

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Christina Varner, Acting Executive Director, Rent Board
Eric D. Shaw, Director, Mayor's Office of Housing and Community Development

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: April 8, 2022

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Melgar on April 5, 2022:

File No. 220341

Ordinance amending the Administrative Code to clarify that the date a property is withdrawn under the Ellis Act is based on the latest date that any tenancy in the property is terminated; to increase the relocation payments that owners must pay to tenants when evicting under the Ellis Act; to require that an owner who returns a unit to the rental market following an Ellis Act eviction must return the entire property to the market, with exceptions for certain owner-occupied units; to clarify that paying punitive damages does not extinguish an owner's obligation to re-offer the unit upon re-rental to the displaced tenants; and to delete inoperative Code sections.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: erica.major@sfgov.org.

cc: Lydia Ely, Mayor's Office of Housing and Community Development
Brian Cheu, Mayor's Office of Housing and Community Development
Maria Benjamin, Mayor's Office of Housing and Community Development
Sheila Nickolopoulos, Mayor's Office of Housing and Community Development

1 [Administrative Code - Ellis Act Evictions]

2

3 **Ordinance amending the Administrative Code to clarify that the date a property is**
 4 **withdrawn under the Ellis Act is based on the latest date that any tenancy in the**
 5 **property is terminated; to increase the relocation payments that owners must pay to**
 6 **tenants when evicting under the Ellis Act; to require that an owner who returns a unit**
 7 **to the rental market following an Ellis Act eviction must return the entire property to the**
 8 **market, with exceptions for certain owner-occupied units; to clarify that paying punitive**
 9 **damages does not extinguish an owner's obligation to re-offer the unit upon re-rental**
 10 **to the displaced tenants; and to delete inoperative Code sections.**

11 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
 12 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 13 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 14 **Board amendment additions** are in double-underlined Arial font.
 15 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 16 **Asterisks (* * * *)** indicate the omission of unchanged Code
 17 subsections or parts of tables.

15

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

17

18 Section 1. Findings.

19 (a) The Ellis Act, California Government Code Sections 7060, et seq., gives rental
 20 property owners the right to exit the rental housing business, but also allows local
 21 governments to place certain conditions and restrictions on landlords who evict tenants in
 22 order to exit the market. San Francisco has enacted procedures that owners must follow if
 23 they are going to evict tenants to exit the rental housing business. In 2019, the California
 24 Legislature adopted Assembly Bill 1399, to clarify the existing obligations of owners who have
 25 performed Ellis Act evictions and to clarify the ability of local governments to impose certain

1 further obligations on such owners. This ordinance is intended to incorporate those changes
2 into the City's Rent Ordinance, Administrative Code Chapter 37, to the maximum extent
3 authorized by and consistent with Assembly Bill 1399.

4 (b) This ordinance also adjusts the relocation payments that owners must pay to
5 tenants who they are evicting under the Ellis Act. The Ellis Act allows local governments to
6 mitigate the adverse impacts experienced by persons displaced by Ellis Act evictions, and
7 San Francisco has long required owners to provide their tenants a relocation payment. But
8 tenants report that these amounts do not cover many of the adverse impacts they experience,
9 and on March 15, 2022, the City's Budget and Legislative Analyst issued a report that studied
10 these impacts and verified these claims. The report calculates that relocation payments as
11 calculated under existing law do not cover many tenants' moving costs, and identifies
12 additional adverse impacts that the existing relocation payments may not cover. A copy of the
13 report is on file with the Clerk of the Board of Supervisors in File No. _____. Based on the
14 experience of tenants and the Budget and Legislative Analyst report, the Board of Supervisors
15 finds that an increase to the existing relocation payments is appropriate.

16
17 Section 2. Chapter 37 of the Administrative Code is hereby amended by revising
18 Section 37.9A, to read as follows:

19 **SEC. 37.9A. TENANT RIGHTS IN CERTAIN DISPLACEMENTS UNDER SECTION**
20 **37.9(a)(13).**

21 This Section 37.9A applies to certain tenant displacements under Section
22 37.9(a)(13), as specified.

23 (a) **Rent Allowed.**

24 (1) Except as provided in Section 37.9A(a)(2) below, *for all tenancies commenced*
25 *during the time periods specified in Subsection (a)(1)(A), the rental units, ~~any rental unit which a~~*

1 ~~tenant vacates after receiving a notice to quit relying on Section 37.9(a)(13) (withdrawal of rental units~~
2 ~~from rent or lease under the Ellis Act, California Government Code Sections 7060 et seq.),~~ if again
3 offered for rent or lease, must be offered and rented or leased at a rent not greater than the
4 lawful rent in effect at the time the notice of intent to withdraw rental units is filed with the
5 Board, plus annual rent increases available under this Chapter 37.

