1   [Administrative Code - General Obligation Bond Pass-Throughs to Tenants]

2

3   **Ordinance amending the Administrative Code to allow tenants who have received a**

4   **pass-through of general obligation bond repayment costs from their landlords to seek**

5   **relief from the Rent Board based on financial hardship; to limit the number of years**

6   **that a landlord can cover in a single pass-through; and to extend the time period for**

7   **tenants to pay such pass-throughs.**

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

13

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

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16   Section 1. Findings.

17   The Rent Ordinance allows tenants who are experiencing financial hardship to seek

18   waivers from landlord passthroughs related to water revenue bonds, but does not provide that

19   option for passthroughs related to general obligation bonds. Given the severe shortage of

20   affordable rental housing in the City, it is necessary to let tenants seek waivers from general

21   obligation bond passthroughs as well. In addition, all tenants can potentially experience

22   hardship if their rent suddenly increases because their landlords have imposed many years'

23   worth of general obligation bond passthroughs all at once. This ordinance addresses that

24   form of hardship by incentivizing landlords, if they are going to impose passthroughs on

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1   tenants, to do so on a more regular basis rather than suddenly, and by giving tenants more

2   time to pay the passthroughs, so that the costs are more manageable than they are now.

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4   Section 2. Chapter 37 of the Administrative Code is hereby amended by revising

5   Section 37.3 to read as follows:

6   **SEC. 37.3. RENT LIMITATIONS.**

7   (a) **Rent Increase Limitations for Tenants in Occupancy.** Landlords may impose

8   rent increases upon tenants in occupancy only as provided below and as provided by

9   *S*subsection 37.3(d):

10   * * * *

11   (6) **Property Tax.** A landlord may impose increases based upon a 100%

12   passthrough of the change in the landlord's property tax resulting from the repayment of

13   general obligation bonds of the City and County of San Francisco approved by the voters

14   between November 1, 1996, and November 30, 1998 as provided in Section 37.2(q) ~~above~~.

15   A landlord may impose increases based upon a 50% passthrough of the change in the

16   landlord's property tax resulting from the repayment of San Francisco Unified School District

17   or San Francisco Community College District general obligation bonds approved by the voters

18   after November 1, 2006, as provided in Section 37.2(q) ~~above~~.

19   The amount of such increases shall be determined for each tax year as follows:

20   ~~(A)   For general obligation bonds of the City and County of San Francisco approved by~~

21   ~~the voters between November 1, 1996 and November 30, 1998:~~

22   ~~(i)~~   _(A)_ The Controller and the Board of Supervisors will determine the

23   percentage of the property tax rate, if any, in each tax year attributable to _the_ general

24   obligation bonds ~~approved by the voters between November 1, 1996, and November 30, 1998,~~ and

25   repayable within such tax year.

1 ~~(ii)~~ _(B)_ This percentage shall be multiplied by the total amount of the

2 net taxable value _as of November 1 of_ ~~for~~ the applicable tax year. The result is the dollar amount

3 of property taxes for that tax year for a particular property attributable to the repayment of _the_

4 general obligation bonds ~~approved by the voters between November 1, 1996, and November 30,~~

5 ~~1998~~.

6 ~~(ii)~~ _(C)_ The dollar amount calculated under ~~S~~_s_ubsection _(a)(6)(B)_~~(ii)~~

7 shall be divided by the total number of all units in each property, including commercial units.

8 That figure _shall also be discounted to reflect the percentage passthrough that the voters authorized,_

9 _as applicable: specifically, in the case of the 50% passthroughs authorized for general obligation_

10 _bonds of the City and County of San Francisco approved by the voters after November 14, 2002 and_

11 _general obligation bonds of the San Francisco Unified School District or San Francisco Community_

12 _College District approved by the voters after November 1, 2006, the figure shall be divided by two. The_

13 _figure_ shall _then_ be divided by _the total number of months that the passthrough may apply pursuant to_

14 _subsection 37.3(a)(6)(D)(i)_~~12 months~~, to determine the monthly per unit costs for that tax year of

15 the repayment of the general obligation bonds ~~approved by the voters between November 1, 1996,~~

16 ~~and November 30, 1998~~.

17 ~~(B)   For general obligation bonds of the City and County of San Francisco approved~~

18 ~~by the voters after November 14, 2002 where any rent increase has been disclosed and approved by the~~

19 ~~voters:~~

20 ~~(i)   The Controller and the Board of Supervisors will determine the percentage~~

21 ~~of the property tax rate, if any, in each tax year attributable to general obligation bonds approved by~~

22 ~~the voters after November 14, 2002 and repayable within such tax year.~~

23 ~~(ii)   This percentage shall be multiplied by the total amount of the net taxable~~

24 ~~value for the applicable tax year. The result is the dollar amount of property taxes for that tax year for~~

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1 *a particular property attributable to the repayment of general obligation bonds approved by the voters*

2 *after November 14, 2002.*

3 *(iii) The dollar amount calculated under Subsection (ii) shall be divided by*

4 *two, and then by the total number of all units in each property, including commercial units. That figure*

5 *shall be divided by 12 months, to determine the monthly per unit costs for that tax year of the*

6 *repayment of general obligation bonds approved by the voters after November 14, 2002.*

7 *(C) For general obligation bonds of the San Francisco Unified School District or San*

8 *Francisco Community College District approved by the voters after November 1, 2006:*

9 *(i) The Controller and the Board of Supervisors will determine the percentage*

