

BOARD of SUPERVISORS



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MEMORANDUM

TO: Eric D. Shaw, Director, Mayor's Office of Housing and Community Development
Robert Collins, Executive Director, Rent Board

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: July 6, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Preston on June 29, 2021:

File No. 210761

Ordinance amending the Administrative Code to modify the rules for the COVID-19 Rent Resolution Fund to 1) permit a landlord to obtain grant funds from the Fund to cover the rent for any month where the tenant could not pay due to COVID-19; 2) delete the monthly limits on the grant amounts a landlord may obtain from the Fund; 3) delete the rule that a landlord may not receive grant funds without releasing the tenant from the obligation to pay any remaining rent due; 4) provide that grant funds may be awarded only if the tenant's gross household income does not exceed 80% of area median income; 5) require the Mayor's Office of Housing and Community Development to prioritize grants made on behalf of tenants facing eviction, while removing the priority for small landlords; and 6) permit grants directly to tenants, in addition to landlords.

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: erica.major@sfgov.org.

cc: Eugene Flannery, Mayor's Office of Housing and Community Development

1 [Administrative Code - COVID-19 Rent Resolution and Relief Fund]

2

3 **Ordinance amending the Administrative Code to modify the rules for the COVID-19**
 4 **Rent Resolution Fund to 1) permit a landlord to obtain grant funds from the Fund to**
 5 **cover the rent for any month where the tenant could not pay due to COVID-19; 2) delete**
 6 **the monthly limits on the grant amounts a landlord may obtain from the Fund; 3) delete**
 7 **the rule that a landlord may not receive grant funds without releasing the tenant from**
 8 **the obligation to pay any remaining rent due; 4) provide that grant funds may be**
 9 **awarded only if the tenant’s gross household income does not exceed 80% of area**
 10 **median income; 5) require the Mayor’s Office of Housing and Community Development**
 11 **to prioritize grants made on behalf of tenants facing eviction, while removing the**
 12 **priority for small landlords; and 6) permit grants directly to tenants, in addition to**
 13 **landlords.**

14 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
 15 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 16 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 17 **Board amendment additions** are in double-underlined Arial font.
 18 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 19 **Asterisks (* * * *)** indicate the omission of unchanged Code
 20 subsections or parts of tables.

18

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

20

21 Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by
 22 revising Section 10.100-51.1, to read as follows:

23 **SEC. 10.100-51.1. COVID-19 RENT RESOLUTIONS AND RELIEF FUND.**

24 * * * *

25

1 (b) **Use of Fund.** The Mayor’s Office of Housing and Community Development
2 (“MOHCD”) shall administer the Fund to provide grants to landlords whose tenants have become
3 unable to pay rent due to the financial impacts of COVID-19. MOHCD may also award the grants to
4 tenants directly. ~~have agreed to waive back rent that became due during the COVID-19 state of~~
5 ~~emergency. The grants shall cover up to 50% of the rent that the landlord has waived, up to \$3,000 per~~
6 ~~unit per month. In the case of small landlords facing hardship, the grant may exceed \$3,000 per month~~
7 ~~and may cover up to 65% of the rent that the landlord has waived. For purposes of this Section 10.100-~~
8 ~~51.1, the term “small landlords” means landlords with 10 or fewer rental units in the City; and the~~
9 ~~term “facing hardship” means that the unpaid rent is likely to cause the landlord to become unable to~~
10 ~~pay mortgage payments, perform other preexisting obligations, or complete necessary repairs at the~~
11 ~~property.~~

12 (c) **Administration of Fund.**

13 * * * *

14 (2) **Criteria for Disbursement.** MOHCD’s rules regarding the distribution of
15 monies from the Fund shall incorporate and develop the following criteria:

16 (A) **Eligibility.** To be eligible to receive a grant from the Fund, the landlord must
17 submit an application signed under penalty of perjury by both the landlord and the tenant that
18 establishes all of the following: (i) the grant request is based on unpaid rent that initially
19 became due on or after March 1, 2020~~during the COVID-19 state of emergency or up to 60 days~~
20 ~~thereafter~~; (ii) the tenant was unable to pay the rent due to COVID-19 related income loss or
21 expenses; (iii) the tenant’s gross household income does not exceed 80% of area median income as
22 defined by MOHCD; ~~the landlord will waive and fully release the tenant from any obligation to pay~~
23 ~~rent for the entire period covered by the grant, even though the grant will cover only a percentage of~~
24 ~~the amount owed for that period;~~ and (iv) the tenant still resides in the rental unit and has no
25 present intent to vacate. MOHCD may require documentation of the foregoing, and may also

1 develop additional requirements and procedures to ensure that landlords who receive grant
2 funds continue to operate their units as residential rental units for at least 5 years after the
3 date of the grant acceptance.

