

File No. 191075 Committee Item No. 1
 Board Item No. 11

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date April 27, 2020

Board of Supervisors Meeting Date May 5, 2020

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral CEQA 103019</u> |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination 112219</u> |
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Completed by: Erica Major Date April 24, 2020

Completed by: Erica Major Date April 30, 2020

1 [Planning, Administrative Codes - Residential Occupancy]

2

3 **Ordinance amending the Planning Code to create the Intermediate Length Occupancy**

4 **residential use characteristic; amending the Administrative Code to clarify existing law**

5 **regarding the enforceability of fixed-term leases in rental units covered by the just**

6 **cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the**

7 **“Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-**

8 **tenants, require landlords to disclose in advertisements for such units that the units**

9 **are subject to the Rent Ordinance, and authorize enforcement through administrative**

10 **and/or civil penalties; requiring the Controller to conduct a study to analyze the**

11 **impacts of new Intermediate Length Occupancy units in the City; affirming the**

12 **Planning Department’s determination under the California Environmental Quality Act;**

13 **and making findings of consistency with the General Plan, and the eight priority**

14 **policies of Planning Code, Section 101.1, and findings of public necessity,**

15 **convenience, and welfare under Planning Code, Section 302.**

16 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.

17 **Additions to Codes** are in *single-underline italics Times New Roman font*.

18 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.

19 **Board amendment additions** are in double-underlined Arial font.

20 **Board amendment deletions** are in ~~strikethrough Arial font~~.

21 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or parts of tables.

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

23 Section 1. CEQA, General Plan, and Planning Code Findings.

24 (a) The Planning Department has determined that the actions contemplated in this

25 ordinance comply with the California Environmental Quality Act (California Public Resources

1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
2 Supervisors in File No. 191075 and is incorporated herein by reference. The Board affirms
3 this determination.

4 (b) On January 30, 2020, the Planning Commission, in Resolution No. 20633,
5 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
6 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The
7 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
8 the Board of Supervisors in File No. 191075, and is incorporated herein by reference.

9 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
10 ordinance will serve the public necessity, convenience and welfare for the reasons set forth in
11 Planning Commission Resolution No. 20633, and incorporates such reasons by this reference
12 thereto. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File
13 No. 191075, and is incorporated herein by reference.

14
15 Section 2. The Planning Code is hereby amended by revising Section 102 (including
16 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
17 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

18 **SEC. 102. DEFINITIONS.**

19 * * * *

20 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
21 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
22 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
23 *use characteristic is subject to the requirements of Section 202.10.*

24 * * * *

1 **Residential Use.** A Use Category consisting of uses that provide housing for San
2 Francisco residents, rather than visitors, including Dwelling Units, Group Housing, Residential
3 Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4 only any
4 residential components of Institutional Uses. Single Room Occupancy, Intermediate Length
5 Occupancy, and Student Housing designations are considered characteristics of certain
6 Residential Uses.

7 * * * *

8 **Use Characteristic.** A feature of a Use, related to its physical layout, location, design,
9 access, or other characteristics. Use Characteristics may be regulated independently of a
10 Use itself. Residential Use Characteristics include Single Room Occupancy, Intermediate
11 Length Occupancy, and Student Housing. Commercial Use Characteristics include Drive-up
12 Facility, Formula Retail, Hours of Operation, Maritime Use, Open Air Sales, Outdoor Activity,
13 and Walk-Up Facility.

14 * * * *

15 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

16 (a) Purpose. To encourage the use of Dwelling Units for long-term occupancy by
17 permanent San Francisco residents with initial terms of occupancy of at least one year, the following
18 provisions shall apply to Intermediate Length Occupancy units.

19 (b) Controls.

20 (1) Permitting. Intermediate Length Occupancy units shall be permitted as follows:

21 (A) Any application to establish an Intermediate Length Occupancy
22 Use Characteristic shall:

23 (i) Specifically identify the unit proposed to be permitted as an
24 Intermediate Length Occupancy unit; and

1 (ii) Include a proof to the Department's satisfaction that the
2 proposed Intermediate Length Occupancy unit is located within a building that has no
3 outstanding Notice of Violations.

4 (B) Additional requirements for specific buildings sizes:

5 (i) Intermediate Length Occupancy units are prohibited in
6 buildings with three or fewer Dwelling Units.

