

LEGISLATIVE DIGEST

[Planning Code - Conversion of Residential Hotel Rooms to Tourist Hotel Rooms at 447 Bush Street]

Ordinance amending the Planning Code to principally permit up to 51 Tourist Hotel rooms at Block 0287, Lot 020, also known as 447 Bush Street; exempting 447 Bush Street from the requirement to obtain a conditional use authorization to convert 38 Residential Hotel rooms to Tourist Hotel rooms; waiving development impact fees and requirements for the conversion of the 38 rooms; providing that the conversion of the 38 rooms shall occur simultaneously with the application of the Residential Hotel Unit Conversion and Demolition Ordinance to 27 Group Housing rooms at 412-422 Hayes Street and seven Group Housing Rooms at 319-321 Ivy Street, Assessor's Parcel Block 0808, Lot 007; providing that the Department of Building Inspection shall issue certificates of use to reflect the changes in use of all the aforementioned properties and waiving associated fees; providing that the ordinance is conditioned on enactment of the ordinance approving settlement of claims in *Hotel Des Arts, LLC v. City and County of San Francisco et al.*; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Residential Hotel Unit Conversion and Demolition Ordinance ("HCO") is codified in Chapter 41 of the Administrative Code. Effective in April 2025, units that are designated as "Residential Units" under the HCO must be rented for periods of 30 days or more.

Block 0287, Lot 020 (447 Bush) is located in the C-3-R (Downtown Retail) District. In the C-3-R District, tourist hotels are conditionally permitted. (Planning Code Section 210.2.)

Planning Code Section 317 requires a conditional use authorization to remove or change the use of a residential unit.

Article 4 of the Planning Code imposes impact fees and related requirements on certain changes in use of a property.

Section 106A.1.12 of the Building Code requires a permit and fees for a change in occupancy or use of a building.

Amendments to Current Law

This ordinance amends Planning Code Section 210.2 to principally permit up to 51 tourist hotel rooms at Block 0287, Lot 020 (447 Bush). In an uncodified section, the ordinance waives the required conditional use authorization for the conversion of 38 residential hotel rooms under the HCO into tourist hotel rooms at 447 Bush. The ordinance waives any associated development impact fees and development impact requirements on the conversion of the 38 rooms.

The ordinance also provides that the conversion of the 38 rooms at 447 Bush shall occur simultaneously with the application of the HCO to 27 group housing rooms at 412-422 Hayes Street and seven group housing rooms at 319-321 Ivy Street (both addresses share the same Assessor's Parcel Block 0808, Lot 007). The Department of Building Inspection shall issue certificates of use to reflect the changes in use of all the aforementioned properties. The ordinance waives any associated fees in the issuance of the certificates of use.

Background Information

This ordinance is a companion ordinance to the ordinance in Board File No. _____, which approves the settlement of claims in *Hotel Des Arts, LLC v. City and County of San Francisco et al.* (Northern District of California, Case No. 3:23-cv-02933) filed on June 14, 2023. That lawsuit challenges 2023 amendments to the HCO (Board File No. 220815, Ord. No. 36-23) that define Tourist or Transient use as a stay of less than 30 days and establish a two-year amortization period. Material terms of the settlement require the City to permit the conversion of the existing 38 residential hotel rooms at 447 Bush Street to tourist hotel rooms under Administrative Code Chapter 41 in exchange for conversion of 27 group housing rooms and associated amenities at 412-422 Hayes and seven group housing rooms and associated amenities at 319-321 Ivy Street to Residential Hotel Rooms subject to the HCO.

This ordinance is conditioned on enactment of the companion ordinance approving settlement of claims in *Hotel Des Arts, LLC v. City and County of San Francisco et al.*