

1 [Residential Rent Ordinance: Landlord may not sever parking/storage/access to specified
 2 common areas without just cause; tenant entitled to rent reduction upon severance.]
 3 **Ordinance amending Administrative Code Chapter 37 “Residential Rent Stabilization**
 4 **and Arbitration Ordinance” by amending Section 37.2(r) to provide that garage**
 5 **facilities, parking facilities, or storage or access to common areas, laundry rooms,**
 6 **lobbies, decks, patios, or gardens on the same lot, or kitchen facilities in single room**
 7 **occupancy (SRO) hotels, supplied in connection with the use or occupancy of a unit, or**
 8 **similar facilities or space on the same lot, may not be severed from a tenancy by the**
 9 **landlord without just cause; and that where such a severance does occur the tenant is**
 10 **entitled to a reduction in rent.**

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 Arial font~~.

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

14
 15 Section 1. The San Francisco Administrative Code is hereby amended by amending
 16 Section 37.2, to read as follows:

17 SEC. 37.2. DEFINITIONS.

18 (a) **Base Rent.**

19 (1) That rent which is charged a tenant upon initial occupancy plus any rent increase
 20 allowable and imposed under this Chapter; provided, however, that base rent shall not include
 21 increases imposed pursuant to Section 37.7, and base rent shall not include utility
 22 passthroughs or water revenue bond passthroughs or general obligation bond passthroughs
 23 pursuant to Sections 37.2(q), 37.3(a)(5)(B), and 37.3(a)(6). Base rent for tenants of RAP
 24 rental units in areas designated on or after July 1, 1977, shall be that rent which was
 25 established pursuant to Section 32.73-1 of the San Francisco Administrative Code. Rent

1 increases attributable to the City Administrator's amortization of an RAP loan in an area
2 designated on or after July 1, 1977, shall not be included in the base rent.

3 (2) From and after the effective date of this ordinance, the base rent for tenants
4 occupying rental units which have received certain tenant-based or project-based rental
5 assistance shall be as follows:

6 (A) With respect to tenant-based rental assistance:

7 (i) For any tenant receiving tenant-based assistance as of the effective date of this
8 ordinance (except where the rent payable by the tenant is a fixed percentage of the tenant's
9 income, such as in the Section 8 certificate program and the rental subsidy program for the
10 HOPWA program), and continuing to receive tenant-based rental assistance following the
11 effective date of this ordinance, the base rent for each unit occupied by such tenant shall be
12 the rent payable for that unit under the Housing Assistance Payments contract, as amended,
13 between the San Francisco Housing Authority and the landlord (the "HAP contract") with
14 respect to that unit immediately prior to the effective date of this ordinance (the "HAP" contract
15 rent").

16 (ii) For any tenant receiving tenant-based rental assistance (except where the rent
17 payable by the tenant is a fixed percentage of the tenant's income, such as in the Section 8
18 certificate program and the rental subsidy program for the HOPWA program), and
19 commencing occupancy of a rental unit following the effective date of this ordinance, the base
20 rent for each unit occupied by such a tenant shall be the HAP contract rent in effect as of the
21 date the tenant commences occupancy of such unit.

22 (iii) For any tenant whose tenant-based rental assistance terminates or expires, for
23 whatever reason, following the effective date of this ordinance, the base rent for each such
24 unit following expiration or termination shall be the HAP contract rent in effect for that unit
25 immediately prior to the expiration or termination of the tenant-based rental assistance.

1 (B) For any tenant occupying a unit upon the expiration or termination, for whatever
2 reason, of a project-based HAP contract under Section 8 of the United States Housing Act of
3 1937 (42 USC Section 1437f, as amended), the base rent for each such unit following
4 expiration or termination shall be the “contract rent” in effect for that unit immediately prior to
5 the expiration or termination of the project-based HAP contract.

6 (C) For any tenant occupying a unit upon the prepayment or expiration of any
7 mortgage insured by the United States Department of Housing and Urban Development
8 (“HUD”), including but not limited to mortgages provided under Sections 221(d)(3), 221(d)(4)
9 and 236 of the National Housing Act (12 USC Section 1715z-1), the base rent for each such
10 unit shall be the “basic rental charge” (described in 12 USC 1715z-1(f), or successor
11 legislation) in effect for that unit immediately prior to the prepayment of the mortgage, which
12 charge excludes the “interest reduction payment” attributable to that unit prior to the mortgage
13 prepayment or expiration.

14 (b) **Board.** The Residential Rent Stabilization and Arbitration Board.

15 (c) **Capital Improvements.** Those improvements which materially add to the value of
16 the property, appreciably prolong its useful life, or adapt it to new uses, and which may be
17 amortized over the useful life of the improvement of the building.

18 (d) **CPI.** Consumer Price Index for all Urban Consumers for the San Francisco-
19 Oakland Metropolitan Area, U.S. Department of Labor.