6 (A) The provisions of Section 37.9A(a)(1) apply to all tenancies commenced
7 during either of the following time periods:

8 (i) The five-year period after a notice of intent to withdraw the rental units is
9 filed with the Board, whether or not the notice of intent is rescinded or the withdrawal of the
10 units is completed pursuant to that notice;

11 (ii) The five-year period after the rental units are withdrawn.

12 * * * *

13 (b) **Treatment of Replacement Units.** If one or more of the units ~~covered by Subsection~~
14 ~~(a)~~ is demolished, and one or more new units qualifying as newly constructed ~~rental units under~~
15 ~~this Chapter but for the date on which they first receive a certificate of final completion and occupancy~~
16 are constructed on the same property, and offered for rent or lease within five years of the
17 date the accommodations were withdrawn from rent or lease ~~last of the original units became vacant,~~
18 the newly constructed units shall be offered at rents not greater than those reasonably
19 calculated to produce a fair and reasonable return on the newly constructed units,
20 notwithstanding Section 37.3(g) or any other provision of this Chapter 37 to the contrary. The
21 provisions of this Chapter 37 shall thereafter apply. The Board shall adopt rules for
22 determining the rents necessary to provide a fair and reasonable return.

23 (c) **Rights to Re-Rent.** Any owner who again offers for rent or lease any unit after
24 service of a notice to quit under Section 37.9(a)(13) ~~covered by Subsection (a)~~ shall first offer the all
25

1 the units within the accommodations for rent or lease ~~to the tenants or lessees displaced from the unit~~
2 as follows:

3 * * * *

4 (2) Notwithstanding Subsection (c)(1), if the unit is offered for rent or lease within
5 10 years of withdrawal, the owner shall notify the Rent Board in writing of the intention to re-
6 rent the unit and make an offer to the tenant or lessee whenever the tenant or lessee requests
7 the offer in writing within 30 days after the owner has notified the City of an intention to re-rent
8 the unit. If the unit is offered for rent or lease more than two years after the date the unit was
9 withdrawn from rent or lease, the owner shall be liable to any tenant or lessee who was
10 displaced for failure to comply with this Subsection (c)(2); for punitive damages in an amount
11 which does not exceed the contract rent for six months, and the payment of these damages shall
12 not be construed to extinguish the owner's obligation to comply with this Subsection (c)(2).

13 * * * *

14 (5) Commencing July 1, 2022, or on the effective date of the ordinance in Board of
15 Supervisors File No. _____ enacting this Subsection (c)(5), whichever is later, an owner who re-rents a
16 unit within an accommodations during the time period specified in Subsection (c)(2) must offer all the
17 units within the accommodations for rent, and may not decline to make a written re-rental offer to any
18 tenant or lessee who occupied a unit when the owner gave the Rent Board notice of its intent to
19 withdraw the accommodations in the manner and within the time frame specified in Section 37.9A(c).
20 But the requirements of this Subsection (c)(5) shall not apply to: (i) a unit that was the principal place
21 of residence of any owner or owner's family member at the time of withdrawal, provided that it
22 continues to be that person's or those persons' principal place of residence when accommodations are
23 returned to the rental market as provided in this Subsection (c)(5); or (ii) a unit that is the principal
24 place of residence of an owner when the accommodations are returned to the rental market, if it is the
25 owner's principal place of residence, at the time of return to the rental market, as provided in this

1 Subsection (c)(5). If the owner vacates the unit within 10 years from the date of withdrawal, the owner
2 shall, within 30 days of vacating the unit, offer to re-rent if required under this Subsection (c)(5).

