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**LANDLORD – ATTACHMENT A**  
**Landlord Petition for Additional Rent Increase**  
**(Fair Return Petition)**

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

**PETITIONER NAME:** \_\_\_\_\_ **TITLE:** \_\_\_\_\_

**OVERVIEW**

A Landlord of a Rental Unit may file this form (attached to the Landlord Cover Form) with the City Clerk to petition for a Rent increase in addition to the annual rent increase authorized by the Rent Stabilization Ordinance, Antioch Municipal Code Section 1-1.01 *et seq.* To be granted, the requested additional Rent increase must be necessary to provide the Landlord a fair and reasonable return on the property. A Hearing Officer will determine the requested relief is justified based on the evidence provided and the totality of the circumstances. The Hearing Officer may grant relief as authorized by the Rent Stabilization Ordinance.

**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 10 of this Attachment A). The Instructions pages do not need to be filed with the Petition.

**KEY PRINCIPLES**

- **Fair and Reasonable Return; Fair Base Year NOI:** A Landlord has the right to obtain a constitutionally required fair and reasonable return on property. Fair return is not determined solely by the application of a fixed or mechanical accounting formula, but 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 also presumed that the Landlord’s net operating income (NOI) during the Base Year provided the Landlord with 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. However, if an additional Rent increase has been granted as a result of a fair return claim, the Base Year is the calendar year in which the additional Rent increase became effective. Attach Decision granting prior Petition, if applicable.
- **Petition Year:** If a Petition is filed on a date in January through June, the Petition Year is the calendar year (January 1 through December 31) that precedes the year in which the Petition is filed. If a Petition is filed on a date in July through December, the Petition Year is the City fiscal year (July 1 through June 30) that precedes the City fiscal year in which the Petition is filed. Because Petitions with MNOI claims that are filed during the months of January and July will need to use index information published that same month, please wait until the information is available (usually mid-month) before performing the necessary calculations to complete the applicable worksheets.

**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 A.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 Rental Units Affected By Proposed Rent Increase      # of Exempt Units (if any, describe exemption below)

(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							
Tenants pay service directly							
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 A.2 MNOI Rent Increase Worksheet

Complete the following based on the applicable calendar year. See Attachment A.2.1 (Annual Income Worksheet) and Attachment A.2.2 (Annual Operating Expenses Worksheet). If Capital Improvement and/o other amortized costs will be included in an MNOI claim, they may not be included in this worksheet but, instead, should be included on Attachment A.2.3.

	Base Year	Petition Year
<b>1. Total Income</b>	[1a]	[1b]
<b>2. Operating Expenses</b>	[2a]	[2b]
<b>3. NOI (Net Operating Income)</b> In each column, subtract Line 2 from Line 1 (e.g. [1a] – [2a] = [3a]).	[3a]	[3b]
<b>4. Annual Average CPI.</b> As an illustration, the Annual Average CPI for 2021 was 309.7. Generally, this information is published by the Bureau of Labor Statistics each January for the prior year.	[4a]	[4b]
<b>5. Adjusted Annual Average CPI</b> In each column, multiply Line 4 by 60% (e.g. [4b] x .6 = [5a]).	[5a]	[5b]
<b>6. CPI Adjustment Factor</b> Divide Box 5b by Box 5a (e.g. [5b] / [5a] = [6]).	[6]	
<b>7. Base Year Adjusted NOI</b> Multiply Box 3a by Line 6 (e.g. [3a] x [6] = [7]).	[7]	
<b>8. NOI Differential</b> Subtract 3b from Line 7 (e.g. [7] – [3b] = [8]). <i>Note: This is the difference between the Base Year Adjusted NOI and the Petition Year NOI.</i>	[8]	
<b>9. MNOI increase allowed?</b> If Line 8 is equal to or less than zero, write “NO.” Otherwise, write “YES.” (e.g. [8] > 0 = YES)	[9]	
<b>10. MNOI Additional Monthly Rent Increase Per Rental Unit</b> If Line 9 is “YES,” divide Line 8 by the number of units, and divide the result by twelve (.e.g. [8] – 12 = [10]). If Line 9 is “NO,” write “NONE.”	[10]	

## LANDLORD – ATTACHMENT A.2.1 Annual Income Worksheet

Read the Instructions carefully and complete the following based on the applicable calendar year.

	Base Year	Petition Year
<b>1. Gross Scheduled Rental Income</b> <i>Attach sheet describing basis and method of calculation in compliance with the Instructions.</i>	\$	\$
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> <i>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.</i>	\$	\$
a. Late fees	\$	\$
b.	\$	\$
c.	\$	\$
<b>3. Interest and Investment Income</b> <i>List type and amount of interest earned by Landlord on Tenant security deposits, other interest, or investment income.</i>	\$	\$
a. Security deposits retained and used for repairs	\$	\$
b.	\$	\$
c.	\$	\$
<b>4. Passed-Through Utility Payments</b> <i>List type and amount collected from Tenants as pass-through payment for sub-metered utilities.</i>	\$	\$
a.	\$	\$
b.	\$	\$
c.	\$	\$
d.	\$	\$
<b>5. Additional Income Itemized on Attached Sheet(s)</b>	\$	\$
<b>6. TOTAL INCOME</b> (Add all numbered lines)	\$	\$

## LANDLORD – ATTACHMENT A.2.2 Annual Operating Expenses Worksheet

Complete the following based on the applicable calendar year. Attach documentation verifying each operating expense. Capital Improvement and other amortized costs may not be included on this worksheet.

	Base Year	Petition Year
<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> (other than legal) 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.</i>		
<b>9. TOTAL OPERATING EXPENSES</b>	\$	\$

REMINDER: Do not include the following expenses (see Instructions):

- Avoidable expense increases;
- Mortgage principal and interest payments;
- Fees, penalties, interest assessed for code violations;
- Depreciation; or
- Reimbursed expenses (insurance or other sources).

See Instructions beginning on page 10 for additional requirements and information.

If there are allowable Capital Improvement or other nonrecurring costs, complete Attachment A.2.3.

## LANDLORD – ATTACHMENT A.2.3 Amortized Operating Expenses Worksheet

Capital Improvement and legal expenses must be amortized as specified in the Rent Stabilization Ordinance and Article 5 of the Rent Program Regulations. If applicable, complete the following based on the applicable calendar year. Attach documentation verifying each Amortized Operating Expense (“AOE”) and an explanation of the selected amortization period. Attached additional sheets as necessary.

<b><u>AOE #1</u></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><u>AOE #2</u></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>1. Base Year Adjusted NOI</b> Line 7 from Attachment A.2	<b>[1]</b>
<b>2. NOI Differential—No AOE</b> Line 8 from Attachment A.2	<b>[2]</b>
<b>3. Updated NOI Differential—AOE #1</b> Add AOE #1 Box [e] and Line 2	<b>[3]</b>
<b>4. Updated NOI Differential—AOE #2</b> Add AOE #2 Box [e] and Line 2	<b>[4]</b>
<b>5. All AOE—Total Cost Per Year</b> Add AOE #1 Box [e], AOE #2 Box [e], any other AOE “Total Cost Per Year” amounts attached separately	<b>[5]</b>
<b>6. Updated NOI Differential—All AOE</b> Add Line 5 and Line 2	<b>[6]</b>
<b>7. Temporary Additional Rent Increase allowed?</b> If Line 6 is > 0, write “YES.” Otherwise, write “NO.”	<b>[7]</b>
<b>8. Proposed Temporary Additional Rent Increase per benefited Rental Unit per Month</b>	<b>[8]</b> Attached Separate Sheet

Line 7 is "YES," provide proposed increase and unit allocation schedules.	
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**INSTRUCTIONS**  
**Landlord – Attachment A,**  
**Landlord Petition for Additional Rent Increase**

**General Instructions**

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

- 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 the property. 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.
- This form must be used to make a fair return claim for an additional Rent increase based on any grounds *except* circumstances justifying adjustment of the Base Year net-operating income (NOI). If the claimant seeks adjustment of the Base Year NOI, use Landlord – Attachment B, Landlord Petition for Adjustment of Base Year NOI and Associated Additional Increase.

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

a. Required for All Petitions:

- i. The following documents must be filed with, and at the same time as, this Landlord – Attachment A, Landlord Petition for Additional Rent Increase:
  - Landlord Cover Form;
  - Landlord – Attachment A.1, General Information and Services;
  - Landlord – Attachment A.4, Current Monthly Rent Worksheet;
  - Landlord – Attachment A.4.1, Proposed Monthly Rent Worksheet;
  - Documentation to verify information provided in Attachment A.4; and
  - Documents for at least one claim, as listed below.
- ii. The following document must be filed before a Petition will be deemed complete:
  - Proof of Service

b. Optional: Designation of Representative.

A Designation of Representative form must be filed only if any part of the Proceeding will be administered by an individual other than the Landlord who authorizes this Petition. If another individual 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.

c. Claim Based On MNOI.

If a claim for additional Rent increase is based on maintenance of net-operating income (“MNOI”), the following documents must be filed with, and at the same time as, this Landlord – Attachment A:

- Landlord – Attachment A.2, MNOI Rent Increase Worksheet
- Landlord – Attachment A.2.1, Annual Income Worksheet
- Landlord – Attachment A.2.2, Annual Operating Expenses Worksheet
- Documentation to verify the information provided in the above documents.

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

If a claim for additional Rent increase based on MNOI includes nonrecurring costs that are required to be amortized, such as Capital Improvement costs and legal expenses, the following document must be filed with, and at the same time as, this Landlord – Attachment A:

- Landlord – Attachment A.2.3, Amortized Operating Expenses Worksheet

e. Claims Based On Other Grounds.

- i. If a claim for additional Rent increase is based on grounds *other* than MNOI or circumstances justifying adjustment of the Base Year net-operating income, the following documents must be filed with, and at the same time as, Landlord – Attachment A:
  - Landlord – Attachment A.3, Other Claims In Support of Additional Rent Increase
- ii. If a claim for additional rent increase is based on circumstances justifying adjustment of the Base Year net-operating income, this is not the correct form to use. Use Landlord – Attachment B, instead.

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

- As indicated throughout the Attachment A 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 A 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 A must be clearly labeled with the corresponding attachment title number (e.g. A.2, A.2.1, A.2.2, 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 provided to the City in substantially similar form to what is filed with the City and in the manner required by the Regulations.
- 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 A.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” depends on the calendar month the Petition is filed. If a Petition is filed on a date in January through June, the Petition Year is the calendar year that precedes the year in which the Petition is filed. If a Petition is filed on a date in July through December, the Petition Year is the City fiscal year (July 1 through June 30) that precedes the City fiscal year in which the Petition is filed. For example, if a Fair Return Petition is filed on November 4, 2023, the Petition Year will be July 1, 2022 through June 30, 2023. If a Fair Return Petition is filed on May 9, 2024, the Petition Year will be 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 A.2,**  
**MNOI Rent Increase Worksheet**

Prior to completing the MNOI Rent Increase Worksheet form, complete the Annual Income Worksheet (Attachment A.2.1) and Annual Operating Expenses Worksheet (Attachment A.2.2).

*Completing the form:*

**Line 1, Total Income.**

Use the numbers in A.2.2, Line 9 for Base Year and Petition Year, respectively.

**Line 2, Operating Expenses.**

Use the numbers in A.2.1, Line 6 for Base Year and Petition Year, respectively.

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

For the purposes of a Fair Return Petition, 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 Base Year (Box 3a), subtract Box 2a from Box 1a. To calculate the NOI for the Petition Year (Box 3b), subtract Box 2b from Box 1b.

**Line 4, Annual Average CPI.**

The RSO establishes a presumption that the allowance of one Rent increase of up to 60% of the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-Hayward Area published by the Bureau of Labor Statistics or 3%, whichever is less, per 12-month period provides a just and reasonable turn on a Landlord’s property. This CPI is also used to adjust Base Year income and expenses for inflation to allow a side-by-side comparison with the Petition Year.

For the Annual Average CPI, the City uses a base point of 1982-84 = 100, which is commonly used in Bureau of Labor Statistics publications. The Bureau of Labor Statistics publishes a semiannual average CPI twice per year (H1 and H2), as well as an annual average CPI. For example, the semiannual

average CPI for H1 of 2021 for the San Francisco-Oakland-Hayward Area is 323.408. As another example, the annual average for 2021 is 309.721.

Because Petitions filed during the months of January and July will need to use index information published that same month, please wait until the information is available (usually mid-month) before performing the necessary calculations.

To complete Box 4a, enter the annual average CPI as published for the calendar year of the Base Year. This number is the average of the index numbers and *not* the percent change in the index. For Box 4b, the applicable information will depend on whether the Petition Year is based on a calendar year or a City fiscal year. (See Instructions for § 1 for Attachment A.1.) If the Petition Year is based on a calendar year, then the annual average CPI is published following the close of the applicable year. If the Petition Year is based on a City fiscal year, average the semiannual average published for the second half (H2) of the calendar year in which the Petition Year begins and the semiannual average published for the first half (H1) of the calendar year in which the Petition Year ends.

**Line 5, Adjusted Annual Average CPI.**

The index numbers provided in Line 4 are each multiplied by 60% to reflect the reasonable return standard provided in Section 11-1.05 of the Rent Stabilization Ordinance. This calculate can be made by multiplying the number in each column of Line 4 by six tenths (.6).

**Line 6, CPI Adjustment Factor.**

Divide the number in Box 5b by the number in Box 5a.

**Line 7, Base Year Adjusted NOI.**

Multiply the Base Year NOI in Box 3a by the CPI Adjustment Factor in Line 6. This is the Base Year Adjusted NOI.

**Line 8, NOI Differential.**

Subtract the Petition Year NOI in Box 3b from the Base Year Adjusted NOI in Line 7.

**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 Line 8), 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 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 Line 8), 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 Line 9 and proceed to Attachment 2.2.3 if the MNOI claims will include Amortized Operating Expenses or Attachment A.3 to provide an alternate claim to support the Petition.

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

The amount in Line 8 provides the amount of additional income presumptively needed to maintain the rate of return received in the Base Year, as determined under the MNOI standard. To calculate the amount of additional Rent increase assigned to each Rental Unit, divide the amount in Line 8 by the number of Rental Units. Then divide this number by 12 to determine the presumptive monthly Rent increase for each Rental Unit. The Hearing Officer may adjust the per-unit allocation.

**Instructions for Attachment A.2.1,  
Annual Income Worksheet**

See Article 5 of the Rent Program Regulations for additional information on the terms used in this worksheet and applicable requirements.

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, attached 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 A.2.2,  
Annual Operating Expenses Worksheet**

See Article 5 of the Rent Program Regulations for additional information on the terms used in this worksheet and applicable requirements.

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 interested 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 A.2.3,  
Amortized Operating Expenses Worksheet**

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.**

Use the number in Line 7 of A.2, MNOI Rent Increase Worksheet. This number is the Base Year NOI adjusted by the applicable CPI factor.

### **Line 2, NOI Differential—No AOE.**

Use the number in Line 8 of A.2, MNOI Rent Increase Worksheet. This number is the difference between the Adjusted Base Year NOI and the Petition Year NOI without inclusion of any AOE and may be zero or a negative or positive number.

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

Add the “Total Cost Per Year” amount provided in Box [e] of the AOE #1 table and Line 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 additional AOE are provided on a separate sheet, provide the Updated NOI Differential using the Total Cost Per Year of each AOE.

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

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.”

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

Add the Total Cost Per Year of all AOE, including any provided on a separate sheet.

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.**

Add Line 5 and Line 2.

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 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 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 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 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 whether there is more than one AOE with a different amortization period and/or that benefits different units. On a separate sheet, provide the total and per-year allocation of AOE and increase schedule for each benefited unit.

Attach a separate sheeting providing a proposed per-month Rent increase allocation and schedule for each applicable Rental Unit and an explanation for this proposal.

**Instructions for Attachment A.3,  
Other Claims In Support of Additional Rent Increase**

This Attachment A.3 may be used to make a fair return claim for additional Rental increase based on any grounds *except* the following: 1. MNOI (use Attachment A.2); 2. Circumstances justifying adjustment of the Base Year net-operating income (use Attachment B).

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 A.4,  
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 a spreadsheet or other document so long as it is clearly labeled with the attachment and title number and provides all requested information.

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 A.4.1,  
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 a spreadsheet or other document so long as it is clearly labeled with the attachment and title number and provides all requested information. This worksheet may be combined with Attachment A.4 so long as the categories of information provided are clearly labeled.