

1 [Tenant Ownership Program]

2

3 **Ordinance amending the San Francisco Subdivision Code by adding Article 11,**
4 **consisting of Sections 1399.1 through 1399.14 to permit the conversion of existing**
5 **residential buildings to residential condominium or other ownership subject to certain**
6 **requirements.**

7

8 Note: Additions are *single-underline italics Times New Roman*;
9 deletions are *strikethrough italics Times New Roman*.
10 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

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

12 Section 1. FINDINGS. The Board of Supervisors of the City and County of San
13 Francisco hereby finds and declares as follows:

14 A. The proposed amendments encourage and ensure the development of
15 residential subdivisions consistent with the objectives of the California Subdivision Map Act
16 and the San Francisco General Plan.

17 B. Through this legislation the Board of Supervisors seeks to promote the
18 meaningful expansion of homeownership opportunities for existing tenants and prevent the
19 displacement of existing tenants by requiring a high degree of tenant consent to condominium
20 conversions, and by providing the opportunities for existing tenants to receive lifetime leases
21 or purchase their rental Units.

22 C. The number of permitted condominium conversions is low compared to the
23 current demand for home ownership in the City. It promotes the health, safety and welfare of
24 residents to expand home ownership opportunities above and beyond the current conversion
25 limits while balancing this need for ownership housing against the displacement of tenants.

1 The immediate effects on tenants of converting rental housing to condominiums can be
2 minimized through a variety of mechanisms in this legislation that would discourage evictions
3 and would provide lifetime leases to existing tenants.

4 Section 2. The San Francisco Subdivision Code is hereby amended by adding Article 11
5 to read as follows:

6 Article 11

7 TENANT OWNERSHIP PROGRAM

8 Sec. 1399.1. PURPOSES. This Article 11 is enacted to establish an alternative method for subdividing
9 parcels containing existing residential Units. The conversions allowable under this Article 11 are
10 intended (i) to promote the expansion of home ownership opportunities for existing tenants by creating
11 opportunities for a substantial number of them to purchase their Units, and (ii) to balance the interests
12 of new home ownership opportunities with the need to protect existing tenants.

13 Sec. 1399.2. MODIFICATIONS TO CODE. This Article 11 is entirely new. It modifies the applicable
14 provisions of this Code in the case of conversions that submit applications under Section 1399.8.
15 Unless otherwise specified in this Article, the requirements and restrictions of Article 9 of this Code,
16 including but not limited to the annual conversion limitation set forth in Section 1396, do not apply to
17 conversions under this Article. The provisions of Sections 1332(a), 1341 and 1385 of this Code do not
18 apply to conversions under this Article.

19 Sec. 1399.3. DEFINITIONS APPLICABLE TO THIS ARTICLE. Except as provided below, the
20 definitions and terminology found in Article 2 of this Code apply to this Article 11.

21 (a) "Application Packet" means the parcel map or tentative map and other documents required
22 under this Article to initiate the subdivision into condominiums or other form of common interest
23 subdivision under this Article. The "date the Application Packet is received" is the date on which the
24 Department of Public Works receives an Application Packet in connection with a subdivision under this
25 Article.

- 1 (b) “Code” means the San Francisco Subdivision Code.
- 2 (c) “Director” means the Director of the Department of Public Works.
- 3 (d) “Eligible Purchaser” means a tenant or an owner who occupies a Unit in the property on the
4 date the Application Packet is received.
- 5 (e) “Intent to Purchase” means a form indicating an Eligible Purchaser's intent to purchase a Unit
6 in the form set forth in Section 1399.6(i).
- 7 (f) “Permitted Conversions” shall mean that the maximum number of conversions under Article 11
8 is 5,000 Units in any calendar year.
- 9 (g) “Permitted Eviction” means an eviction on one of the following grounds:
- 10 (1) the tenant has failed to pay the rent to which the landlord is lawfully entitled under the oral or
11 written agreement between the tenant and the landlord or habitually pays the rent late or gives checks
12 which are frequently returned because there are insufficient funds in the checking account;
- 13 (2) the tenant has violated a lawful obligation or covenant of tenancy other than the obligation to
14 surrender possession upon proper notice and failure to cure such violation after having received
15 written notice thereof from the landlord, provided further that notwithstanding any lease provision to
16 the contrary, a landlord shall not endeavor to recover possession of a rental Unit as a result of
17 subletting of the rental Unit by the tenant if the landlord has unreasonably withheld the right to sublet
18 following a written request by the tenant, so long as the tenant continues to reside in the rental Unit
19 and the sublet constitutes a one-for-one replacement of the departing tenant(s). If the landlord fails to
20 respond to the tenant in writing within fourteen (14) days of receipt of the tenant's written request, the
21 tenant's request shall be deemed approved by the landlord;
- 22 (3) the tenant is committing or permitting to exist a nuisance in, or is causing substantial damage to,
23 the rental Unit, or is creating a substantial interference with the comfort, safety or enjoyment of the
24 landlord or other tenants in the building, and the nature of such nuisance, damage or interference is
25 specifically stated by the landlord in the written notice to quit to the tenant;