3 * * * *

4 **(e) Relocation Payments to Tenants.**

5 ~~— (1) Before August 10, 2004, Low Income, Elderly or Disabled. Where a landlord seeks~~
6 ~~eviction based upon Section 37.9(a)(13), and the notice of intent to withdraw rental units was filed with~~
7 ~~the Board before August 10, 2004, the relocation payments described in this Subsection 37.9A (e)(1)~~
8 ~~shall be limited to tenants who are members of lower income households, who are elderly, or who are~~
9 ~~disabled, as defined below.~~

10 ~~— (A) Tenants who are members of lower income households, as defined by Section~~
11 ~~50079.5 of the California Health and Safety Code, and who receive a notice to quit based upon Section~~
12 ~~37.9(a)(13), in addition to all rights under any other provisions of law, shall be entitled to receive~~
13 ~~\$4,500, \$2,250 of which shall be paid within fifteen (15) calendar days of the landlord's receipt of~~
14 ~~written notice from the tenants of their entitlement to the relocation payment, and \$2,250 of which shall~~
15 ~~be paid when the tenants vacate the unit.~~

16 ~~— (B) With respect to Subsection 37.9A(e)(1)(A), the Mayor's Office of Housing or its~~
17 ~~successor agency shall annually determine the income limits for lower income households, adjusted for~~
18 ~~household size.~~

19 ~~— (C) Notwithstanding Subsection 37.9A(e)(1)(A), and irrespective of the size of the unit,~~
20 ~~any tenant who receives a notice to quit under Section 37.9(a)(13) and who, at the time such notice is~~
21 ~~served, is 62 years of age or older, or who is disabled within the meaning of Section 12955.3 of the~~
22 ~~California Government Code, shall be entitled to receive \$3,000, \$1,500 of which shall be paid within~~
23 ~~fifteen (15) calendar days of the landlord's receipt of written notice from the tenant of entitlement to the~~
24 ~~relocation payment, and \$1,500 of which shall be paid when the tenant vacates the unit.~~

1 ~~—(D) The payments due pursuant to this Subsection 37.9A(e)(1) for any unit which is~~
2 ~~occupied by more than one tenant shall be divided equally among all the occupying tenants, excluding~~
3 ~~those tenants who are separately entitled to payments under Subsection 37.9A(e)(1)(C) above.~~

4 ~~—(2) On August 10, 2004 and until February 19, 2005. Where a landlord seeks eviction~~
5 ~~based upon Section 37.9(a)(13) and either (i) the notice of intent to withdraw rental units is filed with~~
6 ~~the Board on or after August 10, 2004 through February 19, 2005, or (ii) the notice of intent to~~
7 ~~withdraw rental units was filed with the Board prior to August 10, 2004 but the tenant still resided in~~
8 ~~the unit as of August 10, 2004, relocation payments shall be paid to the tenants as follows:~~

9 ~~—(A) Tenants who are members of lower income households, as defined by Section~~
10 ~~50079.5 of the California Health and Safety Code, shall be entitled to receive \$4,500, \$2,250 of which~~
11 ~~shall be paid within fifteen (15) calendar days of the landlord's receipt of written notice from the~~
12 ~~tenants of their entitlement to the relocation payment, and \$2,250 of which shall be paid when the~~
13 ~~tenants vacate the unit.~~

14 ~~—(B) Subject to Subsections 37.9A(e)(2)(C) and (D) below, tenants who are not members~~
15 ~~of lower income households, as defined by Section 50079.5 of the California Health and Safety Code,~~
16 ~~shall be entitled to receive \$4,500, which shall be paid when the tenant vacates the unit;~~

17 ~~—(C) In the event there are more than three tenants in a unit, the total relocation payment~~
18 ~~shall be \$13,500.00, which shall be divided equally by the number of tenants in the unit;~~

19 ~~—(D) Notwithstanding Subsection 37.9A(e)(2)(A) and (B), any tenant who, at the time the~~
20 ~~notice of intent to withdraw rental units is filed with the Board, is 62 years of age or older, or who is~~
21 ~~disabled within the meaning of Section 12955.3 of the California Government Code, shall be entitled to~~
22 ~~receive an additional payment of \$3,000.00, \$1,500.00 of which shall be paid within fifteen (15)~~
23 ~~calendar days of the landlord's receipt of written notice from the tenant of entitlement to the relocation~~
24 ~~payment, and \$1,500.00 of which shall be paid when the tenant vacates the unit.~~

