

AMENDED IN ASSEMBLY SEPTEMBER 4, 2015

AMENDED IN ASSEMBLY AUGUST 31, 2015

AMENDED IN ASSEMBLY JULY 16, 2015

AMENDED IN ASSEMBLY JULY 7, 2015

AMENDED IN ASSEMBLY JUNE 18, 2015

**SENATE BILL**

**No. 7**

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**Introduced by Senator Wolk**  
(Coauthor: Assembly Member Williams)

December 1, 2014

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An act to add Chapter 2.5 (commencing with Section 1954.201) to Title 5 of Part 4 of Division 3 of the Civil Code, to add Section 17922.14 to the Health and Safety Code, and to add Section 517 to, and to add Article 5 (commencing with Section 537) to Chapter 8 of Division 1 of, the Water Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 7, as amended, Wolk. Housing: water meters: multiunit structures.

(1) Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters.

This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water

service are just and reasonable, and include appropriate safeguards for both tenants and landlords.

This bill would, if a submeter is used to charge a tenant separately for water service, impose requirements on landlords relating to submetered water service to individual dwelling units. The bill would require a landlord to make certain disclosures to the tenant prior to the execution of the rental agreement, if the landlord intends to charge a tenant separately from rent for water service in a property with submeters. The bill would specify that as part of the monthly bill for water service, a landlord may only bill a tenant for volumetric water usage, as specified, a portion of any recurring fixed charge billed to the property by the water purveyor, as specified, a billing, administrative, or other fee, as prescribed, and a late charge. The bill would specify that payments are required to be due at the same point in each billing cycle, as prescribed, and that each bill must include and separately set forth certain information. The bill would prohibit a landlord from charging certain additional fees. The bill would require a landlord to maintain and make available in writing to a tenant, as specified, the date the submeter was last inspected, tested, and verified, the data used to calculate the tenant's bill, and the location of the submeter. The bill would require a landlord to investigate and, if warranted, rectify certain problems or a submeter reading that indicates constant or abnormal water usage. The bill would permit a landlord to enter a unit for specified purposes relating to a submeter or water fixture if certain requirements are met. The bill would permit a tenant to be charged late fees, as specified. The bill would provide that these provisions shall become operative on January 1, 2017.

(2) The California Building Standards Law provides for the adoption of building standards by state agencies by requiring all state agencies that adopt or propose adoption of any building standard to submit the building standard to the California Building Standards Commission for approval and adoption. Existing law creates the Building Standards Administration Special Revolving Fund and requires that funds deposited into the fund be expended, upon appropriation by the Legislature, to carry out specified provisions of law that relate to building standards, with emphasis placed on certain activities relating to green building standards.

This bill would authorize the Department of Housing and Community Development to develop and propose for adoption by the commission building standards that require the installation of water meters or

submeters in multiunit residential buildings, as specified. The bill would exempt specified categories of structures from these building standards. This bill would provide that moneys in the fund are available to the department, upon appropriation, for administrative costs associated with the development of building standards that require the installation of water meters or submeters in multiunit residential buildings.

(3) The Water Measurement Law requires every water purveyor to require, as a condition of new water service on and after January 1, 1992, the installation of a water meter to measure water service. That law also requires urban water suppliers to install water meters on specified service connections, and to charge water users based on the actual volume of deliveries as measured by those water meters in accordance with a certain timetable.

This bill would add to the Water Measurement Law the requirement that a water purveyor that provides water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure that submits an application for a water connection after January 1, 2017, measure the quantity of water supplied to each individual dwelling unit as a condition of new water service and permit the measurement to be by individual water meters or submeters, as defined. The bill would require the owner of the structure to ensure that a submeter installed for these purposes complies with laws and regulations governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters, including, but not limited to, the California Plumbing Code. The bill would further require installation of submeters to be provided by contractors licensed by the California Contractors State License Board using workers who meet specified training requirements. The bill would exempt certain structures from these requirements. The bill would prohibit a water purveyor from imposing an additional capacity or connection fee or charge for a submeter that is installed by the owner, or his or her agent. The bill would provide that these provisions shall become operative on January 1, 2017.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 2.5 (commencing with Section 1954.201)  
2 is added to Title 5 of Part 4 of Division 3 of the Civil Code, to  
3 read:

4  
5  
6

CHAPTER 2.5. WATER SERVICE

7 1954.201. It is the intent of the Legislature in enacting this  
8 chapter to do both of the following:

9 (a) To encourage the conservation of water in multifamily  
10 residential rental buildings through means either within the  
11 landlord’s or the tenant’s control.

