

FILE NO. 990818

ORDINANCE NO. 178-99

1 [Increasing Annual Maximum Residential Rent Control Fee]  
 2 AMENDING ADMINISTRATIVE CODE CHAPTER 37A "RESIDENTIAL RENT  
 3 STABILIZATION AND ARBITRATION FEE" BY AMENDING SECTIONS 37A.1, 37A.2,  
 4 37A.6, 37A.8, 37A.9, 37A.10, AND 37A.11: TO INCREASE ANNUAL MAXIMUM  
 5 RESIDENTIAL RENT CONTROL FEES FROM \$10 TO \$16 PER UNIT; PROVIDING THAT  
 6 AN OWNER SEEKING RECOVERY OF THE FEE SHALL DEDUCT IT FROM SECURITY  
 7 DEPOSIT INTEREST PAYMENTS OWED THE TENANT, EXCEPT THAT THE OWNER  
 8 MAY DIRECTLY BILL THE TENANT IF INTEREST IS PAID ANNUALLY; PROVIDING FOR  
 9 OWNER BANKING AND FUTURE COLLECTION OF THE FEE FROM THE TENANT;  
 10 REPEALING OBSOLETE SECTIONS 37A.8 AND 37A.9 AND RENUMBERING SECTIONS  
 11 37A.10 AND 37A.11 AS 37A.8 AND 37A.9; AND WITH OTHER TECHNICAL CHANGES.  
 12 THE ACTUAL ANNUAL RESIDENTIAL RENT CONTROL FEE PER UNIT SHALL BE  
 13 CALCULATED PURSUANT TO ADMINISTRATIVE SECTION 37A.2, IN CONFORMANCE  
 14 WITH ADMINISTRATIVE CODE SECTIONS 10.117-88 AND 10.194.

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16 Note: Additions are underlined; deletions are in ((double parentheses)).

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

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21 **Section 1.** Chapter 37A "Residential Rent Stabilization and Arbitration Fee" of the San  
 22 Francisco Administrative Code is hereby amended by amending Sections 37A.1, 37A.2,  
 23 37A.6, 37A.8, 37A.9, 37A.10, and 37A.11, to read as follows:  
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SUPERVISOR AMMIANO, BIERMAN  
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1 **RESIDENTIAL RENT STABILIZATION AND ARBITRATION FEE**

2 **SEC. 37A.1. SCOPE.** This Chapter is applicable to all residential units in the City and  
3 County of San Francisco. For purposes of this Chapter, "residential units" are dwelling units  
4 and guest rooms as those terms are defined in Sections ((203.4)) 400 and ((203.7)) 401 of the  
5 San Francisco Housing Code. The term shall not include:

6 (a) Guest rooms exempted or excluded from regulation under Chapter 41 of this  
7 Code;

8 (b) Dwelling units in nonprofit cooperatives owned, occupied and controlled by a  
9 majority of the residents or dwelling units solely owned by a nonprofit public benefit  
10 corporation governed by a board of directors the majority of which are residents of the  
11 dwelling units and where it is required in the corporate by-laws that rent increases be  
12 approved by a majority of the residents;

13 (c) Housing accommodations in any hospital, convent, monastery, extended care  
14 facility, asylum, residential care or adult day health care facility for the elderly which must be  
15 operated pursuant to a license issued by the California Department of Social Services, as  
16 required by California Health and Safety Chapters 3.2 and 3.3, or in dormitories owned and  
17 operated by an institution of higher education, a high school, or an elementary school;

18 (d) Dwelling units whose rents are controlled or regulated by any government unit,  
19 agency or authority, excepting those units which are subject to the jurisdiction of the  
20 Residential Rent Stabilization and Arbitration Board. However, Section 8 certificate, voucher  
21 and related programs administered by the San Francisco Housing Authority, which are subject  
22 in whole or in part to the jurisdiction of the Residential Rent Stabilization and Arbitration Board  
23 shall remain exempt from the fee;  
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1 (e) Any dwelling unit for which the owner has on file with the Assessor a current  
2 homeowner's exemption;

3 (f) Any dwelling unit which is occupied by an owner of record on either a full-time or  
4 part-time basis and which is not rented at any time, provided that the owner file with the Tax  
5 Collector an affidavit so stating;

