

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Budget and Legislative Analyst

FROM: John Carroll, Assistant Clerk, Land Use and Transportation Committee

DATE: April 23, 2025

SUBJECT: LEGISLATION AMENDED - FISCAL IMPACT DETERMINATION

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The Board of Supervisors' Land Use and Transportation Committee (a nonfiscal committee) amended the following legislation on April 21, 2025. Pursuant to Administrative Code, Section 2.6-3, the new version is being forwarded to you as it was initially determined not to have fiscal impact.

**File No. 241069-2**

**Ordinance amending the Planning and Subdivision Codes to allow separate conveyance of certain Accessory Dwelling Units and associated primary residences as condominiums; affirming the Planning Department's determination under the California Environmental Quality Act ("CEQA"); making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.**

If the new version is determined to have fiscal impact, the legislation will need to be referred to a fiscal committee before it can be referred to the full Board for approval.

Please send your determination or contact with me any questions at (415) 554-4445 or email: [john.carroll@sfgov.org](mailto:john.carroll@sfgov.org).

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**RESPONSE FROM THE BUDGET AND LEGISLATIVE ANALYST - Date: \_\_\_\_\_**

- ☐ This matter has fiscal impact.
- ☐ This matter does not have fiscal impact.
- ☐ Additional information attached.

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**Budget and Legislative Analyst**

**From:** [Menard, Nicolas \(BUD\)](#)  
**To:** [Carroll, John \(BOS\)](#)  
**Cc:** [Somera, Alisa \(BOS\)](#); [Goncher, Dan \(BUD\)](#); [BOS Legislation, \(BOS\)](#)  
**Subject:** RE: REFERRAL BLA - FISCAL IMPACT DETERMINATION REQUEST - AMENDED IN LUT - BOS File No. 241069 - Planning, Subdivision Codes - Condominium Conversion of Accessory Dwelling Units  
**Date:** Wednesday, April 23, 2025 3:23:09 PM  
**Attachments:** [image001.png](#)

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Hi John

This ordinance, as amended, does not have fiscal impact.

Nicolas Menard  
Budget & Legislative Analyst's Office  
415-484-5485

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**From:** Carroll, John (BOS) <john.carroll@sfgov.org>  
**Sent:** Wednesday, April 23, 2025 3:13 PM  
**To:** Menard, Nicolas (BUD) <nicolas.menard@sfgov.org>  
**Cc:** Somera, Alisa (BOS) <alisa.somera@sfgov.org>; Goncher, Dan (BUD) <dan.goncher@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>  
**Subject:** REFERRAL BLA - FISCAL IMPACT DETERMINATION REQUEST - AMENDED IN LUT - BOS File No. 241069 - Planning, Subdivision Codes - Condominium Conversion of Accessory Dwelling Units

Good afternoon,

The subject ordinance was amended in LUT on April 21, 2025. It was then continued as amended to the April 28, 2025 LUT meeting.

At the time of introduction this ordinance was determined to not have fiscal impact.

[Referral to BLA – April 23, 2025](#)

Pursuant to Admin Code, Section 2.6-3, please review the amended ordinance to determine whether the amendments result in the legislation having a fiscal impact.

You are invited to review the entire matter on our [Legislative Research Center](#) by following the link below.

[Board of Supervisors File No. 241069](#)

Best to you,

[Planning, Subdivision Codes - Condominium Conversion of Accessory Dwelling Units]

**Ordinance amending the Planning and Subdivision Codes to allow separate conveyance of certain Accessory Dwelling Units and associated primary residences~~dwelling units~~ as condominiums; affirming the Planning Department's determination under the California Environmental Quality Act ("CEQA"); making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.**

NOTE: **Unchanged Code text and uncoded text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Background and General Findings.

(a) San Francisco has been grappling with a housing affordability crisis for the past couple of decades; a crisis felt by low-, moderate-, and, more recently, middle-income households. To address this ongoing crisis, San Francisco has adopted a Housing Element that calls for the production of 82,069 new housing units by 2031.

(b) San Francisco's housing crisis stifles economic growth, contributes to the homelessness epidemic, consumes an ever-growing share of the paychecks of working families, and limits tens of thousands of residents from achieving the dream of homeownership. Decades of restrictive zoning, land use decisions, and burdensome

1 permitting policies have contributed to the gap between San Francisco's housing needs for all  
2 income levels and the available supply of housing.

