

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
Rules Committee *Victor Young*

DATE: August 8, 2019

SUBJECT: LEGISLATION INTRODUCED

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.

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

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 for**
6 **which landlords may impose such a pass-through on tenants; and to extend the time**
7 **period for tenants to pay such a pass-through.**

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.

13

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

15

16 Section 1. Chapter 37 of the Administrative Code is hereby amended by revising
17 Section 37.3 to read as follows:

18 **SEC. 37.3. RENT LIMITATIONS.**

19 (a) **Rent Increase Limitations for Tenants in Occupancy.** Landlords may impose
20 rent increases upon tenants in occupancy only as provided below and as provided by
21 Subsection 37.3(d):

22 * * * *

23 (6) **Property Tax.** A landlord may impose increases based upon a 100%
24 passthrough of the change in the landlord's property tax resulting from the repayment of
25

1 general obligation bonds of the City and County of San Francisco approved by the voters
2 between November 1, 1996, and November 30, 1998 as provided in Section 37.2(q) above.

3 A landlord may impose increases based upon a 50% passthrough of the change in the
4 landlord's property tax resulting from the repayment of San Francisco Unified School District
5 or San Francisco Community College District general obligation bonds approved by the voters
6 after November 1, 2006, as provided in Section 37.2(q) above.

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

8 * * * *

9 (B) For general obligation bonds of the City and County of San Francisco
10 approved by the voters after November 14, 2002 where any rent increase has been disclosed
11 and approved by the voters:

12 (i) The Controller and the Board of Supervisors will determine the
13 percentage of the property tax rate, if any, in each tax year attributable to general obligation
14 bonds approved by the voters after November 14, 2002 and repayable within such tax year.

15 (ii) This percentage shall be multiplied by the total amount of the net
16 taxable value for the applicable tax year. The result is the dollar amount of property taxes for
17 that tax year for a particular property attributable to the repayment of general obligation bonds
18 approved by the voters after November 14, 2002.

19 (iii) The dollar amount calculated under Subsection (ii) shall be divided
20 by two, and then by the total number of all units in each property, including commercial units.
21 That figure shall be divided by 12 months, to determine the monthly per unit costs for that tax
22 year of the repayment of general obligation bonds approved by the voters after November 14,
23 2002.

24 * * * *

1 (D) Landlords may pass through to each unit in a particular property the dollar
2 amount calculated under these ~~§~~subsections ~~37.3~~(a)(6)(A) and (B) and (C), as provided by this
3 subsection (a)(6)(D). The landlord shall give the affected tenants notice of the passthrough as provided
4 by applicable notice of rent increase provisions of this Chapter 37, including but not limited to Section
5 37.3(b)(3). These passthroughs may be imposed at any time, provided that the landlord serves
6 notice of such passthrough to be effective only on the anniversary date of each tenant's occupancy
7 of the property. These passthroughs shall not become a part of a tenant's base rent. The
8 amount of each ~~annual~~-passthrough imposed pursuant to this ~~§~~subsection (a)(6) may vary from
9 year-to-year, depending on the amount calculated under ~~§~~subsections (a)(6)(A) and (B) and
10 (C). ~~Each annual passthrough shall apply only for the 12-month period after it is imposed.~~ A landlord
11 may impose the passthroughs described in this ~~§~~subsection (a)(6) for a particular tax year only
12 with respect to those tenants who were residents of a particular property on November 1~~st~~ of
13 the applicable tax year. A landlord shall not impose a passthrough pursuant to this
14 ~~§~~subsection (a)(6) if the landlord has filed for or received Board approval for a rent increase
15 under Section 37.8(e)(4) for increased operating and maintenance expenses in which the
16 same increase in property taxes due to the repayment of general obligation bonds was
17 included in the comparison year cost totals.

18 (i) For general obligation bonds approved by the voters on or before
19 November 5, 2019, each passthrough shall apply only for the 12-month period after it is imposed.

20 (ii) For general obligation bonds approved by the voters after November 5,
21 2019, the passthrough shall apply for the same number of months covered by the property tax bills used
22 in the passthrough calculation, and the calculation may not be based on tax years more than three
23 years prior to the year in which passthrough was imposed.

24 (E) A tenant who has received a passthrough under this subsection (a)(6) with respect
25 to general obligation bonds approved by the voters on or after November 5, 2019, may file a financial

1 hardship application with the Board, and the Board may grant the tenant relief from all or part of the
2 passthrough. The standards and procedures for the financial hardship application shall be as set forth
3 in Sections 37.7(h)-(i). The Board will have available a form which explains how to calculate the
4 passthrough.

5 (F) The Board shall have available a form which explains how to calculate the
6 passthrough. Landlords must provide to tenants, on or before the date that notice is served on
7 the tenant of a passthrough permitted under this ~~§~~ subsection (a)(6), a copy of the completed
8 form ~~described in Subsection (E)~~. This completed form shall be provided in addition to the Notice
9 of Rent Increase required under Section 37.3(b)~~(5)~~. Where a tenant alleges that a landlord
10 has imposed a charge which exceeds the limitations set forth in this ~~§~~ subsection (a)(6), the
11 tenant may petition for a hearing under the procedures provided by Section 37.8. In such a
12 hearing, the landlord shall have the burden of proving the accuracy of the calculation that is
13 the basis for the increase. Any tenant petitions challenging such a passthrough must be filed
14 within one year of the effective date of the passthrough.

15 (G) The Board may amend its rules and regulations as necessary to implement
16 this ~~§~~ subsection (a)(6).

17
18 Section 3. Effective Date. This ordinance shall become effective 30 days after
19 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
20 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
21 of Supervisors overrides the Mayor's veto of the ordinance.

22
23 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
24 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
25 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

1 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
2 additions, and Board amendment deletions in accordance with the "Note" that appears under
3 the official title of the ordinance.
4

5 Section 5. Severability. If any section, subsection, sentence, clause, phrase, or word
6 of this ordinance, or any application thereof to any person or circumstance, is held to be
7 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
8 shall not affect the validity of the remaining portions or applications of the ordinance. The
9 Board of Supervisors hereby declares that it would have passed this ordinance and each and
10 every section, subsection, sentence, clause, phrase, and word not declared invalid or
11 unconstitutional without regard to whether any other portion of this ordinance or application
12 thereof would be subsequently declared invalid or unconstitutional.
13

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

16
17 By:


18 MANU PRADHAN
19 Deputy City Attorney

20 n:\leganas2019\1900637\01380402.docx
21
22
23
24
25