1 ~~(1)(3)~~ **On ~~or After~~ February 20, 2005 and Until August 31, 2022.** Where a landlord
2 seeks eviction based upon Section 37.9(a)(13), and the notice of intent to withdraw rental
3 units is filed with the Board between ~~on or after~~ February 20, 2005 and August 31, 2022, inclusive,
4 relocation payments shall be paid to the tenants as follows:

5 (A) Subject to Subsections 37.9A(e)~~(1)(3)~~(B), (C), and (D) below, the landlord
6 shall be required to pay a relocation benefit on behalf of each authorized occupant of the
7 rental unit regardless of the occupant's age ("Eligible Tenant"). The amount of the relocation
8 benefit shall be \$4,500 per Eligible Tenant, one-half of which shall be paid at the time of the
9 service of the notice of termination of tenancy, and one-half of which shall be paid when the
10 Eligible Tenant vacates the unit;

11 (B) In the event there are more than three Eligible Tenants in a unit, the total
12 relocation payment shall be \$13,500, which shall be allocated proportionally among the
13 Eligible Tenants based on the total number of Eligible Tenants in the unit; and

14 (C) Notwithstanding Subsections 37.9A(e)~~(1)(3)~~(A) and (B), any Eligible Tenant
15 who, at the time the notice of intent to withdraw rental units is filed with the Board, is 62 years
16 of age or older, or who is disabled within the meaning of Section 12955.3 of the California
17 Government Code, shall be entitled to receive an additional payment of \$3,000, \$1,500 of
18 which shall be paid within 15 calendar days of the landlord's receipt of written notice from the
19 tenant of entitlement to the relocation payment, and \$1,500 of which shall be paid when the
20 Eligible Tenant vacates the unit.

21 (D) Commencing March 1, 2005, the relocation payments specified in
22 Subsections 37.9A(e)~~(1)(3)~~(A), ~~and~~ (B), and (C) shall increase annually at the rate of increase
23 in the "rent of primary residence" expenditure category of the Consumer Price Index (CPI) for
24 All Urban Consumers in the San Francisco-Oakland-San Jose Region for the preceding
25

1 calendar year, as that data is made available by the United States Department of Labor and
2 published by the Board.

3 ~~——(E) (i) Notwithstanding Subsections 37.9A(e)(3)(A) (D), as of June 1, 2014, each tenant~~
4 ~~shall be entitled to a relocation payment equal to the greater of:~~

- 5 ~~——— a. the payment specified in Subsections 37.9A(e)(3)(A) (D); or~~
- 6 ~~——— b. the relocation payment calculated in accordance with Subsection~~
7 ~~37.9A(e)(3)(E)(iii) below based on the Rental Payment Differential as described in Subsection~~
8 ~~37.9A(e)(3)(E)(ii) below.~~

9 ~~——— (ii) The Rental Payment Differential is an amount equal to the difference between the~~
10 ~~unit's monthly rental rate at the time the landlord files the notice of intent to withdraw rental units with~~
11 ~~the Board, and the monthly market rental rate for a unit in San Francisco as determined by the~~
12 ~~Controller's Office, based on data on the San Francisco rental market acquired from a publication or~~
13 ~~posting of RealFacts or another analysis or analyses of the San Francisco rental market providing a~~
14 ~~reliable measure of average market rental rates in San Francisco for the immediately prior calendar~~
15 ~~year, and if that year's data is unavailable, data for the most recent prior calendar year that is~~
16 ~~available. The Controller shall establish a San Francisco Rental Payment Differential Report within~~
17 ~~five business days of the effective date of the ordinance amending this subsection (E) (Ordinance No.~~
18 ~~68-15), and thereafter by March 1 of each calendar year. The Controller shall provide such Report to~~
19 ~~the Rent Board, which shall make the Report publicly available on the Rent Board's website and at the~~
20 ~~Rent Board office. In determining annual changes in the rental market, the Controller shall rely on~~
21 ~~market data that reasonably reflects a representative sample of rental apartments in San Francisco.~~
22 ~~For a Rental Payment Differential based on RealFacts data, rental rates shall be determined as~~
23 ~~follows:~~

- 24 ~~——— a. the rental rate for units with 1 Bedroom shall be based on the data from RealFacts~~
25 ~~for a unit with 1 bedroom and 1 bath;~~

1 ~~—————b. the rental rate for units with 2 Bedrooms shall be based on the data from~~
2 ~~RealFacts for a unit with 2 bedrooms and 2 baths;~~