1 (4) the tenant is using or permitting a rental Unit to be used for any illegal purpose; or
2 (5) the tenant has, after written notice to cease, refused the landlord access to the rental Unit as
3 required by state or local law.

4 (h) “Owner” means a person, firm, corporation, limited liability company, partnership or
5 association that owns at least a 10% record title interest in the property for which an Application
6 Packet has been submitted and received.

7 (i) “Rent Board” and “Rent Ordinance” mean, respectively, the San Francisco Residential Rent
8 Stabilization and Arbitration Board and the San Francisco Residential Rent Stabilization and
9 Arbitration Ordinance, San Francisco Administrative Code Section 37.1 et seq.

10 (j) “Subdivider” means a person, firm, corporation, limited liability company, partnership or
11 association that proposes to divide, divides or causes to be divided real property for himself or for
12 others, and any successor in interest. Where a subdivider acts only as an agent for the owner, the term
13 “Subdivider” includes the owner where the context requires.

14 (k) “Tenant” means an individual residing in the property on the date the Application Packet is
15 received who has an express oral or written agreement directly with the owner.

16 (l) “Tenant Purchase Price” means the price for a Unit that is 20% less than the fair market value
17 of the Unit. The fair market value shall be determined through the following process: The Subdivider
18 shall propose a market price for the Unit backed by an appraisal conducted by a state licensed general
19 certified appraiser and paid for by the Subdivider. If the Tenant disagrees with the appraisal, the
20 Tenant shall so notify the Subdivider within 30 days of receipt of the Subdivider’s appraisal and shall
21 provide the Subdivider, within 60 days of receipt of the Subdivider’s appraisal, with an appraisal
22 conducted by a state licensed general certified appraiser and paid for by the Tenant. If the two
23 appraisals are within 10% of each other, they shall be averaged together, and the resulting amount
24 shall be the fair market value of the Unit. If the two appraisals are not within 10% of each other, the
25 Subdivider and the Tenant shall make good faith attempts to establish a fair market value between the

1 two appraisal amounts. If the Subdivider and the Tenant are unable to agree upon a fair market value
2 within 15 days after the date the Subdivider has received the Tenant's appraisal, then the two
3 appraisers shall select a third appraiser who is a state licensed general certified appraiser. The third
4 appraiser's appraisal shall be averaged with the closer of the two other appraisals, and that average
5 shall be the fair market value. The Subdivider and the Tenant shall share equally the cost of the third
6 appraisal. The date of the Subdivider's valuation shall be within 30 days of the day the Tenant
7 receives the appraisal. All subsequent appraisals shall value the Unit as of the date of value of the first
8 appraisal.Unit

9 (m) "Unit" means a legal residential dwelling Unit.

10 SEC. 1399.4 LIFETIME LEASES.

11 (a) A lifetime lease arises as to each Tenant on the date that the subdivision map for the property is
12 recorded.

13 (b) The initial rent payable under the lifetime lease shall not exceed the rent charged on the date the
14 Application Packet is received, plus any increases permitted under the Rent Ordinance since that date.
15 In consideration of the benefits provided by this Article, the Subdivider shall agree to waive any right
16 to any rent increase other than as provided in this subsection that may be permitted under the Costa
17 Hawkins Rental Housing Act, Civil Code Sections 1954.50 et seq. or by any other provision of law.
18 The lease shall provide that rent increases shall be subject solely to the provisions of the Rent
19 Ordinance, including the approval of the Rent Board for any increase requiring such approval, and
20 that any dispute between the landlord and the lifetime lease Tenant concerning the rent shall be
21 determined by the Rent Board. In the event the Rent Ordinance is no longer in effect, then rent may be
22 increased not more than once a year in an amount equal to the percent increase in the U.S. Bureau of
23 Labor Statistics Consumer Price Index-All Urban Consumers-San Francisco-Oakland-San Jose, CA, or
24 any succeeding index, from the date of the last rent increase.