3 (c) As the cost of living in San Francisco has ballooned over the years, the City has  
4 lost much of the social, cultural, and economic diversity that once was central to its identity.  
5 Entry-level housing options serve the diverse communities that reflect the City's essential  
6 values. But San Francisco has been unable to provide the needed housing for the wide range  
7 of workers that our economy requires and the wide range of individuals and families that  
8 ought to be able to live in our community.

9 (d) San Francisco's homeownership rates are among the lowest in California and  
10 nationwide. High median home prices, supply limitations, and high development costs have  
11 made economically attainable homeownership increasingly out of reach for many San  
12 Franciscans, particularly immigrants, communities of color, and first-time homebuyers.

13 (e) San Francisco's housing shortage limits economic mobility and opportunity for the  
14 City's workforce and residents. It contributes to longer commutes, overcrowding, and a  
15 decline in the quality of life in the City.

16 (f) According to the Federal Reserve's 2022 Survey of Consumer Finances,  
17 homeownership is a powerful tool for closing the racial and ethnic wealth gap in our society.  
18 Without question, homeownership remains one of the most effective ways in which all San  
19 Franciscans can build wealth and assets.

20 (g) Small, multi-family housing construction projects in San Francisco, including the  
21 construction and legalization of Accessory Dwelling Units ("ADUs"), have historically faced  
22 unique challenges and constraints. The combination of high land values and construction  
23 costs presents significant barriers that discourage the average homeowner and developer  
24 from pursuing this type of housing. In addition, small housing projects in well-resourced  
25

1 neighborhoods have often faced strong localized opposition, which undermines community  
2 support for this type of housing as reasonable, appropriate, and a viable option to build.

3 (h) This ordinance authorizes the separate conveyance of primary ~~dwelling units~~  
4 residences and ADUs as condominiums. The goal is to provide an option to homeowners and  
5 property owners to expediently seek a return on the capital investment required to construct  
6 ADUs, while reducing long-term liabilities and potential risks associated with managing rental  
7 property. The intent is to incentivize the production of ADUs, especially in neighborhoods  
8 dominated by single-family homes, and thereby increase the supply of affordable, entry-level  
9 housing units.

10 (i) ADUs are an affordable housing option because they do not require the purchase of  
11 land, major new infrastructure, structured parking, or elevators. These units can be built using  
12 cost-effective wood frame construction, which is significantly less costly than homes in new  
13 multifamily infill buildings, while providing as much living space as many newly-built  
14 apartments and condominiums. Reducing construction costs on ADUs when sold separately  
15 as condominiums can help reduce for-sale prices of these units and increase the supply of  
16 entry-level homes.

17 (j) According to the Planning Department's 2022 Housing Element and the United  
18 States Census Bureau, nearly 30% of San Francisco's housing stock is comprised of single-  
19 family homes, totaling 122,816 housing units. About two-thirds of these single-family homes –  
20 an estimated 66% – are owner-occupied. Despite high home prices, 50% of single-family  
21 homes are owned by moderate- or low-income owners. Single-family homes have much  
22 lower turnover rates than multifamily ownership units or rental units. Forty-six percent of  
23 single-family homes have been owner-occupied for 20 years or more, and 70% have been  
24 owner-occupied for 10 years or more. These longtime residents are often pillars of  
25 neighborhood identity, diversity, and culture. Allowing these homeowners the option to build

1 and separately convey their ADUs as condominiums presents a significant opportunity to  
2 increase production of new, desperately needed housing units within existing, well-resourced  
3 neighborhoods. This would help provide sufficient housing for current residents and future  
4 generations, and help support and maintain a city with diverse cultures, family structures, and  
5 communities, without having to rely on large-scale area plans and capital-intensive, large-lot  
6 redevelopment projects.

7 (k) Longtime homeowners are often constrained by limited liquidity and cash assets,  
8 even as the value of their home and property has appreciated over decades. Access to this  
9 accrued wealth is typically only possible when these assets are sold, which can displace  
10 longtime residents and separate multigenerational extended families. The City can help  
11 prevent such displacement and create opportunities to build generational wealth by allowing  
12 these homeowners the option to convey an ADU separately from the owner-occupied primary  
13 dwelling unit. This option allows seniors to age in place as they require more care, and  
14 provides an additional source of income for homeowners.

15 (l) Nothing in this ordinance is intended to promote speculative real estate investments  
16 that may seek to displace current residents, demolish existing housing stock, build new units,  
17 and quickly sell those units. Further, nothing in this ordinance is intended to reduce the  
18 supply of ADUs subjected to rent control under Planning Code Section 207.1.

