

FILE NO. 040745

ORDINANCE NO. 170-04

1 [~~Reducing the maximum Annual Residential Rent Ordinance Fee from \$27 to \$26 per unit,~~
2 ~~and eliminating the 2002 two-year sunset provision. Modifying residential Rent Ordinance~~
3 ~~annual fee per unit procedure. Controller-determined fee still billed to owners but Board of~~
4 ~~Supervisors no longer required to enact periodic statutory maximum fee per unit, owner may~~
5 ~~recover up to 50% of fee from unit occupants.]~~

6 Ordinance amending Administrative Code Chapter 37A "Residential Rent Stabilization
7 and Arbitration Fee" by amending Sections 37A.2 and 37A.6: to reduce the maximum
8 Annual Residential Rent Ordinance Fee from ~~\$27~~ per unit to ~~\$26~~ per unit provide that
9 the annual Rent Board fee per unit billed to the owners will continue to be determined
10 by the City Controller based on the total projected annual cost of funding the Rent
11 Board divided by the number of rental units required to pay the fee, but that the Board
12 of Supervisors would no longer be required to periodically enact a statutory maximum
13 fee per unit; ~~and to eliminate the two-year sunset provision enacted in 2002 so that an~~
14 ~~owner may continue to recover up to \$21.50 per unit from tenants and provide that an~~
15 ~~owner may instead recover up to 50% of the annual fee for each unit from the~~
16 ~~occupants of the unit, instead of permitting recovery of \$21.50 per unit as provided~~
17 ~~during the last two years and instead of permitting recovery of 100% as provided in~~
18 ~~prior years;~~ and, making environmental findings.

18 Note: Additions are *single-underline italics Times New Roman font*;
19 deletions are *strikethrough italics Times New Roman font*.
20 Board amendment additions are double underlined Arial font;
21 Board amendment deletions are ~~strikethrough Arial font~~.

22 Be it ordained by the People of the City and County of San Francisco:

23 Section 1. The San Francisco Administrative Code is hereby amended by amending
24 Section 37A.2, to read as follows:

25 SEC. 37A.2. FINDINGS.

MAYOR GAVIN NEWSOM

1 The Board of Supervisors hereby finds:

2 (a) In Section 37.1 of this Code, the Board of Supervisors found that there was a
3 shortage of decent, safe and sanitary housing in the City and County of San Francisco
4 resulting in a critically low vacancy factor. The Board further found that rent regulation was
5 necessary in order to alleviate the ill effects of the City's housing shortage to meet the need
6 for affordable housing, and to advance the City's housing policies. The Board now hereby
7 finds that this housing shortage still persists and that rent regulation continues to be a
8 necessary and effective means of mitigating this condition.

9 (b) By Ordinance No. 276-79, adopted June 12, 1979, the Board of Supervisors
10 enacted the Residential Rent Stabilization and Arbitration Ordinance ("Rent Ordinance,"
11 Chapter 37, San Francisco Administrative Code) to regulate residential rents in San
12 Francisco. The Ordinance created the Residential Rent Stabilization and Arbitration Board
13 ("Rent Board," Sections 37.1(a), (b) and 37.4) to administer and enforce the Rent Ordinance
14 and thereby safeguard tenants from excessive increases while at the same time assure
15 landlords fair and adequate rents. The Rent Board benefits both landlords and tenants by
16 providing for the orderly and efficient administration of the Rent Ordinance and by protecting
17 tenants from unreasonable rent increases and displacement while assuring that landlords
18 receive fair rents consistent with the Ordinance.

19 (c) It is fair and reasonable that the costs of administering and enforcing the Rent
20 Ordinance through the Rent Board should be equitably distributed among the City's residential
21 units.

22 Therefore, the Board finds that the owner of each residential unit as defined in Section
23 37A.1 above shall be required to pay an annual Rent Stabilization and Arbitration fee for each
24 unit.

25
MAYOR GAVIN NEWSOM

1 (d) The fee for each residential unit shall equal the projected annual cost of funding
2 the Rent Board plus related administrative costs pursuant to Section 10.194 of this Code
3 including, but not limited to, the Tax Collector and Controller, divided by the total number of
4 residential units estimated to pay the fee minus any balance remaining in the fund set forth in
5 Section 10.117-88 of this Code; provided, however, that in calculating the fee, the Controller
6 shall round up any fraction of a dollar to the next whole dollar; ~~provided further, however, that~~
7 ~~the fee shall in no event exceed \$27.00~~ \$26.00 per residential unit. For the purposes of this
8 calculation, a guest room shall be counted as one-half of a residential unit and shall be
9 charged half the fee. The Assessor and the Director of the Department of Building Inspection
10 shall release to the Information Services Division (ISD) of the Department of
11 Telecommunications and Information Services (DTIS) by June 1st information necessary for
12 compilation of the billing list. The Controller shall compile the list, determine the total number
13 of residential units and calculate the fee by July 31st. The fee shall be recalculated on July
14 31st each year.

