

File No. 190843

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date October 21, 2019

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | Memorandum of Understanding (MOU)            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 - Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 700                                     |
| <input type="checkbox"/>            | <input type="checkbox"/> | Vacancy Notice                               |
| <input type="checkbox"/>            | <input type="checkbox"/> | Information Sheet                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

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Completed by: Victor Young Date Oct 17, 2019

Completed by: Victor Young Date \_\_\_\_\_

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.**

8  
9 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
15 subsections or parts of tables.

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

17 Section 1. Findings.

18 The Rent Ordinance allows tenants who are experiencing financial hardship to seek  
19 waivers from landlord passthroughs related to water revenue bonds, but does not provide that  
20 option for passthroughs related to general obligation bonds. Given the severe shortage of  
21 affordable rental housing in the City, it is necessary to let tenants seek waivers from general  
22 obligation bond passthroughs as well. In addition, all tenants can potentially experience  
23 hardship if their rent suddenly increases because their landlords have imposed many years'  
24 worth of general obligation bond passthroughs all at once. This ordinance addresses that  
25 form of hardship by incentivizing landlords, if they are going to impose passthroughs on

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.

3  
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 §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 ~~§~~subsection ~~(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  
25

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~~ 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). These 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. These passthroughs shall not become a part  
11 of a tenant's base rent. The amount of each annual passthrough imposed pursuant to this  
12 subsection (a)(6) may vary from year-to-year, depending on the amount calculated under  
13 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 subsection (a)(6) for a particular tax year only with respect to those tenants who were  
16 residents of a particular property on November 1st of the applicable tax year. A landlord shall  
17 not impose a passthrough pursuant to this 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  
25

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 Ssubsection (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 Ssubsection (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 subsection (a)(6).

15  
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.

20  
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  
25

1 additions, and Board amendment deletions in accordance with the "Note" that appears under  
2 the official title of the ordinance.

3  
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.

12  
13 APPROVED AS TO FORM:  
14 DENNIS J. HERRERA, City Attorney

15  
16 By:   
17 MANU PRADHAN  
18 Deputy City Attorney

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**REVISED LEGISLATIVE DIGEST**

(Substituted, 9/10/2019)

[Administrative Code - General Obligation Bond Passthroughs to Tenants]

**Ordinance amending the Administrative Code to allow tenants who have received a passthrough of general obligation bond repayment costs from their landlords to seek relief from the Rent Board based on financial hardship; to limit the number of years that a landlord can cover in a single passthrough; and to extend the time period for tenants to pay such passthroughs.**

Existing Law

The Rent Ordinance (Admin. Code, Ch. 37) allows a landlord to raise the rent by imposing a “passthrough” based on the increase in the landlord's property tax bill that resulted from the repayment of certain categories of general obligation bonds. The passthrough is available for: (1) City general obligation bonds approved by the voters between November 1, 1996 and November 30, 1998; (2) City general obligation bonds approved by the voters after November 14, 2002; and (3) San Francisco Unified School District and San Francisco Community College District general obligation bonds approved by the voters after November 1, 2006.

A landlord may impose a passthrough on a tenant to cover general obligation bond repayment costs from prior years, so long as the tenant was a resident of the property on November 1 of the year(s) in question. The passthrough is spread over the next 12 months regardless how many years worth of property tax bills the calculation is based on. The Rent Board may not grant the tenant relief from the passthrough due to financial hardship.

Amendments to Current Law

The ordinance would allow a tenant to seek relief from passthroughs related to general obligation bonds approved by the voters on or after the November 5, 2019 election, based on the standard of financial hardship set forth Section 37.7(i) of the Rent Ordinance. Under that standard, the tenant would have to demonstrate to the Rent Board that they are a recipient of means-tested public assistance (e.g., SSI); or that they qualify for financial hardship based on certain HUD/MOHCD criteria related to area median income; or that there is financial hardship due to exceptional circumstances.

The ordinance would also limit the time period a passthrough can cover and the duration for which a passthrough can last, for all general obligation bonds. The existing rule that allows a landlord to impose a passthrough for any year the tenant was a resident on November 1, and to spread the passthrough over 12 months, would remain in effect until December 31, 2020. Starting January 1, 2021, a landlord could not impose a passthrough based on property tax bills issued more than three years before the year in which the passthrough was imposed, and the passthrough would be spread over the same amount of time that the passthrough covers.

For example, if a landlord imposes a passthrough in 2025, it could cover up to the three preceding tax years, from 2022-2024, and would remain in effect for up to 36 months.

Background

This substitute ordinance reflects the following changes from the version that was introduced on July 30, 2019: (1) non-substantive edits to consolidate subsections 37.3(a)(6)(A), (B), and (C); (2) language stating that passthroughs shall be calculated based on the net taxable value as of November 1; and (3) revisions to subsection (a)(6)(D) with respect to how the three-year deadline for imposing a passthrough is triggered, and to provide that the deadline and time extension shall apply to all general obligation bond passthroughs starting January 1, 2021.

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BOARD of SUPERVISORS



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

## MEMORANDUM

TO: Robert Collins, Executive Director, Rent Board  
Ben Rosenfield, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk *Victor Young*  
Rules Committee

DATE: September 20, 2019

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Rules Committee received the following substitute proposed legislation on September 10, 2019:

**File No. 190843**

**Ordinance amending the Administrative Code to allow tenants who have received a pass-through of general obligation bond repayment costs from their landlords to seek relief from the Rent Board based on financial hardship; to limit the number of years for which landlords may impose such a pass-through on tenants; and to extend the time period for tenants to pay such a pass-through.**

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: [victor.young@sfgov.org](mailto:victor.young@sfgov.org).

c: Todd Rydstrom, Office of the Controller  
Peg Stevenson, Office of the Controller  
Natasha Mihal, Office of the Controller

BOARD of SUPERVISORS



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

## MEMORANDUM

TO: Robert Collins, Executive Director, Rent Board  
Ben Rosenfield, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk *Victor Young*  
Rules Committee

DATE: August 8, 2019

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Rules Committee received the following proposed legislation on July 30, 2019:

**File No. 190843**

**Ordinance amending the Administrative Code to allow tenants who have received a pass-through of general obligation bond repayment costs from their landlords to seek relief from the Rent Board based on financial hardship; to limit the number of years for which landlords may impose such a pass-through on tenants; and to extend the time period for tenants to pay such a pass-through.**

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: [victor.young@sfgov.org](mailto:victor.young@sfgov.org).

c: Todd Rydstrom, Office of the Controller  
Peg Stevenson, Office of the Controller  
Natasha Mihal, Office of the Controller

# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2019 SEP 10 AM 3:44  
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. [190843]
- 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):

Supervisor Peskin

Subject:

[Administrative Code - General Obligation Bond Passthroughs to Tenants]

The text is listed:

Ordinance amending the Administrative Code to allow tenants who have received a passthrough of general obligation bond repayment costs from their landlords to seek relief from the Rent Board based on financial hardship; to limit the number of years that a landlord can cover in a single passthrough; and to extend the time period for tenants to pay such passthroughs.

Signature of Sponsoring Supervisor: [Signature]

For Clerk's Use Only

