

1 [Administrative Code - Relocation Payments to Evicted Tenants]

2
3 **Ordinance amending the Administrative Code to modify the calculation of the**
4 **difference between the rent paid by an evicted tenant and market rent (rental payment**
5 **differential) by having the Controller use data from RealFacts based on number of**
6 **bedrooms, or another data source providing reliable market data; to cap relocation**
7 **payments based on the rental payment differential at \$50,000; to require the tenant to**
8 **submit to the landlord a sworn statement of intent to use the relocation payment solely**
9 **for housing or other relocation costs; to require the tenant to keep proof of**
10 **expenditures on relocation costs for at least three years after vacating the unit, and to**
11 **make copies available to the landlord within 10 business days of a request; and to**
12 **require the tenant to reimburse the landlord any portion of the relocation payment not**
13 **expended on relocation costs within three years after vacating the unit.**

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.

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

22 Section 1. Findings

23 The Board of Supervisors hereby finds that:

24 (a) San Francisco's housing has become increasingly less affordable to tenants and to
25 low-income, working, and middle-income people.

1 (1) San Francisco housing purchase prices increased by about 20% over the
2 four years from 2011 to 2014;

3 (2) San Francisco housing rental prices increased by 25.2% over the three
4 years from 2011 to 2013;

5 (3) The rental vacancy rate in San Francisco decreased from 6.4% in 2009 to
6 2.8% in 2012;

7 (4) The median monthly rental rate citywide was \$3,414 as of June 2013 for all
8 types of apartments; and

9 (5) Over 40% of households in San Francisco pay 30% or more of their
10 household income on housing costs.

11 (b) Even as housing has become less affordable for tenants, evictions have increased,
12 particularly Ellis Act evictions. Evictions have disproportionately affected some of San
13 Francisco's most vulnerable residents and can have severe consequences.

14 (1) Ellis Act evictions increased 169% in San Francisco from 2010 to 2013;

15 (2) Seniors and people with disabilities face the highest eviction rates among all
16 types of evictions in San Francisco;

17 (3) Tenants evicted under the Ellis Act from rent-controlled units lose their
18 controlled rental rate and suffer disruptions in their daily lives, which are just a couple of the
19 hardships of eviction;

20 (4) Some tenants evicted under the Ellis Act have difficulty remaining in San
21 Francisco without rent control or other rental assistance; and

22 (5) One recent study showed that nearly a third of evicted tenants leave San
23 Francisco and that more than 13% of evicted tenants in that study became homeless or used
24 a post office box for their address following eviction.

25

1 (c) Landlords who evict tenants under the Ellis Act impose adverse impacts on evicted
2 tenants.

3 (1) When landlords use the Ellis Act to evict rent-controlled tenants, they
4 impose on tenants many costs, including but not limited to the cost of moving and related
5 expenses and the difference between the regulated rent the tenant had been paying and what
6 is often a much higher market rent;

7 (2) Ellis Act evictions also have an adverse impact on housing affordability in
8 San Francisco. When landlords leave the residential rental market, units of San Francisco's
9 housing stock may be permanently removed from the rental market, such as when these units
10 are sold for owner-occupancy as tenancies in common. This causes a decrease in the City's
11 overall rental housing stock, and particularly its stock of pre-1979 rental units that are subject
12 to rent control. Because state law generally prohibits imposing rent controls on newly
13 constructed units of rental housing, these older rent-controlled units often cannot be replaced;
14 and

15 (3) Landlords who use the Ellis Act to evict their tenants in order to sell their
16 buildings often realize significant profits on their sales. A recent study by the Budget and
17 Legislative Analyst of the Board of Supervisors determined that a sample of buildings that
18 were sold following Ellis Act evictions sold for more than double their purchase prices on
19 average.

20 (d) Under the Ellis Act, the City may mitigate any adverse impacts on persons by
21 reason of their displacement.

22 (e) The Rent Stabilization and Arbitration Ordinance, Chapter 37 of the Administrative
23 Code, provides relocation payments to evicted tenants to mitigate the impacts of evictions.

24 (f) Because of the significant increases in the cost of the San Francisco rental market,
25 it is not only reasonable but imperative to mitigate the impacts of evictions by providing

1 payments to tenants who have been evicted that reflect their relocation costs and increased
2 housing costs incurred due to eviction, based on reliable data about the San Francisco rental
3 market.

4 For the aforesated reasons, the Board of Supervisors enacts these amendments to
5 Section 37.9A of the Administrative Code to provide evicted tenants reasonable relocation
6 assistance based on reliable market rate data for dwellings in San Francisco.

7
8 Section 2. The Administrative Code is hereby amended by revising Section 37.9A to
9 read as follows:

10 **SEC. 37.9A. TENANT RIGHTS IN CERTAIN DISPLACEMENTS UNDER SECTION**
11 **37.9(a)(13).**

12 This Section 37.9A applies to certain tenant displacements under Section 37.9(a)(13),
13 as specified.

14 (a) **Rent Allowed.**

15 (1) Except as provided in Section 37.9A(a)(2) below, any rental unit which a
16 tenant vacates after receiving a notice to quit relying on Section 37.9(a)(13) (withdrawal of
17 rental units from rent or lease under the Ellis Act, California Government Code Sections 7060
18 et seq.), if again offered for rent or lease, must be offered and rented or leased at a rent not
19 greater than the lawful rent in effect at the time the notice of intent to withdraw rental units is
20 filed with the Board, plus annual rent increases available under this Chapter 37.

21
22 (A) The provisions of Section 37.9A(a)(1) apply to all tenancies commenced
23 during either of the following time periods:
24
25

1 (i) The five-year period after a notice of intent to withdraw the rental units is
2 filed with the Board, whether or not the notice of intent is rescinded or the withdrawal of the
3 units is completed pursuant to that notice;

4 (ii) The five-year period after the rental units are withdrawn.

5 * * * *

6
7 **(e) Relocation Payments to Tenants.**

8 (1) **Before August 10, 2004, Low Income, Elderly or Disabled.** Where a
9 landlord seeks eviction based upon Section 37.9(a)(13), and the notice of intent to withdraw
10 rental units was filed with the Board before August 10, 2004, the relocation payments
11 described in this Subsection 37.9A(e)(1) shall be limited to tenants who are members of lower
12 income households, who are elderly, or who are disabled, as defined below.

13 (A) Tenants who are members of lower income households, as defined by
14 Section 50079.5 of the California Health and Safety Code, and who receive a notice to quit
15 based upon Section 37.9(a)(13), in addition to all rights under any other provisions of law,
16 shall be entitled to receive \$4,500, \$2,250 of which shall be paid within fifteen (15) calendar
17 days of the landlord's receipt of written notice from the tenants of their entitlement to the
18 relocation payment, and \$2,250 of which shall be paid when the tenants vacate the unit.

19 (B) With respect to Subsection 37.9A(e)(1)(A), the Mayor's Office of Housing or
20 its successor agency shall annually determine the income limits for lower income households,
21 adjusted for household size.

22 (C) Notwithstanding Subsection 37.9A(e)(1)(A), and irrespective of the size of
23 the unit, any tenant who receives a notice to quit under Section 37.9(a)(13) and who, at the
24 time such notice is served, is 62 years of age or older, or who is disabled within the meaning
25 of Section 12955.3 of the California Government Code, shall be entitled to receive \$3,000,

1 \$1,500 of which shall be paid within fifteen (15) calendar days of the landlord's receipt of
2 written notice from the tenant of entitlement to the relocation payment, and \$1,500 of which
3 shall be paid when the tenant vacates the unit.

4 (D) The payments due pursuant to this Subsection 37.9A(e)(1) for any unit
5 which is occupied by more than one tenant shall be divided equally among all the occupying
6 tenants, excluding those tenants who are separately entitled to payments under Subsection
7 37.9A(e)(1)(C) above.

8 (2) **On August 10, 2004 and until (Effective Date of Ordinance Amendments.)**

9 Where a landlord seeks eviction based upon Section 37.9(a)(13) and either (i) the notice of
10 intent to withdraw rental units is filed with the Board on or after August 10, 2004 through (the
11 effective date of ordinance amendments), or (ii) the notice of intent to withdraw rental units
12 was filed with the Board prior to August 10, 2004 but the tenant still resided in the unit as of
13 August 10, 2004, relocation payments shall be paid to the tenants as follows:

14 (A) Tenants who are members of lower income households, as defined by
15 Section 50079.5 of the California Health and Safety Code, shall be entitled to receive \$4,500,
16 \$2,250 of which shall be paid within fifteen (15) calendar days of the landlord's receipt of
17 written notice from the tenants of their entitlement to the relocation payment, and \$2,250 of
18 which shall be paid when the tenants vacate the unit.

19 (B) Subject to Subsections 37.9A(e)(2)(C) and (D) below, tenants who are not
20 members of lower income households, as defined by Section 50079.5 of the California Health
21 and Safety Code, shall be entitled to receive \$4,500, which shall be paid when the tenant
22 vacates the unit;

23 (C) In the event there are more than three tenants in a unit, the total relocation
24 payment shall be \$13,500.00, which shall be divided equally by the number of tenants in the
25 unit;

1 (D) Notwithstanding Subsection 37.9A(e)(2)(A) and (B), any tenant who, at the
2 time the notice of intent to withdraw rental units is filed with the Board, is 62 years of age or
3 older, or who is disabled within the meaning of Section 12955.3 of the California Government
4 Code, shall be entitled to receive an additional payment of \$3,000.00, \$1,500.00 of which
5 shall be paid within fifteen (15) calendar days of the landlord's receipt of written notice from
6 the tenant of entitlement to the relocation payment, and \$1,500.00 of which shall be paid
7 when the tenant vacates the unit.

8 (3) **On or After February 20, 2005.** Where a landlord seeks eviction based upon
9 Section 37.9(a)(13), and the notice of intent to withdraw rental units is filed with the Board on
10 or after February 20, 2005, relocation payments shall be paid to the tenants as follows:

11 (A) Subject to Subsections 37.9(e)(3)(B), (C), and (D) below, each tenant shall
12 be entitled to receive \$4,500.00, one-half of which shall be paid at the time of the service of
13 the notice of termination of tenancy, and one-half of which shall be paid when the tenant
14 vacates the unit;

15 (B) In the event there are more than three tenants in a unit, the total relocation
16 payment shall be \$13,500.00, which shall be divided equally by the number of tenants in the
17 unit; and

18 (C) Notwithstanding Subsections 37.9A(e)(3)(A) and (B), any tenant who, at the
19 time the notice of intent to withdraw rental units is filed with the Board, is 62 years of age or
20 older, or who is disabled within the meaning of Section 12955.3 of the California Government
21 Code, shall be entitled to receive an additional payment of \$3,000.00, \$1,500.00 of which
22 shall be paid within fifteen (15) calendar days of the landlord's receipt of written notice from
23 the tenant of entitlement to the relocation payment, and \$1,500.00 of which shall be paid
24 when the tenant vacates the unit.

1 (D) Commencing March 1, 2005, the relocation payments specified in
2 Subsections 37.9A(e)(3)(A) and (B) and (C) shall increase annually at the rate of increase in
3 the "rent of primary residence" expenditure category of the Consumer Price Index (CPI) for All
4 Urban Consumers in the San Francisco-Oakland-San Jose Region for the preceding calendar
5 year, as that data is made available by the United States Department of Labor and published
6 by the Board.

7 (E) ~~(i) Notwithstanding Subsections 37.9A(e)(3)(A)-(D), as of June 1, 2014~~~~the effective~~
8 ~~date of the ordinance creating this subsection (E) (Ordinance No. 54-14)~~~~I~~, each tenant shall be
9 entitled to a relocation payment equal to the greater of:

10 ~~(i.a.)~~ the payment specified in Subsections 37.9A(e)(3)(A)-(D); or

11 ~~(i.b.)~~ the relocation payment calculated in accordance with Subsection
12 37.9A(e)(3)(E)(iii) below based on the Rental Payment Differential as described in Subsection
13 37.9A(e)(3)(E)(ii) below.