3 ~~—————c. the rental rate for units with 3 or more Bedrooms shall be based on the data from~~
4 ~~RealFacts for a unit with 3 bedrooms and 2 baths; and~~

5 ~~—————d. the rental rate for units without a Bedroom shall be based on the data from~~
6 ~~RealFacts for a studio.~~

7 ~~————(iii) The relocation payment for a unit shall be calculated by multiplying the Rental~~
8 ~~Payment Differential by 24 to cover a two-year period. Notwithstanding any other provision of this~~
9 ~~Section 37.9A, in no event shall the relocation payment for a unit exceed \$50,000. Each tenant of the~~
10 ~~unit as of the date the landlord files the notice of intent to withdraw rental units with the Board shall be~~
11 ~~entitled to the relocation payment for that unit divided equally by the number of tenants in the unit. In~~
12 ~~addition to receiving his or her relocation payment in accordance with the calculation required by this~~
13 ~~Subsection 37.9A(e)(3)(E)(iii), any tenant who qualifies for payment under Subsections 37.9A(e)(3)(C)~~
14 ~~as adjusted by (D) shall also receive that payment. The \$50,000 cap on relocation payments does not~~
15 ~~include any payments for which the tenant qualifies under Subsections 37.9A(e)(3)(C) as adjusted by~~
16 ~~(D).~~

17 ~~————(iv) The landlord shall not have any obligation to pay any portion of the relocation~~
18 ~~payment under Subsection 37.9A(e)(3)(E)(i)b. to the tenant until the tenant submits to the landlord a~~
19 ~~written statement, executed by the tenant under penalty of perjury, stating that the tenant will use the~~
20 ~~relocation payment solely for Relocation Costs, as such term is defined in Section 37.9A(e)(3)(E)(vi)b.~~
21 ~~below, and which provides the address of the rental unit from which the tenant is being evicted, the~~
22 ~~name of the tenant, the name of the landlord, and the date of service of the notice of termination of~~
23 ~~tenancy (the "Declaration"). On or before the date the landlord serves the tenant with the notice of~~
24 ~~termination of tenancy, the landlord shall provide the tenant any Declaration form that the Rent Board~~
25 ~~prepares and makes available on its website and notify the tenant in writing that the landlord does not~~

1 ~~have an obligation to make any portion of the relocation payment prior to the landlord's receipt of the~~
2 ~~Declaration. If the landlord receives the Declaration on or after serving the notice of termination of~~
3 ~~tenancy, but before the tenant vacates the unit, the landlord shall pay one half of the tenant's relocation~~
4 ~~payment on receipt of the Declaration and the remaining half of the payment on the tenant's vacation of~~
5 ~~the unit. If the landlord receives the Declaration on or after the date that the tenant vacates the unit, the~~
6 ~~landlord shall pay the full amount of the relocation payment on receipt of the Declaration.~~

7 ~~——— (v) For each expenditure of relocation payment, a tenant shall maintain any invoices,~~
8 ~~receipts, or other documented proof of the expenditure for a period of at least three years after the date~~
9 ~~the tenant vacates the tenant's unit. During this three-year period, the tenant shall provide the landlord~~
10 ~~a copy of such proof of expenditure within 10 business days of receipt of a written request from the~~
11 ~~landlord. The landlord may request copies of a tenant's proof of expenditure not more than twice in a~~
12 ~~12-month period. No more than three years after the tenant has vacated the unit, the tenant shall~~
13 ~~reimburse the landlord for any portion of the relocation payment paid to the tenant that the tenant~~
14 ~~cannot demonstrate was used for Relocation Costs.~~

15 ~~——— (vi) For purposes of this Section 37.9A, the following definitions apply:~~

16 ~~——— a. "Bedroom" means any room that: 1. is used primarily as quarters for sleeping; 2.~~
17 ~~contains at least 70 square feet, exclusive of closets, bathrooms, or similar spaces, and 3. has at least~~
18 ~~one window opening to an area which leads either to a street, light well, courtyard or rear yard.~~

19 ~~——— b. "Relocation Costs" means any of the following costs incurred by an evicted tenant:~~
20 ~~rent payments for a replacement dwelling, the purchase price of a replacement dwelling, any costs~~
21 ~~incurred in moving to a replacement dwelling, or any costs that the tenant can demonstrate were~~
22 ~~incurred to mitigate the adverse impacts on the tenant of the eviction.~~

