

INCREASED HOUSING SERVICE COSTS¹

[RULE 10.1]

A. ANNUAL AVERAGE HOUSING SERVICE COSTS INCREASE:

<u>HOUSING SERVICE COSTS</u>	YEAR 1 < >	YEAR 2 < >
Taxes		
Insurance		
Replacement		
Maintenance/Repair		
Painting		
P.G.& E.		
Water/Sewer		
Elevator Service		
Laundry Facilities		
Janitorial Service		
Refuse removal		
Furnishings		
Parking		
Security Service		
Employee Services		
(Other)		
ANNUAL TOTAL		

¹ Individual housing service cost items are not considered for special consideration. [Rule 10.1.4]

INCREASED HOUSING SERVICE COSTS- (Continued)

[RULE 10.1]

A. ANNUAL HOUSING SERVICE COSTS INCREASE = (YR 2 – YR 1)
\$

B. ANNUAL AVERAGE GROSS OPERATING INCOME:

<u>INCOME SOURCES</u>	<u>YEAR</u> < >
Rents	
Laundry	
Parking	
Other	
B. ANNUAL TOTAL GROSS OPERATING INCOME	

**(%) INCREASE IN RENT TO OFFSET
AVERAGE INCREASE IN HOUSING SERVICE COST:**

**ANNUAL HOUSING SERVICE INCREASE /
ANNUAL TOTAL GROSS OPERATING INCOME= A/B**

_____ %²

² Percentage increase amount is applied to the petition base rent of each unit. If derived percentage is less than the annual allowable rent increase, no rent increase shall be given on the basis of Increased Housing Service Costs.

CAPITAL IMPROVEMENTS

[RULE 10.2]

<u>IMPROVEMENT</u>	<u>DATE COMPLETED</u> ¹	<u>COST ALLOWED</u> ²	<u>UNITS BENEFITED</u>
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

¹ Only those capital improvements completed and paid for within the 24-month period prior to the date of the proposed rent increase are certified. No more than 12 months of capital improvement costs may be passed on in any 12-month period.

² Undocumented labor costs provided cannot exceed 25% of the cost of materials. Equipment for which a “use fee” is charged is not eligible capital improvements. [Rule 10.2.3]

³ Capital improvement costs are charged in addition to the monthly base rent for the 60-month period of time amortized. At the end of the 60 months, the capital improvement increase shall be discontinued. [Rule 10.2.3 (2)] Failure to discontinue a capital improvement increase at the end of the amortization period exposes the landlord to liability for unlawful rent increase. For purposes of calculating future allowable annual permissible rent increases, a tenant’s bases rent shall not include capital improvements. Capital Improvements being amortized may be added on to the rent after the increase calculation is made.

UNINSURED REPAIR COSTS

[RULE 10.3]

<u>UNINSURED REPAIR</u>	<u>DATE COMPLETED</u>	<u>COST ALLOWED¹</u>	<u>UNITS BENEFITED</u>
		\$	
		\$	
		\$	
		\$	
		\$	

¹ Uninsured repair costs are charged in addition to the monthly base rent for the 60-month period of time amortized. At the end of the 60 months, the uninsured repair cost increase shall be discontinued. [Rule 10.2.3 (2)] Failure to discontinue an uninsured repair cost increase at the end of the amortization period exposes the landlord to liability for unlawful rent increases. For purposes of calculating future allowable annual permissible rent increases, a tenant's base rent shall not include any uninsured repair costs. Uninsured repair costs being amortized may be added on to the Tenant's rent after the rent increase calculation is made.

DEBT SERVICE COSTS
[RULE 10.4]

<u>A. INCOME SOURCES</u>	<u>YEAR</u> <u>< ></u>
Rents	\$
Laundry	\$
Parking	\$
Other	\$
A. TOTAL GROSS OPERATING INCOME	\$

Date of last Increase Imposed: _____

Amount of Last Increase Imposed: \$ _____

<u>B. HOUSING SERVICE COSTS</u>	<u>YEAR</u> <u>< ></u>
Taxes	\$
Insurance	\$
Replacement	\$
Maintenance/Repair	\$
Painting	\$
P.G.&E.	\$
Water/Sewer	\$
Elevator Service	\$
Laundry Facilities	\$
Janitorial Service	\$
Refuse removal	\$
Furnishings	\$
Parking	\$
Security Service	\$
Employee Services	\$
Other	\$
B. TOTAL HOUSING SERVICE COSTS	\$

DEBT SERVICE COSTS - Continued

[RULE 10.4]

**C. ALLOWABLE DEBT SERVICE COSTS:
(95% OF PRINCIPAL and INTEREST ON ALL DEEDS OF
TRUST)¹**

**TOTAL HOUSING SERVICES COSTS + ALLOWABLE
DEBT SERVICE COSTS (B + C)
\$**

**D. NET CASH FLOW = TOTAL GROSS OPERATING INCOME
minus (TOTAL HOUSING SERVICE COSTS plus ALLOWABLE
DEBT SERVICE COSTS) i.e. (A - (B + C))²
\$**

**(%) INCREASE IN RENT TO OFFSET DEBT SERVICE COST =
NEGATIVE CASH FLOW / TOTAL GROSS OPERATING INCOME
(D/A) _____ %³**

¹ Principal and interest costs on only those deeds of trust that are obtained in connection with the acquisition of the property, or invested in the building for the benefit of the tenants may be considered

² If the NET CASH FLOW is positive, then there will not be a rent increase based on Debt Service Costs.

³ Percentage increase amount is applied to base rent of each unit. If derived percentage is less than the Annual Allowable Rent increase, no additional rent increase shall be given on the basis of Debt Service Costs.