

LEGISLATIVE DIGEST

[Administrative Code - General Obligation Bond Pass-Throughs to Tenants]

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.

Existing Law

The Rent Ordinance (Admin. Code, Ch. 37) allows a landlord to raise the rent by imposing a “passthrough” based on the increase in the landlord's property tax bill that resulted from the repayment of certain categories of general obligation bonds. The passthrough is available for: (1) City general obligation bonds approved by the voters between November 1, 1996 and November 30, 1998; (2) City general obligation bonds approved by the voters after November 14, 2002; and (3) San Francisco Unified School District or San Francisco Community College District general obligation bonds approved by the voters after November 1, 2006.

A landlord may impose a passthrough on a tenant to cover general obligation bond repayment costs from prior years, so long as the tenant was a resident of the property on November 1 of the year(s) in question. The passthrough is spread over the next 12 months regardless how many years worth of property tax bills the calculation is based on. The Rent Board may not grant the tenant relief from the passthrough due to financial hardship.

Amendments to Current Law

The ordinance would allow a tenant to seek relief from passthroughs related to general obligation bonds approved by the voters on or after the November 5, 2019 election, based on financial hardship. The tenant would have to demonstrate to the Rent Board that they are a recipient of means-tested public assistance (e.g., SSI); or that they qualify for financial hardship based on certain HUD/MOHCD criteria related to area median income; or that there is financial hardship due to exceptional circumstances.

The ordinance would also prohibit a landlord from imposing a passthrough that covers more than the three preceding tax years, and would spread the passthrough over the same amount of time that the passthrough covers. For example, if a landlord imposes a passthrough in 2025, it could cover up to the three preceding tax years, from 2022-2024, and would remain in effect for up to 36 months. These provisions concerning the time period that a passthrough can cover and the duration for which a passthrough lasts would apply only with respect to general bonds approved after the November 5, 2019 election.

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