



June 1, 2026

Ms. Angela Calvillo, Clerk
Honorable Supervisor Mandelman
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Transmittal of Planning Department Case Number 2026-002589PCA:**
Hotel Uses in RH Districts
Board File No. 260282

Planning Commission Action: Adopted a Recommendation for Approval with Modification

Dear Ms. Calvillo and Supervisor Mandelman,

On May 21, 2026, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Mandelman. The proposed Ordinance would amend the Planning Code to increase the number of guest rooms for Hotel uses permitted as a Conditional Use in RH-2 (Residential House, Two-Family) and RH-3 (Residential House, Three-Family) Districts from five or fewer rooms to eight or fewer rooms. At the hearing the Planning Commission adopted a recommendation for approval with modifications.

The Commission's proposed modifications were as follows:

- Modify the proposed Ordinance to apply a consistent standard across the Residential Zoning Districts that currently restrict Hotels to five or fewer guest rooms, i.e. RH-2 & 3; RM-1, 2, 3, & 4; RTO-1 and RTO-M.
- Increase the maximum number of Hotel guest rooms permitted from eight rooms to 10 rooms.
- Amend the Hotel and Motel findings of 303(g) to include a criterion for cases where a Hotel is established within a single-family home, specifying that the Planning Commission shall consider the effects on the existing home's quality and viability as an independent dwelling unit.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'V. Flores', with a long horizontal flourish extending to the right.

Veronica Flores
Acting Manager of Legislative Affairs

cc: Kathy Shin, Deputy City Attorney
Renil Bejoy, Aide to Supervisor Mandelman
John Carroll, Office of the Clerk of the Board

ATTACHMENTS :

Planning Commission Resolution
Planning Department Executive Summary



PLANNING COMMISSION RESOLUTION NO. 21918

HEARING DATE: MAY 21, 2026

Project Name: Hotel Uses in RH Districts
Case Number: 2026-002589PCA [Board File No. 260282]
Initiated by: Supervisor Mandelman / Introduced March 17, 2026
Staff Contact: Joseph Sacchi, Senior Planner
Joseph.Sacchi@sfgov.org, 628-652-7308
Reviewed by: Veronica Flores, Acting Manager of Legislative Affairs
Veronica.Flores@sfgov.org, 628-652-7525

RESOLUTION ADOPTING A RECOMMENDATION FOR APPROVAL WITH MODIFICATION OF A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO INCREASE THE NUMBER OF GUEST ROOMS FOR HOTEL USES PERMITTED AS A CONDITIONAL USE IN RH-2 (RESIDENTIAL HOUSE, TWO-FAMILY) AND RH-3 (RESIDENTIAL HOUSE, THREE-FAMILY) DISTRICTS FROM FIVE OR FEWER ROOMS TO EIGHT OR FEWER ROOMS; 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.

WHEREAS, on March 17, 2026 Supervisor Mandelman introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 260282, which would amend the Planning Code to increase the number of guest rooms for Hotel uses permitted as a Conditional Use in RH-2 (Residential House, Two-Family) and RH-3 (Residential House, Three-Family) Districts from five or fewer rooms to eight or fewer rooms;

WHEREAS, the Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on May 21, 2026; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15378 and 15060(c)(2); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby adopts a **recommendation for approval with modifications** of the proposed Ordinance. The Commission's proposed recommendations are as follows:

1. Modify the proposed Ordinance to apply a consistent standard across the Residential Zoning Districts that currently restrict Hotels to five or fewer guest rooms, i.e. RH-2 & 3; RM-1, 2, 3, & 4; RTO-1 and RTO-M.
2. Increase the maximum number of Hotel guest rooms permitted from eight rooms to 10 rooms.
3. Amend the Hotel and Motel findings of 303(g) to include a criterion for cases where a Hotel is established within a single-family home, specifying that the Planning Commission shall consider the effects on the existing home's quality and viability as an independent dwelling unit.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

The Commission supports the overall goals of this Ordinance because it would modestly increase the potentially permitted intensity of Hotel uses in Residential Zoning Districts, while retaining the Conditional Use requirement ensuring that each case is considered in context. The ability to establish Hotels with a greater number of guest rooms could enhance the economic feasibility of maintaining historic residences with a large number of bedrooms, contributing to economic activity and advancing historic preservation objectives.

General Plan Compliance

The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 2

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

Policy 2.3

Maintain a favorable social and cultural climate in the city in order to enhance its attractiveness as a firm location.

URBAN DESIGN ELEMENT

OBJECTIVE 2

CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 2.4

Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

The proposed Ordinance supports the Commerce and Industry Element's goals of supporting our local economy and businesses. Hotels directly support San Francisco's continued role as a visitor destination, with hotel guests patronizing other San Francisco businesses further contributing to the local economy. Allowing moderately more intensive Hotel uses in Residential Districts could potentially increase opportunities for friends and family of San Francisco residents to find visitor accommodations closer to their homes. This will help maintain a favorable social and cultural climate in the city.

The proposed Ordinance would also provide property owners an enhanced revenue-generating opportunity that can be used to preserve and protect historic buildings, which often require significant and costly ongoing maintenance due to advanced age. Therefore, the Ordinance aligns with the promotion of historic preservation called for in Urban Design Policy 2.4.

Planning Code Section 101 Findings

The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing or neighborhood character.

3. That the City's supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby ADOPTS A RECOMMENDATION FOR APPROVAL WITH MODIFICATIONS of the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on May 21, 2026.



Jonas P. Ionin
Commission Secretary

Jonas Ionin Digitally signed by Jonas Ionin
Date: 2026.06.01 12:28:08 -07'00'

AYES: McGarry, So, Braun, Moore, Campbell
NOES: Williams
ABSENT: None
ADOPTED: May 21, 2026



EXECUTIVE SUMMARY

PLANNING CODE TEXT AMENDMENT

HEARING DATE: MAY 21, 2026

90-Day Deadline: June 24, 2026

Project Name: Hotel Uses in RH Districts
Case Number: 2026-002589PCA [Board File No. 260282]
Initiated by: Supervisor Mandelman / Introduced March 17, 2026
Staff Contact: Joseph Sacchi, Senior Planner
Joseph.Sacchi@sfgov.org, 628-652-7308
Reviewed by: Veronica Flores, Acting Manager of Legislative Affairs
Veronica.Flores@sfgov.org, 628-652-7525
Environmental Review: Not a Project Under CEQA

RECOMMENDATION: Adopt a Recommendation for Approval with Modifications

Planning Code Amendment

The proposed Ordinance would amend the Planning Code to increase the number of guest rooms for Hotel uses permitted as a Conditional Use in RH-2 (Residential House, Two-Family) and RH-3 (Residential House, Three-Family) Districts from five or fewer rooms to eight or fewer rooms.

The Way It Is Now:

Hotels containing five or fewer guest rooms or suites of rooms are conditionally permitted within the RH-2 and RH-3 Zoning Districts; Hotels with six or more guest rooms are not permitted.

The Way It Would Be:

Hotels containing eight or fewer guest rooms or suites of rooms would be conditionally permitted within the RH-2 and RH-3 Zoning Districts. Hotels with nine or more guest rooms would not be permitted.

Background

The immediate context for the legislation is a Planning Enforcement complaint related to the unauthorized operation of a Hotel use (d.b.a. Noe's Nest Bed and Breakfast) at 1257 Guerrero Street. On July 24, 2014 the Planning Commission approved a Conditional Use Authorization under Motion No. 19202 to legalize Hotel use with five or fewer guest rooms within the existing Single-Family Dwelling at the subject property. However, a building permit to vest the Conditional Use was not filed and the CUA has since expired. The subject property is currently authorized as a Single-Family Dwelling.

Responding to a complaint in August 2025, Planning Department staff conducted a site visit and found that a Hotel with eight guest rooms was operating at the property. The property is located within the RH-3 Zoning District; therefore, there is no existing pathway to legalize the Hotel use with the desired number of guest rooms. The proposed Ordinance would allow the business to request Conditional Use Authorization to formally establish the Hotel use with up to eight guest rooms.

Issues and Considerations

Hotel Use Regulations

The proposed Ordinance applies to retail hotel uses, sometimes referred to as tourist hotels. Planning Code Section 102 defines Hotel as:

Hotel. A Retail Sales and Services Use that provides tourist accommodations, including guest rooms or suites, which are intended or designed to be used, rented, or hired out to guests (transient visitors) intending to occupy the room for less than 32 consecutive days. This definition also applies to buildings containing six or more guest rooms designated and certified as tourist units, under [Chapter 41](#) of the San Francisco Administrative Code. For purposes of this Code, a Hotel does not include (except within the Bayshore-Hester Special Use District as provided for in Sections [713](#) and [780.2](#) of this Code) a Motel, which contains guest rooms or suites that are independently accessible from the outside, with garage or parking space located on the lot, and designed for, or occupied by, automobile-traveling transient visitors. Hotels shall be designed to include all lobbies, offices, and internal circulation to guest rooms and suites within and integral to the same enclosed building or buildings as the guest rooms or suites.

In almost every Zoning District where they are permitted, Hotels require Conditional Use Authorization from the Planning Commission. When evaluating applications for the development of tourist hotels and motels, the Planning Commission considers the criteria of Planning Code Section 303(g):

1. The impact of the employees of the hotel or motel on the demand in the City for housing, public transit, child-care, and other social services. To the extent relevant, the Commission shall also consider the seasonal and part-time nature of employment in the hotel or motel;
2. The measures that will be taken by the project sponsor to employ residents of San Francisco in order

to minimize increased demand for regional transportation; and

3. The market demand for a hotel or motel of the type proposed.

Hotel uses (i.e. tourist hotels) are distinct from *Residential Hotel* uses (i.e. Single Room Occupancy hotels), which are a type of Residential Use whose regulation is unaffected by the proposed Ordinance.