4 (B) **Priority.** MOHCD shall give priority for immediate access to grants from the Fund
5 to tenants who have received a notice of eviction for non-payment of rent or who are under threat of
6 eviction for non-payment of rent. ~~To the extent claims exceed available funds, MOHCD shall give~~
7 ~~priority to small landlords facing hardship.~~ MOHCD may also develop additional criteria and
8 procedures to allocate funds should claims exceed available funds.

9 * * * *

10
11 Section 2. Effective Date. This ordinance shall become effective 30 days after
12 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
13 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
14 of Supervisors overrides the Mayor's veto of the ordinance.

15
16 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
17 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
18 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
19 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
20 additions, and Board amendment deletions in accordance with the "Note" that appears under
21 the official title of the ordinance.

22
23 Section 4. Undertaking for the General Welfare. In enacting and implementing this
24 ordinance, the City is assuming an undertaking only to promote the general welfare. It is not
25 assuming, nor is imposing on its officers and employees, an obligation for breach of which it is

LEGISLATIVE DIGEST

[Administrative Code - COVID-19 Rent Resolution and Relief Fund]

Ordinance amending the Administrative Code to modify the rules for the COVID-19 Rent Resolution Fund to 1) permit a landlord to obtain grant funds from the Fund to cover the rent for any month where the tenant could not pay due to COVID-19; 2) delete the monthly limits on the grant amounts a landlord may obtain from the Fund; 3) delete the rule that a landlord may not receive grant funds without releasing the tenant from the obligation to pay any remaining rent due; 4) provide that grant funds may be awarded only if the tenant's gross household income does not exceed 80% of area median income; 5) require the Mayor's Office of Housing and Community Development to prioritize grants made on behalf of tenants facing eviction, while removing the priority for small landlords; and 6) permit grants directly to tenants, in addition to landlords.

Existing Law

MOHCD is authorized to award grants from the COVID-19 Rent Resolution and Relief Fund ("the Fund") to provide financial support to residential landlords who have agreed to waive back rent owed by tenants who could not pay their rent during the COVID-19 emergency or up to 60 days thereafter. If a landlord waives a tenant's rent, the landlord can apply for a grant from the Fund equal to 50% of the amount waived, up to \$3,000 per unit per month. Small landlords – defined as those with 10 or fewer units in the City – can seek grants for up to 65% of the amount waived, without regard to the \$3,000 cap. The ordinance also states that MOHCD should prioritize small landlords facing hardship, if claims exceed available funds.

Amendments to Current Law

Instead of requiring that grants can only cover rent that came due within 60 days after the end of the COVID-19 state of emergency, the ordinance would allow a landlord to obtain a grant to cover any month's rent, so long as the tenant was unable to pay that month's rent due to the financial impacts of COVID-19. The grant could cover the entire rent; the landlord would not be limited to a percentage of the rent owed, and a landlord who had received a grant covering only part of the rent would not need to waive their claims against the tenant for the remaining rent due as a condition of receiving the grant. The ordinance would limit eligibility to rent owed by tenants whose gross household income is equal to or less than 80% of area median income. The ordinance also would direct MOHCD to prioritize grants to tenants facing eviction for non-payment of rent, and would remove the priority for small landlords facing hardship. The ordinance would also allow MOHCD to make grants to tenants directly.

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Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Ordinance amending the Administrative Code to modify the rules for the COVID-19 Rent Resolution Fund to 1) permit a landlord to obtain grant funds from the Fund to cover the rent for any month where the tenant could not pay due to COVID-19; 2) delete the monthly limits on the grant amounts a landlord may obtain from the Fund; 3) delete the rule that a landlord may not receive grant funds without releasing the tenant from the obligation to pay any remaining rent due; 4) provide that grant funds may be awarded only if the tenant's gross household income does not exceed 80% of area median income; 5) require the Mayor's Office of Housing and Community Development to prioritize grants made on behalf of tenants facing eviction, while removing the priority for small landlords; and 6) permit grants directly to tenants, in addition to landlords.

Signature of Sponsoring Supervisor: