

TEXT OF PROPOSED ORDINANCE PROPOSITION H

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

Section 1. The San Francisco Administrative Code is hereby amended by amending Sections 37.1 and 37.3(a)(1) thereof to read as follows:

NOTE: Additions or substitutions are indicated by bold face type; deletions are indicated by strike-out type.

Sec. 37.1 Title & Findings.

(a) This chapter shall be known as the Residential Rent Stabilization and Arbitration Ordinance.

(b) The Board of Supervisors hereby finds:

(1) There is a shortage of decent, safe and sanitary housing in the City and County of San Francisco resulting in a critically low vacancy factor.

(2) Tenants displaced as a result of their inability to pay increased rents must relocate but as a result of such housing shortage are unable to find decent, safe and sanitary housing at affordable rent levels. Aware of the difficulty in finding decent housing, some tenants attempt to pay requested rent increases, but as a consequence must expend less on other necessities of life. This situation has had a detrimental effect on substantial numbers of renters in the City, especially creating hardships on senior citizens, persons on fixed incomes and low and moderate income households.

(3) The problems of rent increases reached crisis level in the spring of 1979. At that time the Board of Supervisors conducted hearings and caused studies to be made on the feasibility and desirability of various measures designed to address the problems created by the housing shortage.

(4) In April, 1979, pending development and adoption of measures designed to alleviate the City's housing crisis, the Board of Supervisors adopted Ordinance No. 181-79 prohibiting most rent increases on residential rental properties for 60 days.

Ordinance No. 181-79 is scheduled to expire no later than June 30, 1979.

(5) The provisions of Ordinance No. 181-79 have successfully reduced the rate of rent increases in the City, along with the concomitant hardships and displacements. However, a housing shortage still exists within the City and County of San Francisco and total deregulation of rents at this time would immediately lead to widespread exorbitant rent increases and recurrence of the crisis, problems and hardships which existed prior to the adoption of the moratorium measure.

(6) This ordinance shall be in effect for fifteen (15) months. During this time, a Citizens' Housing Task Force shall be created to conduct a further study of and make recommendations for, the problems of housing in San Francisco. In the interim, some immediate measures are needed to alleviate San Francisco's housing problems. This ordinance, therefore, creates a San Francisco Residential Rent Stabilization and Arbitration

Board in order to safeguard tenants from excessive rent increases and, at the same time, to assure landlords fair and adequate rents consistent with Federal Anti-Inflation Guidelines.

(c) The people of San Francisco hereby find and declare:

(1) Present law provides that the annual allowable rent increase shall be 60% of the Consumer Price Index but in no event less than 4% of the tenant's base rent.

(2) Rent increases of 60% of the Consumer Price Index are sufficient to assure landlords fair and adequate rents consistent with Federal Anti-Inflation Guidelines.

(3) Since 1984, 60% of the Consumer Price Index has been less than 4% per year, so landlords have been able to impose yearly rent increases above the rate of inflation since 1984.

(4) Under the current 4% floor, landlords have received more than 60% of the Consumer Price Index with resulting hardship to tenants.

(5) Therefore, in order to alleviate this hardship to tenants and to ensure that landlords receive fair and adequate rents consistent with Federal Anti-Inflation Guidelines, we hereby amend this ordinance to delete the current 4% floor on annual rent increases.

Sec. 37.3 Rent Limitations.

[Amended by Ord. No. 442-79 effective August 31, 1979; No. 136-80 effective April 10 1980; No. 358-80 effective August 24, 1980; No. 77-82 effective April 1, 1982; No. 268-82 effective July 10, 1982; No. 438-83 effective October 2, 1983; repealed and replaced by section 37.3A by Ord. No. 20-84 February 18, 1984; renumbered by Ord. No. 338-87 effective September 13, 1987; amended by Ord. No. 102-91 effective April 20, 1991; No. 127-91 effective May 2, 1991.]

(a) Rent Increase Limitations for Tenants in Occupancy. Landlords may impose rent increases upon tenants in occupancy only as provided below:

(1) Annual Rent Increase. On March 1 of each year, the Board shall publish the increase in the CPI for the preceding 12 months, as made available by the U.S. Department of Labor. A landlord may impose annually a rent increase which does not exceed a tenant's base rent by more than 60% of said published increase. In no event, however, shall the allowable annual increase be ~~less than 4% or greater than 7%.~~

(2) Banking. A landlord who refrains from imposing an annual rent increase or any portion thereof may accumulate said increase and impose that amount on the tenant's subsequent rent increase anniversary dates. A landlord who, between April 1, 1982 and February 29, 1984, has banked an annual 7% rent increase (or rent increases) or any portion thereof may impose the accumulated increase on the tenant's subsequent rent increase anniversary dates.

(3) Capital Improvements, Rehabilitation, and Energy Conservation Measures. A landlord may impose rent increases based upon the cost of capital improvements, rehabilitation or energy

conservation measures provided that such costs are certified pursuant to Section 37.7 below.

(4) Utilities. A landlord may impose increases based upon the cost of utilities as provided in Section 37.2(o) above.

(5) Charges Related to Excess Water Use. A landlord may impose increases not to exceed fifty percent of the excess use charges (penalties) levied by the San Francisco Water Department on a building for use of water in excess of Water Department allocations under the following conditions:

(A) The landlord provides tenants with written certification that the following have been installed in all units: (1) permanently-installed retrofit devices designed to reduce the amount of water used per flush or low-flow toilets (1.6 gallons per flush); (2) low-flow showerheads which allow a flow of no more than 2.5 gallons per minute; and (3) faucet aerators (where installation on current faucets is physically feasible); and

(B) The landlord provides the tenants with written certification that no known plumbing leaks currently exist in the building and that any leaks reported by tenants in the future will be promptly repaired; and

(C) The landlord provides the tenants with a copy of the water bill for the period in which the penalty was charged. Only penalties billed for a service period which begins after the effective date of the ordinance [April 20, 1991] may be passed through to tenants. Where penalties result from an allocation which does not reflect documented changes in occupancy which occurred after March 1, 1991, a landlord must, if requested in writing by a tenant, make a good faith effort to appeal the allotment. Increases based upon penalties shall be pro-rated on a per room basis provided that the tenancy existed during the time the penalty charges accrued. Such charges shall not become part of a tenant's base rent. Where a penalty in any given billing period reflects a 25% or more increase in consumption over the prior billing period, and where that increase does not appear to result from increased occupancy or any other known use, a landlord may not impose any increase based upon such penalty unless inspection by a licensed plumber or Water Department inspector fails to reveal a plumbing or other leak. If the inspection does reveal a leak, no increase based upon penalties may be imposed at any time for the period of the unrepaired leak.

(6) RAP Loans. A landlord may impose rent increases attributable to the Chief Administrative Officer's amortization of the RAP loan in an area designated on or after July 1, 1977 pursuant to Chapter 32 of the San Francisco Administrative Code.

(7) Additional Increases. A landlord who seeks to impose any rent increase which exceeds those permitted above shall petition for a rental arbitration hearing pursuant to Section 37.8 of this chapter.

(b) Notice of Rent Increase for Tenants in

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Occupancy. On or before the date upon which a landlord gives a tenant legal notice of a rent increase, the landlord shall inform the tenant, in writing, of the following:

(1) Which portion of the rent increase reflects the annual increase, and/or a banked amount, if any;

(2) Which portion of the rent increase reflects costs for capital improvements, rehabilitation, or

energy conservation measures certified pursuant to Section 37.7;

(3) Which portion of the rent increase reflects the passthrough of charges for gas and electricity, which charges shall be explained;

(4) Which portion of the rent increase reflects the amortization of the RAP loan, as described in Section 37.3(a)(5) above.

(5) Nonconforming Rent Increases. Any rent

increase which does not conform with the provisions of this section shall be null and void.

(c) Initial Rent Limitation for Subtenants. A tenant who subleases his or her rental unit may charge no more rent upon initial occupancy of the subtenant or subtenants than that rent which the tenant is currently paying to the landlord.