

REVISED LEGISLATIVE DIGEST
(Amended in Committee, 2/27/2023)

[Administrative Code - Definition of Tourist or Transient Use under Hotel Conversion Ordinance; Amortization Period]

Ordinance amending the Administrative Code to add a definition of Tourist or Transient Use under the Residential Hotel Unit Conversion and Demolition Ordinance; to set the term of tenancy for such use at less than seven days, for two years after the effective date of this Ordinance, and, after that two-year period, at less than 30 days; to provide an amortization period applicable to hotels currently regulated under the Ordinance; to provide a process by which the owners or operators of regulated hotels can request that the amortization period be longer, on a case-by-case basis; to amend the definition of Permanent Resident, from a person who occupies a room for at least 32 days to one who occupies a room for at least 30 days; and affirming the Planning Department’s determination under the California Environmental Quality Act.

Existing Law

Chapter 41 of the Administrative Code contains the Residential Hotel Unit Conversion Ordinance (HCO), which regulates single room occupancy (SRO) hotels in the City. Currently, the HCO does not include a definition of what constitutes a tourist or transient use.

Amendments to Current Law

This ordinance would amend the HCO to add a definition of “Tourist or Transient Use;” to mean:

- For two years after the effective date of the ordinance, “any use of a guest room for less than a 7-day term of tenancy by a party other than a Permanent Resident;” and
- After those two years, “any use of a guest room for less than a 30-day term of tenancy by a party other than a Permanent Resident,” unless a hotel owner or operator demonstrates that a longer time is necessary to recover reasonable investments in the owner or operator’s hotel.

The ordinance provides that a hotel owner or operator may seek to extend the time during which the terms “Tourist or Transient Use” means “any use of a guest room for less than a 7-day term of tenancy by a party other than a Permanent Resident” beyond the two year period, by filing a request with the Building Inspection Commission six months prior to the expiration of that two-year period. The ordinance sets forth criteria for the Building Inspection Commission to take into account, when considering a reasonable extension of time, such as:

the total cost of the hotel owner or operator's investments in the hotel; the length of time those investments have been in place; suitability of the investments for residential hotel use; and any other relevant factors to determining the owner or operator's reasonable return on investments.

The ordinance mandates that Building Inspection Commission staff amply publicize the deadline to request an extension with the Commission, to give notice to interested hotel owners of the provisions of the procedures to obtain such an extension. Further, the Ordinance requires that the Commission consider the application at a public hearing.

Background Information

Board of Supervisors File No. 190946 contains a similar ordinance. This ordinance updates the amortization period to run for two years from the effective date of the ordinance.

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