14 (ii) The Rental Payment Differential is an amount equal to the difference between the
15 unit's monthly rental rate at the time the landlord files the notice of intent to withdraw rental
16 units with the Board, and the market monthly rental rate for a ~~comparable~~ unit in San Francisco
17 as determined by the Controller's Office, based on data on the San Francisco rental market
18 acquired from the then most current publication or posting of RealFacts or another analysis or
19 analyses of the San Francisco rental market providing a reliable measure of average market rental
20 rates in San Francisco. The Controller shall establish a San Francisco Rental Payment Differential
21 Report within five business days of the effective date of the ordinance amending this subsection (E)
22 (Ordinance No. _____), and thereafter by March 1 of each calendar year. The Controller shall
23 provide such Report to the Rent Board, which shall make the Report publicly available on the Rent
24 Board's website and at the Rent Board office. In determining annual changes in the rental market, the
25 Controller shall rely on market data that reasonably reflects a representative sample of rental

1 apartments in San Francisco. For a Rental Payment Differential based on RealFacts data, rental rates
2 shall be determined as follows:

3 a. the rental rate for units with 1 Bedroom shall be based on the data from RealFacts
4 for a unit with 1 bedroom and 1 bath;

5 b. the rental rate for units with 2 Bedrooms shall be based on the data from RealFacts
6 for a unit with 2 bedrooms and 2 baths;

7 c. the rental rate for units with 3 or more Bedrooms shall be based on the data from
8 RealFacts for a unit with 3 bedrooms and 2 baths; and

9 d. the rental rate for units without a Bedroom shall be based on the data from
10 RealFacts for a studio.

11
12 (iii) Each tenant in a unit shall be entitled to a relocation payment that is calculated by
13 multiplying the Rental Payment Differential by 24, multiplied to cover a two-year period, and
14 dividing dividing the product equally by the number of tenants in the unit (the "Rental Payment
15 Differential"). The landlord shall pay one-half of the Rental Payment Differential at the time of the
16 service of the notice of termination of tenancy, and the remaining one-half when the tenant vacates the
17 unit. The Controller shall establish a San Francisco Rental Payment Differential Schedule within 5
18 days of the effective date of the ordinance creating this subsection (E) (Ordinance No. 54-14 _____),
19 and thereafter by March 1 of each calendar year. The Controller shall provide such Schedule to the
20 Rent Board, which shall make the Schedule publicly available on the Rent Board's website and at the
21 Rent Board office. In addition to receiving his or her relocation payment in accordance with the
22 calculation required by this Subsection 37.9A(e)(3)(E)(iii) the Rental Payment Differential, any tenant
23 who qualifies for payment under Subsections 37.9A(e)(3)(C) as adjusted by (D) shall also
24 receive that payment. In determining annual changes in the rental market, the Controller shall rely
25 on market data that reasonably reflects a representative sample of rental apartments in San Francisco.

1 Notwithstanding any other provision of this Section 37.9A, in no event shall any tenant be entitled to a
2 relocation payment based on the Rental Payment Differential that exceeds \$50,000. This cap does not
3 include any payments for which the tenant qualifies under Subsections 37.9A(e)(3)(C) as adjusted by
4 (D).

5 (iv) The landlord shall pay one half of each tenant's relocation payment under Subsection
6 37.9A(e)(3)(E)(i)b. at the time of the service of the notice of termination of tenancy and the remaining
7 one half when the tenant vacates the unit; provided, that the landlord shall not have any obligation to
8 pay any portion of the payment to the tenant until the tenant submits to the landlord a written
9 statement, executed by the tenant under penalty of perjury, stating that the tenant will use the
10 relocation payment solely for Relocation Costs, as such term is defined in Section 37.9A(e)(3)(E)(vi)b.
11 below, and which provides the address of the rental unit from which the tenant is being evicted, the
12 name of the landlord, and the date of the notice of eviction for the unit.

13 (v) For each expenditure of relocation payment, a tenant shall maintain any invoices,
14 receipts, or other documented proof of the expenditure for a period of at least three years after the date
15 the tenant vacates the tenant's unit. During this three-year period, the tenant shall provide the
16 landlord a copy of such proof of expenditure within 10 business days of receipt of a written request
17 from the landlord. The landlord may request copies of a tenant's proof of expenditure not more than
18 twice in a 12-month period. No more than three years after the tenant has vacated the unit, the tenant
19 shall reimburse the landlord for any portion of the relocation payment paid to the tenant that the tenant
20 cannot demonstrate was used for Relocation Costs.

21 (vi) For purposes of this Section 37.9A, the following definitions apply:

22 a. "Bedroom" means any room that: 1. is used primarily as quarters for sleeping; 2.
23 contains at least 70 square feet, exclusive of closets, bathrooms, or similar spaces, and 3. has at least
24 one window opening to an area which leads either to a street, light well, courtyard or rear yard.

