

REVISED LEGISLATIVE DIGEST
(Amended in Committee, 7/17/2023)

[Administrative Code - Government Regulated Rents]

Ordinance amending the Administrative Code to provide that tenant-occupied units in buildings that will be receiving either low-income housing tax credits or tax-exempt multifamily revenue bonds shall remain subject to the Rent Ordinance, as long as any of the existing tenants continue to reside in the unit, or unless all the tenants in the unit agree otherwise in writing; and for any such units that may have previously become exempt from the Rent Ordinance since 2018, restoring rents to the levels allowed had the Rent Ordinance continuously applied.

Existing Law

The Rent Ordinance does not apply to units that are subject to another government program that regulates rents (“regulated units”). Thus, if a landlord enrolls in a government program for to obtain tax-exempt multifamily revenue bonds, the landlord may follow the rent regulations of that government program instead of the Rent Ordinance.

Amendments to Current Law

Under the proposed ordinance, if a unit was already tenant-occupied and subject to the Rent Ordinance at the time the landlord sought or obtained tax-exempt multifamily revenue bonds, the unit would not be exempt as a “regulated unit.” The ordinance would prevent landlords from removing their units from the Rent Ordinance by obtaining bond financing in the future, and would require landlords to restore rent control to tenants who previously lost it due to past bond financings. For units that became exempt due to a bond financing on after January 1, 2018, the landlord would also have to reset the rent going forward to the amount that would have been allowed had the unit continuously remained under the Rent Ordinance.

The ordinance is meant to protect existing tenants in bond-financed units. Once all the occupants who lived in the unit at the time of the financing ceased to permanently reside there, or if all the remaining tenants in the unit agreed to opt out of the Rent Ordinance in writing, then the unit could become exempt from the Rent Ordinance as a “regulated unit” and the landlord could set the rents set under the applicable government program.

Background

The ordinance was amended in committee to correct a cross-reference to the Internal Revenue Code. The ordinance is based on an existing provision of the Rent Ordinance that preserves rent control for units participating in the federal low-income housing tax credit (“LIHTC”) program. Tenant-occupied LIHTC units do not qualify as “regulated units” and instead are subject to the Rent Ordinance.

FILE NO. 230770

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