A Residential Unit registered with the Office of Short-Term Rentals to host short-term stays is not considered a Hotel. San Francisco's short-term rental regulations prohibit hosting more than five distinct renters simultaneously in the same Residential Unit; a couple sharing a bedroom and a single reservation would count as one distinct renter toward the limit. Therefore, a property seeking to rent greater than five guest rooms for short-term stays would be required to operate as a Hotel.

Under the Planning Code's definition, there is functionally no difference between a hotel containing five or fewer guest rooms and a hotel containing six or greater guest rooms. However, increasing the number of guest rooms from five or fewer to six or greater may change the building's occupancy classification under the Building Code. The Building Code defines Hotel or Motel as:

Any building containing six or more guest rooms intended or designed to be used, or which are used, rented or hired out to be occupied, or which are occupied for sleeping purposes by guests.

Hotels are classified as a Group R-1 occupancy, where the occupants are primarily transient in nature and additional life-safety requirements such as fire sprinklers and accessibility improvements are required. Determining a building's occupancy classification and the related requirements fall outside the expertise and jurisdiction of the Planning Department, but the specific guest room count in the Building Code's definition likely explains the origin of the currently existing five guest room threshold in the Planning Code's Residential District controls.

Residential District Land Use Context

The RH (Residential, House) Zoning District of Planning Code Section 209.1 are intended to recognize and enhance areas characterized by dwellings in the form of houses and small multi-family buildings, usually with one, two, or three units with separate entrances. These residential buildings are limited in scale, and properties are characterized by rear yards and a pattern of mid-block open spaces. Such areas tend to have similar building styles and predominantly contain large units suitable for family occupancy, considerable open space, and limited nonresidential uses.

The RH-1 Districts (RH-1, RH-1(D), RH-1(S)) do not permit Hotel uses. Nonresidential uses are more common within the RH-2 and RH-3 Zoning districts, though these are still quite limited in number and intensity. Presently, within the RH-2 and RH-3 Zoning Districts, Hotels containing five or fewer guest rooms are conditionally permitted; Hotels with six or more guest rooms are not permitted. Other Residential Districts – including the RM (Residential, Mixed) and RTO (Residential Transit Oriented) Districts – also impose the five guest room limit on conditionally permitted Hotel uses. The proposed Ordinance would increase the allowable number of guest rooms for Hotels in RH-2 and RH-3 Zoning Districts, but would not affect the permitted locations or the approval process for Hotels.

Hotels in the RH-2 and RH-3 Districts are small-scale and most likely to be located in converted residential buildings, rather than purpose-built new construction. The ability to establish hotels in RH-2 and RH-3 Zoning Districts provides property owners a revenue-generating opportunity that can be used to preserve and protect historic buildings, which often require significant and costly ongoing maintenance due to advanced age.

If a Hotel use were to propose fully converting a Residential Unit to a Hotel use, the project would also require a Conditional Use Authorization for the residential conversion pursuant to Planning Code Section 317. However, if the building retains space that meets the definition of a Dwelling Unit¹, this is not considered a conversion or loss of a dwelling unit. In those cases, a CUA per Section 317 would not be required, although the Planning Commission would still need to review a CUA for the Hotel use itself.

The ability to establish hotels in RH-2 and RH-3 Zoning Districts provides property owners a revenue-generating opportunity that can be used to preserve and protect historic buildings, which often require significant and costly ongoing maintenance due to advanced age.

Allowing Hotel uses with a greater number of guest rooms while maintaining a cap on the total number of rooms won't fundamentally alter the economics of conversion versus new construction. New hotels in Zoning Districts affected by the proposed Ordinance would likely be converting existing buildings. With an increased guest room allowance, the size of existing dwelling units may be reduced substantially, leaving only a small area available for use by the permanent resident(s).

General Plan Compliance

The proposed Ordinance supports the Commerce and Industry Element's objective of maintaining a sound and diverse economic base for the city. Specifically, the proposed Ordinance aligns with Policy 2.1 to retain existing commercial activity and to attract new such activity to the city. The proposed Ordinance would provide a pathway for a long-standing business with a positive community reputation to be formally established and continue operations. More broadly, the new Planning Code standards would apply throughout the relevant zoning districts, enhancing opportunities for new entrants to the market.

Additionally, the proposed Ordinance could facilitate Urban Design Element Policy 2.4, which is to "Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development." By moderately increasing the allowed number of guest rooms, hotels in historic structures could generate more revenue contributing to their activation, maintenance, and continued preservation.