1 b. "Relocation Costs" means any of the following costs incurred by an evicted tenant:
2 rent payments for a replacement dwelling, the purchase price of a replacement dwelling, any costs
3 incurred in moving to a replacement dwelling, or any costs that the tenant can demonstrate were
4 incurred to mitigate the adverse impacts on the tenant of the eviction.

5 c. "San Francisco Rental Payment Differential Report" means a report on the average
6 rental values for dwelling units in San Francisco to be used in calculating relocation payments in
7 accordance with Subsection 37.9A(e)(3)(E)(iii).

8 (F) Any tenant who has received a notice of termination of tenancy, but who has not
9 yet vacated the unit by the operative date of the ordinance creating subsection (E) and this
10 subsection (F) (Ordinance No. 54-14), shall be entitled to the relocation payment calculated in
11 accordance with Subsection 37.9A(e)(3)(E)(iii)~~Rental Payment Differential~~, reduced by any
12 payment the tenant has received under Subsections 37.9A(e)(3)(A), (B), and (C) as adjusted
13 by (D), upon vacating the unit.

14 (G) (i) If payment of the relocation payment ~~Rental Payment Differential~~ under
15 Subsection 37.9A(e)(3)(E)(~~ii~~)(i)b. would constitute an undue financial hardship for a landlord
16 in light of all of the resources available to the landlord, the landlord may file a written request,
17 on a form provided by the Rent Board, for a hearing for a hardship adjustment ("Hardship
18 Adjustment Request") with the Rent Board, with supporting evidence. The Board, or its
19 designated Administrative Law Judges, may order a reduction, payment plan, or any other
20 relief they determine is justified following a hearing on the request.

21 (ii) At a hearing for hardship adjustment under Subsection (i), the Board, or its
22 designated Administrative Law Judges, shall consider all relevant factors, including the
23 number of units in the building and any evidence submitted regarding the landlord's age,
24 length of ownership of the building, ownership of any other buildings, income, expenses, other
25 assets, debt, health, and health care costs, except as provided in Subsection (iii).

1 (iii) At a hearing for hardship adjustment under Subsection (i), the Board, or its
2 designated Administrative Law Judges, shall not consider any of the following types of assets
3 owned by the landlord:

- 4 a. Assets held in retirement accounts; and
- 5 b. Non-liquid personal property.

6 (H) Without limiting or otherwise affecting the landlord's right to obtain a
7 hardship adjustment under Subsection 37.9A(e)(3)(G), the landlord may file a written request,
8 on a form provided by the Rent Board, for a hearing with the Rent Board claiming that the San
9 Francisco Rental Payment Differential ~~Schedule~~ Report established in Subsection
10 37.9A(e)(3)(E)(ii) does not reasonably reflect the market rental rate for a comparable unit in
11 San Francisco and would result in an overpayment by the landlord ("Rent Differential
12 Recalculation Request"). The landlord shall include evidence in support of the request. If the
13 Board, or its designated Administrative Law Judges, grant(s) the request in whole or part, they
14 shall order an appropriate adjustment of the payment due from the landlord.

15 (I) For purposes of considering Hardship Adjustment and Rent Differential
16 Recalculation Requests under Subsections 37.9A(e)(3)(G) and (H), the Board shall follow a
17 process consistent with the existing Board hearing process under Section 37.8. If a landlord
18 submits both types of hearing requests, the Board may consolidate its hearing of the two
19 requests.

20 * * * *

21 Section 3. Effective Date. This ordinance shall become effective 30 days after
22 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
23 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
24 of Supervisors overrides the Mayor's veto of the ordinance.

1 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
2 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
3 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
4 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
5 additions, and Board amendment deletions in accordance with the “Note” that appears under
6 the official title of the ordinance.

7 Section 5. Severability. If any section, subsection, sentence, clause, phrase or word of
8 this ordinance, or any application thereof to any person or circumstance, is held to be invalid
9 or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not
10 affect the validity of the remaining portions or application of the ordinance. The Board of
11 Supervisors hereby declares that it would have passed this ordinance and each and every
12 section, subsection, sentence, clause, phrase, and word not declared invalid or
13 unconstitutional without regard to whether any other portion of this ordinance or application
14 thereof would be subsequently declared invalid or unconstitutional.

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16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19 By: _____
20 Robert A. Bryan
21 Deputy City Attorney

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