

SAN FRANCISCO

PLANNING COMMISSION

RESOLUTION NO. 17526

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE ADMINISTRATIVE CODE TO ADD SECTION 41 F TO PROHIBIT CONVERSION OF LARGE TOURIST HOTELS INTO CONDOMINIUM PROJECTS, ALLOWING THE PLANNING COMMISSION TO ISSUE EXEMPTIONS FOR CONVERSION OF UP TO 500 UNITS IN THE FOLLOWING TWO YEARS, LISTING CRITERIA FOR ADDITIONAL CONVERSIONS AS DETERMINED BY THE PLANNING COMMISSION, REQUIRING APPLICANTS FOR EXEMPTIONS TO PROVIDE THE PLANNING DEPARTMENT WITH CERTAIN INFORMATION REGARDING THE CONVERSION, CREATING A 120-MONTH SUNSET PERIOD.

WHEREAS, on November 6, 2007, Supervisor Peskin introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 07-1528 which would amend Administrative Code to add Section 41F(Tourist Hotel Conversion Ordinance), in order to prohibit the conversion of large tourist hotels into condominium projects with some exemptions and creating a 1-year sunset period.

The proposed zoning changes have been determined to be subject to a General Rule Exclusion (GRE) under CEQA Guidelines Section 15060(c)(2) (Non-physical Exemption).

The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on January 10, 2008.

In 2005, Board of Supervisors Ordinance 241-05 amended the Administrative Code to add Chapter 41F. This chapter, called "Tourist Hotel Conversion," prevented conversion of any portion of an existing large tourist hotel into condominiums, with certain exceptions. This Section of the Administrative Code had an 18-month sunset provision that was extended by six months in February 2007 by Ordinance 0021-07. The ordinance expired on September 18, 2007.

A condominium is a form of subdivision regulated by the California Subdivision Map Act, the San Francisco Subdivision Code, and the San Francisco Subdivision Regulations. Condominium subdivisions are primarily regulated by the Subdivision Code, which is administered by the Department of Public Works. The Planning Department reviews subdivisions for consistency with the General Plan and compliance with the Planning Code.

The proposed Ordinance reintroduces the large hotel conversion ordinance in a form that is substantially similar to the 2005 version. During the first two years after the passage of the Ordinance the Zoning Administrator shall recommend approval of exemptions to the Commission only if the project results in either 1) not more than 500 hotel rooms converted or 2) confirmed occupancy of less than 30 consecutive days per year or 90 days in total of the year by any single occupant. After the first two years of the Ordinance's passage, the Commission could grant additional exemptions only if the applicant can prove that the conversion would not reduce the supply of large tourist hotel rooms in San Francisco or confirmed occupancy, after conversion of the converted units is less than 30 consecutive days per year or 90 days in total of the year by any single occupant and if the hotel was originally permitted to contain residential uses. Hotels that were permitted solely as a tourist hotel would not be eligible for subdivision. Exemption determinations would be

eligible for appeal to the Board of Supervisors.

Along with the proposed changes, the proposed amendments to the Administration Code are consistent with the following provisions of the *Commerce and Industry Element* of the General Plan. The Commerce and Industry Element establishes three primary goals for the City's economic development:

1. **Economic Vitality:** The first goal is to maintain and expand a healthy, vital and diverse economy which will provide jobs essential to personal well-being and revenues to pay for the services essential to the quality of life in the city.
2. **Social Equity:** The second goal is to assure that all segments of the San Francisco labor force benefit from economic growth. This will require that particular attention be given to reducing the level of unemployment, particularly among the chronically unemployed and those excluded from full participation by race, language or lack of formal occupational training.
3. **Environmental Quality:** The third goal is to maintain and enhance the environment. San Francisco's unique and attractive environment is one of the principal reasons San Francisco is a desirable place for residents to live, businesses to locate, and tourists to visit. The pursuit of employment opportunities and economic expansion must not be at the expense of the environment appreciated by all.

Staff Discussion: The proposed Ordinance promotes the preservation of space for tourist lodging- specifically "block" booking of multiple rooms for conferences. Conferences provide a disproportionately large influx of spending into the City's economy.

The proposed amendments to the Planning Code are consistent with Section 101.1(b) of the Planning Code in that:

1. The proposed Ordinance would not affect neighborhood-serving retail uses and future opportunities for resident employment in and ownership of such businesses.
2. The proposed Ordinance would allow for the continued presence and economic viability of existing neighborhood establishments while not negatively affecting existing residential development, housing or neighborhood character.
3. The City's supply of affordable housing would be unaffected by the proposed Code amendments, which are directed towards tourist hotels and not residential hotels.
4. The proposed amendments will not impact commuter traffic, MUNI transit service, or streets and neighborhood parking.
5. By supporting space for tourist and conference lodging, an important economic base and the viability of our service sector, as well as future opportunities for resident employment and ownership in this sector, would be enhanced by the proposed ordinance.
6. Preparedness against injury and loss of life in an earthquake would be unaffected by the proposed amendments.
7. The proposed amendments will assist in preserving the historic use of hotels. Many of the larger tourist hotels are individual landmarks under Article 10 of the Planning Code, and/or are cultural

landmarks and significant to San Francisco's history.

8. Parks and open space and their access to sunlight and vistas would be unaffected by the proposed amendments.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance in order to provide for continued space for tourist and visitor lodging as described in this Resolution and in the proposed Ordinance.

The Commission further resolves that the Board of Supervisors amend the proposed Ordinance with the following five modifications as further described in the attached Executive Summary:

- 1) Assure exemptions for hotels less with than 100 units is not circumvented through unit mergers.
- 2) Establish an agreed-upon hotel room inventory with adoption of the legislation. Draft inventory of tourist hotels is attached for further public vetting.
- 3) Amend the proposed exemption process to use an established procedure such as Conditional Use.
- 4) Create a process for hotel condo-conversions in which City government sets an annual limit on the number of rooms converted, similar to lottery conversions from tenancy in common units to condominiums.
- 5) Introduce a monitoring mechanism that allows for feedback and adjustment of controls as needed.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting January 10, 2008.



Linda Avery
Commission Secretary

AYES: Olague, Antonini, B. Lee, S. Lee, Moore, Suguya

NOES:

ABSENT: Alexander

ADOPTED: