Cost Per Year of All AOE	[5]	
6. Updated Fair Return NOI Differential With All AOE Total Cost Per Year	[6a]	[6b]
7. Temporary Additional Rent Increase needed to maintain Fair Return NOI?	[7a]	[7b]
8. Proposed allocation of Temporary Additional Rent Increase per benefited Rental Unit per Month	[8a] Attach Separate Sheet	[8b] Attach Separate Sheet







**LANDLORD – ATTACHMENT B.5.1  
Proposed Monthly Rent Worksheet**

Unit #	Base Year	Date Tenancy Began (mm/dd/yyyy)	Initial Rent	Date of Last Increase (mm/dd/yyyy)	Petition Year Rent	Current Rent	Proposed Increase			
							Monthly Increase	Monthly Total	Start Date (mm/dd/yyyy)	End Date (mm/dd/yyyy)
			\$		\$	\$	\$	\$		
			\$		\$	\$	\$	\$		
			\$		\$	\$	\$	\$		
			\$		\$	\$	\$	\$		
			\$		\$	\$	\$	\$		
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			\$		\$	\$	\$	\$		

**INSTRUCTIONS**  
**Landlord – Attachment B,**  
**Landlord Petition for Adjustment of Base Year NOI and**  
**Associated Additional Rent Increase**

**General Instructions**

**Is this the correct form to use?**

- This form is used to make a claim that the Base Year NOI did not provide a fair return on property due to exceptional circumstances and that the income and/or expenses of the Base Year should be adjusted for the purposes of the Fair Return NOI. A Petition using this form must include a claim for adjustment of Base Year NOI. If no adjustment of Base Year NOI is desired, use Landlord – Attachment A, Landlord Petition for Additional Increase, instead.
- This form is also used to make a fair return claim for Additional Rent Increase. Available grounds for the increase include maintenance of the adjusted Fair Return NOI.
- The Rent Stabilization Ordinance authorizes a Hearing Officer to order an Additional Rent Increase when necessary to provide a Landlord with a fair and reasonable return on property. Although fair return is not determined solely by the application of a fixed or mechanical accounting formula, it is presumed that maintenance of net operating income (MNOI) of the Base Year, as adjusted by 60% of CPI over time, provides a fair and reasonable return. The Base Year is 2022 unless a fair return Petition has been granted. The presumption that the Base Year provided a fair return may be rebutted by a showing that the income and/or expenses that year were impacted by exceptional circumstances.
- Please see the Rent Program Regulations, including Article 5, Additional Rent Increases, for applicable definitions, restrictions, and requirements. It is the responsibility of the Petitioner to comply with the Regulations.

**What documents do I need to file?**

1. Required for All Petitions:

The following documents must be filed with, and at the same time as, this Landlord – Attachment B, Landlord Petition for Additional Rent Increase:

- Landlord Cover Form;
- Landlord – Attachment B.1, General Information and Services;
- Landlord – Attachment B.2, Claim for Adjustment of Base Year NOI
- Landlord – Attachment B.3, MNOI Rent Increase Worksheet w/ Proposed Adjusted Base Year NOI
- Landlord – Attachment B.3.1, Annual Income Worksheet w/ Proposed Adjusted Base Year Income
- Landlord – Attachment B.3.2, Annual Operating Expenses Worksheet w/ Proposed Adjusted Base Year Expenses
- Landlord – Attachment B.5, Current Monthly Rent Worksheet;
- Landlord – Attachment B.5.1, Proposed Monthly Rent Worksheet;
- Documentation to verify the information provided in the above documents.

The following document must be filed before a Petition will be deemed complete:

- Proof of Service.

**(What documents do I need to file, cont.)**

2. Optional: Designation of Representative.

If an individual other than the Landlord who authorizes this Petition will administer any part of the Proceeding, a Designation of Representative form must be filed with, and at the same time as, *any* filing by the Representative unless a Designation of Representative form has been filed less than six months prior to the filing.

3. Claim Based On MNOI—With Amortized Operating Expenses.

If the claim for Additional Rent Increase to maintain Fair Return NOI includes nonrecurring costs that are required to be amortized (e.g., Capital Improvement costs and legal expenses), the following document must be filed with, and at the same time as, this Landlord – Attachment B:

- Landlord – Attachment B.3.3, Amortized Operating Expenses Worksheet w/ Proposed Adjusted Base Year NOI.

4. Claims Based On Other Grounds.

If the Petition includes a claim for Additional Rent Increase that is based on grounds *other* than maintenance of the Fair Return NOI, the following documents must be filed with, and at the same time as, Landlord – Attachment B:

- Landlord – Attachment B.4, Other Claims In Support of Additional Rent Increase.

If the claim for Additional Rent Increase is not based on circumstances justifying adjustment of the Base Year NOI, this is not the correct form to use. Use Landlord – Attachment A, instead.

**How should I organize and label the forms and supporting documents?**

- As indicated throughout the Attachment B forms and worksheets, much of the information requested needs to be verified by supporting documentation. It is important that the Hearing Officer and other parties to the Proceeding understand which document is intended by the Petition to support which information in the forms and worksheets. For this reason, the Attachment B forms must be filed in the order in which they are presented in the City form.
- Every separate sheet and document provided as verification or evidence of information provided in this Attachment B must be clearly labeled with the corresponding attachment title number (e.g. B.2, B.3.1, etc.) and the corresponding section number or line number from the form or worksheet. Failure to label separate sheets and documentation will result in refusal by the City to accept the Petition as properly filed.
- Supporting documentation may be attached by binder clips or other removable mechanical means to each applicable attachment. In the alternative, supporting documentation may be organized and labeled as required and provided as a separate packet with, but not physically attached to, the Petition. The use of a binder, file folders, or other means of organizing and keeping documents together is permissible so long as the means used does not interfere with or delay the examination of the documents, including the digital scanning of each page submitted.
- Every Tenant, as defined by Article 2 of the Rent Program Regulations, must receive the same documents and in substantially similar form as are provided to the City.
- The Petitioner should redact sensitive personal information, such as account numbers, prior to serving the Petition on the Tenant(s) and filing the Petition with the City. The Petitioner must have unredacted copies available upon request by the Hearing Officer.

**Instructions for Attachment B.1,  
General Information and Services**

*Completing the form:*

**§ 1. General Rental Property Information.** As indicated, input information about the Rental Property and Rental Units.

Exempt Units. In some cases, a property will contain units that are exempt from the Rent Stabilization Ordinance (RSO) in addition to units that are regulated. If that is the case, identify the number of units that are exempt from the RSO and the category of exemption that applies. In most cases, the property will not have both exempt and non-exempt units.

Base Year. Consideration of a claim based on maintenance of net operating income (MNOI) compares the net-operating income (NOI) of a “Base Year” with the NOI of the Petition Year. In most instances, the Base Year is calendar year 2022. However, if an additional Rent increase for the subject Rental Unit(s) has been previously granted as a result of a fair return claim, the Base Year is the calendar year in which the additional Rent increase became effective. A copy of the prior Decision granting the additional Rent increase must be attached to the Petition.

Petition Year. The “Petition Year” is the 12-month period used to evaluate fair return claims. The applicable 12-month period used as the Petition Year depends on the calendar month the Petition is filed. The Petition Year for Petitions filed on a date in January through June is the calendar year that precedes the year in which the Petition is filed. The Petition Year for a Petition filed on a date in July through December is the City fiscal year (July 1 through June 30) that precedes the City fiscal year in which the Petition is filed. The table below is provided for reference. **Please note, if a Petition is filed before July 1, 2023, the Petition Year will be the same 12-month period as the Base Year.**

<b>Date Petition Filed</b>	<b>Petition Year</b>
January 1 through June 30, 2023	CY 2022
July 1 through December 1, 2023	FY 22-23
January 1 through June 30, 2024	CY 2023

*Example 1:* If a Petition is filed on November 4, 2023, the Petition Year is City fiscal year 22-23 (July 1, 2022 through June 30, 2023).

*Example 2:* If a Petition is filed on May 9, 2024, the Petition Year is calendar year 2023 (January 1, 2023 through December 31, 2023).

**§ 2. Utility Services.** For each of the listed utility or municipal services, check the box indicating how the service is paid. If there are utility or municipal services that are not listed, add the type of service under “Other” and check the appropriate box. Additional utility or municipal services may be indicated in the blank space on the form or written on a separate sheet of paper and attached. Separate sheets providing additional information must clearly identify the applicable attachment and section number.

**§ 3. Other Services.** The RSO defines “Housing Services” broadly to include “all amenities and services related to the use or occupancy of a Rental Unit and common areas that are provided by the Landlord.” Attaching a separate sheet if necessary (and clearly identify the attachment and section numbers), list the services provided *other than* the utility and municipal services listed in § 2. Examples include janitorial service, recreational areas (including pools or gyms), laundry facilities, furnishings, storage space, parking (including one or more automobiles), or security services. Indicate whether the Tenant pays a separate charge for the service.

**§ 4. Changes to Services.** If there has been a change in any service (addition, elimination, reduction, etc.) *after* the Base Year, including a change in who pays for the service, describe the changes.

**Instructions for Attachment B.2,  
Claim for Adjustment of Base Year NOI**

Use this form to identify the applicable grounds for rebutting the presumption that the Base Year provided a fair return. Check the box under at least one of the claims below. Check the box next to at least one factor for each claim selected. The claim(s) and factor(s) must be supported by documentation and other evidence.

**Instructions for Attachment B.3,  
MNOI Rent Increase Worksheet w/ Proposed Adjusted Base Year NOI**

The MNOI Increase Worksheet must be completed in accordance with these Instructions.

Please note, Petitions filed during the months of January and July will utilize CPI data published during the month of filing, typically at the end of the second week of the month. Petitioners should wait until the required CPI data is available before completing this worksheet.

*Overview*

The MNOI Rent Increase Worksheet compares the NOI of the Base Year with the NOI of the Petition to determine whether an Additional Rent Increase is warranted under the MNOI standard of fair return. The “NOI Differential” is the difference between the Petition Year NOI and the Base Year NOI, as adjusted for 60% of the change in CPI. Where the NOI Differential is greater than zero, it is presumed that an Additional Rent Increase is needed to maintain NOI. However, where the NOI Differential is equal to or less than zero, it is presumed that existing Rent and the increase permitted by the RSO are sufficient to produce a fair return.

Typically, the MNOI analysis uses Actual Base Year income and expenses. However, the purpose of this Landlord – Attachment B, Landlord Petition for Additional Rent Increase is to allow a Petitioner to demonstrate exceptional circumstances during the Base Year that justify an adjustment of Base Year income and/or expenses for the purposes of the MNOI analysis. Attachment B.3.1 (Annual Income Worksheet) and Attachment B.3.2 (Annual Expenses Worksheet) provide an opportunity to calculate the income and expenses of the Base Year using proposed adjusted amounts that the Petitioner believes would have resulted if the exceptional circumstances had not occurred.

This Attachment B.3 (MNOI Rent Increase Worksheet) then calculates the NOI Differential for both the Actual Base Year and the Proposed Adjusted Base Year using totals from Annual Income and Annual Expenses worksheets.

*Completing the form:*

**Line 1, Total Income.**

Use the numbers in Box 9a (Actual Base Year), Box 9b (Proposed Adjusted Base Year), and Box 9c (Petition Year) on Attachment B.3.1 for Box 1a, Box 1b, and Box 1c, respectively.

**Line 2, Operating Expenses.**

Use the numbers in Box 6a (Actual Base Year), Box 6b (Proposed Adjusted Base Year), and Box 6c (Petition Year) on Attachment B.3.2 for Box 2a, Box 2b, and Box 2c, respectively.

**Line 3, NOI (Net Operating Income).**

Net-operating income is calculated by subtracting the Total Operating Expenses from Total Income—both of which are calculated using the applicable forms and Instructions—for each applicable year.

To calculate the NOI for the Actual Base Year (Box 3a), subtract Box 2a from Box 1a.

To calculate the NOI for the Proposed Adjusted Base Year (Box 3b), subtract Box 2b from Box 1b.

To calculate the NOI for the Petition Year (Box 3c), subtract Box 2c from Box 1c.

**Line 4, Annual Average CPI.**

*Petitions Filed Before July 1, 2023*

The Base Year and Petition Year for any Petition filed before July 1, 2023 are calendar year 2022. Because the period of time is the same, the annual average CPI is also same. This results in a CPI Adjustment Factor of 1. If the Petition is filed before July 1, 2023, write “N/A” for Line 4 and Line 5, and use 1 for Line 6.

*Annual Average CPI for Base Year*

The applicable index for measuring inflation is the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland- Hayward Area, not seasonally adjusted and using a base point of 1982-84 = 100, published by the Bureau of Labor Statistics for the Base Year. The Bureau of Labor Statistics publishes an annual average CPI for the preceding calendar year each January. As of the time this form was published, annual average CPI data is available here: [https://data.bls.gov/timeseries/CUURS49BSA0?amp%253bdata\\_tool=XGtable&output\\_view=data&include\\_graphs=true](https://data.bls.gov/timeseries/CUURS49BSA0?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true) (last visited Jan. 12, 2023). Please note, there is a distinction between the CPI, expressed as a six-digit number (e.g. 327.060), and the *percent change* in CPI, expressed as a percentage (e.g. 4.9%).

To complete Box 4a/b, enter the annual average CPI, as published by the Bureau of Labor Statistics, for the calendar year of the Base Year. Unless revised by the Bureau of Labor Statistics, the annual average CPI for 2022 is **327.060**.

*Annual Average CPI for Petition Year*

For Box 4b, the applicable information will depend on whether the Petition Year is based on a calendar year or a City fiscal year. As provided in the Instructions for Attachment B.1, the “Petition Year” depends on when the Petition is filed and may cover a City fiscal year (July through June) rather than a calendar year. If the Petition Year is a City fiscal year, the annual average is calculated by averaging the applicable *semiannual* averages published by the Bureau of Labor Statistics. The first semiannual average, known as “HALF1” or “H1,” is published in July and covers the preceding January through June of the same calendar year. The second semiannual average, known as “HALF2” or “H2,” is published in January and covers the preceding July through December of the prior calendar year.

A screenshot taken on January 12, 2023 of the applicable table, which was filtered to show only 2021 and 2022, is provided below as an illustration. Please note, on rare occasions, the Bureau of Labor Statistics revises the index, and it is the responsibility of the Petitioner to ensure the index numbers used are up to date.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2021		304.387		309.419		309.497		311.167		313.265		315.805	309.721	306.724	312.718
2022		320.195		324.878		330.539		328.871		332.062		331.222	327.060	323.408	330.711

*Example 1:* The annual average for City FY 21-22 is 318.063. This was calculated by adding 312.718 (2021 HALF2) and 323.408 (2022 HALF 1) and dividing the result by 2.

*Example 2:* If a Petition is filed on July 27, 2023, the Petition Year will be City FY 22-23. The annual average will be calculated by averaging 2022 HALF2 and, after it is published in July 2023, 2023 HALF1.

*Example 3:* If a Petition is filed on March 1, 2023, the Petition Year will be calendar year 2022. The annual average is 327.060.

**Line 5, Percent Change in CPI—Base Year to Petition Year.**

If the Petition is filed before July 1, 2023, write “N/A” and skip this step.

The change in CPI from the Base Year to the Petition Year is calculated by subtracting the Base Year Annual Average CPI from the Petition Year Annual Average CPI. This number reflects the change in the index itself. Dividing this number by the Base Year Annual Average CPI will result in the *percent* change in CPI from the Base Year to the Petition Year.

To calculate the percent change in CPI from the Base to the Petition Year, subtract Box 4a/b from Box 4c, and divide the result by Box 4a/b. This number should be a decimal number.

**Line 6, CPI Adjustment Factor.**

If the Petition is filed before July 1, 2023, the CPI Adjustment Factor is 1.

The RSO establishes a presumption that one Rent increase in an amount equal to the lesser of 60% of CPI or 3% every 12-month period provides a just and reasonable turn on a Landlord's property. To allow an "apples to apples" comparison, the MNOI analysis applies a "CPI Adjustment Factor" to each Base Year NOI to account for inflation. The CPI Adjustment Factor is 60% of the percent change in the annual average CPI for the Base Year and the annual average of CPI for the Petition Year.

To calculate the CPI Adjustment Factor, multiply the number in Line 5 by 60% (or .6), and add 1.

**Line 7, Fair Return NOI.**

To calculate the Fair Return NOI for Box 7a (Actual Base Year), multiply the NOI in Box 3a by the CPI Adjustment Factor in Line 6.

To calculate the Fair Return NOI for Box 7b (Proposed Adjusted Base Year), multiply the NOI in Box 3b by the CPI Adjustment Factor in Line 6.

**Line 8, Fair Return NOI Differential.**

To calculate the Fair Return NOI Differential for Box 8a (Actual Base Year), subtract the NOI in Box 3c (Petition Year) from the Fair Return NOI in Box 7a.

To calculate the Fair Return NOI Differential for Box 8b (Proposed Adjusted Base Year), subtract the NOI in Box 3c (Petition Year) from the Fair Return NOI in Box 7b.

**Line 9. Temporary Additional Rent Increase allowed?**

If the Petition Year NOI is less than the Base Year Adjusted NOI (reflected as a number greater than zero in Box 8a and/or Box 8b), it is presumed under the reasonable return standard in Section 11-1.05 of the Rent Stabilization Ordinance that an additional Rent increase is needed to maintain the net-operating income received in the Base Year. If this is the case, write "YES" in the corresponding column of Line 9.

If the Petition Year NOI is equal to or greater than the Base Year Adjusted NOI, (reflected as a zero or negative number in Box 8a and/or Box 8b), it is presumed that an additional Rent increase is not needed because the property is providing the same or better rate of return. If this is the case, write "NO" in the corresponding column of Line 9.

**Line 10, MNOI Additional Monthly Rent Increase Per Rental Unit.**

For any column with "YES" in Line 9, the amount in Line 8 provides the amount of additional income presumptively needed to maintain the Base Year NOI. To calculate the amount of additional Rent increase assigned to each Rental Unit, divide the amount in the applicable column of Line 8 by the number of Rental Units. Then divide the result by 12 to determine the presumptive monthly Rent increase for each Rental Unit.

For any column with "NO" in Line 9, write "None" in Line 10.

The Hearing Officer may adjust the per-unit allocation.



**Instructions for Attachment B.3.1,**  
**Annual Income Worksheet w/ Proposed Adjusted Base Year NOI**

Use this form to tabulate the Annual Income for the Base Year—with and without proposed adjustments—and the Petition Year. See Article 5 of the Rent Program Regulations for important definitions and restrictions related to this worksheet.

In most cases, the amounts provided in the Proposed Adjusted Base Year Income column will be the same as the amounts provided in the Actual Base Year column. A proposed adjusted amount should be included only if related to impacts of the “exceptional circumstances” forming the basis of the Petitioner’s request for adjustment of the Base Year NOI (see Attachment B.2).

*Completing the form:*

**§ 1, Gross Scheduled Rental Income.**

Gross Scheduled Rental Income is the total amount of actual and imputed Rent income calculated based on 100% occupancy of rental units on the property, including units that are exempt from the Rent Stabilization Ordinance, plus all other income or consideration received or in connection with the use or occupancy of the Rental Unit, except the types of income listed separately on the Annual Income Worksheet and those specifically excluded below.

Use Same Number of Units. To facilitate a fair NOI comparison, the number of rental units used to calculate Total Income on this worksheet and the Total Operating Expenses (Attachment A.2.2) for the Petition Year must be the same as the number of rental units used to calculate the Total Income and Total Operating Expenses for the Base Year.

If the number of rental units on the property has increased since the Base Year, the number of units added to the property should be added to the number of rental units used to calculate the Gross Scheduled Rental Income for the *Base Year*.

If the number of rental units on the property has decreased, the number of rental units removed from the property should be added to the number of Rental Units used to calculate the Gross Scheduled Rental Income for the *Petition Year*.

Imputed Rent Amount. Imputed Rent amounts should fairly reflect the income generated as if all units were occupied during the applicable year using the actual Rent charged or, where applicable, the average Rent of comparable units on the property that were most recently rented. If no comparable units on the property were rented within the last two years, initial rents for comparable units on the property may be used. If there are no comparable units on the property, initial rents for comparable units in the City may be used if there is no other basis to calculate imputed Rent amounts.

Excluded; Included. Gross Scheduled Rental Income does *not* include payments and other income listed separately on the Annual Income Worksheet. Gross Scheduled Rental Income also does not include payments for discretionary services that are charged separate from Rent. Gross Scheduled Rental Income *does* include payments for utilities that are master metered or otherwise not segregable from uses other than the subject Rental Units.

**§ 2, Fees.**

List type and amount of other fees collected for services and amenities other than utilities that are not included in Rent. If late fees were collected, provide the amount collected where indicated. If security deposits were retained and used for repairs, provide the amount retained and description of use.

**§ 3, Interest and Investment Income.**

List type and amount of interest earned by Landlord on Tenant security deposits, or other interest or investment income arising from the residential rental use of the property.

**§ 4, Passed-Through Utility Payments.**

List type and amount collected from Tenants as pass-through payment for sub-metered utilities.

**§ 5, Additional Income Itemized on Attached Sheet(s).**

If there is any other sources of income pertaining to the Rental Unit(s) that has not otherwise been included, attach a separate sheet listing the type and amount of income, and provide the total in Line 5.

**§ 6, Total Income.**

For each column, add the amounts in each numbered line.

**Instructions for Attachment B.3.2,  
Annual Operating Expenses Worksheet**

Use this form to tabulate the Annual Operating Expenses for the Base Year—with and without proposed adjustments—and the Petition Year. See Article 5 of the Rent Program Regulations for important definitions and restrictions related to this worksheet.

In most cases, the amounts provided in the Proposed Adjusted Base Year Income column will be the same as the amounts provided in the Actual Base Year column. A proposed adjusted amount should be included only if it is related to impacts of the “exceptional circumstances” that form the basis of the Petitioner’s request for adjustment of the Base Year NOI, as identified in Attachment B.2. The Hearing Officer will consider the proposed adjustments in light of the circumstances and supporting documentation and other evidence provided.

A Petition may include only eligible operating expenses, as listed on the form and further defined below. Petitioner must provide documentation verifying each operating expense. Documentation must be organized by expense category and each page clearly labeled with the attachment number (A.2.2) and category line number, including sub-category line letters (a, b, etc.) where applicable.

This worksheet may not include Capital Improvement costs, legal fees, or other nonrecurring expenses that must be amortized. Those expenses may be submitted on Attachment A.2.3.

Included. Eligible operating expenses include the types listed on the worksheet so long as the expense is incurred in the operation of a property containing one or more Rental Units, as further described in the Rent Program Regulations.

Excluded. The following are *not* eligible operating expenses:

- Capital Improvement costs;
- Income taxes;
- Utility costs that cannot be segregated from uses other than the residential rental units included in the calculation of Gross Scheduled Rental Income;
- Legal expenses;
- Costs arising from circumstances that arose before the current tenancy began;
- Costs or expense that were or could have been reimbursed or rebated;
- Debt service, including principal and interest payments;
- Costs arising from the purchase, financing, or lease of real property (other than Tenant leases);
- Depreciation;
- Penalties, fees, or interest imposed for violation of law;
- Contributions to lobbying efforts or organizations that advocate on local, State, or Federal legislative issues;
- Any expense that does not benefit the Rental Units or the property containing the Rental Units, or
- Any unreasonable expense or cost that could have been avoided with reasonable diligence.

**Instructions for Attachment B.3.3,**  
**Amortized Operating Expenses Worksheet**

If applicable, use this form to calculate the per-year cost of Amortized Operating Expenses (AOE), such as Capital Improvement costs and legal expenses, and to calculate the impact of AOE per-year costs on the Actual Base Year NOI and the Proposed Adjusted Base Year NOI.

*Overview*

Article 5 of the Rent Program Regulations require certain nonrecurring expenses, such as Capital Improvement costs and legal expenses, to be amortized. Unless a Hearing Officer finds otherwise, legal expenses must be amortized over a period of five years, and Capital Improvement costs must be amortized over a period of five years or the useful life of the improvement, whichever is longer. Generally, these costs are eligible only for a Temporary Additional Rent Increase until the expense is repaid.

Capital Improvement costs that were incurred prior to or within one year commencement of a tenancy, or that were foreseeable during this time, are not grounds for a Rent increase and should not be included on this worksheet.

Each AOE provided in this worksheet will include a *proposed* amortization period. On a separate year, provide an explanation for the amortization period proposed for each AOE. This worksheet also requires a proposal for the allocation per benefited unit of the proposed Temporary Additional Rent Increase, if any. Provide an explanation of the allocation proposed. If there are multiple AOE with different amortization periods, please provide a proposed Temporary Additional Rent Increase allocation and schedule for each unit benefited by an AOE.

*Completing the form:*

**AOE #1 and AOE #2 Tables**

This worksheet will accommodate two Amortized Operating Expenses (AOE). If required information exceeds the space provided, attach a separate sheet. If there are more than two AOE, provide the required information, clearly labeled, for each AOE on a separate sheet.

Multiple payments and/or costs associated with a single project or category of expenses should be combined for the purposes of the worksheet. Each expense must be itemized separately and verified by supporting documentation.

**Line 1, Base Year Adjusted NOI.**

For each column, use the corresponding amount in Line 7 of B.3, MNOI Rent Increase Worksheet.

**Line 2, NOI Differential—No AOE.**

For each column, use the corresponding amount in Line 8 of B.3, MNOI Rent Increase Worksheet.

**Line 3, Updated NOI Differential—AOE #1.**

For each column, add the corresponding amount in Line 2 and the “Total Cost Per Year” amount provided in Box [e] of the AOE #1 table.

**Line 4, Updated NOI Differential—AOE #2.**

Because the amortization period of each AOE may vary, the worksheet requires calculation of an Updated NOI Differential for each AOE. This is to assist the Hearing Officer in evaluating a claim for a Temporary Additional Rental Increase based on multiple amortization periods.

If applicable, add the “Total Cost Per Year” amount provided in Box [e] of the AOE #2 table and Line 2.

If only one AOE is provided, write “N/A.” If additional AOE are provided on a separate sheet, provide the Updated NOI Differential using the Total Cost Per Year of each AOE.

**Line 5, All AOE—Total Cost Per Year**

Add the Total Cost Per Year of all AOE, including any provided on a separate sheet. Use this total amount for both columns in Line 5.

If only one AOE is provided, this amount will be the same as Box [e] on the AOE #1 table.

**Line 6, Updated NOI Differential—All AOE.**

For each column, add the corresponding amount in Line 2 and Line 5.

If only one AOE is provided, this amount will be the same as Line 3.

**Line 7, Temporary Additional Rent Increase allowed?**

If the Updated NOI Differential—All AOE is less than the Base Year Adjusted NOI (reflected as a number greater than zero in the corresponding column in Line 6), it is presumed under the reasonable return standard in Section 11-1.05 of the Rent Stabilization Ordinance that an additional Rent increase is needed for a finite period of time to recover Amortized Operating Expenses based on the MNOI standard. If this is the case, write “YES” in the corresponding column in Line 7.

If the Updated NOI Differential—All AOE is equal to or greater than the Base Year Adjusted NOI, (reflected as a zero or negative number in the corresponding column in Line 6), it is presumed that an additional Rent increase is not needed because the property is providing sufficient income to recover the Amortized Operating Expenses based on the MNOI standard. If this is the case, write “NO” in the corresponding column in Line 7.

**Line 8, Proposed Temporary Additional Rent Increase per benefited Rental Unit per Month.**

The allocation of the Temporary Additional Increase, if any, will depend on the number of AOE, the difference in amortization periods, and the specific units benefited. On a separate sheet, provide the total and per-year allocation of costs for each AOE, as well as a proposed increase schedule for each unit benefited by the AOE.

Also on a separate sheet, provide a proposal for the allocation and duration of Rent increases for all AOE along with an explanation of the proposal.

**Instructions for Attachment B.4,**  
**Other Claims In Support of Additional Rent Increase**

This form may be used to make a fair return claim for additional Rental increase based on any grounds *except* the following: 1. Circumstances justifying adjustment of the Base Year net-operating; and 2. MNOI. Attach additional sheets as necessary. Explain any other claim(s) in support of the Petition and attach any evidence in support of the claim(s). Attached sheets and documents must be clearly labeled with the attachment number (A.3).

**Instructions for Attachment B.5,  
Current Monthly Rent Worksheet**

The Petitioner must provide the information listed on this form for each affected Tenant and Rental Unit. However, use of this form is not mandatory, and the Petitioner may provide the required information in a spreadsheet or other form so long as the document and information are clearly labeled with the attachment and title number and type of information provided for each Tenant. A Petition will be deemed incomplete if the information required by Attachment B.5 is not provided as specified.

For each rental unit, list the monthly Rent for each Rental Unit, including all fees and separate charges, from the 12 months preceding the month in which the Petition is filed. If any Rent was increased during this 12-month, including any increase in any fee or charge amount, provide the amount of each increase, the percentage change for each increased Rent, and the effective date of each Rent increase. Attach all documentation supporting this income.

**Instructions for Attachment B.5.1,  
Proposed Monthly Rent Worksheet**

The Petitioner must provide the information listed on this form for each affected Tenant and Rental Unit. However, use of this form is not mandatory, and the Petitioner may provide the required information in a spreadsheet or other form so long as the document and information are clearly labeled with the attachment and title number and type of information provided for each Tenant. A Petition will be deemed incomplete if the information required by Attachment B.5.1 is not provided as specified. This worksheet may be combined with Attachment B.5 so long as the categories of information provided are clearly labeled.

For each rental unit, list the monthly Rent during the Base Year, the date each Tenancy began, the last Rent increase in dollar amount and percentage of prior Rent, the effective date of the last Rent increase, including all fees and separate charges, from the 12 months preceding the month in which the Petition is filed. If any Rent was increased during this 12-month, including any increase in any fee or charge amount, provide the amount of each increase, the percentage change for each increased Rent, and the effective date of each Rent increase. Attach all documentation supporting this income.