19 (m) This Board of Supervisors finds that the separate conveyance of ADUs as  
20 condominiums is consistent with the City's obligation to affirmatively further fair housing  
21 pursuant to California Government Code Section 8899.50 et seq. Promoting greater density  
22 within well-resourced neighborhoods in this manner meaningfully addresses significant  
23 disparities in housing needs, fosters positive economic and health outcomes, and increases  
24 access to high-quality neighborhood resources and areas of opportunity. In addition, the  
25 Board finds that this ordinance broadly supports the goals and objectives in the Housing

1 Element of the General Plan, and furthers Program Area 7: Expanding Housing Choice, and  
2 Implementing Program Area 7.4: Accessory Dwelling Units.

3  
4 Section 2. Environmental and Land Use Findings.

5 (a) The Planning Department has determined that the actions contemplated in this  
6 ordinance comply with the California Environmental Quality Act (California Public Resources  
7 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of  
8 Supervisors in File No. 241069 and is incorporated herein by reference. The Board affirms  
9 this determination.

10 (b) On February 13, 2025, the Planning Commission, in Resolution No. 21684,  
11 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
12 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The  
13 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of  
14 the Board of Supervisors in File No. 241069, and is incorporated herein by reference.

15 (c) Pursuant to Planning Code Section 302, the Board finds that these Planning Code  
16 amendments will serve the public necessity, convenience, and welfare for the reasons set  
17 forth in Planning Commission Resolution No. 21684, and the Board incorporates such  
18 reasons herein by reference. A copy of said resolution is on file with the Clerk of the Board of  
19 Supervisors in File No. 241069.

20  
21 Section 3. Article 2 of the Planning Code is hereby amended by revising Sections  
22 207.1 and 207.2, and adding Section 207.4, to read as follows:

23  
24 **SEC. 207.1. LOCAL ACCESSORY DWELLING UNIT PROGRAM.**

1           **(a) Exception to Dwelling Unit Density Limits for Certain Accessory Dwelling**  
2 **Units Under City’s Local Program.** An exception to the calculations under Section 207 of  
3 this Code shall be made for Accessory Dwelling Units (“ADUs”), as defined in Section 102 of  
4 this Code, meeting the requirements of this Section 207.1.

5           \* \* \* \*

6           **(e) Restrictions on Subdivisions.** Notwithstanding the provisions of Article 9 of the  
7 Subdivision Code, a lot with an ADU authorized under this Section 207.1 shall not be  
8 subdivided in a manner that would allow for the ADU to be sold or separately financed  
9 pursuant to any condominium plan, housing cooperative, or similar form of separate  
10 ownership. This prohibition on separate sale or finance of the ADU shall not apply to an ADU:

11           (1) that is located in a building that consisted entirely of condominium units as of  
12 July 11, 2013, and has had no evictions pursuant to Sections 37.9(a) through 37.9(a)(12) and  
13 37.9(a)(14) of the Administrative Code since July 11, 1996; ~~or—This prohibition on separate sale~~  
14 ~~or finance of the ADU shall not apply to an ADU~~

15           \_\_\_\_\_ (2) that meets the requirements of California Government Code Section 66341.5;

16 or

17           \_\_\_\_\_ ~~(3) that meets the requirements of Planning Code Section 207.4.~~

18           \* \* \* \*

19  
20           **SEC. 207.2. STATE MANDATED ACCESSORY DWELLING UNIT PROGRAM.**

21           **(a) Exception to Dwelling Unit Density Limits for Certain Accessory Dwelling**  
22 **Units Under the State-Mandated Program.** An exception to the calculations under Section  
23 207 of this Code shall be made for Accessory Dwelling Units (“ADUs”) and Junior Accessory  
24 Dwelling Units (“JADUs”), as defined in Section 102 of this Code, meeting the requirements of  
25 this Section 207.2. The purpose of this Section 207.2 is to implement California Government



Code Sections 66314 and 66333, which require ministerial consideration of ADUs and JADUs that meet certain standards.

\* \* \* \*

(i) **Rental; Restrictions on Subdivisions.** An ADU or JADU constructed pursuant to this Section 207.2 may be rented and is subject to all applicable provisions of the Residential Rent Stabilization and Arbitration Ordinance (Chapter 37 of the Administrative Code). Notwithstanding the provisions of Article 9 of the Subdivision Code, a lot with an ADU or JADU authorized under this Section 207.2 shall not be subdivided in a manner that would allow for the ADU or JADU to be sold or separately financed pursuant to any condominium plan, housing cooperative, or similar form of separate ownership, except that this prohibition on separate sale or finance of the ADU shall not apply to an ADU that meets the requirements of either: California Government Code Section 66333(f), or that meets the requirements of Planning Code Section 207.4 and Subdivision Code Section 1316.