23 ~~——— c. "San Francisco Rental Payment Differential Report" means a report on the~~
24 ~~average rental values for dwelling units in San Francisco to be used in calculating relocation payments~~
25 ~~in accordance with Subsection 37.9A(e)(3)(E)(iii).~~

1 ~~——(F) Any tenant who has received a notice of termination of tenancy, but who has not yet~~
2 ~~vacated the unit by the operative date of the ordinance creating subsection (E) and this subsection (F)~~
3 ~~(Ordinance No. 54-14), shall be entitled to the greater of the relocation payment specified in Section~~
4 ~~37.9A(e)(3)(A)-(D) or the relocation payment calculated in accordance with Subsection~~
5 ~~37.9A(e)(3)(E)(iii), reduced by any payment the tenant has received under Subsections 37.9A(e)(3)(A)-~~
6 ~~(D), upon vacating the unit.~~

7 ~~——(G) (i) If payment of the relocation payment under Subsection 37.9A(e)(3)(E)(i)b. would~~
8 ~~constitute an undue financial hardship for a landlord in light of all of the resources available to the~~
9 ~~landlord, the landlord may file a written request, on a form provided by the Rent Board, for a hearing~~
10 ~~for a hardship adjustment ("Hardship Adjustment Request") with the Rent Board, with supporting~~
11 ~~evidence. The Board, or its designated Administrative Law Judges, may order a reduction, payment~~
12 ~~plan, or any other relief they determine is justified following a hearing on the request.~~

13 ~~——(ii) At a hearing for hardship adjustment under Subsection (i), the Board, or its~~
14 ~~designated Administrative Law Judges, shall consider all relevant factors, including the number of~~
15 ~~units in the building and any evidence submitted regarding the landlord's age, length of ownership of~~
16 ~~the building, ownership of any other buildings, income, expenses, other assets, debt, health, and health~~
17 ~~care costs, except as provided in Subsection (iii).~~

18 ~~——(iii) At a hearing for hardship adjustment under Subsection (i), the Board, or its~~
19 ~~designated Administrative Law Judges, shall not consider any of the following types of assets owned by~~
20 ~~the landlord:~~

21 ~~——a. Assets held in retirement accounts; and~~

22 ~~——b. Non-liquid personal property.~~

23 ~~——(H) Without limiting or otherwise affecting the landlord's right to obtain a hardship~~
24 ~~adjustment under Subsection 37.9A(e)(3)(G), the landlord may file a written request, on a form~~
25 ~~provided by the Rent Board, for a hearing with the Rent Board claiming that the San Francisco Rental~~

1 *Payment Differential Report established in Subsection 37.9A(e)(3)(E)(ii) does not reasonably reflect*
2 *the market rental rate for a comparable unit in San Francisco and would result in an overpayment by*
3 *the landlord ("Rent Differential Recalculation Request"). The landlord shall include evidence in*
4 *support of the request. If the Board, or its designated Administrative Law Judges, grant(s) the request*
5 *in whole or part, they shall order an appropriate adjustment of the payment due from the landlord.*

6 ~~——(I) For purposes of considering Hardship Adjustment and Rent Differential~~
7 ~~Recalculation Requests under Subsections 37.9A(e)(3)(G) and (H), the Board shall follow a process~~
8 ~~consistent with the existing Board hearing process under Section 37.8. If a landlord submits both types~~
9 ~~of hearing requests, the Board may consolidate its hearing of the two requests.~~

10 (2) On or After September 1, 2022. Where a landlord seeks eviction based upon Section
11 37.9(a)(13), and the notice of intent to withdraw rental units is filed with the Rent Board on or after
12 September 1, 2022, the landlord shall pay relocation payments in the manner described in Subsection
13 37.9A(e)(1)(A) and (B), except that the specific amount of the relocation benefit shall be \$10,000 per
14 Eligible Tenant, and the total relocation payment shall be \$30,000 in the event there are more than
15 three Eligible Tenants in the unit; and further, an Eligible Tenant who meets any of the criteria listed in
16 Subsection 37.9A(e)(1)(C) shall be entitled to receive an additional payment of \$6,700, in two payments
17 of \$3,350 each, the timing of which is set forth in that subsection. The Rent Board shall adjust these
18 amounts annually as set forth in Subsection 37.9A(e)(1)(D).

