

LEGISLATIVE DIGEST
(4/8/2014, Amended in Board)

[Administrative Code - Tenant Relocation Assistance Payment]

Ordinance amending the Administrative Code to mitigate adverse impacts of tenant evictions to provide that when residential units are withdrawn from the rental market under the Ellis Act, each relocated tenant is entitled to the greater of the existing rent relocation payment or the difference between the tenant’s current rent and the prevailing rent for a comparable apartment in San Francisco over a two year period; and allowing a landlord, through a hearing process, to obtain a revised relocation payment obligation based on an undue financial hardship adjustment or recalculated rent differential amount.

Existing Law

Section 37.9A of the Administrative Code, part of San Francisco’s rent control laws, requires property owners to pay relocation assistance to tenants evicted under California’s Ellis Act, with the payment amounts adjusted annually. Under the Ellis Act, landlords may withdraw their properties from the rental market, even if this results in evicting tenants. Cal. Gov. Code § 7060. But the Ellis Act reserves to local governments the power to “mitigate any adverse impact on persons displaced by reason of the withdrawal” *Id.* at § 7060.1(c). Currently, owners invoking the Ellis Act must pay approximately \$5,265 per displaced tenant, with a cap of approximately \$15,795 per unit (and with an extra payment of \$3,510, as annually adjusted, for any displaced tenant who is age 62 or older or who has a disability).

Amendments to Current Law

The proposed ordinance would require that landlords pay tenants displaced by Ellis Act evictions two years’ worth of the differential between the unit’s current rent and the market rent for a comparable unit. For multiple tenants, this two-year differential amount would be divided equally among them. The ordinance would preserve the additional \$3,510 payment, as annually adjusted, for any tenant who is age 62 or older or who has a disability.

Any tenant who has not yet vacated the unit by the operative date of the ordinance shall be entitled to receive the payment under the formula in the proposed ordinance. If the total amount under the formula in the proposed ordinance were less than the amount payable under the existing formula, the existing formula in the Administrative Code would apply, so that the existing formula sets a floor. Landlords, through a hearing process, may obtain a revised relocation payment based on an undue financial hardship adjustment or recalculated rent differential amount. In a hardship hearing, the Rent Board or its Administrative Law Judges could consider a number of factors but could not consider a landlord’s non-liquid personal property or assets held in retirement accounts.

Background Information

In light of hardships faced by the increasing number of evicted tenants and the increased difficulty in finding affordable housing following eviction, this ordinance is designed to better mitigate the adverse impacts for people displaced by Ellis Act evictions.

This Legislative Digest reflects amendments made by the Land Use Committee on March 17, 2014 and by the Board of Supervisors on April 8, 2014 to allow landlords to apply for a undue financial hardship adjustment or rental relocation payment recalculation and to guide the Rent Board's consideration of hardship adjustment requests.