\* \* \* \*

**SEC. 207.4. SEPARATE SALE AND CONVEYANCE CONDOMINIUM CONVERSION  
OF CERTAIN STATE MANDATED ACCESSORY DWELLING UNITS AND ASSOCIATED  
PRIMARY DWELLING UNITS.**

(a) This Section 207.4 sets forth the requirements for conversion of eCertain new or existing Accessory Dwelling Units ("ADUs"), as defined in Section 102 of this Code, approved under the City's state-mandated, ministerial approval programs in Planning Code Section 207.2, or former Planning Code subsection 207(c)(6), may be separately sold or conveyed from the primary residence, if the subdivision of those units is approved pursuant to the Subdivision Code, and associated primary dwelling units, into condominiums. These condominiums may be sold or otherwise conveyed separately from the primary residence only under the conditions set forth in

1 this Section 207.4 and in compliance with the San Francisco Subdivision Code. Applications to  
2 construct ADUs may be submitted concurrently with any application to subdivide the parcel.

3 (b) ~~Eligibility. Only ADU projects meeting the following requirements are eligible for~~  
4 ~~condominium conversion under this Section 207.4:~~

5 ——— (1) ~~For ADUs approved under the City's state-mandated, ministerial approval~~  
6 ~~programs in Planning Code Section 207.2, or former Planning Code subsection 207(c)(6), an~~  
7 ~~application to construct such ADUs must have been submitted on or after January 1, 2020.~~

8 ——— (2) ~~For ADUs approved under the City's local, discretionary approval program in~~  
9 ~~Planning Code Section 207.1, an application to construct such ADUs must have been~~  
10 ~~submitted on or after November 1, 2024.~~

11 ——— (3) ~~The lot proposed for subdivision, or the building within which any ADU will~~  
12 ~~be constructed, contains four or fewer existing dwelling units.~~

13 ——— (4) ~~All structures and buildings included as part of a condominium project~~  
14 ~~authorized under this Section 207.4 shall all applicable Building and Planning Code~~  
15 ~~requirements. The conversion of ADUs and associated primary dwelling units to~~  
16 ~~condominium units shall not reduce or eliminate any Building and Planning Codes~~  
17 ~~requirements applicable to any such units.~~

18 ——— (5) ~~Junior ADUs. Junior ADUs shall not be eligible for conversion to~~  
19 ~~condominiums under this Section 207.4.~~

20 (c) ~~Requirements.~~

21 (1) ~~All condominiums converted from ADUs and associated primary dwelling~~  
22 ~~units under this Section 207.4 shall be created pursuant to the Davis-Stirling Common Interest~~  
23 ~~Development Act (Part 5 (commencing with Section 4000) of Division 4 of the California Civil~~  
24 ~~Code).~~

1                   ~~(2) All condominiums converted from ADUs and associated primary dwelling~~  
2 ~~units under this Section 207.4 shall be created in conformance with all applicable objective~~  
3 ~~requirements of the Subdivision Map Act (Division 2 (commencing with Section 66410) of the~~  
4 ~~California Government Code) and all objective requirements of the San Francisco Subdivision~~  
5 ~~Code.~~

6                   ~~(3) Safety Inspection. Prior to the recordation of the condominium plan, a~~  
7 ~~safety inspection of the ADU shall be conducted as evidenced either through a certificate of~~  
8 ~~occupancy or a housing quality standards report from a building inspector certified by the~~  
9 ~~United States Department of Housing and Urban Development.~~

10                   ~~(4) Lienholder Consent. Neither a subdivision map nor a condominium plan~~  
11 ~~shall be recorded without each lienholder's consent. A lienholder may refuse to give consent.~~  
12 ~~A lienholder may also consent provided that any terms and conditions required by the~~  
13 ~~lienholder are satisfied. Prior to recordation of the initial or any subsequent modifications to~~  
14 ~~the condominium plan, written evidence of the lienholder's consent shall be provided to the~~  
15 ~~Assessor Recorder along with a signed statement from each lienholder that states as follows:~~  
16 ~~"[Name of lienholder] hereby consents to the recording of this condominium plan in their sole~~  
17 ~~and absolute discretion and the borrower has or will satisfy any additional terms and~~  
18 ~~conditions the lienholder may have." A lienholder's consent shall be included on the~~  
19 ~~condominium plan or a separate form attached to the condominium plan that includes the~~  
20 ~~following information:~~

21                                 ~~(A) The lienholder's signature.~~

22                                 ~~(B) The name of the record owner or ground lessee.~~

23                                 ~~(C) The legal description of the real property.~~

24                                 ~~(D) The identities of all parties with an interest in the real property as~~  
25 ~~reflected in the real property records.~~

1                               ~~(E) The lienholder's consent shall be recorded with the Assessor-~~  
2 Recorder.