10 *of the property tax rate, if any, in each tax year attributable to San Francisco Unified School District*

11 *or San Francisco Community College District general obligation bonds approved by the voters after*

12 *November 1, 2006 and repayable within such tax year.*

13 *(ii) This percentage shall be multiplied by the total amount of the net taxable*

14 *value for the applicable tax year. The result is the dollar amount of property taxes for that tax year for*

15 *a particular property attributable to the repayment of San Francisco Unified School District or San*

16 *Francisco Community College District general obligation bonds approved by the voters after*

17 *November 1, 2006.*

18 *(iii) The dollar amount calculated under Subsection (ii) shall be divided by two,*

19 *and then by the total number of all units in each property, including commercial units. That figure shall*

20 *be divided by 12 months, to determine the monthly per unit costs for that tax year of the repayment of*

21 *San Francisco Unified School District or San Francisco Community College District general*

22 *obligation bonds approved by the voters after November 1, 2006.*

23 (D) Landlords may pass through to each unit in a particular property the dollar

24 amount calculated under ~~these S~~subsections ~~37.3~~(a)(6)(A)~~,~~ ~~and~~ (B)~~,~~ and (C)*, as provided in this*

25 *subsection (a)(6)(D)*.

1   *(i)   If a passthrough is imposed on or before December 31, 2020, it shall*

2 *apply only for the 12-month period after it is imposed. Starting January 1, 2021, all passthroughs shall*

3 *apply for the same number of months covered by the property tax bills used in the passthrough*

4 *calculation, and the calculation may not be based on tax bills issued more than three years prior to the*

5 *year in which the passthrough was imposed.*

6   *(ii)   The landlord shall give affected tenants notice of the passthrough as*

7 *provided by applicable notice of rent increase provisions of this Chapter 37, including but not limited*

8 *to Section 37.3(b)(3).* The~~se~~ passthroughs may be imposed *at any time in the calendar year,*

9 *provided that the landlord serves notice of such passthrough to be effective ~~only~~* on the anniversary

10 date of each tenant's occupancy of the property. The~~se~~ passthroughs shall not become a part

11 of a tenant's base rent. The amount of each ~~annual~~ passthrough imposed pursuant to this

12 ~~S~~subsection *(a)*(6) may vary from year-to-year, depending on the amount calculated under

13 ~~S~~subsections *(a)(6)*(A)*,* ~~and~~ (B)*,* and (C). ~~Each annual passthrough shall apply only for the 12 month~~

14 ~~period after it is imposed.~~ A landlord may impose the passthroughs described in this

15 ~~S~~subsection *(a)*(6) for a particular tax year only with respect to those tenants who were

16 residents of a particular property on November 1~~st~~ of the applicable tax year. A landlord shall

17 not impose a passthrough pursuant to this ~~S~~subsection *(a)*(6) if the landlord has filed for or

18 received Board approval for a rent increase under Section 37.8(e)(4) for increased operating

19 and maintenance expenses in which the same increase in property taxes due to the

20 repayment of general obligation bonds was included in the comparison year cost totals.

21   (E)   *A tenant who has received a passthrough under this subsection (a)(6) may file a*

22 *financial hardship application with the Board, and the Board may grant the tenant complete or partial*

23 *relief from that part of the passthrough that is attributable to general obligation bonds approved by the*

24 *voters on or after November 5, 2019. The standards and procedures for the financial hardship*

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1 *application shall be as set forth in Sections 37.7(h)-(i).* ~~*The Board will have available a form which*~~

2 ~~*explains how to calculate the passthrough.*~~

3   (F) *The Board shall have available a form which explains how to calculate the*

4 *passthrough.* Landlords must provide to tenants, on or before the date that notice is served on

5 the tenant of a passthrough permitted under this ~~S~~*s*ubsection *(a)*(6), a copy of the completed

6 form ~~*described in Subsection (E)*~~. This completed form shall be provided in addition to the Notice

7 of Rent Increase required under Section 37.3(b)~~*(5)*~~. Where a tenant alleges that a landlord

8 has imposed a charge which exceeds the limitations set forth in this ~~S~~*s*ubsection *(a)*(6), the

9 tenant may petition for a hearing under the procedures provided by Section 37.8. In such a

10 hearing, the landlord shall have the burden of proving the accuracy of the calculation that is

11 the basis for the increase. Any tenant petitions challenging such a passthrough must be filed

12 within one year of the effective date of the passthrough.

13   (G) The Board may amend its rules and regulations as necessary to implement

14 this *s*ubsection *(a)*(6).

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16   Section 3. Effective Date. This ordinance shall become effective 30 days after

17 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

18 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board

19 of Supervisors overrides the Mayor's veto of the ordinance.

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21   Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors

22 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,

23 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

24 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

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1 additions, and Board amendment deletions in accordance with the "Note" that appears under

2 the official title of the ordinance.

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4   Section 5.   Severability. If any section, subsection, sentence, clause, phrase, or word

5 of this ordinance, or any application thereof to any person or circumstance, is held to be

6 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision

7 shall not affect the validity of the remaining portions or applications of the ordinance. The

8 Board of Supervisors hereby declares that it would have passed this ordinance and each and

9 every section, subsection, sentence, clause, phrase, and word not declared invalid or

10 unconstitutional without regard to whether any other portion of this ordinance or application

11 thereof would be subsequently declared invalid or unconstitutional.

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13 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

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16 By: _____

17 MANU PRADHAN
Deputy City Attorney

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