15 (e) The fee herein is for regulatory purposes only. It is not designed or intended for
16 revenue purposes. Any surplus collected in a given year will reduce the fee in the next fiscal
17 year.

18 ~~(f) The increase in the fee set forth in subsection (d) and the landlord's right to recover up~~
19 ~~to that amount from tenants, as set forth in Section 37A.6(a), shall sunset two years from the effective~~
20 ~~date of the ordinance authorizing such increase. After the provisions of Section 37A.2 and 37A.6~~
21 ~~authorizing the fee increase sunset, the City Attorney may amend those sections to reinstate the \$16.00~~
22 ~~fee and the landlord's right to recover up to the full amount of that fee from the tenants.~~

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MAYOR GAVIN NEWSOM

1 Section 2. The San Francisco Administrative Code is hereby amended by amending Section
2 37A.6, to read as follows:

3 SEC. 37A.6. RECOVERY OF THE FEE, LIMITATIONS.

4 The owner may seek recovery of the fee from the tenant(s) in occupancy of each
5 residential unit on November 1st, up to a maximum of ~~\$21.50 per~~ 50% of the annual fee for
6 each unit, as follows:

7 (a) An owner seeking recovery of the fee shall deduct it from the next interest
8 payment owed on the tenant's security deposit pursuant to Chapter 49 of this Code, except
9 that where the interest has been paid annually the owner may bill the tenant directly as
10 provided in subsection 37A.6(c); or

11 (b) When the fee is not collected during the year in which the owner is first entitled
12 to it, the owner may bank the fee and collect it in a future year. Only those fees that become
13 due after the effective date of this Ordinance may be banked. A banked fee may only be
14 collected as a deduction against security deposit interest due the tenant, except that where no
15 interest or insufficient interest exists (due to no deposit or low amount of deposit) the owner
16 may bill for any balance owing as provided in subsection 37A.6(c). The billing statement must
17 specifically show the fee amount owed by the tenant for each year, and the amount of interest
18 due the tenant (if any) for each year owing.

19 (c) To the extent provided in subsections 37A.6(a) and (b), the owner may bill the
20 tenant directly for the fee. The bill shall state the amount for that unit, that the purpose of the
21 fee is to fund the Rent Board and related administrative costs under Chapter 37A of the San
22 Francisco Administrative Code, and that the fee is due and payable within 30 days of the date
23 of the bill.

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MAYOR GAVIN NEWSOM

1 The owner remains liable for full payment of the fee to the Tax Collector whether or not
2 the owner seeks any recovery under one of the above methods or in fact does recover any
3 portion from the tenant.

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5 Section 23. Making Environmental Findings. The Planning Department has determined that
6 the actions contemplated in this Ordinance are in compliance with the California Environmental
7 Quality Act (California Public Resources Code sections 21000 et seq.). Said determination is on file
8 with the Clerk of the Board of Supervisors in File No. 040745 and is incorporated herein by reference.
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11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13 By: 
14 MARIE CORLETT BLITS
15 Deputy City Attorney
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MAYOR GAVIN NEWSOM



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Ordinance

File Number: 040745

Date Passed:

Ordinance amending Administrative Code Chapter 37A "Residential Rent Stabilization and Arbitration Fee" by amending Sections 37A.2 and 37A.6: to provide that the annual Rent Board fee per unit billed to the owners will continue to be determined by the City Controller based on the total projected annual cost of funding the Rent Board divided by the number of rental units required to pay the fee, but that the Board of Supervisors would no longer be required to periodically enact a statutory maximum fee per unit; to eliminate the two-year sunset provision enacted in 2002 and provide that an owner may instead recover up to 50% of the annual fee for each unit from the occupants of the unit, instead of permitting recovery of \$21.50 per unit as provided during the last two years and instead of permitting recovery of 100% as provided in prior years; and, making environmental findings.

July 13, 2004 Board of Supervisors — PASSED ON FIRST READING

Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Gonzalez, Ma, Maxwell,
McGoldrick, Peskin, Sandoval
Noes: 1 - Hall

July 20, 2004 Board of Supervisors — FINALLY PASSED

Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Gonzalez, Ma, Maxwell,
McGoldrick, Peskin, Sandoval
Noes: 1 - Hall

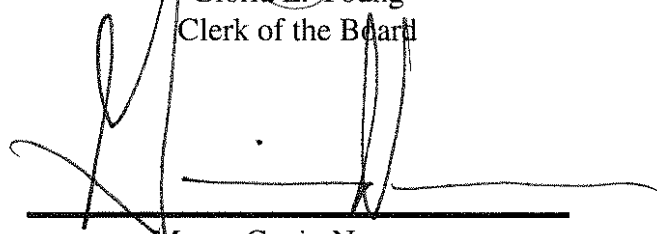
File No. 040745

I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on July 20, 2004 by
the Board of Supervisors of the City and
County of San Francisco.

JUL 22 2004

Date Approved


Gloria L. Young
Clerk of the Board


Mayor Gavin Newsom