3                               ~~(5) Notice. The City shall include the following notice on any ADU submittal~~  
4 ~~checklist or public information that describes the requirements and permitting for ADUs, and~~  
5 ~~shall include the following notice as part of the conditions of any ADU building permit or~~  
6 ~~condominium plan approval:~~

7  
8                               ~~"NOTICE: If you are considering establishing your primary dwelling unit and~~  
9 ~~accessory dwelling unit as a condominium, please ensure that your building permitting~~  
10 ~~agency allows this practice. If you decide to establish your primary dwelling unit and~~  
11 ~~accessory dwelling unit as a condominium, your condominium plan or any future~~  
12 ~~modifications to the condominium plan must be recorded with the County Recorder.~~  
13 ~~Prior to recordation or modification of your subdivision map and condominium plan, any~~  
14 ~~lienholder with a lien on your title must provide a form of written consent either on the~~  
15 ~~condominium plan, or on the lienholder's consent form attached to the condominium~~  
16 ~~plan, with text that clearly states that the lender approves recordation of the~~  
17 ~~condominium plan and that you have satisfied their terms and conditions, if any.~~

18                               ~~In order to secure lender consent, you may be required to follow additional~~  
19 ~~lender requirements, which may include, but are not limited to, one or more of the~~  
20 ~~following:~~

21                               ~~(a) Paying off your current lender.~~

22                               ~~You may pay off your mortgage and any liens through a refinance or a new loan.~~  
23 ~~Be aware that refinancing or using a new loan may result in changes to your interest~~  
24 ~~rate or tax basis. Also, be aware that any subsequent modification to your subdivision~~

1 map or condominium plan must also be consented to by your lender, which consent  
2 may be denied.

3 (b) Securing your lender's approval of a modification to their loan collateral due  
4 to the change of your current property legal description into one or more condominium  
5 parcels.

6 (c) Securing your lender's consent to the details of any construction loan or  
7 ground lease.

8 This may include a copy of the improvement contract entered in good faith with  
9 a licensed contractor, evidence that the record owner or ground lessee has the funds to  
10 complete the work, and a signed statement made by the record owner or ground lessor  
11 that the information in the consent above is true and correct.”  
12

13 (6) Notice to Utility Providers. If an ADU is converted to a condominium, the  
14 property owner shall notify providers of utilities, including water, sewer, gas, and electricity, of  
15 the creation of the condominium and any separate conveyance.

16 (7) Additional Requirements for Projects in Planned Developments. The owner  
17 of a property or a separate interest within an existing planned development that has an  
18 existing association, as defined in Section 4080 of the California Civil Code, shall not record a  
19 condominium plan to create a common interest development under Section 4100 of the  
20 California Civil Code that includes an ADU authorized under this Section 207.4 without  
21 express written authorization by the existing association. For purposes of this subsection  
22 (c)(7), written authorization by the existing association means approval by the board at a duly  
23 noticed board meeting, as defined in Section 4090 of the California Civil Code, and, if needed  
24 pursuant to the existing association's governing documents, membership approval of the  
25 existing association.

1            (bd) **Review of Program.** The Planning Department shall include the location and number of  
2 units of projects approved as for conversion to condominiums under this Section 207.4 and the  
3 Subdivision Code in the Housing Inventory Report. Prior to December 31, 2030, the Planning  
4 Department shall prepare and submit to the Planning Commission a report containing  
5 recommendations as necessary or appropriate for modifications to this Section 207.4 the program  
6 allowing the separate sale and conveyance of state-mandated ADUs, including modifications to  
7 further the goals of the City's Seventh Housing Element Cycle.

8  
9            Section 4. Articles 2, 3, and 9 of Division 1 of the Subdivision Code isare hereby  
10 amended by revising Section 1308, and adding Sections 1316 and 1396.8, to read as follows:

11  
12            **SEC. 1308. SUBDIVISIONS.**

13            (a) "Common areas" shall mean an entire project excepting all units therein granted  
14 or reserved.

15            (b) "Community Apartments" shall mean an estate in real property consisting of an  
16 undivided interest in common in a parcel of real property and the improvements thereon  
17 coupled with the right of exclusive occupancy of any apartment located therein.

18            (c) "Condominium" shall mean an estate in real property consisting of an undivided  
19 interest in common in a portion of a parcel of real property together with a separate interest in  
20 space in a residential, industrial, or commercial building on such real property, such as an  
21 apartment, office, or store. A Condominium may include in addition a separate interest in  
22 other portions of such real property. Such estate may, with respect to the duration of its  
23 enjoyment, be either (1) an estate of inheritance or perpetual estate, (2) an estate for life, or  
24 (3) and estate for years, such as a leasehold or subleasehold. This definition is intended to  
25 conform to Section 783 of the California Civil Code and any other section of California law.

(d) "Conversion" shall mean a subdivision which changes the type of ownership of real property to that defined as a Condominium project, Community Apartment project or Stock Cooperative and in which two or more condominiums, community apartments or units in a stock cooperative are newly created wholly or in substantial part within an existing residential structure or structures, regardless of the present or prior use of such structures and of whether substantial improvements have been made to such structures. A conversion also shall include a subdivision that: (1) is created wholly or in substantial part within an existing residential structure or structures, regardless of the present or prior use of such structures and of whether substantial improvements have been made to such structures and (2) divides one or more of the existing residential dwelling units into separate lots, parcels, or units. A conversion also shall include a subdivision involving certain Accessory Dwelling Units and an associated primary residence under Section 1396.8, and Planning Code Section 207.4.

\* \* \* \*

**SEC. 1316. SEPARATE SALE AND CONVEYANCE OF CERTAIN STATE MANDATED ACCESSORY DWELLING UNITS AND ASSOCIATED PRIMARY RESIDENCES.**

(a) Notwithstanding any other provisions of this Code, a subdivider shall be eligible to submit an application for separate sale and conveyance of Accessory Dwelling Units ("ADUs") and associated primary residences that satisfy the requirements of this Section 1316 and/or include said ADUs in a condominium map application for a project approved pursuant to Planning Code Section 207.4. For purposes of this Section 1316, primary residence shall mean the whole of an existing or new residential structure or complex, which may contain one or more individual dwelling units. Applications under this Section 1316 shall be subject to the following requirements:

1           **(b) Eligibility.** ADUs are eligible for separate sale and conveyance under this Section  
2 1316 if all of the following requirements are met:

3                   (1) The lot proposed for subdivision contains four or fewer existing individual  
4 dwelling units.

5                   (2) An application to construct the ADU was submitted on or after May 1, 2025,  
6 or no certificate of occupancy has been issued for the ADU.

7                   (3) The ADU is either:

8                           (A) constructed on a property containing an existing single-family  
9 dwelling or existing condominiums, and such ADU (i) is constructed after January 1, 2020; (ii)  
10 is detached from the existing dwelling or condominiums; (iii) is approved under the City's  
11 state-mandated, ministerial approval programs in Planning Code Section 207.2 or former  
12 Planning Code subsection 207(c)(6); and (iv) does not convert space within any existing  
13 structure; or

14                           (B) constructed on a property containing a new proposed single-family  
15 home or new proposed condominium project, and such ADU is a newly-constructed, detached  
16 or attached ADU approved under the City's state-mandated, ministerial approval programs in  
17 Planning Code Section 207.2 or former Planning Code subsection 207(c)(6).

18                   (4) The unit is not a Junior ADU, as defined in Planning Code Section 102.

19           (c) All condominiums created from ADUs and associated primary residence under this  
20 Section 1316 shall be created pursuant to the Davis-Stirling Common Interest Development  
21 Act (Part 5 (commencing with Section 4000) of Division 4 of the California Civil Code).

22           (d) All condominiums created from ADUs and associated primary residence under this  
23 Section 1316 shall be created in conformance with all applicable objective requirements of the  
24 Subdivision Map Act (Division 2 (commencing with Section 66410) of the California  
25 Government Code) and all objective requirements of this Code.



1           (e) **Safety Inspection.** Prior to the recordation of the condominium plan, a safety  
2 inspection of the ADU shall be conducted as evidenced either through a certificate of  
3 occupancy or a housing quality standards report from a building inspector certified by the  
4 United States Department of Housing and Urban Development.

5           (f) **Lienholder Consent.** Neither a subdivision map nor a condominium plan shall be  
6 recorded without each lienholder's consent. A lienholder may refuse to give consent. A  
7 lienholder may also consent provided that any terms and conditions required by the lienholder  
8 are satisfied. Prior to recordation of the initial or any subsequent modifications to the  
9 condominium plan, written evidence of the lienholder's consent shall be provided to the  
10 Assessor-Recorder along with a signed statement from each lienholder that states as follows:  
11 "[Name of lienholder] hereby consents to the recording of this condominium plan in their sole  
12 and absolute discretion and the borrower has or will satisfy any additional terms and  
13 conditions the lienholder may have." A lienholder's consent shall be included on the  
14 condominium plan or a separate form attached to the condominium plan that includes the  
15 following information:

16                     (1) The lienholder's signature.

17                     (2) The name of the record owner or ground lessee.

18                     (3) The legal description of the real property.

19                     (4) The identities of all parties with an interest in the real property as  
20 reflected in the real property records.

21                     (5) The lienholder's consent shall be recorded with the Assessor-  
22 Recorder.

23           (g) **Notice.** The City shall include the following notice on any ADU submittal checklist  
24 or public information that describes the requirements and permitting for ADUs, and shall

1 include the following notice as part of the conditions of any ADU building permit or  
2 condominium plan approval:

3  
4 “NOTICE: If you are considering establishing your primary dwelling unit and  
5 accessory dwelling unit as a condominium, please ensure that your building permitting  
6 agency allows this practice. If you decide to establish your primary dwelling unit and  
7 accessory dwelling unit as a condominium, your condominium plan or any future  
8 modifications to the condominium plan must be recorded with the County Recorder.  
9 Prior to recordation or modification of your subdivision map and condominium plan, any  
10 lienholder with a lien on your title must provide a form of written consent either on the  
11 condominium plan, or on the lienholder's consent form attached to the condominium  
12 plan, with text that clearly states that the lender approves recordation of the  
13 condominium plan and that you have satisfied their terms and conditions, if any.

14 In order to secure lender consent, you may be required to follow additional  
15 lender requirements, which may include, but are not limited to, one or more of the  
16 following:

17 (a) Paying off your current lender.

18 You may pay off your mortgage and any liens through a refinance or a new loan.  
19 Be aware that refinancing or using a new loan may result in changes to your interest  
20 rate or tax basis. Also, be aware that any subsequent modification to your subdivision  
21 map or condominium plan must also be consented to by your lender, which consent  
22 may be denied.

23 (b) Securing your lender's approval of a modification to their loan collateral due  
24 to the change of your current property legal description into one or more condominium  
25 parcels.

1                   (c) Securing your lender's consent to the details of any construction loan or  
2                   ground lease.

3                   This may include a copy of the improvement contract entered in good faith with  
4                   a licensed contractor, evidence that the record owner or ground lessee has the funds to  
5                   complete the work, and a signed statement made by the record owner or ground lessor  
6                   that the information in the consent above is true and correct.”

7  
8                   (h) **Notice to Utility Providers.** If an ADU is approved for separate sale or  
9                   conveyance as a condominium, the property owner shall notify providers of utilities, including  
10                  water, sewer, gas, and electricity, of the creation of the condominium and any separate  
11                  conveyance.

12                  (i) **Additional Requirements for Projects in Planned Developments.** The owner of  
13                  a property or a separate interest within an existing planned development that has an existing  
14                  association, as defined in Section 4080 of the California Civil Code, shall not record a  
15                  condominium plan to create a common interest development under Section 4100 of the  
16                  California Civil Code that includes an ADU authorized under this Section 1316 without  
17                  express written authorization by the existing association. For purposes of this subsection  
18                  1316(i), written authorization by the existing association means approval by the board at a  
19                  duly noticed board meeting, as defined in Section 4090 of the California Civil Code, and, if  
20                  needed pursuant to the existing association’s governing documents, membership approval of  
21                  the existing association.

22                   \* \* \* \*

23  
24                   **SEC. 1396.4. CONDOMINIUM CONVERSION FEE AND EXPEDITED CONVERSION**  
25                   **PROGRAM.**

1 (a) **Findings.** The findings of Planning Code Section 415.1 concerning the City's  
2 inclusionary affordable housing program are incorporated herein by reference and support the  
3 basis for charging the fee set forth herein as it relates to the conversion of dwelling units into  
4 condominiums.

