

1 [Changing landlords annual interest payments on residential tenant security deposits, to be  
2 calculated and paid according to a one-year Treasury Bill rate instead of continuing to be paid  
3 at the current five percent (5%) rate, with the rate to be determined annually by the  
Residential Rent Stabilization and Arbitration Board from posted Federal Reserve data.]

4 **Ordinance providing that annual landlord interest payments on residential tenant**  
5 **security deposits shall be paid at an interest rate determined annually by the**  
6 **Residential Rent Stabilization and Arbitration Board from posted Federal Reserve one-**  
7 **year Treasury Bill rates, instead of continuing to be paid at five percent (5%) simple**  
8 **interest rate as provided by the current ordinance.**

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10 Note: Additions are *single-underline italics Times New Roman font*;  
11 deletions are ~~*strikethrough italics Times New Roman font*~~.  
12 Board amendment additions are double underlined Arial font;  
13 Board amendment deletions are ~~strikethrough normal Arial font~~.

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

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16 **Section 1.** The San Francisco Administrative Code is hereby amended by amending  
17 Section 49.2, to read as follows:

18 Sec. 49.2. PAYMENT OF INTEREST ON SECURITY DEPOSITS.

19 (a) A landlord who is subject to the provisions of Section 1950.5 of the California  
20 Civil Code shall pay ~~at least five percent~~ simple interest ~~per year~~ on all security deposits held for  
21 at least one year for his/her tenants; provided, however, that this requirement shall not apply  
22 where the rent is assisted or subsidized by any government unit, agency or authority.

23 (b) Interest shall begin accruing on September 1, 1983, or on whatever date the  
24 security deposit is received by the landlord after September 1, 1983. Beginning on  
25 September 1, 1984, or on any date thereafter upon which the security deposit has been held  
by the landlord for one year, a tenant shall be given the unpaid accrued interest in the form of

1    ether a direct payment or a credit against the tenant's rent. The landlord shall choose  
2    between these two methods of payment.

3           (c)    The landlord may elect to pay the accrued interest as provided in Subsection (b)  
4    above on a monthly basis, but in no event less than once a year.

5           (d)    Upon termination of tenancy, a tenant whose security deposit has been held for  
6    one year or more shall be entitled to a direct payment of any unpaid accrued interest no later  
7    than two weeks after the tenant has vacated the premises; provided, however, that a landlord  
8    may retain any portion of the unpaid accrued interest, subject to the limitations and  
9    requirements set forth in Section 1950.5 (e) of the California Civil Code, where the security  
10   deposit alone is insufficient to remedy tenant default in the payment of rent, to repair damages  
11   to the premises caused by the tenant, exclusive of ordinary wear and tear, or to clean such  
12   premises, if necessary, upon termination of the tenancy.

13          (e)    Nothing in this Chapter shall preclude a landlord from exercising his or her  
14   discretion in investing security deposits.

15          (f)    Notwithstanding the provisions of (a) through (d) above, where a landlord seeks  
16   reimbursement for the annual Residential Rent Stabilization and Arbitration fee as provided in  
17   Sec. 37A.6 of this Code, the landlord may deduct said fee from the next interest payment  
18   owed to the tenant pursuant to this Chapter.

19          (g)    The interest rate for interest payments required by this Chapter shall be determined by  
20   the Residential Rent Stabilization and Arbitration Board (Rent Board), to be effective on March 1 of  
21   each year. The rate shall be calculated by the preceding December 15th of each year, using an  
22   average of the twelve most recent monthly rates (rounded to the nearest tenth) as posted by the Federal  
23   Reserve on the Federal Reserve Statistical Release internet site for one-year constant maturity  
24   Treasury Bills. The Rent Board shall promulgate rules and regulations as needed to effectuate this rate  
25   setting responsibility.

1           **Section 2.** The San Francisco Administrative Code is hereby amended by amending  
2 Section 37.6, to read as follows:

3           Sec. 37.6. POWERS AND DUTIES.

4           In addition to other powers and duties set forth in this Chapter, and in addition to  
5 powers under the Charter and powers and duties under Administrative Code Chapter 49 ("Interest  
6 Rates on Security Deposits), the Board shall have the power to:

7           (a) Promulgate policies, rules and regulations to effectuate the purposes of this  
8 Chapter;

9           (b) Hire such staff, including Administrative Law Judges, as may be reasonably  
10 necessary to perform its functions, and promulgate standards for all such staff, subject to the  
11 Civil Service provisions of the Charter;

12           (c) Conduct rental arbitration hearings and administer oaths and affirmations in  
13 connection with such hearings;

14           (d) Publish, on March 1st of each year, the increase in the CPI for the preceding 12  
15 months, as made available by the U.S. Department of Labor;

16           (e) Make studies and surveys and conduct such hearings as necessary to perform  
17 its functions;

18           (f) Report biannually to the Mayor and the Board of Supervisors on its activities and  
19 on progress made towards the achievement of the purposes of the Chapter;

20           (g) Make available to the public, on request, policies, rules and regulations, reports  
21 and surveys in accordance with applicable State law;

22           (h) Issue rules and regulations for the conduct of its own affairs;

23           (i) Be empowered to request and, if granted, to receive funds appropriated by the  
24 Board of Supervisors through the mayor;

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1 (j) Maintain, on at least a monthly basis, statistics on the number of notices to  
2 vacate filed with the Board pursuant to Section 37.9(c) and statistics on the causes given in  
3 such notices or in any additional written documents as provided in Section 37.9(c). Said  
4 statistics shall be published in a report on March 1st every year, and copies of the report shall  
5 be submitted to the Mayor and Board of Supervisors;

6 (k) Compile a list at random, on a monthly basis, of 10 percent of the notices to  
7 vacate filed pursuant to Section 37.9(c) which state on the notice or in any additional written  
8 document any causes under Section 37.9(a)(8) as the reason for eviction. Said list shall be  
9 transmitted to the District Attorney on a monthly basis for investigation pursuant to Section  
10 37.9(c).

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

15 By: \_\_\_\_\_  
16 Marie Corlett Blits  
17 Deputy City Attorney  
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