

File No. 250068

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight

Date: March 6, 2025

Board of Supervisors Meeting:

Date: _____

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- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
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- Public Correspondence

OTHER

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Prepared by: Monique Crayton

Date: February 28, 2025

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

1 [Settlement of Lawsuit - Hotel Des Arts, LLC]

2
3 **Ordinance authorizing settlement of the lawsuit filed by Hotel Des Arts, LLC against the**
4 **City and County of San Francisco; the lawsuit was filed on June 14, 2023, in the**
5 **Northern District of California, Case No. 3:23-cv-02933; entitled Hotel Des Arts, LLC v.**
6 **City and County of San Francisco, et al; the lawsuit challenges 2023 amendments to**
7 **the Residential Hotel Unit Conversion and Demolition Ordinance (Board File No.**
8 **220815, Ordinance No. 36-23) that define Tourist or Transient use as a stay of less than**
9 **30 days and establish a two-year amortization period; material terms of the settlement**
10 **require the City to permit the conversion of the existing 38 Residential Hotel Rooms at**
11 **Assessor’s Parcel Block No. 0287, Lot No. 020, also known as 447 Bush Street,**
12 **currently operated as the Hotel des Arts, to Tourist Hotel Rooms under Administrative**
13 **Code Chapter 41 in exchange for conversion of 27 Group Housing rooms and**
14 **associated amenities at 412-422 Hayes and seven Group Housing rooms and**
15 **associated amenities at 319-321 Ivy Street to Residential Hotel Rooms, subject to**
16 **Administrative Code, Chapter 41.**

17
18 Be it ordained by the People of the City and County of San Francisco:

19
20 Section 1. Pursuant to Charter Section 6.102(5), the Board of Supervisors hereby
21 authorizes the City Attorney to settle the action entitled Hotel Des Arts, LLC v. City and
22 County of San Francisco, et al, Northern District of California, Case No. 3:23-cv-02933 by the
23 payment of \$0 and conversion of the existing 38 Residential Hotel Rooms at Block 0287, Lot
24 020, also known as 447 Bush Street, currently operated as the Hotel des Arts, to Tourist Hotel
25 Rooms under Administrative Code Chapter 41 in exchange for conversion of 27 group

1 housing rooms and associated amenities, including kitchens, bathrooms, and laundry
2 facilities, at 412-422 Hayes and seven group housing rooms and associated amenities,
3 including kitchens, bathrooms, and laundry facilities, at 319-321 Ivy Street to Residential Hotel
4 Rooms subject to Administrative Code Chapter 41.

5 The lawsuit challenges 2023 amendments to the Residential Hotel Unit Conversion and
6 Demolition Ordinance (Board File No. 220815, Ord. No. 36-23) that define Tourist or Transient
7 use as a stay of less than 30 days and establish a two-year amortization period.

8 Section 2. The above-named action was filed in the Northern District of California on
9 June 14, 2023, and the following parties were named in the lawsuit: Plaintiff Hotel Des Arts,
10 LLC, a Delaware limited liability company; defendants City and County of San Francisco and
11 San Francisco Board of Supervisors.

12 Section 3. The Board of Supervisors authorizes the City Attorney's Office, the
13 Department of Building Inspection and other applicable City officials to take all actions
14 reasonably necessary to perform the City's obligations under the Settlement Agreement. This
15 settlement is subject to and effective on the effective date of the Planning Code amendment
16 authorizing the change of use of the residential hotel rooms into tourist hotel rooms at the
17 Hotel Des Arts, and other associated amendments, in Board File No. _____.

18

19 APPROVED AS TO FORM AND
20 RECOMMENDED:

21 DAVID CHIU
City Attorney

22 /s/ Austin Yang
AUSTIN YANG
23 Chief Land Use Deputy

RECOMMENDED:

DEPARTMENT OF BUILDING INSPECTION

24 /s/
PATRICK O'RIORDAN
DIRECTOR

24

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