12 (b) To ensure that the practices involving the submetering of  
13 dwelling units for water service are just and reasonable, and include  
14 appropriate safeguards for both tenants and landlords.

15 1954.202. For the purposes of this chapter:

16 (a) “Billing agent” means a person or entity who contracts to  
17 provide submetering services to a landlord, including billing.

18 (b) “Landlord” means an owner of residential rental property.  
19 “Landlord” does not include a tenant who rents all or a portion of  
20 a dwelling unit to subtenants. “Landlord” does not include a  
21 common interest development, as defined in Section 4100 of the  
22 Civil Code.

23 (c) “Property” means real property containing two or more  
24 dwelling units that is served by a single master meter.

25 (d) “Purveyor” means any local purveyor who bills the landlord  
26 for charges related to water treatment, distribution, or usage,  
27 including, but not limited to, water, sewer, stormwater, flood  
28 control, and water treatment charges.

29 (e) “Ratio utility billing system” means the allocation of water  
30 and sewer costs to tenants based on the square footage, occupancy,  
31 or other physical factors of a dwelling unit.

32 ~~(e)~~

33 (f) “Rental agreement” includes a fixed-term lease.

34 ~~(f)~~

35 (g) “Renting” includes leasing, whether on a periodic or  
36 fixed-term basis.

37 ~~(g)~~

1 (h) “Submeter” means a device that measures water consumption  
2 of an individual rental unit within a multiunit residential structure  
3 or mixed-use residential and commercial structure, and that is  
4 owned and operated by the owner of the structure or the owner’s  
5 agent. As used in this section, “multiunit residential structure” and  
6 “mixed-use residential and commercial structure” mean real  
7 property containing two or more dwelling units.

8 ~~(h)~~

9 (i) “Water service” includes any charges, whether presented for  
10 payment on local purveyor bills, tax bills, or bills from other  
11 entities, related to water treatment, distribution, or usage, including,  
12 but not limited to, water, sewer, stormwater, flood control, and  
13 water treatment charges.

14 ~~(i)~~

15 (j) “Water purveyor” means a water purveyor as defined in  
16 Section 512 of the Water Code.

17 1954.203. (a) All properties that use submeters to separately  
18 bill tenants for water service shall ensure:

19 (1) The submeter is inspected, tested, and verified for  
20 commercial purposes pursuant to law, including, but not limited  
21 to, Section 12500.5 of the Business and Professions Code.

22 (2) The installation conforms to all laws, including, but not  
23 limited to, regulations established pursuant to Section 12107 of  
24 the Business and Professions Code.

25 (3) The submeter for a dwelling unit measures only water that  
26 is supplied for the exclusive use of the particular dwelling unit,  
27 and only to an area within the exclusive possession and control of  
28 the tenant of the dwelling unit.

29 (4) The submeter is capable of being accessed and read by the  
30 tenant of the dwelling unit and read by the landlord without  
31 entering the dwelling unit. A submeter installed before January 1,  
32 2017, may be read by the landlord after entry into the unit, in  
33 accordance with this chapter and Section 1954.

34 (5) Each submeter is reinspected and recalibrated within the  
35 time limits specified in law or regulation.

36 (6) All plumbing fixtures and fittings within each dwelling unit  
37 conform to all laws regarding water conservation.

38 (b) This section does not require a water purveyor to assume  
39 responsibility for ensuring compliance with any law or regulation

1 governing installation, certification, maintenance, and testing of  
2 submeters and associated onsite plumbing.

3 1954.204. Before executing a rental agreement, a landlord who  
4 intends to charge a tenant separately from rent for water service  
5 in a property with submeters shall clearly disclose the following  
6 information to the tenant, in writing, in at least 10-point type, which  
7 may be incorporated into the rental agreement:

8 (a) That the tenant will be billed for water service separately  
9 from the rent.

10 (b) An estimate of the monthly bill for water service for units  
11 at the property based on either of the following:

12 (1) The average or median bill for water service for comparative  
13 units at the property over any three of the past six months.

14 (2) The amount of the bill based upon average indoor water use  
15 of a family of four of approximately 200 gallons per day, and  
16 including all other monthly charges that will be assessed. Estimates  
17 for other gallons per day may also be included. The estimate shall  
18 include a statement that the average family of four uses about 200  
19 gallons of water each day.

20 (c) The due dates and payment procedures for bills for water  
21 service.

22 (d) An email address and a toll-free telephone number or a local  
23 telephone number for the tenant to contact with questions regarding  
24 the water service billing and the days and hours for regular  
25 telephone service at either number.

26 (e) That the monthly bill for water service may only include the  
27 following charges:

28 (1) Payment due for the amount of usage as measured by the  
29 submeter, charged at the same rate for commodity usage by the  
30 purveyors.

31 (2) Payment of a portion of the fixed fee charged by the  
32 purveyors for water service.

33 (3) A fee for the landlord's or billing agent's costs in accordance  
34 with paragraph (3) of subdivision (a) of Section 1954.205.

35 (4) Any late fee, with the amounts and times assessed, in  
36 compliance with Section 1954.213.

37 (f) A statement that the tenant shall notify the landlord in writing  
38 of any leaks, drips, or other problems with the water system,  
39 including problems with water-saving devices, and that the landlord  
40 is required to investigate, and, if necessary, repair these problems.

1 (g) A statement that the landlord shall provide any of the  
2 following information if asked by the tenant:

3 (1) The location of the submeter.

4 (2) The calculations used to determine a monthly bill.

5 (3) The date the submeter was last certified for use, and the date  
6 it is next scheduled for certification.

7 (h) A statement that if the tenant believes that the submeter  
8 reading is inaccurate or the submeter is malfunctioning, the tenant  
9 shall first notify the landlord in writing and request an  
10 investigation. A tenant shall be provided with notice that if an  
11 alleged submeter malfunction is not resolved by the landlord, a  
12 tenant may contact the local county sealer and request that the  
13 submeter be tested. Contact information for the county sealer shall  
14 be included in the disclosure to the tenant.

15 (i) A statement that this disclosure is only a general overview  
16 of the laws regarding submeters and that the laws can be found at  
17 Chapter 2.5 (commencing with Section 1954.201) of Title 5 of  
18 Part 4 of Division 3 of the Civil Code, available online or at most  
19 libraries.

20 1954.205. (a) As part of the regular bill for water service, a  
21 landlord shall only bill a tenant for the following water service:

22 ~~(1) Volumetric charge for water at a rate calculated by dividing~~  
23 ~~the total charges for volumetric water use at the entire property by~~  
24 ~~the total volume of volumetric water used at the property multiplied~~  
25 ~~by the tenants measured usage at the property.~~

26 *(1) A charge for volumetric usage, which may be calculated in*  
27 *any the following ways:*

28 *(A) The amount shall be calculated by first determining the*  
29 *proportion of the tenant's usage, as shown by the submeter, to the*  
30 *total usage as shown by the purveyor's billing. The dollar amount*  
31 *billed to the tenant for usage shall be in that same proportion to*  
32 *the dollar amount for usage shown by the purveyor's billing.*

33 *(B) If the purveyor charges for volumetric usage based on a*  
34 *tiered rate schedule, the landlord may calculate the charge for a*  
35 *tenant's volumetric usage as described in subparagraph (A) or the*  
36 *landlord may instead divide each tier's volume evenly among the*  
37 *number of dwelling units, and the rate applicable to each block*  
38 *shall be applied to the consumption recorded for each dwelling*  
39 *unit.*

1 (C) *If the purveyor charges the property rates on a per-dwelling*  
2 *unit basis, the tenants may be charged at those exact per unit rates.*

3 (2) Any recurring fixed charge for water service billed to the  
4 property by the purveyors that, at the landlord's discretion, shall  
5 be calculated by either of the following:

6 (A) The tenant's proportion of the total fixed charges charged  
7 to the property. The tenant's proportion shall be based on the  
8 percentage of the tenant's volumetric water use in relation to the  
9 total volumetric water use of the entire property, as shown on the  
10 property's water bill during that period.

