



# CITY ATTORNEY DENNIS HERRERA NEWS RELEASE

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THURSDAY, SEPT. 13, 2012

CONTACT: MATT DORSEY  
(415) 554-4662

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Herrera's Geary Courtyard settlement saves low-income tenants from rent hike, secures \$95K

***Litigation arose over disputed provision in 1988 tax exempt bond agreement that financed construction of Geary Street complex***

SAN FRANCISCO (Sept. 13, 2012)—City Attorney Dennis Herrera today submitted a proposed settlement agreement in his office's litigation against the owner and operators of Geary Courtyard Apartments that will preserve lifetime affordable rents for low-income tenants who were earlier in the year threatened with dramatic rent hikes or eviction from their homes at 639 Geary Street. The litigation arose over a disputed provision in a 1988 contract in which the City provided Geary Courtyard's developer with the proceeds from a tax exempt bond sale on the condition that at least 20 percent of the units be continuously occupied by low-income tenants at affordable rents. Yet in defiance of contract language assuring that affordable rent protections would apply until a resident's death or voluntary vacancy, Geary Courtyard landlords notified thirty-three low-income tenants in April of their intention to hike rents incrementally to market rates beginning July 1.

Herrera sued in San Francisco Superior Court on May 4, 2012, and in June won a preliminary injunction to block the rent hikes from taking effect. Today's settlement agreement, which is subject to final approval by the Board of Supervisors and Mayor, additionally secures \$95,000 for the City to fully recoup its attorneys' fees and costs incurred to pursue the action.

"This agreement assures Geary Courtyard's low-income tenants, who were faced with rent hikes they couldn't possibly afford, that the promise of lifetime affordable rents will from now on be fully honored," Herrera said. "No less important, it sends a powerful message that San Francisco city leaders are committed to aggressively enforcing our affordable housing protections, whether they're negotiated by contract or covered by rent control. I'm thankful to everyone at the Mayor's Office of Housing, under the leadership of Director Olson Lee, for their efforts in this case, and grateful, also, to Judge Harold Kahn for granting the preliminary injunction that saved Geary Courtyard's tenants from an illegal rent hike that would almost certainly have forced many from their homes."

The case is: *City and County of San Francisco v. Geary Courtyard Associates et al.*, San Francisco Superior Court, Case No. CGC-12-520504, filed May 4, 2012.

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