19 ~~(3)(4)~~ Any notice to quit pursuant to Section 37.9(a)(13) shall notify the tenant or
20 tenants concerned of the right to receive payment under Subsections 37.9A(e)(1) or (2) ~~or (3)~~
21 and the amount of payment which the landlord believes to be due.

22 **(f) Notice to Rent Board; Recordation of Notice; Effective Date of Withdrawal.**

23 (1) Any owner who intends to withdraw rental units from rent or lease ~~any rental unit~~
24 shall notify the Rent Board in writing of said intention. An owner may not withdraw from rent or
25 lease less than all units within the accommodations as defined by paragraphs (1) or (2) of subdivision

1 (b) of California Civil Code Section 7060. Said notice shall contain statements, under penalty of
2 perjury, providing information on the number of residential units, the address or location of
3 those units, the name or names of the tenants or lessees of the units, and the rent applicable
4 to each residential rental unit. Said notice shall be signed by all owners of record of the
5 property under penalty of perjury and shall include a certification that actions have been
6 initiated as required by law to terminate existing tenancies through service of a notice of
7 termination of tenancy. The notice must be served by certified mail or any other manner
8 authorized by law prior to delivery to the Rent Board of the notice of intent to withdraw the
9 rental units. Information respecting the name or names of the tenants, the rent applicable to
10 any unit, or the total number of units, is confidential and shall be treated as confidential
11 information by the City for purposes of the Information Practices Act of 1977, as contained in
12 Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil
13 Code. The City shall, to the extent required by the preceding sentence, be considered an
14 "agency," as defined by Subdivision (b) of Section 1798.3 of the Civil Code.

15 * * * *

16 ~~(3) For a notice of intent to withdraw rental units filed with the Rent Board on or before~~
17 ~~December 31, 1999, the date on which the units are withdrawn from rent or lease for purposes of this~~
18 ~~Chapter and the Ellis Act is 60 days from the delivery in person or by first-class mail of the Subsection~~
19 ~~(f)(1) notice of intent to the Rent Board.~~

20 (3)(4) For a notice of intent to withdraw rental units filed with the Rent Board on or
21 after January 1, 2000, the date on which the units are withdrawn from rent or lease for
22 purposes of this Chapter 37 and the Ellis Act is 120 days from the delivery in person or by
23 first-class mail of the Subsection (f)(1) notice of intent to the Rent Board. Except that, if the
24 tenant or lessee is at least 62 years of age or disabled as defined in Government Code §
25 12955.3, and has lived in his or her~~their~~ unit for at least one year prior to the date of delivery to

1 the Rent Board of the Subsection (f)(1) notice of intent to withdraw, then the date of
2 withdrawal ~~of the unit of that tenant or lessee~~ shall be extended to one year after the date of
3 delivery of that notice to the Rent Board, provided that the tenant or lessee gives written
4 notice of ~~his or her~~their entitlement to an extension of the date of withdrawal to the owner
5 within 60 days of the date of delivery to the Rent Board of the Subsection (f)(1) notice of intent
6 to withdraw. In that situation, the following provisions shall apply:

7 (A) The tenancy shall be continued on the same terms and conditions as existed
8 on the date of delivery to the Rent Board of the notice of intent to withdraw, subject to any
9 adjustments otherwise available under ~~Administrative Code~~this Chapter 37.

10 (B) No party shall be relieved of the duty to perform any obligation under the
11 lease or rental agreement.

12 (C) The owner may elect to extend the ~~tenancy date of withdrawal~~ on any other
13 units within the accommodations up to one year after date of delivery to the Rent Board of the
14 Subsection (f)(1) notice of intent to withdraw, subject to Subsections (f)~~(3)(4)~~(A) and (B).

15 (D) Within 30 days of the notification by the tenant or lessee to the owner of ~~his~~
16 ~~or her~~their entitlement to an extension of the date of withdrawal, the owner shall give written
17 notice to the Rent Board of the claim that the tenant or lessee is entitled to stay in their
18 accommodations or unit within the accommodations for one year after the date of delivery to the
19 Rent Board of the Subsection (f)(1) notice of intent to withdraw.

20 (E) Within 90 days of the date of delivery to the Rent Board of the notice of
21 intent to withdraw, the owner shall give written notice to the Rent Board and the affected
22 tenant or lessee of the following:

- 23 (i) Whether or not the owner disputes the tenant's claim of extension;
- 24 (ii) The new date of withdrawal under Section 37.9A(f)~~(3)(4)~~(C), if the owner
- 25 does not dispute the tenant's claim of extension; and,

1 (iii) Whether or not the owner elects to extend the date of withdrawal to other
2 units on the property.

3 (F) The date of withdrawal for the accommodations as a whole, for purposes of
4 calculating the time periods described in Sections 37.9A, shall be the latest termination date among all
5 tenants within the accommodations, as stated in the notices required by Section 37.9A(f)(3),
6 subsections(D) and (E). An owner’s further voluntary extension of a tenancy beyond the date stated in
7 the notices required by subsections(D) and (E) shall not extend the date of withdrawal.

8 * * * *

9
10 Section 3. Effective Date. This ordinance shall become effective 30 days after
11 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
12 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
13 of Supervisors overrides the Mayor’s veto of the ordinance.

14
15 Section 4. Scope of Ordinance.

16 (a) In enacting this ordinance, the Board of Supervisors intends to amend only
17 those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation
18 marks, charts, diagrams, or any other constituent parts of the Municipal Code that are
19 explicitly shown in this ordinance as additions, deletions, Board amendment additions, and
20 Board amendment deletions in accordance with the “Note” that appears under the official title
21 of the ordinance.

22 (b) The codified relocation benefits presented in Section 2 of this ordinance as
23 existing text in Administrative Code Section 37.9A(e)(1) (formerly Section 37.9A(e)(3)) do not
24 reflect the amounts that are currently applicable. The Rent Board adjusts those amounts
25 annually to reflect changes in the Consumer Price Index, pursuant to Section 37.9A(e)(1)(D)

1 (formerly Section 37.9A(e)(3)(D)). This ordinance is not intended to invalidate any such
2 adjustments that the Rent Board has previously approved or to affect any such future annual
3 adjustments made by the Rent Board.
4

5 APPROVED AS TO FORM:
6 DAVID CHIU, City Attorney

7
8 By: /s/ _____
9 MANU PRADHAN
Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - Ellis Act Evictions]

Ordinance amending the Administrative Code to clarify that the date a property is withdrawn under the Ellis Act is based on the latest date that any tenancy in the property is terminated; to increase the relocation payments that owners must pay to tenants when evicting under the Ellis Act; to require that an owner who returns a unit to the rental market following an Ellis Act eviction must return the entire property to the market, with exceptions for certain owner-occupied units; to clarify that paying punitive damages does not extinguish an owner's obligation to re-offer the unit upon re-rental to the displaced tenants; and to delete inoperative Code sections.

Existing Law

The Ellis Act, California Government Code Sections 7060, et seq., gives rental property owners the right to exit the rental housing business, but also allows local governments to place certain conditions and restrictions on landlords who evict tenants in order to exit the market. In 2019, the California Legislature adopted AB 1399 to clarify and amend certain portions of the Ellis Act.

Separate from AB 1399, the Ellis Act authorizes local governments to mitigate the adverse impacts on displaced tenants. San Francisco requires landlords who are evicting under the Ellis Act to provide relocation assistance to the tenants they are displacing. The current relocation amounts are approximately \$7,426 per eligible tenant, capped at \$22,280 per household, plus an additional \$4,951 for each tenant who is senior or disabled.

Amendments to Current Law

The ordinance makes certain changes pursuant to AB 1399. Specifically, it (1) clarifies that the date a property is withdrawn is based on the latest date that any tenancy in the property is terminated; (2) requires that an owner who returns a unit to the rental market following an Ellis Act eviction must return the entire property to the market, with exceptions for certain owner-occupied units; and (3) clarifies that an owner's payment of punitive damages following the owner's unlawful re-rental of a unit does not extinguish the owner's obligation to re-offer the unit upon re-rental to the displaced tenants. These amendments are intended to be consistent with AB 1399.

The ordinance also increases the relocation payments that owners must pay to tenants when evicting under the Ellis Act. The ordinance also deletes certain inoperative Code provisions related to relocation payments, including former Administrative Code Section 37.9A(e)(3)(E).

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Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor: