

1 [Tourist Hotel Conversion.]

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3 **Ordinance amending the San Francisco Administrative Code to add Chapter 41F to**
4 **prohibit the conversion of existing tourist hotel structures with ~~50~~100 or more tourist**
5 **guest rooms to condominium projects or dwelling units, with certain exceptions; and**
6 **adopting findings, including environmental findings.**

7 Note: Additions are *single-underline italics Times New Roman*;
8 deletions are ~~*strikethrough italics Times New Roman*~~.
9 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

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

11 Section 1. Environmental Findings. The Planning Department has determined that the
12 actions contemplated in this Ordinance are in compliance with the California Environmental
13 Quality Act (California Public Resources Code section 21000 et seq.). Said determination is
14 on file with the Clerk of the Board of Supervisors in File No. _____ and is
15 incorporated herein by reference.

16 Section 2. Findings.

17 (a) As one of the country's premier travel destinations, the City and County of San
18 Francisco depends on visitors for its economic health and well-being.

19 (b) In 2003, according to the California Employment Development Department,
20 leisure and hospitality services accounted for nearly one out of every seven jobs in the City,
21 and the San Francisco hotel industry employed over 17,000 workers.

22 (c) In 2004, according to the Convention and Visitors Bureau, San Francisco hotels
23 hosted 4.2 million guests who contributed \$4.07 billion to the City's economy. On average,
24 each hotel room in the City brought in \$123,000 in visitor spending and supported two jobs.

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1 (d) There are roughly 33,000 tourist hotel rooms in the City, spread across
2 approximately 200 hotels. The majority of these tourist hotel rooms are located in
3 approximately 44580 large hotels with 50100 or more tourist hotel rooms each.

4 (e) Competition between cities for major conventions, requiring in excess of 8,000
5 rooms, is intense. San Francisco has invested hundreds of millions of dollars in improving its
6 tourism infrastructure, including the construction of public facilities for major conventions.
7 Large conventions depend on a reliable supply of hotel rooms concentrated at one site. The
8 ability of San Francisco to compete for major conventions or events (e.g. a national
9 presidential convention) or to bid for events such as the Olympics, will be compromised if the
10 City's major hotels convert tourist hotel rooms to residential use.

11 (f) Residential real estate prices have reached an all-time high in San Francisco.
12 Concerns have been raised that the combination of low interest rates and rising real estate
13 prices in the City will lead to the conversion of tourist hotel units into condominiums. Such
14 conversions have become a growing trend in other cities such as New York City and the
15 Orlando and Miami-Fort Lauderdale area. Such conversions could have a devastating impact
16 on the City's tourism industry and all those whom it employs.

17 (g) In other cities where hotel rooms have been converted to residential
18 condominiums the units have been sold as extremely high-priced housing. According to the
19 Housing Element of the San Francisco General Plan, San Francisco already exceeds its
20 production of market rate housing with a substantial amount of this housing already being
21 produced as high-end housing.

22 (h) Testimony presented before the Board of Supervisor's Land Use Committee
23 further illustrates the importance of the tourism industry to the financial well-being of the City,
24 its residents and workers, the importance of providing high quality and an adequate quantity
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1 of tourist hotel rooms and other amenities to support the tourism industry, and the importance
2 of protecting the City's tourism industry from the vagaries of real estate speculation in order to
3 protect an important source of jobs and revenue for the City. Said testimony is incorporated
4 herein by reference.

5 Section 3. The San Francisco Administrative Code is hereby amended by adding
6 Chapter 41F, to read as follows:

7 CHAPTER 41F TOURIST HOTEL CONVERSION

8 SEC. 41F.1. TITLE.

9 This Chapter may be referred to as the Tourist Hotel Conversion Ordinance.

10 SEC. 41F.2. DEFINITIONS.

11 (a) "Condominium Project" shall mean (i) a Community Apartment as defined in Section
12 1308(b) of the Subdivision Code; (ii) a Condominium as defined in Section 1308(c) of the Subdivision
13 Code; or (iii) a Stock Cooperative as defined in Section 1308(f) of the Subdivision Code; (iv) any other
14 subdivided interest in land.

15 (b) "Convert" shall mean: (i) to change the type of ownership of any real property to that
16 defined as a Condominium Project and in which two or more units are newly created wholly or in
17 substantial part within an existing Large Tourist Hotel, regardless of whether substantial improvements
18 have been made to such structures; or (ii) to change one or more guest rooms, one or more suites of
19 rooms, or any portion thereof within an existing Large Tourist Hotel into a Dwelling Unit.

20 (c) "Dwelling Unit" shall mean any building or portion thereof that contains living
21 facilities, including provisions for sleeping, eating, cooking, and sanitation as required by the Housing
22 Code, for not more than one Family.

23 (d) "Family" shall mean one or more persons, related or unrelated, living together as a
24 single integrated household in a Dwelling Unit.

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1 (e) “Large Tourist Hotel” shall mean any building containing ~~50~~100 or more guest rooms
2 or suites of rooms intended or designated to be used for commercial tourist use by providing
3 accommodation to transient guests on a nightly basis or longer, as contemplated by Section 216(b) of
4 the Planning Code.

5 SEC. 41F.3. CONVERSIONS PROHIBITED.

6 It shall be unlawful for any person to Convert any portion of an existing Large Tourist Hotel,
7 except there shall be no such prohibition under the terms of this Chapter applicable to any
8 Large Tourist Hotel for which an application for environmental evaluation or an application for
9 categorical exemption has been filed prior to July 21, 2005, nor shall this Chapter be
10 applicable to any Large Tourist Hotel with less than 300 rooms that has been closed and is
11 not operating as of July 21, 2005, nor shall this Chapter be applicable to any Large Tourist
12 Hotel owned and/or operated as of the initial effective date of this Chapter by a nonprofit entity
13 with tax exempt status under the Internal Revenue Code if the Conversion would result in the
14 on-site development of housing affordable to households of low and/or median income, as
15 defined in Planning Code Sections 315.1(16) and (17).

16 SEC. 41F.4. ENFORCEMENT.

17 (a) The Department of Building Inspection, in consultation with the Departments of
18 Planning and Public Works, shall be responsible for enforcement of this Chapter as it may relate to
19 physical alterations to a Large Tourist Hotel and may take any appropriate action within its powers to
20 enforce this Chapter, including, but not limited to, denial of any building, construction, or change of
21 use permits. The Department of Public Works, in consultation with the Departments of Building
22 Inspection and Planning, shall be responsible for enforcement of this Chapter as it may relate to
23 actions involving a subdivision under the Subdivision Map Act, California Government Code Sections
24 66410 et seq.

1 **(b) Civil Penalties.**

2 **(1) The Department of Building Inspection or the Department of Public Works may**
3 **recommend to the City Attorney initiation of a civil action hereunder. The City Attorney shall have the**
4 **power to bring an action for injunctive relief to restrain or summary abatement to cause the correction**
5 **or abatement of the violation of this Article and for assessment and recovery of a civil penalty and**
6 **reasonable attorneys' fees for such violation, or other judicial relief hereunder.**

7 **(2) Any person who violates this Article may be liable for a civil penalty, not to exceed \$500**
8 **for each day such violation is committed or permitted to continue, which penalty shall be assessed and**
9 **recovered in a civil action brought in the name of the people of the City by the City Attorney in any**
10 **court of competent jurisdiction. The City Attorney also may seek recovery of the attorneys' fees and**
11 **costs incurred in bringing a civil action pursuant to this Section.**

12 **(c) Criminal Penalties.**

13 **(1) The Department of Building Inspection or the Department of Public Works may**
14 **recommend to the District Attorney initiation of a criminal action hereunder.**

15 **(2) Any person who violates this Article shall be deemed guilty of a misdemeanor. Every**
16 **violation determined to be a misdemeanor is punishable by a fine of not more than \$1,000 or by**
17 **imprisonment in the County Jail for a period of not more than six months, or by both such fines or**
18 **imprisonments.**

19 **SEC 41F.5 SUNSET PROVISION.**

20 **This Chapter shall be repealed 18 months after its initial effective date unless the**
21 **Board of Supervisors, on or before that date, extends or re-enacts it.**

22 **SEC. 41F.56. SEVERABILITY.**

23 **In the event that a court or agency of competent jurisdiction holds that a federal or state law,**
24 **rule or regulation invalidates any clause, sentence, paragraph or section of this ordinance or the**
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1 application thereof to any person or circumstances, it is the intent of the Board of Supervisors that the
2 court or agency sever such clause, sentence, paragraph or section so that the remainder of this
3 ordinance shall remain in effect.

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6 APPROVED AS TO FORM:
7 DENNIS J. HERRERA, City Attorney

8 By: _____
9 Marlena G. Byrne
10 Deputy City Attorney

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