11 (B) Dividing the total fixed charges charged to the property  
12 equally among the total number of residential units and  
13 nonresidential units at the property.

14 (3) A billing, administrative, or other fee for the landlord's and  
15 billing agent's costs, which shall be the lesser of an amount not to  
16 exceed four dollars and seventy-five cents (\$4.75), as adjusted  
17 pursuant to this paragraph or 25 percent of the amount billed  
18 pursuant to paragraph (1). Beginning January 1, 2018, the  
19 maximum fee authorized by this paragraph may be adjusted each  
20 calendar year by the landlord, no higher than a commensurate  
21 increase in the Consumer Price Index based on a California fiscal  
22 year average for the previous fiscal year, for all urban consumers,  
23 as determined by the Department of Finance.

24 (4) A late charge as assessed pursuant to Section 1954.213.

25 (b) If a submeter reading for the beginning or end of a billing  
26 period is, in good faith, not available, the landlord shall bill the  
27 tenant according to Section 1954.212.

28 (c) This section does not prohibit a landlord or the landlord's  
29 billing agent from including any other lawful ~~charges~~ *charges*,  
30 *including rent*, on the same bill.

31 1954.206. (a) Submeters shall be read within three days of the  
32 same point in each billing cycle.

33 (b) Payments shall be due at the same point in each billing cycle.  
34 A tenant may agree in writing to receive a bill electronically. A  
35 tenant may rescind authorization for electronic delivery of bills at  
36 any time. A tenant shall not be required to pay a bill electronically.

37 (c) A bill shall include and separately set forth the following  
38 information:

39 (1) The submeter reading for the beginning date and ending  
40 date of the billing cycle, the dates read, and the indicated

1 consumption as determined by subtracting the amount of the  
2 beginning date submeter reading from the amount of the ending  
3 date submeter reading. If the unit of measure is in something other  
4 than gallons, the indicated consumption shall be expressed in  
5 gallons.

6 (2) The amounts charged pursuant to subdivision (a) of Section  
7 1954.205.

8 (3) The rate or rates charged for the volumetric charge per unit  
9 of measure.

10 (4) The amount, if any, due from the previous month's bill.

11 (5) The amount, if any, due from bills prior to the previous  
12 month's bill.

13 (6) The late fee, if any, imposed on amounts specified in  
14 paragraph (4) or (5).

15 (7) The total amount due for the billing period.

16 (8) The due date for the payment.

17 (9) If a late fee is charged by the landlord, a statement of when  
18 the late fees would apply.

19 (10) The procedure to contact the landlord or billing agent with  
20 questions or concerns regarding the bill. Upon request of the tenant,  
21 the landlord or billing agent shall respond in writing to any  
22 questions or disputes from the tenant. If a billing agent is used, the  
23 name of the billing agent shall be disclosed. The tenant shall be  
24 provided a mailing address, email address, telephone number,  
25 which shall be either a toll-free or a local number, and the time of  
26 regular telephone hours for contact regarding billing inquiries.

27 (11) A statement that the landlord or billing agent is not the  
28 water purveyor that includes the name of the local water purveyor  
29 providing the water service to the master meter.

30 (d) Notwithstanding paragraphs (4) and (5) of subdivision (c),  
31 a separate bill may be provided for past due amounts if past due  
32 amounts are not included on the current month's bill.

33 1954.207. (a) At the beginning of a tenancy, a submeter shall  
34 be read after the tenant takes possession. If the regular reading  
35 occurs less than five days prior to the tenant taking possession,  
36 that reading may be substituted to establish usage. If the submeter  
37 is manually read, the first bill may be estimated based on the rate  
38 established in subdivision (b) of Section 1954.212.

39 (b) For a water-service bill at the end of a tenancy, the submeter  
40 shall be read within five days, if possible. If the submeter cannot

1 be read within five days at the end of a tenancy, the bill amount  
2 for the final month shall be based on the bill amount for the  
3 previous month.

4 (c) The landlord may deduct an unpaid water service bill from  
5 the security deposit upon the ending of a tenancy, if the last water  
6 service bill showing the amount due is attached to the  
7 documentation required by Section 1950.5.

8 1954.208. Unless it can be documented that a penalty is solely  
9 the result of a tenant's failure to comply with state or local water  
10 use regulations or restrictions, or both, regarding wasting of water,  
11 a landlord shall not charge, recover, or allow to be charged or  
12 recovered, fees incurred by the landlord from the purveyors, billing  
13 agent, or any other person for any deposit, disconnection,  
14 reconnection, late payment by the landlord, or any other penalty  
15 assessed against the landlord. This section shall not prevent a  
16 landlord from charging a tenant for the tenant's late payment of  
17 any bill.

18 1954.209. The landlord shall maintain and make available in  
19 writing, at the tenant's written or electronic request, within seven  
20 days after the request, the following:

21 (a) The date the submeter was last inspected, tested, and verified,  
22 and the date by which it shall be reinspected, tested, and verified  
23 under law, if available. If this information is not available, the  
24 landlord shall disclose that the information is not available.

25 (b) The data used to calculate the tenant's bill, as follows:

26 (1) The most recent water bill for the property's master water  
27 meter showing the recurring fixed charge for water service billed  
28 to the property by the water purveyor, and the usage charges for  
29 the property, including any tiered amounts.

30 (2) Any other bills for water service, as defined in subdivision  
31 ~~(h)~~ (i) of Section 1954.202, for the property.

32 (3) The number of units in the property.

33 (4) If not shown on the bill for the property, the per unit charges  
34 for volumetric water usage, including any tiered amounts.

35 (5) The formula used to calculate the charge for the tenant's  
36 volumetric water usage.

37 (c) The location of the submeter.

38 1954.210. (a) If a tenant notifies the landlord in writing of, or  
39 the landlord otherwise becomes aware of, a leak, a drip, a running  
40 toilet, or other submeter problem, or a submeter reading indicates

1 constant or abnormal high water usage, the landlord shall have the  
2 condition investigated, and, if warranted, rectify the condition.

3 (b) A tenant shall not remove any water fixtures or water  
4 conservation devices that have been installed by the landlord.

5 (c) If the condition is rectified more than 14 days after the tenant  
6 notifies the landlord in writing pursuant to subdivision (a), the  
7 tenant's volumetric usage for any month or months that include  
8 the period between 14 days after the initial investigation and the  
9 repair shall be deemed to be fifteen dollars (\$15) or actual usage,  
10 whichever is less. At the landlord's option, if submeter readings  
11 are available to determine the usage at a point prior to investigation  
12 and a point following repair, usage shall be deemed to be fifty  
13 cents (\$0.50) per day for those days between the two submeter  
14 readings or actual usage, whichever is less.

15 (d) If the condition remains unrectified for six months after  
16 investigation, no further volumetric usage charges may be imposed  
17 until the condition is repaired.

18 1954.211. In addition to the grounds for entry specified in  
19 subdivision (a) of Section 1954, the landlord may enter a unit as  
20 follows:

21 (a) For the purpose of installing, repairing, testing, and  
22 maintaining a submeter, or for the purpose of repairing or testing  
23 any water fixture suspected by the landlord or reported by the  
24 tenant to be in need of repair, if the requirements of Section 1954  
25 are met.

26 (b) To read a submeter, if the requirements of this chapter and  
27 Section 1954 are met. Notwithstanding paragraph (3) of subdivision  
28 (d) of Section 1954, notice shall be given only in writing.

29 1954.212. (a) If a monthly submeter reading necessary to  
30 measure volumetric usage is unavailable, the tenant may be charged  
31 75 percent of the average amount billed for volumetric usage for  
32 the last three months for which complete billing information is  
33 available. The adjustment shall be disclosed on the bill.

34 (b) If no complete billing information is available for the prior  
35 three months, the volumetric usage charge shall be deemed to be  
36 fifty cents (\$0.50) per day that the data is not available.

37 (c) If monthly submeter readings remain unavailable for more  
38 than six months, the volumetric usage charge shall be deemed to  
39 be zero for any subsequent month that the data is not available.

1 1954.213. (a) A tenant may be charged a late fee for any water  
2 service bill not paid 25 days after mailing or other transmittal of  
3 the bill. If the 25th day falls on a Saturday, Sunday, or holiday,  
4 the late fee shall not be imposed until the day after the first business  
5 day following the 25th day.

6 (b) A late fee of up to seven dollars (\$7) may be imposed if any  
7 amount of a bill remains unpaid after the time described in  
8 subdivision (a). A late fee of up to ten dollars (\$10) may be  
9 imposed in each subsequent bill if any amount remains unpaid. If  
10 any partial payments are made, they shall be credited against the  
11 bill that has been outstanding the longest.

12 (c) In addition to the purposes specified in subdivision (b) of  
13 Section 1950.5, if a water service bill remains unpaid after the  
14 time described in subdivision (a) expires, the landlord may also  
15 claim the amount of the unpaid bill from the security deposit.

16 (d) If a water service bill remains unpaid for 30 days after the  
17 time described in subdivision (a) expires, the nonpayment shall  
18 constitute a curable material breach of the lease. The landlord shall  
19 have the right to terminate the tenancy in accordance with  
20 paragraph (3) of Section 1161 of the Code of Civil Procedure with  
21 the service of a three-day notice to cure covenant or quit upon the  
22 tenant.

23 *(e) If the water bill remains unpaid for six months after the time*  
24 *period provided in subdivision (a) expires or the amount of the*  
25 *unpaid water bill equals or exceeds two hundred fifty dollars*  
26 *(\$250), the landlord may terminate the tenancy in accordance with*  
27 *Section 1161 of the Code of Civil Procedure with the service of a*  
28 *three-day notice to pay or quit upon the tenant.*

29 ~~(e)~~

30 (f) Water service charges under this chapter shall not constitute  
31 rent.

32 ~~(f)~~

33 (g) The water service to a dwelling unit shall not be shut off or  
34 otherwise interfered with by the landlord for any reason, including  
35 nonpayment of a bill. Notwithstanding the foregoing, a landlord  
36 or its agent may shut off water service to a dwelling unit or the  
37 property, in order to make repairs, replacements of equipment, or  
38 perform other maintenance at the property.

39 1954.214. This chapter does not preclude or preempt an  
40 ordinance or regulation adopted prior to January 1, 2013, that

1 regulates the approval of submeter types or the installation,  
2 maintenance, reading, billing, or testing of submeters and  
3 associated onsite plumbing.

4 1954.215. The rights or obligations established under this  
5 chapter shall not be waived. Any purported waiver is void.

6 1954.216. (a) This chapter applies to the following:

7 (1) All dwelling units offered for rent or rented in a building  
8 where submeters were required to be installed pursuant to a  
9 building standard adopted in accordance with Section 17922.14  
10 of the Health and Safety Code.

11 (2) All dwelling units where submeters are used to charge a  
12 tenant separately for water service.

13 (b) Nothing in this chapter shall be construed to apply to any  
14 dwelling units other than those described in subdivision (a).

15 (c) *Nothing in this chapter shall be construed to state a*  
16 *legislative policy favoring or disfavoring the use of a ratio utility*  
17 *billing system.*

18 1954.217. *A submetering system that measures only a portion*  
19 *of a dwelling unit's water usage, including, but not limited to, a*  
20 *system that measures only hot water usage, shall not be subject to*  
21 *this chapter if the system was first put in service before January*  
22 *1, 2017.*

23 ~~1954.217.~~

24 1954.218. This chapter shall become operative on January 1,  
25 2017.

26 ~~1954.218.~~

27 1954.219. Any property that is required to install individual  
28 submeters pursuant to Article 5 (commencing with Section 537)  
29 of Chapter 8 of Division 1 of the Water Code shall at all times be  
30 required to bill residents for water service pursuant to this chapter.

31 SEC. 2. Section 17922.14 is added to the Health and Safety  
32 Code, to read:

33 17922.14. (a) During the next regularly scheduled intervening  
34 code cycle that commences on or after January 1, 2016, or during  
35 a subsequent code adoption cycle, the department may develop  
36 and propose for adoption by the California Building Standards  
37 Commission, pursuant to Chapter 4 (commencing with Section  
38 18935) of Part 2.5, building standards requiring the installation of  
39 water meters or submeters in multiunit residential structures, as  
40 those terms are defined in Section 517 of the Water Code. These

1 standards shall conform to Article 5 (commencing with Section  
2 537) of Chapter 8 of Division 1 of the Water Code.

3 (b) (1) The department shall determine whether and under what  
4 circumstances the installation of water meters or submeters is  
5 infeasible and include in the building standards proposed in  
6 subdivision (a) the appropriate provision for exemption from this  
7 requirement. The department may consider whether there are any  
8 issues specific to high-rise multifamily buildings that would require  
9 an exemption from the requirement for the installation of water  
10 meters or submeters.

11 (2) The following categories of structures shall be exempt from  
12 the building standards established pursuant to subdivision (a):

13 (A) Long-term health care facilities, as defined in Section 1418.

14 (B) Low-income housing. For the purposes of this subparagraph,  
15 “low-income housing” means a residential building that is financed  
16 with low-income housing tax credits, tax-exempt mortgage revenue  
17 bonds, general obligation bonds, or federal, state, or local loans  
18 or grants, for which rents charged to lower income households do  
19 not exceed rents prescribed by deed restrictions or regulatory  
20 agreements pursuant to the terms of the financing or financial  
21 assistance, and for which not less than 90 percent of the dwelling  
22 units within the building are designated for occupancy by lower  
23 income households. As used in this subparagraph, “lower income  
24 households” has the same meaning as defined in Section 50079.5.

25 (C) Residential care facilities for the elderly, as defined in  
26 subdivision (k) of Section 1569.2.

27 ~~(D) Student dormitories.~~

28 (D) *Housing at a place of education, as defined in Section 202*  
29 *of the California Building Standards Code (Title 24 of the*  
30 *California Code of Regulations).*

31 (E) Time-share property, as defined in subdivision (aa) of  
32 Section 11212 of the Business and Professions Code.

33 (c) Moneys in the Building Standards Administration Special  
34 Revolving Fund established pursuant to Section 18931.7 shall be  
35 available, upon appropriation by the Legislature, for the  
36 department’s administrative costs associated with the development  
37 of building standards in accordance with this section.

38 SEC. 3. Section 517 is added to the Water Code, to read:

39 517. “Submeter” means a device that measures water  
40 consumption of an individual rental unit within a multiunit

1 residential structure or mixed-use residential and commercial  
2 structure, and that is owned and operated by the owner of the  
3 structure or the owner’s agent. As used in this section, “multiunit  
4 residential structure” and “mixed-use residential and commercial  
5 structure” mean real property containing two or more dwelling  
6 units.

7 SEC. 4. Article 5 (commencing with Section 537) is added to  
8 Chapter 8 of Division 1 of the Water Code, to read:

9

10 Article 5. Multiunit Structures

11

12 537. (a) The structures in all of the following categories shall  
13 be exempt from this article:

14 (1) Low-income housing. For purposes of this paragraph,  
15 “low-income housing” means a residential building financed with  
16 low-income housing tax credits, tax-exempt mortgage revenue  
17 bonds, general obligation bonds, or local, state, or federal loans  
18 or grants, for which the rents of the occupants in lower income  
19 households, as defined in Section 50079.5 of the Health and Safety  
20 Code, do not exceed rents prescribed by deed restrictions or  
21 regulatory agreements pursuant to the terms of the financing or  
22 financial assistance, and for which not less than 90 percent of the  
23 dwelling units within the building are designated for occupancy  
24 by lower income households, as defined in Section 50079.5 of the  
25 Health and Safety Code.

26 ~~(2) Student dormitories.~~

27 (2) *Housing at a place of education, as defined in Section 202*  
28 *of the California Building Standards Code (Title 24 of the*  
29 *California Code of Regulations).*

30 (3) Long-term health care facilities, as defined in Section 1418  
31 of the Health and Safety Code.

32 (4) Time-share property, as defined in subdivision (aa) of  
33 Section 11212 of the Business and Professions Code.

34 (5) Residential care facilities for the elderly, as defined in  
35 Section 1569.2 of the Health and Safety Code.

36 (b) A submeter used to measure water supplied to an individual  
37 residential unit that is required pursuant to this chapter shall be of  
38 a type approved pursuant to Section 12500.5 of the Business and  
39 Professions Code, and shall be installed and operated in compliance

1 with regulations established pursuant to Section 12107 of the  
2 Business and Professions Code.

3 537.1. (a) Each water purveyor that sells, leases, rents,  
4 furnishes, or delivers water service to a newly constructed multiunit  
5 residential structure or newly constructed mixed-use residential  
6 and commercial structure for which an application for a water  
7 connection, or more than one connection, is submitted after January  
8 1, 2017, shall require a measurement of the quantity of water  
9 supplied to each individual dwelling unit as a condition of new  
10 water service. The measurement may be by individual water meters  
11 or submeters.

12 (b) *Unless the water purveyor or local government is operating*  
13 *under an ordinance or regulation requiring individual metering,*  
14 *the owner shall be required to install and read submeters, unless*  
15 *the water purveyor agrees to install and read individual meters.*

16 ~~(b)~~

17 (c) (1) The owner of the structure shall ensure that each submeter  
18 installed complies with all laws and regulations governing the  
19 approval of submeter types or the installation, maintenance,  
20 reading, billing, and testing of submeters, including, but not limited  
21 to, the California Plumbing Code.

22 (2) This subdivision does not require a water purveyor to fund  
23 or assume responsibility for ensuring compliance with any law or  
24 regulation governing the approval of submeter types or the  
25 installation, maintenance, reading, billing, and testing of submeters  
26 and associated onsite plumbing.

27 (3) Installation of submeters shall be provided by contractors  
28 licensed by the California Contractors State License Board using  
29 workers who have graduated from a state-approved apprenticeship  
30 program.

31 ~~(c)~~

32 (d) A water purveyor shall not impose an additional capacity  
33 or connection fee or charge for a submeter that is installed by the  
34 owner, or his or her agent.

35 ~~(d)~~

36 (e) This section shall remain operative until the date on which  
37 the California Building Standards Commission includes standards  
38 in the California Building Standards Code that conform to this  
39 article.

1 537.2. (a) A final occupancy permit for a building shall not  
2 be denied by a local building official if water submeters or meters  
3 have not been installed for each residential unit as required by  
4 this chapter if the building owner can demonstrate either of the  
5 following:

6 (1) Water submeters have been ordered and were delayed by  
7 the manufacturer.

8 (2) Water submeters for the building were submitted to a county  
9 sealer and are awaiting approval for use.

10 (b) After issuance of the occupancy permit, the owner shall  
11 ensure that the submeters are installed in the building within 120  
12 days of approval by the county sealer.

13 ~~537.2.~~

14 537.3. (a) This article does not preclude or preempt an  
15 ordinance or regulation that regulates the approval of submeter  
16 types or the installation, maintenance, reading, billing, or testing  
17 of submeters and associated onsite plumbing if the ordinance or  
18 regulation was adopted prior to January 1, 2013.

19 (b) This article does not restrict the authority of a water  
20 purveyor, city, county, city and county, or other local agency to  
21 adopt and implement a program to promote water conservation  
22 that includes the installation of water meters and submeters, as  
23 required pursuant to subdivision (a) of Section 537.1, if the  
24 program is at least as stringent as the requirements of this article.

25 ~~537.3.~~

26 537.4. It is the intent of the Legislature that this article should  
27 not be construed to impose costs on any local government agency,  
28 except to the extent that the local government agency is a water  
29 purveyor.

30 ~~537.4.~~

31 537.5. This article shall become operative on January 1, 2017.