5 (b) Any building may be exempted from the annual lottery provisions of Section 1396  
6 if the building owners for said building comply with either: (1) Section 1396.3(g)(1) and all the  
7 requirements of this Section 1396.4; (2) all the requirements of Section 1396.6; ~~or~~ (3) all the  
8 requirements of Section 1396.7; or (4) all the requirements of Section 1396.8. Notwithstanding  
9 the foregoing sentence, no property or applicant subject to any of the prohibitions on  
10 conversions set forth in Section 1396.2, in particular a property with the eviction(s) set forth in  
11 Section 1396.2(b), is eligible for the Expedited Conversion program under this Section 1396.4.  
12 Eligible buildings as set forth in this subsection (b) may exercise their option to participate in  
13 this program according to the following requirements:

14 \* \* \* \*

15 **SEC. 1396.8. CONDOMINIUM CONVERSION OF CERTAIN STATE MANDATED**  
16 **ACCESSORY DWELLING UNITS AND ASSOCIATED PRIMARY DWELLING UNITS UNDER**  
17 **PLANNING CODE SECTION 207.4.**

18 Notwithstanding any other provisions of this Code, a subdivider shall (1) be exempt from the  
19 annual lottery provisions of Section 1396 of this Code with respect to any Accessory Dwelling Units  
20 ("ADUs") and associated Primary Dwelling Units that satisfy the requirements of Section  
21 1316Planning Code Section 207.4; and (2) be eligible to submit a condominium conversion  
22 application for said ADUs and an associated pPrimary residenceDwelling Units and/or include said  
23 ADUs in a condominium map application for a project approved pursuant to Planning Code Section  
24 207.4. Notwithstanding the foregoing sentence, no property or applicant subject to any of the  
25 prohibitions on conversions set forth in Section 1396.2 of this Code, including but not limited to a

1 property with the eviction(s) set forth in Section 1396.2(b), shall be eligible for condominium  
2 conversion under this Section 1396.8. For purposes of this Section 1396.8, primary residence  
3 shall mean the whole of an existing or new residential structure or complex, which may  
4 contain one or more individual dwelling units.

5  
6 Section 5. Effective Date. This ordinance shall become effective 30 days after  
7 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
8 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
9 of Supervisors overrides the Mayor's veto of the ordinance.

10  
11 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
15 additions, and Board amendment deletions in accordance with the "Note" that appears under  
16 the official title of the ordinance.

17  
18 APPROVED AS TO FORM:  
19 DAVID CHIU, City Attorney

20 By: /s/ Peter Miljanich  
21 PETER MILJANICH  
Deputy City Attorney

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**REVISED LEGISLATIVE DIGEST**  
*(Amended in Committee – April 21, 2025)*

[Planning, Subdivision Codes - Condominium Conversion of Accessory Dwelling Units]

**Ordinance amending the Planning and Subdivision Codes to allow separate conveyance of certain Accessory Dwelling Units and associated primary residences as condominiums; affirming the Planning Department’s determination under the California Environmental Quality Act (“CEQA”); making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 302.**

Existing Law

The Planning Code sets forth both the City’s local, discretionary accessory dwelling unit (“ADU”) approval program (Planning Code Section 207.1) and the City’s state-mandated, ministerial ADU approval program (Planning Code Section 207.2). Under both programs, with limited exceptions, a lot containing an ADU may not be subdivided in a manner that would allow for the ADU to be sold or separately financed pursuant to any condominium plan, housing cooperative, or similar form of separate ownership.

Amendments to Current Law

This ordinance would amend the Subdivision Code, and add new Planning Code Section 207.4, to create a process by which property owners may sell or separately finance certain new or existing ADUs, and associated primary residences, as condominiums. Among other requirements, this ordinance would require all condominiums created from ADUs and associated primary residences to be created pursuant to the Davis-Stirling Common Interest Development Act (Part 5 (commencing with Section 4000) of Division 4 of the California Civil Code), and in conformance with all applicable objective requirements of the California Subdivision Map Act and the San Francisco Subdivision Code. This ordinance would also require any lienholder to consent to the subdivision of any ADUs and associated primary residences.

This ordinance would also require the Planning Department, prior to December 31, 2030, to prepare and submit to the Planning Commission a report containing recommendations as necessary or appropriate for modifications to this ADU condominium conversion program.

Background Information

Assembly Bill 1033, authored by Assembly member Ting, took effect on January 1, 2024 and amended state law to explicitly allow the conversion of accessory dwelling units and associated primary residences into condominiums.

This ordinance reflects amendments made by the Board of Supervisors at the April 21, 2025 meeting of the Land Use and Transportation Committee. Among other changes, these amendments modify the eligibility criteria for projects and generally narrow the circumstances in which accessory dwelling units and associated primary residences may be subdivided.

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