

MOTION

In 2007, the City Council adopted Ordinance No. 178848, the RSO Replacement Unit Ordinance, which subjected new housing rental units to the City's Rent Stabilization Ordinance (RSO) if those units are constructed and offered for rent or lease within five years of the demolition of pre-existing RSO units on the same property. The RSO Replacement Unit Ordinance included an exemption from the RSO if the proposed new housing project replaced the same number of demolished rent-controlled units, with deed-restricted Low Income units on a one-for-one basis or replace 20 percent of the total units, *whichever is less* (RSO Affordable Housing Exemption). The RSO Replacement Unit Ordinance also included a provision permitting multi-family developers to seek an RSO exemption upon demonstration of undue financial hardship, if requested within 90 days of the RSO Replacement Unit Ordinance effective date.

In 2017, Council adopted Ordinance No. 184873 (RSO Amendment) modifying certain provisions of the RSO, which went into effect on June 4, 2017. Most significantly, the RSO Amendment modified the RSO Affordable Housing Exemption criteria by requiring replacement of removed RSO units with deed-restricted Low Income units on a one-to-one basis or 20 percent of the total units, *whichever is greater*.

The RSO Amendment did not include a "grandfathering" provision, exempting pipeline or even fully approved and entitled projects from the RSO. Moreover, it did not expressly include a new financial hardship exemption for multi-family developments that include a high percentage of deed-restricted affordable units. In the interest of furthering the development and preservation of affordable housing, a technical amendment is required to enable applicants of previously entitled housing projects that include a high percentage of deed-restricted affordable units to apply for an RSO exemption upon demonstration of undue financial hardship.

I THEREFORE MOVE that Council request the City Attorney, with assistance from the Housing and Community Investment Department, to prepare an Ordinance to amend the Rent Stabilization Ordinance Section 151.28C to meet the following intent:

- (1) Authorize applicants to apply for a hardship exemption within a specified time limit, provided the multi-family housing project meets the following criteria:
 - (a) Received discretionary entitlements before June 4, 2017, the effective date of Ordinance No. 184873; and
 - (b) At least 15 percent of the total units are restricted for affordable Very Low Income households.

DEC 12 2018

PRESENTED BY:


MITCH O'FARRELL
Councilmember, 13th District

SECONDED BY:



ORIGINAL