Racial and Social Equity Analysis

Understanding the potential benefits, burdens and the opportunities to advance racial and social equity that proposed amendments provide is part of the Department's Racial and Social Equity Action Plan. This is also consistent with the Mayor's Citywide Strategic Initiatives for equity and accountability, the Planning and

¹ Planning Code Section 102: "**Dwelling Unit**. A Residential Use defined as a room or suite of two or more rooms that is designed for, or is occupied by, one Household doing its own cooking therein and having only one kitchen."

Historic Preservation Commissions' 2020 Equity Resolutions, and with the Office of Racial Equity mandates, which requires all Departments to conduct this analysis. Below are some specific issues to consider:

The proposed Ordinance would provide large single-family homeowners without ready access to capital increased opportunities to generate revenue from their property, while retaining its use as a permanent home. In this way, the proposed Ordinance could potentially mitigate displacement risks for owners who may otherwise be forced to sell their family property or allow it to fall into a state of disrepair.

Implementation

The Department has determined that this ordinance will not impact our current implementation procedures.

Recommendation

The Department recommends that the **Commission adopt a recommendation for approval with modifications** of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Modify the proposed Ordinance to apply a consistent standard across the Residential Zoning Districts that currently restrict Hotels to five or fewer guest rooms, i.e. RH-2 & 3; RM-1, 2, 3, & 4; RTO-1 and RTO-M.
2. Increase the maximum number of Hotel guest rooms permitted from eight rooms to 10 rooms.
3. Amend the Hotel and Motel findings of 303(g) to include a criterion for cases where a Hotel is established within a single-family home, specifying that the Planning Commission shall consider the effects on the existing home's quality and viability as an independent dwelling unit.

Basis for Recommendation

The Department supports the overall goals of this Ordinance because it would modestly increase the potentially permitted intensity of Hotel uses in Residential Zoning Districts, while retaining the Conditional Use requirement ensuring that each case is considered in context. The ability to establish Hotels with a greater number of guest rooms could enhance the feasibility of maintaining historic residences with a large number of bedrooms, contributing to local economic activity and advancing historic preservation objectives. The proposed Ordinance could be further enhanced with the following recommendations:

Recommendation 1: Modify the proposed Ordinance to apply a consistent standard across the Residential Zoning Districts that currently restrict Hotels to five or fewer guest rooms, i.e. RH-2 & 3; RM-1, 2, 3, & 4; RTO-1 and RTO-M. As written, the proposed Ordinance would allow more intensive Hotel uses in the RH-2 and RH-3 Zoning Districts than some other Residential Districts (RM-1, 2, 3, & 4; and the RTO-1 and RTO-M Zoning Districts). RH Zoning Districts are generally the most restrictive zoning districts in terms of permitted uses and intensities. Staff recommend applying a consistent standard across the Residential Districts.

Recommendation 2: Increase the maximum number of Hotel guest rooms permitted from eight rooms to 10 rooms. While the increased guest room allowance would apply across the relevant zoning districts, the eight room standard in the proposed Ordinance is inspired by a specific case. If another small hotel were to

find the new limit similarly constraining, policymakers may find another legislative remedy to be warranted. In order to avoid the potential need for incremental adjustment, the Department recommends modifying the proposed Ordinance to increase the upper limit to 10 guest rooms. This change would further the goals of the proposed Ordinance, while still maintaining a reasonably restrictive total cap and the requirement for Conditional Use Authorization to establish a Hotel use.

Recommendation 3: Amend the Hotel and Motel findings of 303(g) to include a criterion for cases where a Hotel is established within a single-family home, specifying that the Planning Commission shall consider the effects on the existing home's quality and viability as an independent dwelling unit. The proposed Ordinance would allow a greater portion of large single-family homes to be dedicated to a separate Hotel use. As long as space meeting the Planning Code's definition of a dwelling unit is maintained, the establishment of the hotel use is not considered a residential conversion per Planning Code Section 317. Thus, a CUA would not be triggered. Staff recommend adding a criterion to the 303(g) Hotel and Motel findings to consider whether the retained dwelling unit in such cases still functions as a high quality and viable dwelling unit.

Required Commission Action

The proposed Ordinance is before the Commission so that it may adopt a recommendation of approval, disapproval, or approval with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

Public Comment

As of the date of this report, the Planning Department has not received any direct public comment regarding the proposed Ordinance. Supervisor Mandelman's office has forwarded approximately 50 letters and signatures submitted in support of the proposed Ordinance. The letters and signatures positively endorse the expanded opportunities for small-scale hospitality uses, which support the preservation and maintenance of historic properties while contributing to local economic activity more broadly.

Portions of this report were drafted and/or edited with the assistance of Microsoft Copilot, in accordance with the City and County of San Francisco's policy on the use of generative AI tools.