



LONDON N. BREED  
MAYOR

MARCH 6, 2020

DAVID GRUBER  
PRESIDENT

ROBERT A. COLLINS  
EXECUTIVE DIRECTOR

**NOTICE OF PUBLIC HEARING**

DAVE CROW  
SHOBA DANDILLAYA  
RICHARD HUNG  
REESE AARON ISBELL  
ASHLEY KLEIN  
CATHY MOSBRUCKER  
KENT QIAN  
ARTHUR TOM  
DAVID WASSERMAN

**DATE: MARCH 17, 2020**  
**TIME: 7:00 P.M.**  
**PLACE: 25 VAN NESS AVENUE (AT MARKET ST.)  
SUITE 70, LOWER LEVEL  
SAN FRANCISCO, CALIFORNIA**

**THE RENT BOARD COMMISSION INVITES THE PUBLIC TO COMMENT ON PROPOSED CHANGES TO THE RULES AND REGULATIONS GOVERNING THE RESIDENTIAL RENT STABILIZATION AND ARBITRATION ORDINANCE, CHAPTER 37 OF THE SAN FRANCISCO ADMINISTRATIVE CODE.**

**THE COMMISSION IS TAKING PUBLIC COMMENT ON PROPOSED AMENDMENTS TO RULES AND REGULATIONS SECTIONS 1.17 AND 1.18. EFFECTIVE JANUARY 20, 2020, RENT ORDINANCE SECTIONS 37.2, 37.3, 37.9A, 37.9D, 37.10A, AND CHAPTER 37A.1 OF THE SAN FRANCISCO ADMINISTRATIVE CODE (THE RENT BOARD FEE ORDINANCE) WERE AMENDED TO EXTEND EVICTION CONTROLS TO UNITS THAT WERE NEWLY CONSTRUCTED AFTER JUNE 13, 1979 (INCLUDING LIVE-WORK UNITS), AND TO UNITS THAT HAVE UNDERGONE SUBSTANTIAL REHABILITATION. THE LEGISLATION ALSO EXTENDS THE RENT BOARD FEE TO THESE UNITS. THE NEW LEGISLATION WAS SPONSORED BY SUPERVISOR MATT HANEY.**

**PREVIOUSLY, UNITS NEWLY CONSTRUCTED AFTER JUNE 13, 1979 WERE ENTIRELY EXEMPT FROM THE RENT ORDINANCE, INCLUDING BOTH THE EVICTION CONTROLS AND THE RENT REGULATIONS, AS WELL AS PAYMENT OF THE RENT BOARD FEE. UNDER THE ORDINANCE AMENDMENTS, THESE UNITS REMAIN EXEMPT FROM RENT REGULATIONS, BUT ARE NOW COVERED BY THE RENT ORDINANCE FOR**

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**ALL OTHER PURPOSES.**

**TO IMPLEMENT THE ORDINANCE AMENDMENTS, THE RENT BOARD HAS PROPOSED THE ATTACHED REGULATIONS.**

You may either comment at the Public Hearing and/or submit written comments. If you would like to submit written comments, it is requested that they be received at the Rent Board's office no later than **noon on Thursday, March 12, 2020**, so that the Commissioners can receive your comments and review them prior to the hearing. Written comments may also be submitted at the hearing. Please submit 16 copies of your comments in order to facilitate their distribution. You will be able to address the Commissioners during the public comment period at the hearing.

**PROPOSED AMENDMENTS TO SECTIONS 1.17 AND 1.18 OF THE RENT BOARD'S RULES  
AND REGULATIONS – PUBLIC HEARING ON MARCH 17, 2020**

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1 **NOTE:** Unchanged text is in plain Arial font.  
2 Additions to Regulations are in single-underline plain Arial font.  
3 Deletions to Regulations are in ~~single-strikethrough plain Arial font~~.

4 **Section 1.17 Rental Units**

(Subsection (e) amended February 21, 1989; Subsection (c) amended  
5 February 14, 1995; Subsection (e) deleted March 7, 1995; Renumbered effective  
6 February 1, 1995; Amended subsection (g) and added (h) March 11, 1997;  
Subsection (i) added May 18, 1999; amended [date, 2020])

7 "Rental Unit" means a residential dwelling unit, regardless of zoning or legal status, in the  
8 City and County of San Francisco and all housing services, privileges, furnishings (including  
9 parking facilities supplied in connection with the use or occupancy of such unit), which is made  
10 available by agreement for residential occupancy by a tenant in consideration of the payment of  
11 rent. The term does not include:

12 (a) Housing accommodations in hotels, motels, inns, tourist homes, rooming and  
13 boarding houses, provided that at such time as an accommodation has been occupied by a  
14 tenant for thirty-two (32) continuous days or more, such accommodation shall become a rental  
15 unit;

16 (b) dwelling units in a non-profit cooperative owned, occupied, and controlled by a  
17 majority of the residents;

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

23 (d) dwelling units whose rents are controlled or regulated by any government unit,  
24 agency, or authority excepting those unsubsidized and/or unassisted units which are insured by  
25 the United States Department of Housing and Urban Development;

26 ~~(e) newly constructed rental units for which a certificate of occupancy was first issued~~  
27 ~~after June 13, 1979;~~

28 ~~(f) dwelling units in a building which has undergone substantial rehabilitation~~

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2 completed after June 13, 1979; provided, however, that RAP rental units are not subject to this  
3 exemption;

4 ~~\_\_\_\_\_ (g) \_\_\_\_\_ live/work units in a building where all of the following conditions have been met:~~  
5 ~~(1) a lawful conversion to commercial/dwelling use occupancy has occurred; (2) a Certificate of~~  
6 ~~Occupancy has been issued by the San Francisco Department of Building Inspection after June~~  
7 ~~13, 1979; and (3) there has been no residential tenancy in the building of any kind between June~~  
8 ~~13, 1979 and the date of issuance of the Certificate of Occupancy;~~

9 ~~(h) (e) commercial space where there is incidental and infrequent residential use;~~

10 ~~(i) (f) a residential unit, wherein at the inception of the tenancy there was residential~~  
11 ~~use, there is no longer residential use and there is a commercial or other non-residential use.~~

12 The presumption shall be that the initial use was residential unless proved otherwise by the  
13 tenant.

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4 **Section 1.18 New Construction and Substantial Rehabilitation**

(Amended August 29, 1989; September 5, 1989; September 26, 1989; June 18,  
5 1991; renumbered effective February 1, 1995; amended February 4, 2003;  
6 amended April 14, 2015; amended [date, 2020])

7 For the purpose of determining whether or not a rental unit is exempt from rent  
8 regulations pursuant to Rent Ordinance Section 37.3(g), the following definitions shall apply:

9 (a) "New Construction" refers to a newly constructed rental unit for which a Certificate  
10 of Occupancy was first issued after June 13, 1979, provided there was no residential use of the  
11 unit prior to the issuance of the Certificate of Occupancy; or a live/work unit in a building where  
12 all of the following conditions have been met:

13 (1) a lawful conversion to commercial/dwelling use occupancy has occurred;

14 (2) a Certificate of Occupancy has been issued by the San Francisco Department of  
15 Building Inspection after June 13, 1979; and

16 (3) there has been no residential tenancy in the building of any kind between June  
17 13, 1979 and the date of issuance of the Certificate of Occupancy.

18 (b) "Substantial rehabilitation" means the renovation, alteration or remodeling of a  
19 building containing essentially uninhabitable residential rental units of 50 or more years of age  
20 which require substantial renovation in order to conform to contemporary standards for decent,  
21 safe and sanitary housing in place of essentially uninhabitable buildings. Substantial  
22 rehabilitation may vary in degree from gutting and extensive reconstruction to extensive  
23 improvements that cure substantial deferred maintenance. Cosmetic improvements alone such  
24 as painting, decorating and minor repairs, or other work which can be performed safely without  
25 having the units vacated, do not qualify as substantial rehabilitation.

26 Improvements will not be deemed substantial unless the cost of the work for which the  
27 landlord has not been compensated by insurance proceeds equals or exceeds seventy-five  
28 percent (75%) of the cost of newly constructed residential buildings of the same number of units

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2 and type of construction, excluding land costs and architectural/engineering fees. The  
3 determination of the cost of newly constructed residential buildings shall be based upon the cost  
4 schedule of the Department of Building Inspection required by Section 107A.2 of the San  
5 Francisco Building Code (the "DBI Cost Schedule") for purposes of determining permit fees. The  
6 schedule in effect on the date of the Notice of Completion of the improvements shall apply.  
7 Where the landlord is seeking to recover possession of a rental unit under Section 37.9(a)(12) of  
8 the Rent Ordinance, improvements will not be deemed substantial unless the estimated cost of  
9 the proposed work for which the landlord will not be compensated by insurance proceeds equals  
10 or exceeds seventy-five percent (75%) of the cost of newly constructed residential buildings of  
11 the same number of units and type of construction, excluding land costs and  
12 architectural/engineering fees, based upon the DBI Cost Schedule. For purposes of such  
13 evictions under 37.9(a)(12) of the Rent Ordinance, there shall be a rebuttable presumption that  
14 the cost stated for the work in the applicable approved construction permits is the estimated cost  
15 of the proposed work. For purposes of determining whether improvements are substantial under  
16 Section 37.9(a)(12), the determination of the cost of newly constructed residential buildings shall  
17 be based upon the DBI Cost Schedule. The schedule in effect on the date the notice to quit is  
18 served shall apply. Where the landlord is seeking to recover possession of several units in the  
19 same building under Section 37.9(a)(12) of the Rent Ordinance for one proposed substantial  
20 rehabilitation project, the schedule posted and in effect on the date of service of the first notice of  
21 termination shall apply. A landlord who recovers possession of a rental unit under Section  
22 37.9(a)(12) must file a petition with the Rent Board for exemption based on substantial  
23 rehabilitation within the earlier of: (i) two years following recovery of possession of the rental  
24 unit; or (ii) one year following completion of the work. A landlord who fails to file a petition within  
25 such time and thereafter obtain a determination of exempt status that the property has  
26 undergone a substantial rehabilitation from the Board shall be rebuttably presumed to have  
27 wrongfully recovered possession of the tenant's rental unit in violation of Section 37.9(f).  
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