

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Robert Collins, Executive Director, Rent Board  
Ben Rosenfield, City Controller, Office of the Controller  
Linda Gerull, Executive Director, Department of Technology  
Carmen Chu, Assessor-Recorder, Office of the Assessor-Recorder  
Patrick O’Riordan, Director, Department of Building Inspection

FROM: Linda Wong, Assistant Clerk  
Budget and Finance Committee

DATE: November 9, 2020

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors’ Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Sandra Lee Fewer on November 3, 2020:

**File No. 201262**

**Ordinance amending the Administrative Code to require owners of residential dwelling units to report certain information to the Rent Board; to authorize the Rent Board to issue a license to owners who report the information; to require that an owner have a license to impose certain types of rent increases; and to impose a surcharge on top of the existing Rent Board fee to cover the Rent Board’s associated costs**

If you have comments or reports to be included with the file, please forward them to the Budget and Finance Clerk, Linda Wong, by email at: [linda.wong@sfgov.org](mailto:linda.wong@sfgov.org).

c: Todd Rydstrom, Office of the Controller  
Risa Sandler, Office of the Controller  
Karen Hong Yee, Department of Technology  
Douglas Legg, Office of the Assessor-Recorder  
Holly Lung, Office of the Assessor-Recorder  
Patty Lee, Department of Building Inspection  
John Murray, Department of Building Inspection

1 [Administrative Code - Housing Inventory]

2

3 **Ordinance amending the Administrative Code to require owners of residential dwelling**  
 4 **units to report certain information to the Rent Board; to authorize the Rent Board to**  
 5 **issue a license to owners who report the information; to require that an owner have a**  
 6 **license to impose certain types of rent increases; and to impose a surcharge on top of**  
 7 **the existing Rent Board fee to cover the Rent Board's associated costs.**

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

13

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

15

16 Section 1. Purpose and Findings.

17 The City adopted the Rent Ordinance in 1979 to safeguard tenants from excessive rent  
 18 increases that landlords were able to impose due to the critically low vacancy rates in San  
 19 Francisco. The Rent Ordinance helps to address those concerns, but there is a compelling  
 20 need to maintain an accurate inventory of the City's residential housing stock, in order to  
 21 enable the Rent Board to track landlord-tenant relationships, inspect and investigate housing  
 22 services and rents, and better administer the Rent Ordinance. The City's existing records do  
 23 not accurately list all the units that are subject to the Rent Ordinance. However, in directing  
 24 the Rent Board to create a housing inventory, the Board of Supervisors does not intend that  
 25 the Rent Board should set rents through a rent registry; San Francisco has regulated landlord-

1 tenant relationships without a rent registry and the Board of Supervisors intends that the Rent  
2 Board should continue with this approach.

3  
4 Section 2. The Administrative Code is hereby amended by revising Section 37.3;  
5 adding new Section 37.15; and renumbering existing Section 37.15 as Section 37.16 and  
6 revising that Section, to read as follows:

7 **SEC. 37.3. RENT LIMITATIONS.**

8 (a) Rent Increase Limitations for Tenants in Occupancy. Landlords may impose rent  
9 increases upon tenants in occupancy only as provided below and as provided by subsections  
10 37.3(d) and 37.3(g):

11 (1) Annual Rent Increase. On March 1~~st~~ of each year, the Board shall publish the  
12 increase in the CPI for the preceding 12 months, as made available by the U.S. Department of  
13 Labor. A landlord who has reported the required information about their rental unit to the Rent Board  
14 as set forth in Section 37.15 shall have a license to ~~may~~ impose annually a rent increase which  
15 does not exceed a tenant's base rent by more than 60% ~~percent~~ of said published increase. In  
16 no event, however, shall the allowable annual increase be greater than 7% ~~seven percent~~.

17 (2) Banking. A landlord who refrains from imposing an annual rent increase or any  
18 portion thereof may accumulate said increase and, subject to Section 37.15, impose that amount  
19 on the tenant's subsequent rent increase anniversary dates. A landlord who, between April 1,  
20 1982, and February 29, 1984, has banked an annual 7% ~~seven percent~~ rent increase (or rent  
21 increases) or any portion thereof may impose the accumulated increase on the tenant's  
22 subsequent rent increase anniversary dates.

23 \* \* \* \*

1                    **SEC. 37.15. REPORTING OBLIGATIONS; LICENSING.**

2                    (a) Starting July 1, 2022, owners of residential dwelling units subject to this Chapter 37  
3 shall be required to report certain information about their units to the Rent Board, as set forth in  
4 subsection (b). Owners shall report the information using a form prepared by the Rent Board. The  
5 Rent Board may, in addition to or in lieu of a paper form, develop an electronic form or a secure  
6 internet website with an interface for owners to submit the required information. The Rent Board may  
7 develop procedures for tenants to also report information about their units, but in that event reporting  
8 by tenants shall be optional rather than required.

9                    (b) Owners shall report the following information under penalty of perjury for each unit: (1)  
10 the mailing address of the unit; (2) the name and business contact information (address, phone number,  
11 email address) of the owner, or of the property manager designated by the owner to address  
12 habitability issues; (3) the business registration number for the unit, if any; (4) the approximate square  
13 footage, and number of bedrooms and bathrooms in the unit; (5) whether the unit is vacant or  
14 occupied; (6) for vacant units, the last date of occupancy; (7) for occupied units, the date the  
15 occupancy commenced; (8) for tenant-occupied units, the base rent reported in \$250 increments and  
16 whether the base rent includes specified utilities (water/sewer, refuse/recycle, natural gas, electricity,  
17 etc.); (9) if during the previous 12 months an occupied unit became vacant or a vacant unit became  
18 occupied, the report shall include the date(s) the unit became vacant or occupied; and (10) any other  
19 information that the Rent Board deems appropriate in order to effectuate the purposes of this Chapter  
20 37.

21                    (c) Owners shall submit the information described in subsection (b) to the Rent Board by July  
22 1, 2022. Updated information shall be due on or before July 1 of each successive year. Owners shall  
23 also be required to update the information described in subsection (b) within 30 days of any change in  
24 the name or business contact information of the owner or designated property manager.

1           (d) The Rent Board shall use the information it receives under this Section 37.15 to create a  
2 housing inventory that may be used for purposes of inspecting and investigating the level of housing  
3 services being provided to tenants, investigating and analyzing rents and vacancies, monitoring  
4 compliance with this Chapter 37, generating reports and surveys, and providing assistance to landlords  
5 and tenants and other City departments as needed. The Rent Board shall not use the information to  
6 operate a rental registry within the meaning of California Civil Code Sections 1947.7 – 1947.8.

7           (e) If a landlord has substantially complied with the obligation to report information about a  
8 rental unit as required under this Section 37.15, the landlord shall receive a license to impose rent  
9 increases on tenants in that unit under Sections 37.3(a)(1)-(2). If the landlord has not substantially  
10 complied with the reporting obligation, then the license to impose rent increases shall be temporarily  
11 suspended during the period of the landlord’s noncompliance. Upon receipt of the required  
12 information from the landlord, the suspension shall be terminated, and the license to impose rent  
13 increases shall be restored prospectively, but a tenant shall not be obligated to pay the increased rent  
14 for months during the period of suspension.

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16           **SEC. ~~37.15~~ 37.16. SEVERABILITY.**

17           If any provision or clause of this Chapter 37 or the application thereof to any person  
18 or circumstance is held to be unconstitutional or to be otherwise invalid by any court of  
19 competent jurisdiction, such invalidity shall not affect other Chapter provisions, and clauses of  
20 this Chapter are declared to be severable.

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22           Section 3. The Administrative Code is hereby amended by revising Section 37A.2, and  
23 adding Section 37A.4.5, to read as follows:

24           **SEC. 37A.2. FINDINGS.**

25           The Board of Supervisors hereby finds:

1                   \* \* \* \*

2                   (d) The fee for each residential unit shall equal the projected annual cost of funding  
3 the Rent Board, plus related administrative costs pursuant to Section 10.194 of this Code  
4 (which includes without limitation the costs incurred by ~~including, but not limited to,~~ the Tax  
5 Collector and Controller), divided by the total number of residential units estimated to pay the  
6 fee minus any balance remaining in the fund set forth in Section 10.117-88 of this Code;  
7 provided, however, that in calculating the fee, the Controller shall round up any fraction of a  
8 dollar to the next whole dollar; and provided further, that the Controller shall disregard the costs  
9 related to creating and maintaining the housing inventory as set forth in Section 37.15, which shall  
10 instead be recovered through a separate surcharge under Section 37A.4.5. For the purposes of this  
11 calculation, a guest room shall be counted as one-half of a residential unit and shall be  
12 charged half the fee. The Assessor and the Director of the Department of Building Inspection  
13 shall release to the Department of Technology Information Services Division (ISD) of the Department  
14 of Telecommunications and Information Services (DTIS) by June 1~~st~~ information necessary for  
15 compilation of the billing list. The Controller shall compile the list, determine the total number  
16 of residential units and calculate the fee by July 31~~st~~. The fee shall be recalculated ~~on~~ by July  
17 31 each year.

18                   \* \* \* \*

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20                   **SEC. 37A.4.5. IMPOSITION OF SURCHARGE FOR HOUSING INVENTORY.**

21                   There shall be an additional surcharge on residential units subject to the Residential Rent  
22 Stabilization and Arbitration fee, to pay for the Rent Board's administrative costs to create and  
23 maintain the housing inventory as required by Administrative Code Section 37.15. The Controller shall  
24 calculate the surcharge in the same manner as the fee in section 37A.2(d). The Controller shall publish  
25 the initial amount of the surcharge no later than 30 days after the effective date of the ordinance in

1 Board File No. \_\_\_\_\_, enacting Section 37.15, and the surcharge shall become effective 60 days  
2 thereafter unless modified by a subsequent ordinance. The surcharge shall be collected in the same  
3 manner as the fee, and landlords may seek recovery of 50% of the surcharge from tenants in occupancy  
4 in the same manner as they may seek recovery from tenants in occupancy with respect to the fee. The  
5 surcharge is levied for regulatory purposes only, and is not designed or intended for revenue purposes,  
6 and any surplus collected in a given year will reduce the surcharge in the next fiscal year.

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8 Section 4. Effective and Operative Dates.

9 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs  
10 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not  
11 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
12 Mayor’s veto of the ordinance.

13 (b) This ordinance shall become operative on July 1, 2022.

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

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22 Section 6. Undertaking for the General Welfare. In enacting and implementing this  
23 ordinance, the City is assuming an undertaking only to promote the general welfare. It is not  
24 assuming, nor is it imposing on its officers and employees, an obligation for breach of which it

25

1 is liable in money damages to any person who claims that such breach proximately caused  
2 injury.

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4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: /s/  
7 MANU PRADHAN  
8 Deputy City Attorney  
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