6 (g) Dwelling units located in a structure for which a certificate of final completion  
7 and occupancy was first issued by the Bureau of Building Inspection after June 13, 1979;

8 (h) Dwelling units in a building which, after June 13, 1979, has undergone  
9 substantial rehabilitation as that term is defined in Chapter 37 of this Code.  
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12 **SEC. 37A.2. FINDINGS.** The Board of Supervisors hereby finds:

13 (a) In Section 37.1 of this Code, the Board of Supervisors found that there was a  
14 shortage of decent, safe and sanitary housing in the City and County of San Francisco  
15 resulting in a critically low vacancy factor. The Board further found that rent regulation was  
16 necessary in order to alleviate the ill effects of the City's housing shortage to meet the need  
17 for affordable housing, and to advance the City's housing policies. The Board now hereby  
18 finds that this housing shortage still persists and that rent regulation continues to be a  
19 necessary and effective means of mitigating this condition.  
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21 (b) By Ordinance No. 276-79, adopted June 12, 1979, the Board of Supervisors  
22 enacted the Residential Rent and Arbitration Ordinance ("Rent Ordinance," Chapter 37, San  
23 Francisco Administrative Code) to regulate residential rents in San Francisco. The Ordinance  
24 created the Residential Rent Stabilization and Arbitration Board ("Rent Board," Sections  
25 37.1(a), (b) and 37.4) to administer and enforce the Rent Ordinance and thereby safeguard

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1 tenants from excessive increases while at the same time assure landlords fair and adequate  
2 rents. The Rent Board benefits both landlords and tenants by providing for the orderly and  
3 efficient administration of the Rent Ordinance and by protecting tenants from unreasonable  
4 rent increases and displacement while assuring that landlords receive fair rents consistent  
5 with the Ordinance.

6 (c) It is fair and reasonable that the costs of administering and enforcing the Rent  
7 Ordinance through the Rent Board should be equitably distributed among the City's residential  
8 units.

9 Therefore, the Board finds that the owner of each residential unit as defined in Section  
10 37A.1 above shall be required to pay an annual Rent Stabilization and Arbitration fee for each  
11 unit.

12 (d) The fee for each residential unit shall equal the projected annual cost of funding  
13 the Rent Board plus related administrative costs pursuant to Section 10.194 of this Code  
14 including, but not limited to, the Tax Collector and Controller, divided by the total number of  
15 residential units estimated to pay the fee minus any balance remaining in the fund set forth in  
16 Section 10.117-88 of this Code; provided, however, that in calculating the fee, the Controller  
17 shall round up any fraction of a dollar to the next whole dollar; provided further, however, that  
18 the fee shall in no event exceed ((\$10)) \$16.00 per residential unit. For the purposes of this  
19 calculation, a guest room shall be counted as one-half of a residential unit and shall be  
20 charged half the fee. The Assessor and the ((Superintendent)) Director of the ((Bureau))  
21 Department of Building Inspection shall release to the Information Services Division ((IDS))  
22 ISD of the ((Controller's Office)) Department of Telecommunications and Information  
23 Services (DTIS) by June 1st information necessary for compilation of the billing list. The  
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1 Controller shall compile the list, determine the total number of residential units and calculate  
2 the fee by July 31st. The fee shall be recalculated on July 31st each year.

3 (e) The fee herein is for regulatory purposes only. It is not designed or intended for  
4 revenue purposes. Any surplus collected in a given year will reduce the fee in the next fiscal  
5 year.

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8 **SEC. 37A.3. PURPOSE.** The purpose of this ordinance is to require those who rely  
9 upon and/or benefit from the Rent Board's administration and enforcement of the Rent  
10 Ordinance to pay a fee which is directly related to the financial burden placed upon the City in  
11 carrying out the Rent Board's functions and duties.

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13 **SEC. 37A.4. IMPOSITION OF THE FEE.** The owner of each residential unit in San  
14 Francisco shall pay annually to the City and County of San Francisco a Residential Rent  
15 Stabilization and Arbitration fee to be calculated by the Controller as provided in Section  
16 37.A.2(d) above. The Tax Collector shall bill the fee to the owners of all residential units as a  
17 special assessment on the property tax bill. All laws applicable to the collection and  
18 enforcement of ad valorem property taxes shall be applicable to the collection and  
19 enforcement of the Residential Rent Stabilization and Arbitration fee special assessment.

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22 **SEC. 37A.5. RESIDENTIAL RENT STABILIZATION AND ARBITRATION FUND.** All  
23 fees collected under this Chapter shall be deposited in the Residential Rent Stabilization and  
24 Arbitration Fund as provided in Chapter 10, Section 10.117-88 of the San Francisco  
25 Administrative Code. All funds so collected shall be used solely for the purpose of funding the

1 Rent Board plus related administrative costs pursuant to Section 10.194 of this Code  
2 including, but not limited to, the Tax Collector and Controller.

3 **SEC. 37A.6. RECOVERY OF THE FEE.** The owner may seek recovery of the fee from  
4 the tenant of each residential unit who is in occupancy on November 1st ((using one of the  
5 following methods)), as follows:

6 (a) ((The owner may)) An owner seeking recovery of the fee shall deduct ((the fee))  
7 it from the next interest payment owed on the tenant's security deposit pursuant to Chapter 49  
8 of this Code((. The owner shall give written notice of the deduction and its purpose at the time  
9 the interest payment is due)) , except that where the interest has been paid annually the  
10 owner may bill the tenant directly as provided in subsection 37A.6(c); or

11  
12 (b) When the fee is not collected during the year in which the owner is first entitled  
13 to it, the owner may bank the fee and collect it in a future year. Only those fees that become  
14 due after the effective date of this Ordinance may be banked. A banked fee may only be  
15 collected as a deduction against security deposit interest due the tenant, except that where no  
16 interest or insufficient interest exists (due to no deposit or a low amount of deposit) the owner  
17 may bill for any balance owing as provided in subsection 37A.6(c). The billing statement must  
18 specifically show the fee amount owed by the tenant for each year, and the amount of interest  
19 due the tenant (if any) for each year owing.

20 ((b)) (c) To the extent provided in subsections 37A.6(a) and (b), ((T))the owner  
21 may bill the tenant directly for the fee. The bill shall state the amount for that unit, that the  
22 purpose of the fee is to fund the Rent Board and related administrative costs under Chapter  
23 37A of the San Francisco Administrative Code, and that the fee is due and payable within 30  
24 days of the date of the bill.

1 The owner remains liable for payment of the fee to the Tax Collector whether or not the  
2 owner seeks recovery under one of the above methods or in fact does recover from the  
3 tenant.

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5 **SEC. 37A.7. RULES AND REGULATIONS.** The Tax Collector may adopt such rules,  
6 regulations and administrative procedures as he or she deems necessary to implement this  
7 Chapter.  
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10 **((SEC. 37A.8. NONPAYMENT; ADDITIONAL REQUEST.** (a) If the full payment  
11 required in Sec. 37A.4 above is not received within 60 days of the date of the bill, the bill shall  
12 be considered delinquent and an additional request for payment shall be sent to the owner.

13 (b) Said written request shall advise the recipient that if the payment is not received  
14 within 30 days of the mailing of this notice, a 25 percent penalty will be added, plus an interest  
15 charge of 1.5 percent monthly after the account has been considered delinquent and that the  
16 Board of Supervisors, in a noticed public hearing, will add a charge for the Tax Collector of  
17 \$49 and record a lien for the entire unpaid balance, including penalty on the payment with  
18 interest accruing on the entire unpaid balance, against the owner's real property. The charge  
19 for the Tax Collector consists of \$40 for processing a delinquent fee plus \$9.00 for releasing  
20 the tax lien in accordance with Section 10.237 of this Code.))  
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23 **((SEC. 37A.9. LIEN PROCEEDINGS; NOTICE.** If payment is not received within 30  
24 days following mailing of the additional request, the Tax Collector shall initiate proceedings  
25 pursuant to the provisions of Article XX, Chapter 10, San Francisco Administrative Code by

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1 reporting the delinquency to the Board of Supervisors and requesting the Board to make the  
2 entire unpaid balance, including penalty and interest, a special assessment lien against the  
3 real property. Such charges against delinquent accounts shall be reported to the Board at  
4 least once each year. The Tax Collector shall also indicate which of such delinquent accounts  
5 should be exempted from the lien procedure because of the small amounts involved, or  
6 because another procedure is more appropriate.))

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8 **SEC. 37A.((10)) 8. MANNER OF GIVING NOTICE.** Any notice required to be given  
9 herein by the Tax Collector to an owner shall be sufficiently given or served upon the owner  
10 for all purposes if personally served upon the owner or if deposited, postage prepaid, in a post  
11 office letter box addressed in the name of the owner at the official address of the owner  
12 maintained by the Tax Collector for the mailing of property tax bills.

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15 **SEC. 37A.((11)) 9. SEVERABILITY.** The provisions of this Chapter shall not apply to  
16 any person, association, corporation or to any property as to whom or which it is beyond the  
17 power of the City and County of San Francisco to impose the fee herein provided. If any  
18 sentence, clause, section or part of this ordinance, or any fee imposed upon any person or  
19 entity is found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality, or  
20 invalidity shall affect only such clause, sentence, section or part of this ordinance, or person or  
21 entity, and shall not affect or impair any of the remaining provisions, sentences, clauses,  
22 sections or other parts of this ordinance, or its effect on other persons or entities. It is hereby  
23 declared to be the intention of the Board of Supervisors that this ordinance would have been  
24 adopted had such unconstitutional, illegal or invalid sentence, clause, section or part of this  
25 ordinance not been included herein, or had such person or entity been expressly exempted

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1 from the application of this ordinance. To this end the provisions of this Chapter are  
2 severable.

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4 **SEC. 37A.12. RESERVED.**  
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8 **Section 2.** The actual annual residential rent control fee per unit shall be calculated  
9 pursuant to Administrative Code Section 37A.2, in conformance with Administrative Code  
10 Sections 10.117-88 and 10.194.

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13 APPROVED AS TO FORM:

14 LOUISE H. RENNE, City Attorney  
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18 By:

  
Marie Corlett Blits  
Deputy City Attorney  
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SUPERVISOR AMMIANO  
BOARD OF SUPERVISORS



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails Ordinance

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**File Number:** 990818

**Date Passed:**

Ordinance amending Administrative Code Chapter 37A "Residential Rent Stabilization and Arbitration Fee" by amending Sections 37A.1, 37A.2, 37A.6, 37A.8, 37A.9, 37A.10 and 37A.11 to increase annual maximum residential rent control fees from \$10 to \$16 per unit; providing that an owner seeking recovery of the fee shall deduct it from security deposit interest payments owed the tenant, except that the owner may directly bill the tenant if interest is paid annually; providing for owner banking and future collection of the fee from the tenant; repealing obsolete Sections 37A.8 and 37A.9 and renumbering Sections 37A.10 and 37A.11 as 37A.8 and 37A.9; and with other technical changes. The actual annual residential rent control fee per unit shall be calculated pursuant to Administrative Section 37A.2, in conformance with Administrative Code Sections 10.117-88 and 10.194.

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June 7, 1999 Board of Supervisors — PASSED, ON FIRST READING

Ayes: 10 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Yaki, Yee

Absent: 1 - Teng

June 14, 1999 Board of Supervisors — FINALLY PASSED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

File No. 990818

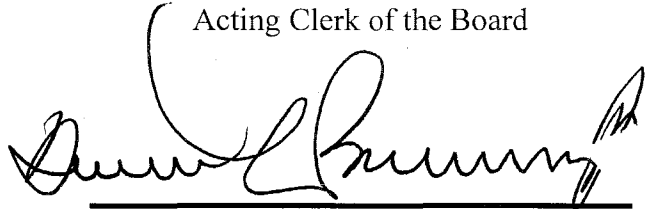
I hereby certify that the foregoing Ordinance  
was **FINALLY PASSED** on June 14, 1999 by  
the Board of Supervisors of the City and  
County of San Francisco.

  
\_\_\_\_\_  
Jean Lum

Acting Clerk of the Board

**JUN 25 1999**

\_\_\_\_\_  
Date Approved

  
\_\_\_\_\_  
Mayor Willie L. Brown Jr.

File No. 990818 continued...