20 (e) **Energy Conservation Improvements.** Work performed pursuant to the
21 requirements of Chapter 12 of the San Francisco Housing Code.

22 (f) **Administrative Law Judge.** A person, designated by the Board, who arbitrates
23 and mediates rental increase disputes, and performs other duties as required pursuant to this
24 Chapter 37.

25 (g) **Housing Services.** Services provided by the landlord connected with the use or

1 occupancy of a rental unit including, but not limited to: repairs; replacement; maintenance;
2 painting; light; heat; water; elevator service; laundry facilities and privileges; janitor service;
3 refuse removal; furnishings; telephone; parking; rights permitted the tenant by agreement,
4 including the right to have a specific number of occupants, whether express or implied, and
5 whether or not the agreement prohibits subletting and/or assignment; and any other benefits,
6 privileges or facilities.

7 (h) **Landlord.** An owner, lessor, sublessor, who receives or is entitled to receive rent
8 for the use and occupancy of any residential rental unit or portion thereof in the City and
9 County of San Francisco, and the agent, representative or successor of any of the foregoing.

10 (i) **Member.** A member of the Residential Rent Stabilization and Arbitration Board.

11 (j) **Over FMR Tenancy Program.** A regular certificate tenancy program whereby the
12 base rent, together with a utility allowance in an amount determined by HUD, exceeds the fair
13 market rent limitation for a particular unit size as determined by HUD.

14 (k) **Payment Standard.** An amount determined by the San Francisco Housing
15 Authority that is used to determine the amount of assistance paid by the San Francisco
16 Housing Authority on behalf of a tenant under the Section 8 Voucher Program (24 CFR Part
17 887).

18 (l) **RAP.** Residential Rehabilitation Loan Program (Chapter 32, San Francisco
19 Administrative Code).

20 (m) **RAP Rental Units.** Residential dwelling units subject to RAP loans pursuant to
21 Chapter 32, San Francisco Administrative Code.

22 (n) **Real Estate Department.** A city department in the City and County of San
23 Francisco.

24 (o) **Rehabilitation Work.** Any rehabilitation or repair work done by the landlord with
25 regard to a rental unit, or to the common areas of the structure containing the rental unit,

1 which work was done in order to be in compliance with State or local law, or was done to
2 repair damage resulting from fire, earthquake or other casualty or natural disaster.

3 (p) **Rent.** The consideration, including any bonus, benefits or gratuity, demanded or
4 received by a landlord for or in connection with the use or occupancy of a rental unit, or the
5 assignment of a lease for such a unit, including but not limited to monies demanded or paid
6 for parking, furnishing, food service, housing services of any kind, or subletting.

7 (q) **Rent Increases.** Any additional monies demanded or paid for rent as defined in
8 item (p) above, or any reduction in housing services without a corresponding reduction in the
9 monies demanded or paid for rent; provided, however, that: (1) where the landlord has been
10 paying the tenant's utilities and the cost of those utilities increases, the landlord's passing
11 through to the tenant of such increased costs pursuant to this Chapter does not constitute a
12 rent increase; (2) where there has been a change in the landlord's property tax attributable to
13 a general obligation bond approved by the voters between November 1, 1996 and November
14 30, 1998, or after November 14, 2002, the landlord's passing through to the tenant of such
15 increased costs in accordance with this Chapter (see Section 37.3(a)(6)) does not constitute a
16 rent increase; and, (3) where water bill charges are attributable to water rate increases
17 resulting from issuance of water revenue bonds authorized at the November 5, 2002 election,
18 the landlord's passing through to the tenant of such increased costs in accordance with this
19 Chapter (see Section 37.3(a)(5)(B)) does not constitute a rent increase.

20 (r) **Rental Units.** All residential dwelling units in the City and County of San
21 Francisco together with the land and appurtenant buildings thereto, and all housing services,
22 privileges, furnishings and facilities supplied in connection with the use or occupancy thereof,
23 including garage and parking facilities.

24 Garage facilities, and parking facilities, driveways, storage spaces, laundry rooms, lobbies,
25 decks, patios, or gardens access to common areas, and any other contiguous or non-

1 contiguous physical spaces and facilities on the same lot, or kitchen facilities in single room
2 occupancy (SRO) hotels, supplied in connection with the use or occupancy of a unit, may not
3 be severed from the tenancy by the landlord without just cause as required by Section 37.9(a). Any
4 severance, reduction or removal permitted under this Section 37.2(r) shall be offset by a corresponding
5 reduction in rent. Either a landlord or a tenant may file a petition with the Rent Board to determine the
6 amount of the rent reduction.

7 The term "rental units" shall not include:

8 (1) Housing accommodations in hotels, motels, inns, tourist houses, rooming and
9 boarding houses, provided that at such time as an accommodation has been occupied by a
10 tenant for 32 continuous days or more, such accommodation shall become a rental unit
11 subject to the provisions of this Chapter; provided further, no landlord shall bring an action to
12 recover possession of such unit in order to avoid having the unit come within the provisions of
13 this Chapter. An eviction for a purpose not permitted under Section 37.9(a) shall be deemed
14 to be an action to recover possession in order to avoid having a unit come within the
15 provisions of this Chapter;

16 (2) Dwelling units in nonprofit cooperatives owned, occupied and controlled by a
17 majority of the residents or dwelling units solely owned by a nonprofit public benefit
18 corporation governed by a board of directors the majority of which are residents of the
19 dwelling units and where it is required in the corporate by-laws that rent increases be
20 approved by a majority of the residents;

21 (3) Housing accommodation in any hospital, convent, monastery, extended care
22 facility, asylum, residential care or adult day health care facility for the elderly which must be
23 operated pursuant to a license issued by the California Department of Social Services, as
24 required by California Health and Safety Chapters 3.2 and 3.3; or in dormitories owned and
25 operated by an institution of higher education, a high school, or an elementary school;

1 (4) Except as provided in Subsections (A) and (B), dwelling units whose rents are
2 controlled or regulated by any government unit, agency or authority, excepting those
3 unsubsidized and/or unassisted units which are insured by the United States Department of
4 Housing and Urban Development; provided, however, that units in unreinforced masonry
5 buildings which have undergone seismic strengthening in accordance with Building Code
6 Chapters 16B and 16C shall remain subject to the Rent Ordinances to the extent that the
7 ordinance is not in conflict with the seismic strengthening bond program or with the program's
8 loan agreements or with any regulations promulgated thereunder;

9 (A) For purposes of Sections 37.2, 37.3(a)(10)(A), 37.4, 37.5, 37.6, 37.9, 37.9A,
10 37.10A, 37.11A and 37.13, and the arbitration provisions of Sections 37.8 and 37.8A
11 applicable only to the provisions of Sections 37.3(a)(10)(A), the term "rental units" *shall*
12 include units occupied by recipients of tenant-based rental assistance where the tenant-based
13 rental assistance program does not establish the tenant's share of base rent as a fixed
14 percentage of a tenant's income, such as in the Section 8 voucher program and the "Over-
15 FMR Tenancy" program defined in 24 CFR Section 982.4;

16 (B) For purposes of Sections 37.2, 37.3(a)(10)(B), 37.4, 37.5, 37.6, 37.9, 37.9A,
17 37.10A, 37.11A and 37.13, the term "rental units" *shall* include units occupied by recipients of
18 tenant-based rental assistance where the rent payable by the tenant under the tenant-based
19 rental assistance program is a fixed percentage of the tenant's income; such as in the Section
20 8 certificate program and the rental subsidy program for the Housing Opportunities for
21 Persons with Aids ("HOPWA") program (42 U.S.C. Section 12901 et seq., as amended).

22 (5) Rental units located in a structure for which a certificate of occupancy was first
23 issued after the effective date of this ordinance, except as provided for certain categories of
24 units and dwellings by Section 37.3(d) and Section 37.9A(b) of this Chapter;

25 (6) Dwelling units in a building which has undergone substantial rehabilitation after the

1 effective date of this ordinance; provided, however, that RAP rental units are not subject to
2 this exemption.

3 (7) Dwellings or units otherwise subject to this Chapter 37, to the extent such dwellings
4 or units are partially or wholly exempted from rent increase limitations by the Costa-Hawkins
5 Rental Housing Act (California Civil Code Sections 1954.50. et seq.) and/or San Francisco
6 Administrative Code Section 37.3(d).

7 (s) **Substantial Rehabilitation.** The renovation, alteration or remodeling of residential
8 units of 50 or more years of age which have been condemned or which do not qualify for
9 certificates of occupancy or which require substantial renovation in order to conform the
10 building to contemporary standards for decent, safe and sanitary housing. Substantial
11 rehabilitation may vary in degree from gutting and extensive reconstruction to extensive
12 improvements that cure substantial deferred maintenance. Cosmetic improvements alone
13 such as painting, decorating and minor repairs, or other work which can be performed safely
14 without having the unit vacated do not qualify as substantial rehabilitation.

15 (t) **Tenant.** A person entitled by written or oral agreement, sub-tenancy approved by
16 the landlord, or by sufferance, to occupy a residential dwelling unit to the exclusion of others.

17 (u) **Tenant-Based Rental Assistance.** Rental assistance provided directly to a tenant
18 or directly to a landlord on behalf of a particular tenant, which includes but shall not be limited
19 to certificates and vouchers issued pursuant to Section 8 of the United States Housing Act of
20 1937, as amended (42 U.S.C. Section 1437f) and the HOPWA program.

21 (v) **Utilities.** The term “utilities” shall refer to gas and electricity exclusively.

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

25 By: MARIE CORLETT BLITS, Deputy City Attorney