

1 [Administrative Code Revision to Allow Renewal of Contracts for Local Rent Supplement  
2 Program.]

3 **Ordinance amending the Administrative Code by amending Chapter 24A**  
4 **"Administrative Structure Local Rent Supplement Program in the Office of the Mayor"**  
5 **by amending Section 24A.08 related to the definition of Qualified Tenant to delete an**  
6 **out-dated tenant eligibility requirement; and amending Section 24A.10 related to the**  
7 **Term of Contract to extend the term of Rent Supplement Contracts for 10 years**  
8 **beginning April 1, 2009.**

9 NOTE: Additions are *single-underline italics Times New Roman*;  
10 deletions are ~~*strike-through italics Times New Roman*~~.  
11 Board amendment additions are double-underlined;  
12 Board amendment deletions are ~~strike-through normal~~.

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

14 Section 1. Findings. The Board of Supervisors hereby finds and declares as follows:

15 A. The City entered into Hotel Tax Rent Supplement Contracts in 1972 with three  
16 low income senior housing providers as part of a settlement agreement resulting from a  
17 lawsuit against the Department of Housing and Urban Development (HUD), the City and  
18 County of San Francisco, and the San Francisco Redevelopment Agency over the  
19 displacement of low income seniors at the time the Yerba Buena Center was being  
20 developed. As part of the settlement agreement, the City agreed to provide over 200 units of  
21 rent subsidies to three South of Market Area senior residential developments for a period of  
22 thirty-five years. HUD agreed to provide Section 8 assistance to the remaining portion of units  
23 at those buildings.

24 B. In 1986, the original contract with the three low income senior housing providers  
25 expired and in 1987 the Board authorized a new 10-year contract in Administration Code

1 Section 24A. In 2001, the Board of Supervisors amended the Hotel Tax ordinance, Business  
2 and Tax Regulations Code Section 515.01 et seq. to omit the time limitation on the allocation  
3 of hotel tax funds to the rent supplement contracts. The contracts were extended again in  
4 1997 and then amended through June 30, 2007 for one property and through December 31,  
5 2009 for the third property.

6 C. The legal obligation to provide these subsidies expired on June 30, 2007, and  
7 since that time the City has temporarily extended the contracts in order to avoid a disruption in  
8 subsidies that would displace extremely low income seniors.

9 D. The City has worked with the buildings' owners and the San Francisco Housing  
10 Authority to replace the Hotel Tax subsidies with Section 8 contracts, but only one building  
11 was awarded Section 8 project based subsidy, while the other two buildings will need more  
12 time to complete the process of qualifying for new Section 8 replacement contracts and it is  
13 uncertain if they will be eligible.

14 E. The three properties that receive Hotel Tax Rent Supplement payments provide  
15 a critical housing resource for extremely low income seniors and people with disabilities. It is  
16 in the public interest to extend these contracts beyond the end of April 2009 for an additional  
17 10 years in order to avoid displacement of extremely low income senior residents. The  
18 extended contract term would allow continued Hotel Tax Rent Supplement payments to  
19 support one of the projects during a rehabilitation designed to allow it to qualify for Section 8  
20 operating subsidy and to provide financial support for another project for up to 10 years if it is  
21 unsuccessful at securing other forms of operating subsidy.

22 Section 2. The San Francisco Administrative Code is hereby amended by amending  
23 Sections 24A.08 and 24A.10, to read as follows:

24 **SEC. 24A.08. QUALIFIED TENANT.**

1 (a) The benefits of the rent supplement payments are available only to an individual or  
2 a household renting a dwelling unit in a project owned by an eligible housing owner. To qualify  
3 for such benefits, the individual or household shall meet the following requirements:

4 (1) Have an annual income below the maximum amount established by the Mayor,  
5 which amount shall not be higher than the maximum income for low-income households as  
6 determined by HUD for the San Francisco Primary Metropolitan Statistical Area, adjusted for  
7 household size.

8 ~~(2) Have assets not exceeding \$5,000 in a case involving an elderly individual or a household~~  
9 ~~whose head or spouse is elderly; or, have assets not exceeding \$2,000 in a case involving other than~~  
10 ~~the elderly; and,~~

11 ~~(3)~~ Be one of the following:

12 (A) An individual or household displaced by governmental action; or,

13 (B) An individual who is 62 years of age or over; or disabled; or,

14 (C) An head of a household who is or whose spouse is 62 years of age or over, or  
15 who is disabled; or,

16 (D) An occupant of substandard housing.

17 (b) For the purpose of this Section, income shall mean total annual income consistent  
18 with policies and procedures utilized by HUD in administering the federal rent supplement  
19 program in San Francisco pursuant to Section 8 of the United States Housing Act of 1937 (or  
20 pursuant to any successor program). Total annual income shall mean total gross income,  
21 before taxes and other deductions, received by all members of the tenant's household. In  
22 determining gross income, there shall be included all wages, social security payments,  
23 retirement benefits, military and veteran's disability payments, unemployment benefits,  
24 welfare benefits, interest and dividend payments, and such other income items defined as  
25

1 total annual income by HUD for its rent supplement program (see, Title 24 Code of Federal  
2 Regulations, Sections 5601 et seq.).

3 (c) In computing household income for the purpose of this Section, the following shall  
4 be observed:

5 (1) Any earnings of a household member less than 18 years of age shall be excluded  
6 in computing the household income.

7 (2) The Mayor may allow special deductions from total gross income to take into  
8 account expenses incurred as a result of disability or continuing illness, the cost of necessary  
9 child care while a wage earner of the household is at work, and such other deductions as he  
10 or she considers appropriate.

11 (d) For the purpose of this Section, first priority for occupancy in a rent supplemented  
12 unit shall be granted to qualified displacees from the Yerba Buena Center Redevelopment  
13 Project, provided they make timely application.

1           **SEC. 24A.10. TERM OF CONTRACT.**

2           ~~The rent supplement contract shall be limited to not more than 10 years from the date of the~~  
3 ~~first payment made under the contract, except as may otherwise be required by court order. The~~  
4 ~~contract may be renewed subject to the continued eligibility of the project and owner. New rent~~  
5 ~~supplement contracts may be entered into or existing rent supplements renewed for a total period not to~~  
6 ~~exceed 10 years beginning on April 1, 2009, subject to the continued eligibility of the project and~~  
7 ~~owner.~~

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

10          By:           SUSAN CLEVELAND-KNOWLES  
11                       Deputy City Attorney