1 (c) The lease shall contain a provision allowing the lifetime lease Tenant to terminate the lease and
2 vacate the Unit on thirty days written notice.

3 (d) The lease shall terminate on the death of the Tenant or the date on which the Tenant ceases to
4 actually and continuously reside in the Unit as his or her principal residence, whichever occurs first.
5 The landlord may terminate the lease during its term only for a Permitted Eviction.

6 (e) There shall be no decrease in maintenance of the Unit occupied by a Tenant under a lifetime lease.

7 (f) If, on the date the Application Packet is received, the Tenant occupies the Unit with a person who is
8 not a Tenant but who is a related party, at the request of the Tenant the related party shall become a
9 Tenant under lifetime lease. A "related party" is an adult over eighteen years of age who is a
10 grandparent, grandchild, parent, child, brother, sister, spouse, or person registered as a Domestic
11 Partner of the Tenant pursuant to San Francisco Administrative Code 62.1-62.8.

12 (g) A Tenant's rights under a lifetime lease are not transferable, and any attempted transfer shall be of
13 no force or effect. The foregoing does not prevent a Tenant with a lifetime lease from allowing other
14 persons to occupy the Unit with him or her to the same extent as allowed under the existing agreement
15 between the landlord and the Tenant, provided that (i) the lifetime lease Tenant continues to actually
16 reside in the Unit as his or her principal residence, and (ii) no other person residing in the Unit shall
17 have the rights of a lifetime lease Tenant on account of any acts of, or oral representations made by the
18 landlord or the lifetime lease Tenant to any other person occupying the Unit. A Tenant must provide
19 the landlord with the name of each person who occupies the Unit with the Tenant as well as emergency
20 contact information for that person in writing. The Tenant must also give any other occupant of the
21 Unit a written notice that the occupant is not a Tenant and has no rights under the lifetime lease.

22 (h) The owner of a Unit subject to a lifetime lease or his or her successor in interest may require a
23 lifetime lease Tenant to enter into a written agreement documenting the Tenant's lifetime lease rights.
24 The lifetime lease shall include the terms set forth in this Section and shall also include the terms of the
25 existing written rental agreement between the landlord and the Tenant to the extent those terms do not

1 conflict with this Section. If there is no existing written rental agreement, the written agreement shall
2 include the usual and customary terms of residential rental agreements in the City that do not conflict
3 with the terms of this Section. Where the Tenant has the right to use certain common areas of the
4 property as of the date of the Application Packet is received, as, for example, parking or storage, or the
5 right to have pets, those rights shall be included in the written agreement. Any controversy between the
6 landlord and the Tenant over the terms of the written agreement shall be decided by the Rent Board. If
7 either a landlord or a Tenant refuses to execute a written agreement after a decision by the Rent Board,
8 the decision of the Rent Board shall serve as the agreement.

9 (i) A Notice of Right to Lifetime Lease shall be in the following form, printed in 12 point type or
10 larger:

11 NOTICE OF RIGHT TO LIFETIME LEASE

12 TO: (name of Tenant)

13 RE: (address of Unit)

14 This Notice of Right to Lifetime Lease is given to you as required by Section 1399.4 of the San
15 Francisco Subdivision Code. If the property in which you live becomes condominiums and you do not
16 purchase your Unit, you will have a lifetime lease.

17 A. The lifetime lease will start on the date that the subdivision map for the condominium is recorded
18 with the San Francisco Recorder.

19 B. The following terms will be incorporated into your lifetime lease:

20 1. The initial rent payable under the lifetime lease shall not exceed the rent charged on the date the
21 Application Packet is received, plus any increases permitted under the Rent Ordinance since that date.
22 In consideration of the benefits provided by Article 11 of the San Francisco Subdivision Code, the
23 Subdivider shall agree to waive any right to any rent increase other than as provided in this subsection
24 that may be permitted under the Costa Hawkins Rental Housing Act, Civil Code Sections 1954.50 et
25 seq. or by any other provision of law. The lease shall provide that rent increases shall be subject solely

1 to the provisions of the Rent Ordinance, including the approval of the Rent Board for any increase
2 requiring such approval, and that any dispute between the landlord and the lifetime lease Tenant
3 concerning the rent shall be determined by the Rent Board. In the event the Rent Ordinance is no
4 longer in effect, then rent may be increased not more than once a year in an amount equal to the
5 percent increase in the U.S. Bureau of Labor Statistics Consumer Price Index-All Urban Consumers-
6 San Francisco-Oakland-San Jose, CA, or any succeeding index, from the date of the last rent increase.
7 2. You have a right to terminate your lifetime lease at any time on thirty days prior written notice to
8 your landlord.
9 3. The lifetime lease terminates only on the death of the last person named as a Tenant in the lease or
10 when you no longer actually and continuously reside in the Unit as your principal place of residence.
11 4. Your landlord may terminate the lifetime lease during its term only if:
12 a. you fail to pay the rent to which the landlord is lawfully entitled under the oral or written agreement
13 between you and the landlord or you habitually pay the rent late or give checks which are frequently
14 returned because there are insufficient funds in the checking account;
15 b. you have violated a lawful obligation or covenant of tenancy other than the obligation to surrender
16 possession upon proper notice and you have failed to cure the violation after having received written
17 notice of it from the landlord; provided that notwithstanding any lease provision to the contrary, your
18 landlord shall not endeavor to recover possession of your Unit as a result of your subletting the Unit if
19 your landlord has unreasonably withheld the right to sublet following a written request from you, so
20 long as you continue to reside in the rental Unit and the sublet constitutes a one-for-one replacement of
21 the departing Tenant(s) as set forth in Rent Board Regulations 6.15A(d) and 6.15B(b);
22 c. you are committing or permitting to exist a nuisance in or are causing substantial damage to the
23 rental Unit, or you are creating a substantial interference with the comfort, safety or enjoyment of the
24 landlord or Tenants in the building;
25 d. you are using or permitting the Unit to be used for any illegal purpose; or

1 e. you have, after written notice to cease, refused the landlord access to the Unit as required by state
2 or local law;

3 5. If, on the date the Application Packet is received by the Department of Public Works, one of the
4 following persons lives with you at the Unit and is an adult over eighteen years of age, at your request
5 the landlord must name that person as a Tenant on the lifetime lease, even if the landlord has not
6 previously accepted that person as a Tenant: your grandparent, grandchild, parent, spouse, or
7 domestic partner, or adult child, brother, or sister.

8 6. You may not assign or transfer the lifetime lease. However, you may allow other persons to occupy
9 the Unit with you to the same extent as allowed under the existing agreement between you and your
10 landlord so long as you actually and continually reside in the Unit as your principal place of residence
11 and you give the landlord the name of each person who resides in the Unit with you and emergency
12 contact information for that person. You must give any person who resides in the Unit with you notice
13 that he or she is not a Tenant and has no rights under the lifetime lease.

14 C. At your landlord's request, you must enter into a written lease with your landlord that includes
15 those terms of your existing rental agreement that do not conflict with your rights under the lifetime
16 lease. If you do not have a written rental agreement, the written lifetime lease will contain provisions
17 usually and customarily found in a residential rental agreement in San Francisco that do not conflict
18 with your rights under the lifetime lease. If you and the landlord are unable to agree on the terms of
19 the written agreement, the terms will be decided by the San Francisco Residential Rent Stabilization
20 and Arbitration Board. If either you or the landlord refuse to sign a written agreement on the terms
21 decided by the Rent Board, the decision of the Rent Board will serve as the agreement.

22
23 Date: _____
24
25 _____

1 Signature of Subdivider

2 SEC. 1339.5 RIGHTS OF OWNER-OCCUPANTS.

3 It is the express intent of the Board of Supervisors that this Article permits Owners who occupy a Unit
4 on the property proposed for subdivision to participate in a conversion by qualifying as Eligible
5 Purchasers for purposes of the Intent to Purchase form requirement of Section 1399.8(a)(1). It is also
6 the express intent of the Board of Supervisors that such Owners shall (1) not receive the benefit of the
7 Tenant Purchase Price under Section 1399.6 but shall pay fair market value or a price otherwise
8 acceptable among the Owners, and (2) not be eligible for a lifetime lease under Section 1399.4.

9 SEC. 1399.6 TENANT PURCHASE RIGHTS.

10 (a) Each Tenant at the property has the right to purchase the Unit he or she occupies at the Tenant
11 Purchase Price provided the Tenant continues to reside actually and continuously in the Unit up to and
12 including the date of close of escrow on the purchase.

13 (b) If one Tenant purchases a Unit and another Tenant who resides in the same Unit with the
14 purchasing Tenant does not jointly purchase the Unit, the purchasing Tenant takes the Unit subject to
15 the lifetime lease rights of the non-purchasing Tenant.

16 (c) The subdivider shall notify each tenant in writing of the right to purchase the unit in which that
17 tenant resides at the Tenant Purchase Price at any time after he or she has all necessary governmental
18 approvals required under state law to make an offer for sale to a tenant , but in no event later than
19 thirty calendar days following the issuance by the California Department of Real Estate of the Final
20 Subdivision Public Report for a property containing five or more units, or the recording of the Parcel
21 Map for a property containing four or fewer units. The written notice shall be served in person or by
22 certified or registered mail, and shall include the fair market value of the Unit as determined by the
23 Sudivider, the process for determining the Tenant Purchase Price under Section 1399.3(1),, and the
24 date on which the offering period expires.

25

1 (d) The Tenant's right to purchase expires 180 calendar days following the date the offer to purchase
2 is made to the Tenant. The offering period may be extended by an agreement in writing between the
3 Subdivider and the Tenant. Where an offer to purchase has been made under a Conditional Public
4 Report issued by the California Department of Real Estate, the offering period shall be the longer of
5 180 days following the date the offer to purchase is made to the tenant or 30 days after the Final Public
6 Report for the project is delivered to the tenant.

7 (e) With respect to a Tenant who signed an Intent to Purchase, the right to purchase shall be at the
8 Tenant Purchase Price and on the other terms negotiated between the Subdivider and the Tenant in
9 connection with the purchasing Tenant's Intent to Purchase. Where more than one Tenant executes an
10 Intent to Purchase for a Unit, the Tenants who executed the Intent to Purchase shall purchase the Unit
11 jointly.

12 (f) With respect to a Tenant who did not sign an Intent to Purchase, the selling price for the Unit shall
13 be determined by the Subdivider at the time the offer is made to the Tenant, which price shall be no
14 greater than the price at which the Unit would be offered to the general public.

15 (g) A Tenant may not assign his or her right to purchase a Unit, except as follows: (i) a Tenant may
16 jointly purchase a Unit with another person who resides in the Unit with that Tenant; and (ii) a Tenant
17 may add a person to title who is a co-signer on a first or second loan secured by the Unit.

18 (h) To effectuate a purchase, a Tenant must, before the offering period expires, execute a binding, non-
19 contingent purchase and sale agreement that includes all material terms negotiated between the
20 Subdivider and the Tenant, such other usual and customary terms found in an agreement for the
21 purchase and sale of residential real property in the City and, where a Final Subdivision Public Report
22 from the California Department of Real Estate is required, all terms required by that agency. Unless
23 the Subdivider and the Tenant have agreed otherwise: (i) close of escrow shall be 60 days from the
24 date the purchase and sale agreement is executed by the Tenant; (ii) brokerage, attorney and
25 inspection fees incurred in connection with execution of the purchase and sale agreement and closing

1 escrow shall be paid by the party who incurred the fee; and (iii) documentary transfer tax, title
2 insurance, and escrow fees and costs shall be paid according to custom in the County of San Francisco.
3 (i) An Intent to Purchase required for a conversion under this Article shall be in the following form, in
4 12 point type or larger.

5 INTENT TO PURCHASE

6 Definitions:

7 “Eligible Purchaser” means a Tenant or an owner who occupies a Unit in the property on the
8 date the Application Packet is received.

9 “Tenant” means an individual residing in the property on the date the Application Packet is
10 received who has an express oral or written agreement directly with the owner.

11 “Tenant Purchase Price” means the price for a Unit that is 20% less than the fair market value
12 of the Unit. The fair market value shall be determined through the following process: The Subdivider
13 shall propose a market price for the Unit backed by an appraisal conducted by a state licensed general
14 certified appraiser and paid for by the Subdivider. If the Tenant disagrees with the appraisal, the
15 Tenant shall so notify the Subdivider within 30 days of receipt of the Subdivider’s appraisal and shall
16 provide the Subdivider, within 60 days of receipt of the Subdivider’s appraisal, with an appraisal
17 conducted by a state licensed general certified appraiser and paid for by the Tenant. If the two
18 appraisals are within 10% of each other, they shall be averaged together, and the resulting amount
19 shall be the fair market value of the Unit. If the two appraisals are not within 10% of each other, the
20 Subdivider and the Tenant shall make good faith attempts to establish a fair market value between the
21 two appraisal amounts. If the Subdivider and the Tenant are unable to agree upon a fair market value
22 within 15 days after the date the Subdivider has received the Tenant’s appraisal, then the two
23 appraisers shall select a third appraiser who is a state licensed general certified appraiser. The third
24 appraiser’s appraisal shall be averaged with the closer of the two other appraisals, and that average
25 shall be the fair market value. The Subdivider and the Tenant shall share equally the cost of the third

1 appraisal. The date of the Subdivider's valuation shall be within 30 days of the day the Tenant
2 receives the appraisal. All subsequent appraisals shall value the Unit as of the date of value of the first
3 appraisal.Unit

4 The undersigned states that:

5 1. I reside at _____, Unit _____. By
6 signing below,

7 2. I am an Eligible Purchaser, as defined above.

8 3. I have received a copy of the Subdivider's appraisal for the Unit above indicating \$ _____ as
9 the fair market value. The purchase price for my Unit as finally agreed between the Subdivider and me
10 is \$ _____.

11 4. I have read and understand my right to purchase my Unit at the Tenant Purchase Price and on the
12 terms set forth in Section 1399.6 of the San Francisco Subdivision Code.

13 5. I have received a Notice of Right to Lifetime Lease and have read and understand my right to a
14 lifetime lease as stated in that Notice.

15 6. I understand that any person who lives in my Unit with me, who does not purchase the Unit with
16 me and who is a "Tenant" of the current owner has a right to remain in the Unit under a lifetime lease.
17 Once I become the owner of the Unit, I will become the landlord under the lifetime lease.

18 7. I understand that signing this Intent to Purchase does not create a contractual obligation.
19 However, as of this date, it is my intention to purchase my Unit at the time that the Unit is available
20 and offered for sale.

21 8. I have been advised that I have a right to seek legal or other professional assistance in connection
22 with my rights to purchase my Unit or to have a lifetime lease, and either have obtained counsel or
23 have waived my right to do so.

24 I/We declare, under penalty of perjury, that the foregoing statements are true and correct.

25 _____

1 Eligible Purchaser Eligible Purchaser

2 [Completed Notary Acknowledgment must be attached.]

3 SEC.1399.7 RESTRICTION ON EVICTIONS DURING CONVERSION. An Owner or Subdivider may
4 not endeavor to recover possession of a Unit from any Tenant in a building for which an Application
5 Packet has been received unless possession of the Unit is sought based upon a ground for a Permitted
6 Eviction.

7 SEC. 1399.8 ADDITIONS AND DELETIONS TO APPLICATION PACKET FOR
8 SUBDIVISIONS UNDER ARTICLE 11.

9 (a) Unless specified below, Application Packets for conversions under this Article 11 shall contain the
10 following items in addition to those required by Sections 1322, 1323 and 1324 of this Code:

11 (1) Intent to Purchase forms from 50% of Eligible Purchasers.

12 (2) A declaration of the Subdivider, executed under penalty of perjury, stating that

13 (A) each Tenant has been served with (i) a Notice of Right to Lifetime Lease; and (ii) Notice of Right to
14 execute an Intent to Purchase with respect to his or her Unit including an appraisal of the fair market
15 value of the Unit from the Subdivider.

16 (B) a notice of intent to withdraw rental units from rent or lease under the Ellis Act, California
17 Government Code Sections 7060 et seq. has not been filed with the Rent Board from and after the
18 effective date of this ordinance, or if such notice was filed, it was filed more than 10 years preceding
19 the date the Application Packet is received,

20 nor has a notice of termination of tenancy seeking to obtain possession of a unit in the property
21 because the landlord wishes to withdraw from rent or lease all rental units at the property as provided
22 in Section 37.9(a)(13) of the Rent Ordinance been served on a Tenant at the property or filed with the
23 Rent Board from and after the effective date of this ordinance, or if such notice was filed, it was filed
24 more than 10 years preceding the date the Application Packet is received;

25

1 (C) from and after the effective date of this ordinance, no notice of termination of tenancy seeking to
2 obtain possession of a unit in the property for occupancy by an owner or a related party of an owner,
3 as provided in Section 37.9(a)(8) of the Rent Ordinance, has been served on a Tenant at the property or
4 filed with the Rent Board, or if such notice was served, it was served more than 10 years preceding the
5 date the Application Packet is received;

6 (D) after reasonable inquiry and to the best of Subdivider's knowledge from and after the effective date
7 of this ordinance, no Tenant has accepted compensation to vacate the property and has vacated the
8 property based upon a representation by the owner or the owner's agent that the owner intended to
9 withdraw from rent or lease all residential rental units at the property under Section 37.9(a)(13) of the
10 Rent Ordinance and under the Ellis Act, California Government Code Sections 7060 et seq., or if a
11 Tenant did accept such compensation, it was accepted more than 10 years preceding the date the
12 Application Packet is received;

13 (E) all of the information in the application is, to the best of the Subdivider's knowledge, true and
14 correct.

15 (3) The materials required by Section 1381(a)(1), (2), and 4(a).

16 (4) The names and addresses of all Tenants in the building as of the date of filing the Application
17 Packet, and a sufficient number of additional copies of the declaration of the Subdivider to mail to each
18 Tenant in the building.

19 (5) Any materials required by the Department of Public Works to establish the elements of Section
20 1383.

21 (6) Mailing labels, postage, and envelopes for all mailings that are required under this Article and the
22 Code. If any appeals are requested, Subdivider shall provide additional mailing labels, postage, and
23 envelopes for any appeal hearings.

24 (b) The statements required by Section 1323(a) (1) shall not be included in an Application Packet for
25 conversion under this Article.

1 SEC. 1399.9 FILING, NOTICE OF APPLICATION; HEARING.

2 The Director shall review an Application Packet for completeness within 15 days after the date the
3 Application Packet is received by the Department of Public Works. An application shall be considered
4 filed when the Director determines that it is complete; however, if the Director fails within the 15 day
5 period to notify the applicant of the items required to make an Application Packet complete, the
6 Application Packet shall be deemed filed 15 days after it has been received. Not more than 15 days
7 after the date an Application Packet is filed or deemed filed, the Director shall mail to each Tenant
8 residing at the property (i) notice that the application has been filed and that the Tenant has the right to
9 request a hearing on the application, and (ii) a copy of the Subdivider's declaration filed as part of the
10 Application Packet. A Tenant who wishes to request a hearing shall, within ten days of the date that
11 the Director's notice is mailed, make a written request for a public hearing to the Director. The
12 Director shall hold a public hearing with respect to the application within 21 days of the date the
13 Tenant's request for a hearing is made. Notice of the hearing shall be mailed to each Tenant by the
14 Director at least ten days prior to the hearing.

15 SEC 1399.10 ACTION ON APPLICATION PACKET; CONDITIONS OF APPROVAL.

16 (a) The Director shall approve or conditionally approve an application within 50 days after filing
17 unless the Director determines that:

18 (1) the application fails to meet the requirements of Section 1399.8; or

19 (2) the signature on any Intent to Purchase was obtained as the result of fraud or duress; or

20 Unit

21 (3) any of the other statements in the Subdivider's declaration is false; or

22 (4) the application fails to meet any mandatory requirement of the Subdivision Map Act, Government
23 Code Sections 66410 et seq.

24 (b) If the Director disapproves an application for a Tentative or Parcel Map, no Application Packet
25 for the same property may be received for eighteen months following the date of disapproval.

1 (c) If the Director fails to approve, conditionally approve, or disapprove an application for a Tentative
2 or Parcel Map within 50 days after it has been filed, the Tentative or Parcel Map is deemed approved.

3 (d) A Tentative Map filed under this Article 11 shall be approved subject to the condition that,
4 concurrently with recording of the final map, the Subdivider shall record against the property a Notice
5 of Conditions of Approval, signed and notarized by the Subdivider, that effective as of the date of
6 recording the final map, each Unit is subject to the lien of a lifetime lease, on the terms set forth in
7 Section 1399.4, in favor of each Tenant who does not purchase his or her Unit and who was a Tenant
8 on the date the Application Packet was received and who has actually and continuously resided in the
9 Unit as his or her principal residence from the date on which the Application Packet was received and
10 including the date of recording the final map. The recorded conditions of approval also constitute an
11 agreement between the Subdivider and any successors in interest and the City. The City, at its sole
12 option, and each Tenant have the right to specific enforcement of the agreement in addition to any
13 other remedies provided by law. .

14 SEC. 1399.11 NOTICE TO NEW TENANTS.

15 Notice of the proposed conversion must be given to all Tenants who take occupancy of a Unit in a
16 property after the date an Application Packet is received for the property. Such new Tenants are not
17 entitled to a lifetime lease.

18 SEC. 1399.12 ADMINISTRATIVE FEE.

19 (a) The Department of Public Works is authorized to collect a fee for the administration of this
20 Article 11 at the same rate as the fees set forth in Section 1315.

21 (b) Within one year after the date this Section becomes effective, and every three years
22 thereafter, the Director shall review the proceeds of the administrative fee, and the costs of
23 administering and monitoring Article 11 and any new information that shall become available and
24 prepare a report to the Board of Supervisors. Based upon the result of the review, the Director shall
25 recommend to the Board of Supervisors any necessary adjustments to the fee, along with written

1 justification for the recommended adjustment and any necessary legislation. In the event that the fee
2 proceeds have exceeded, or are anticipated to exceed, the costs of administering and monitoring Article
3 11, the Director shall recommend legislation to the Board of Supervisors that modifies the applicable
4 fee to ensure that fee proceeds do not exceed the costs of administration. In the event that fee proceeds
5 have undercollected, or are anticipated to undercollect, the Director may recommend legislation to the
6 Board of Supervisors that modifies the applicable fee to more accurately recover the costs for
7 administration and monitoring.

8 Sec. 1399.13. CONVERSION LIMITATION; LOTTERY.

9 (a) Within 90 days from the effective date of this legislation and on March 1 of each calendar year
10 after the year in which this legislation becomes effective (or on the next business day if March 1 falls on
11 a Saturday or Sunday) the Director shall hold a lottery and shall select at random tickets representing
12 buildings up to the number of Permitted Conversions. Buildings selected in this manner shall be placed
13 on the Regular List. After selection of the Regular List, the Director shall continue to select tickets and
14 shall establish a Standby List containing any remaining Units in the lottery. Placement of an
15 application on the Standby List does not vest in the Subdivider any right to file an application for
16 conversion if the number of Units selected for conversion equals or exceeds the number of Permitted
17 Conversions under this Article.

18 (b) When applications for conversion can be accepted for filing from the Standby List because of the
19 withdrawal or denial of other applications, the passage of time, or other circumstances, the Director
20 shall accept Applications Packets in order, beginning with the first on the Standby List. The Director
21 shall continue to call applications from the Standby List until the number of Permitted Conversions
22 have been approved under this Article. No Application Packet shall be accepted that, if approved,
23 would result in the conversion of Units in excess of the number of Permitted Conversions under this
24 Article.

1 (c) If fewer than the number of Permitted Conversions apply for the lottery in any year, the Director
2 shall accept Applications Packets after the lottery until the number of Permitted Conversions have been
3 approved. If fewer than the number of Permitted Conversions are approved, the unused Permitted
4 Conversions shall be carried over into the next and, if applicable, into subsequent calendar years
5 subject to the limitation in Section 1399.14.

6 1399.14 Sunset Provision: This Ordinance shall sunset after the fifth lottery is held under
7 Section 1399.13 and the Regular and Standby Lists are established. After the fifth lottery and the
8 establishment of the Regular and Standby List, the Director shall not accept any further Applications
9 under this Ordinance, unless otherwise amended by the Board of Supervisors. The Director shall,
10 however, continue to process Applications under this Article until all of the Applications submitted by
11 Subdividers selected under the fifth lottery have been approved, disapproved, or withdrawn.

12 Section 3. This is an uncodified Section of this Ordinance. Three years after the effective
13 date of this ordinance, the office of the legislative analyst of the Board of Supervisors shall
14 undertake a study of the effect of this ordinance, examining issues such as the number of
15 homeownership opportunities created by this ordinance, demographic and other pertinent
16 information concerning the owners of condominiums created under this ordinance, the
17 number of tenants remaining under lifetime leases, after-tax monthly housing costs of
18 condominiums created under this ordinance compared to rental costs for Units of comparable
19 size, location and condition that are rentals, real property tax revenues generated by
20 conversions under this ordinance, and such other issues as the legislative analyst, in
21 consultation with the Board of Supervisors, the Department of Public Works, and other
22 appropriate City agencies, may determine should be included within the study. Based upon
23 this study, the Department of Public Works shall make recommendations to the Board of
24 Supervisors regarding any legislative changes to the provisions of this Article 11 that may be

1 necessary to better carry out the purposes of this ordinance to expand homeownership
2 opportunities and to protect tenants in place who do not wish to purchase.

3 Section 4. SEVERABILITY

4 The severability provision of Subdivision Code Section 1305, and the Subdivision Map
5 Act Provisions of Section 1398 shall apply to this Ordinance.

6 APPROVED AS TO FORM:
7 DENNIS J. HERRERA, City Attorney

8 By: _____
9 SUSAN S. CLEVELAND
Deputy City Attorney

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