7 (ii) For buildings with four to nine or fewer Dwelling Units, requests
8 to authorize the establishment of an Intermediate Length Occupancy Use Characteristic shall be
9 principally permitted, provided that: (i) — N no more than 25% of the Dwelling Units in the building
10 may be permitted as Intermediate Length Occupancy units.

11 (ii) — Each unit proposed to be permitted as an Intermediate
12 Length Occupancy unit is specifically identified.

13 (iii) For buildings with 10 or more Dwelling Units, Intermediate
14 Length Occupancy units shall be prohibited, unless authorized pursuant to a conditional use
15 authorization under Section 303, provided that the Planning Commission shall find, in addition
16 to compliance with the criteria of Section 303, that the following criteria are met:

17 a.(i) — No more than 20% of the Dwelling Units in the building
18 may be permitted as Intermediate Length Occupancy units.

19 (ii) — Each unit proposed to be permitted as an Intermediate
20 Length Occupancy unit is specifically identified.

21 b. That not less than two thirds of the total allowable
22 Intermediate Length Occupancy units be in the downtown core, with the policy goal of keeping
23 such uses near corresponding hotel and tourism districts, and job centers.

1 c. That not more than one third of the total allowable
2 Intermediate Length Occupancy units be permitted in Census Tracts in sensitive communities,
3 as defined by the UC Berkeley Urban Displacement Project Sensitive Communities map.

4 (2) **Maximum Amount.** No more than 1,000 Intermediate Length Occupancy units
5 shall be permitted in the City.

6 (3) **Exceptions.** The requirements of this Section 202.10 shall not apply to:

7 (A) Any Dwelling Unit that is defined as Student Housing in Section 102; ~~or~~

8 (B) A Residential Hotel unit subject to the provisions of Administrative Code
9 Chapter 41; or

10 (C) An organization with tax-exempt status under 26 United States
11 Code Sections 501(c)(3) providing access to the unit in furtherance of its primary mission to
12 provide housing, provided that any organization that provides a Dwelling Unit offered for
13 occupancy by a natural person for an initial stay, whether through lease, subscription, license,
14 or otherwise, for a duration of greater than 30 consecutive days but less than one year must
15 comply with the reporting requirements in subsection (d).

16 (4) **Ineligible units.** The following shall not be eligible to be permitted as
17 Intermediate Length Occupancy units:

18 (A) Dwelling Units that are subject to the City's Inclusionary Affordable
19 Housing Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or
20 income-restricted under City, state, or federal law; ~~and~~

21 (B) Dwelling Units that are subject to the rent increase limitations in
22 Administrative Code Section 37.3 shall not be eligible to be Intermediate Length Occupancy units; and

23 (C) Dwelling Units in a project that has not had its building or site
24 permit issued as of the effective date of this ordinance in Board File No. 191075. Unless
25 reenacted, this subsection (C) shall expire by operation of law 24 months after the Effective

1 Date of this ordinance in Board File No. 191075. Upon the expiration of this note, the City
2 Attorney is authorized to take steps to remove this note from the Planning Code.

3 (c) **Compliance.**

4 (1) **Abandonment.** Any Dwelling Unit permitted as an Intermediate Length
5 Occupancy unit pursuant to this subsection (b) may be offered for an initial term of occupancy of one
6 year or greater without losing the Use Characteristic, provided that the Use Characteristic shall be
7 considered abandoned if discontinued or otherwise abandoned for the time periods specified in Article
8 1.7.

9 (2) **Compliance Schedule.** Within six months of the Effective Date of this ordinance
10 in Board File No. 191075, the Department shall develop and publish procedures for evaluating
11 requests to establish Intermediate Length Occupancy units. The owner or operator of each
12 Intermediate Length Occupancy unit must submit a complete application within 24 months of the
13 Effective Date of this ordinance in Board File No. 191075.

14 (d) **Annual Reports.** No later than March 1 of each year, the owner or operator of each
15 Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for
16 the prior calendar year containing the following information:

17 (1) The address and location of the Intermediate Length Occupancy unit.

18 (2) The number of times the unit was occupied by a natural person for an initial
19 stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30
20 consecutive days but less than one year, including the duration and dates of each of those stays.

21 (3) The average duration of each stay.

22 (4) The average vacancy between each stay.

23 (5) The nature of the services, if any, that are provided to occupants of the
24 Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there has
25 been an increase or decrease in the services since the last report.

SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.

* * * *

Table 209.1

ZONING CONTROL TABLE FOR RH DISTRICTS

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics						
<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(9)</u>	<u>P(9)</u>	<u>P(9)</u>	<u>P(9)</u>	<u>P(9)</u>
Single Room Occupancy	§ 102	P	P	P	P	P

* * * *

(9) C for buildings with 10 or more Dwelling Units.

SEC. 209.2. RM (RESIDENTIAL, MIXED) DISTRICTS.

* * * *

Table 209.2

ZONING CONTROL TABLE FOR RM DISTRICTS

Zoning Category	§ References	RM-1	RM-2	RM-3	RM-4
-----------------	--------------	------	------	------	------

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *					
Use Characteristics					
<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(10)</u>	<u>P(10)</u>	<u>P(10)</u>	<u>P(10)</u>
Single Room Occupancy	§ 102	P	P	P	P

* * * *

(10) C for buildings with 10 or more Dwelling Units.

SEC. 209.3. RC (RESIDENTIAL-COMMERCIAL) DISTRICTS.

* * * *

Table 209.3

ZONING CONTROL TABLE FOR RESIDENTIAL-COMMERCIAL DISTRICTS

Zoning Category	§ References	RC-3	RC-4
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* * * *

RESIDENTIAL STANDARDS AND USES			
* * * *			
Use Characteristics			
<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(11)</u>	<u>P(11)</u>
Single Room Occupancy	§ 102	P	P

* * * *

(11) C for buildings with 10 or more Dwelling Units.

SEC. 209.4. RTO (RESIDENTIAL TRANSIT ORIENTED) DISTRICTS.

* * * *

Table 209.4

ZONING CONTROL TABLE FOR RTO DISTRICTS

Zoning Category	§ References	RTO	RTO-M
-----------------	--------------	-----	-------

* * * *

RESIDENTIAL STANDARDS AND USES			
* * * *			
Use Characteristics			
<i>Intermediate Length</i>	<u>§§ 102, 202.10</u>	<i>P(10)</i>	<i>P(10)</i>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

(10) C for buildings with 10 or more Dwelling Units.

SEC. 210.1. C-2 DISTRICTS: COMMUNITY BUSINESS.

* * * *

Table 210.1

ZONING CONTROL TABLE FOR C-2 DISTRICTS

Zoning Category	§ References	C-2
-----------------	--------------	-----

* * * *

RESIDENTIAL STANDARDS AND USES		
* * * *		

Use Characteristics		
<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(6)</u>
Single Room Occupancy	§ 102	P

* * * *

(6) C for buildings with 10 or more Dwelling Units.

SEC. 210.2. C-3 DISTRICTS: DOWNTOWN COMMERCIAL.

* * * *

Table 210.2

ZONING CONTROL TABLE FOR C-3 DISTRICTS

Zoning Category	§ References	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S
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* * * *

RESIDENTIAL STANDARDS AND USES						
* * * *						
Use Characteristics						
<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>
Single Room Occupancy	§ 102	P	P	P	P	P

* * * *

(8) C for buildings with 10 or more Dwelling Units.

SEC. 210.3. PDR DISTRICTS.

* * * *

Table 210.3

ZONING CONTROL TABLE FOR PDR DISTRICTS

Zoning Category	§ References	PDR-1-B	PDR-1-D	PDR-1-G	PDR-2
-----------------	--------------	---------	---------	---------	-------

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics					
<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<i>NP</i>	<i>NP</i>	<i>NP</i>	<i>NP</i>
Single Room Occupancy	§ 102	NP	NP	NP	NP

* * * *

SEC. 210.4. M DISTRICTS: INDUSTRIAL.

* * * *

Table 210.4

ZONING CONTROL TABLE FOR M DISTRICTS

Zoning Category	§ References	M-1	M-2
-----------------	--------------	-----	-----

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *			
Use Characteristics			
<i>Intermediate Length</i>	<u>§§ 102, 202.10</u>	<u>P(4)</u>	<u>P(4)</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

(4) C for buildings with 10 or more Dwelling Units.

SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.

* * * *

**Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1
ZONING CONTROL TABLE**

* * * *

Zoning Category	§ References	NC-1 Controls
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* * * *

RESIDENTIAL STANDARDS AND USES		
* * * *		
Use Characteristics		
<i>Intermediate Length</i>	<u>§§ 102; 202.10</u>	<u>P(10)</u>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

(10) C for buildings with 10 or more Dwelling Units.

Section 3. Amendment of Specific Zoning Control Tables.

1 Zoning Control Tables 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722,
 2 723, 724, 725, 726, 728, 729, 730, 731, 732, 733, 734, 750, 751, 752, 753, 754, 755, 756,
 3 757, 758, 759, 760, 761, 762, 763, and 764 are hereby amended identically to the
 4 amendment of Zoning Control Table 710 in Section 2 of this ordinance, to create
 5 “Intermediate Length Occupancy” as a new Residential Use Characteristic, citing Planning
 6 Code Sections 102 and 202.10 as references, identifying “P” as the zoning control, and
 7 including the note (“C for buildings with 10 or more Dwelling Units”), provided that the note
 8 shall be numbered as appropriate for each table, as follows.

Zoning Control Table	Note #
711	12
712	11
713	8
714	8
715	6
716	7
717	6
718	7
719	9
720	5
721	5
722	13
723	8
724	6
725	5

1	726	7
2	728	7
3	729	5
4	730	5
5	731	6
6	732	6
7	733	6
8	734	6
9	750	9
10	751	7
11	752	7
12	753	5
13	754	8
14	755	6
15	756	6
16	757	10
17	758	9
18	759	8
19	760	4
20	761	6
21	762	7
22	763	6
23	764	9
24		
25		

1 Section 4. The Administrative Code is hereby amended by adding Section 37.9F, to
2 read as follows:

3 **SEC. 37.9F. CIRCUMVENTION OF TENANT PROTECTIONS.**

4 (a) **Findings.** *As market rents continue to increase in San Francisco, landlords of rent-*
5 *controlled units have a greater incentive to prevent long-term tenancies. Complementing the just cause*
6 *protections in Section 37.9, this Section 37.9F addresses the growing efforts among some landlords to*
7 *induce their tenants into believing that they are required to vacate their units at a specific time*
8 *designated in the lease or agreement, despite existing law to the contrary, or to try to avoid certain*
9 *landlord-tenant obligations altogether. This trend is especially common with respect to corporate*
10 *rentals, though it is not limited to corporate rentals. Such tactics by landlords undermine rent control*
11 *and frustrate the purpose of ensuring that rent-controlled units in the City remain available as a long-*
12 *term housing option for the City's renters.*

13 (b) **Prohibition of Fixed-Term Agreements.** *Consistent with Section 37.9(a)(2) and Section*
14 *37.9(e), any provision of any lease or rental agreement that purports to require a tenant to vacate a*
15 *rental unit at the expiration of a stated term, or that purports to characterize a tenant's failure to*
16 *vacate the rental unit at the end of the stated term as a just cause for eviction (either of them, a "Fixed-*
17 *Term Agreement"), shall be void as contrary to public policy, and a landlord may not attempt to*
18 *recover possession of the unit without just cause. This prohibition shall not apply where this Chapter*
19 *37 expressly authorizes a fixed-term tenancy (e.g., Section 37.2(a)(D)), or where it expressly authorizes*
20 *a tenant to be evicted without just cause (e.g., Section 37.9(b)).*

21 (c) **Restrictions on Non-Tenant Uses.**

22 (1) *A rental unit is being used for a "Non-Tenant Use" when the landlord is*
23 *allowing the unit to be occupied by a person or entity who is not a "tenant" as defined in Section*
24 *37.2(t). Renting a unit to a corporate entity or other non-natural person, or using a unit as housing for*
25 *one's employees, licensees, or independent contractors rather than one's tenants, are nonexclusive*

1 examples of Non-Tenant Uses. This subsection (c) is not intended to narrow the definition of “tenant”
2 under Section 37.2(t) or to limit the just cause protections in Section 37.9; the sole intent is to prevent
3 landlords from circumventing or undermining the tenant protections of this Chapter 37, by restricting
4 when a landlord may provide a rental unit to a person or entity to the extent that person or entity does
5 not otherwise qualify as a “tenant.”

6 (2) Commencing April 1, 2020, it shall be unlawful to use a rental unit or allow a
7 rental unit to be used for a Non-Tenant Use, subject to the exemptions listed in subsection (c)(3). Any
8 provision of any agreement entered into on or after April 1, 2020 that purports to allow a unit to be
9 used for an unauthorized Non-Tenant Use shall be void as contrary to public policy, and the occupants
10 shall instead be deemed tenants under Section 37.2(t).

11 (3) This subsection (c) does not apply to any of the following:

12 (A) where the rental unit is subject to an agreement authorizing a Non-Tenant
13 Use that was entered into before April 1, 2020, for the existing duration of that agreement.

14 (B) the use of a rental unit as a lawful short-term rental as set forth in
15 Administrative Code Chapter 41A.

16 (C) where the landlord is providing the rental unit to its employees as a
17 condition of their employment to assist in the maintenance or management of a building owned or
18 managed by the landlord (e.g., resident managers).

19 (D) where an organization with tax-exempt status under 26 United States Code
20 Sections 501(c)(3) or 501(e)(4) is providing access to the unit in furtherance of its primary mission to
21 provide housing, or in furtherance of its primary mission of education by providing housing to
22 teachers.

23 (d) **Required Disclosures.** Commencing April 1, 2020, every online listing for a rental unit,
24 excluding listings by landlords or master tenants who will reside in the same rental unit as their tenants
25 or subtenants, must contain a legible disclosure in at least 12-point font that includes the following

1 text: “This unit is a rental unit subject to the San Francisco Rent Ordinance, which limits evictions
2 without just cause, and which states that any waiver by a tenant of their rights under the Rent
3 Ordinance is void as contrary to public policy.” The foregoing text should also be included in print
4 advertisements, if practicable.

5 (e) **Monitoring and Enforcement.**

6 (1) The Board shall receive referrals regarding online listings that do not comply
7 with subsection (d). Upon receipt of a referral, if the Board determines that the listing does not
8 substantially comply with subsection (d) and that the defects have not been cured, the Board shall
9 inform the landlord in writing. The landlord shall be required to correct the violation within three
10 business days after receiving the notice. If the landlord has not corrected the violation within three
11 business days, the Board may impose a reasonable administrative penalty of up to \$100 per day, not
12 counting the three-day correction period, provided that in no event shall the total administrative
13 penalty for a single listing exceed \$1,000. The procedure for the imposition, enforcement, collection,
14 and administrative review of the administrative penalty shall be governed by Administrative Code
15 Chapter 100, “Procedures Governing the Imposition of Administrative Fines,” which is hereby
16 incorporated in its entirety. Any administrative penalties collected under this subsection (e)(1) shall be
17 deposited in the General Fund of the City and County of San Francisco to be used for enforcement of
18 this Section 37.9F.

19 (2) The City Attorney may bring a civil action in San Francisco Superior Court
20 against a party who has failed to comply with this Section 37.9F. A nonprofit organization with tax
21 exempt status under 26 United States Code Section 501(c)(3) or 501(c)(4) and with a primary mission
22 of protecting the rights of tenants in San Francisco may also bring such a civil action, provided that the
23 organization shall first provide 30 days’ written notice of its intent to initiate civil proceedings by
24 servicing a draft complaint on the City Attorney’s Office and on any known address(es) of the affected
25 tenant(s), and may not initiate civil proceedings until the end of this 30 day period. A party who

1 violates this Section 37.9F may be liable for civil penalties of not more than two times the amount paid
2 or received for use of the rental unit during the period of the unlawful activity, and each rental unit
3 used in violation of this Section 37.9F shall constitute a separate violation. Any monetary award
4 obtained in such a civil action shall be deposited in the General Fund of the City and County of San
5 Francisco to be used for enforcement of this Section 37.9F. The court shall also award reasonable
6 attorney's fees and costs to the City Attorney or a nonprofit organization that is the prevailing party in
7 such a civil action.

8 (3) The remedies available under this subsection (e) shall be in addition to any other
9 existing remedies that may be available.

10 Section 5. Additional Findings. Section 5 of this ordinance is intended to clarify
11 existing law regarding fixed-term agreements, and prevent landlords from circumventing
12 eviction controls by allowing residential occupancy through non-tenant uses. Accordingly, the
13 Board finds that the City's Residential Rent Stabilization and Arbitration Ordinance (the "Rent
14 Ordinance"), as amended by this ordinance, is consistent with the Tenant Protection Act of
15 2019 (Assembly Bill No. 26 (Chiu), hereafter "AB 1482"); and that it further limits the reasons
16 for termination of a residential tenancy, results in higher relocation assistance amounts, and
17 provides additional tenant protections, and is therefore more protective than AB 1482; and the
18 Board intends that the Rent Ordinance (as hereby amended) shall apply rather than AB 1482.

19 Section 6. Controller's Study. No later than January 1, 2021, the Controller, with the
20 support of consultants as necessary and consistent with the civil service provisions of the
21 Charter, and in consultation with the Planning Department and other City agencies as
22 necessary, shall conduct a study to analyze the impacts created by the development of new
23 Intermediate Length Occupancy units on the City and relevant City services. The Controller's
24 study shall be submitted to the Board of Supervisors.

REVISED LEGISLATIVE DIGEST
(Amended in Committee, 04/27/2020)

[Planning, Administrative Codes - Residential Occupancy]

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the “Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department’s determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that “provide housing for San Francisco residents, rather than visitors.” Under Planning Code Section 102, a Use Characteristic is a “feature of a Use, related to its physical layout, location, design, access, or other characteristics.” The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City’s Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy (“ILO”) that is applicable only to Dwelling Units. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would provide:

- At the March 9, 2020 Land Use Committee hearing, the legislation was amended to clarify the treatment of buildings with nine or fewer Dwelling Units.
 - ILO units would not be permitted in buildings with three or fewer Dwelling Units.

- For buildings between four and nine Dwelling Units, ILO units would be principally permitted, but only 25% of the Dwelling Units would be allowed to be permitted as ILO.
- For buildings with 10 or more Dwelling Units, ILO units would be prohibited. However, an owner or operator of seeking to establish an ILO unit could seek a Conditional Use Authorization to establish ILO units in a building with 10 or more Dwelling Units. For buildings with 10 or more Dwelling Units, only 20% of those units may be permitted as ILO units.
 - At the March 9, 2020 Land Use Committee hearing, the legislation was amended to include criteria to be consideration as part of the Conditional Use Authorization. These criteria include a requirement to cluster ILO units near the downtown core, and requiring that no more than 1/3 of the total allowable ILO units are in neighborhoods identified as sensitive communities.
- The legislation would provide that no more than 1,000 Intermediate Length Occupancy units would be permitted.
- The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.
- Exempted Units: The legislation would exempt Residential Hotels, and Student Housing from the provisions of Section 202.10. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to exempt 501(c)(3) organizations that provide access to dwelling units as part of their primary mission to provide housing. A charitable organization that provides access under this exemption would still need to provide annual reporting to the Planning Department.
- Ineligible Units: Inclusionary and other below-market-rate units, and units subject to the rent increase limitations of the Rent Ordinance would not be eligible for this Use Characteristic. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to provide that any Dwelling Unit in a project that received its first construction or site permit after the effective date of the ordinance would not be eligible to receive an ILO permit.
- The legislation would require the Planning Department to develop standards to evaluate applications to establish the ILO Use Characteristic within six months of the effective date of the ordinance.
- Owners and operators of ILO units would have 24 months to submit complete applications to establish ILO units.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a “fixed-term agreement”) is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).

- Second, it would regulate “non-tenant uses” by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one’s employees or “licensees,” are examples of non-tenant uses. Commencing April 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such “non-tenants” would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before April 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building; or (4) to rental units operated by non-profits that provide housing as part of their primary mission. At the April 27 meeting of the Land Use Committee, the ordinance was amended to exclude housing provided to teachers as a condition of their employment from the definition of a non-tenant use.
- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions without just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.
- Finally, the legislation would authorize the City Attorney or a non-profit tenants’ rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

Background

The sponsor introduced a substitute ordinance on January 14, 2020. Changes included in the substitute include:

- Allowing existing units to be eligible for the ILO use characteristic; however Inclusionary and below market rate units, as well as units subject to the rent increase limitations of the Rent Ordinance are not eligible for the ILO use characteristic.
- Increasing the total number of permitted ILO units to 1,000.
- Allowing up to 25% of Dwelling Units in buildings with nine or fewer Dwelling Units to be principally permitted.
- Providing owners and operators of ILO units 24 months to submit a complete application to establish the ILO use.

FILE NO. 191075

As described above, at the February 24, 2020 Land Use Committee hearing, the legislation was amended to add additional types of exempt units, and ineligible units.

The legislation was amended at the March 9, 2020 Land Use Committee hearing. The amendments include clarifying the treatment of buildings with nine or fewer Dwelling Units, and adding criteria for consideration by the Planning Commission in considering a request for a Conditional Use Authorization.

At the April 27 meeting of the Land Use Committee, the ordinance was amended to exclude housing provided to teachers as a condition of their employment from the definition of a non-tenant use.

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BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

January 22, 2020

File No. 191075

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On January 14, 2020, Supervisor Peskin submitted the following substitute legislation:

File No. 191075-2

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

Joy Navarrete 02/28/2020

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

October 30, 2019

File No. 191075

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On October 22, 2019, Supervisor Peskin introduced the following proposed legislation:

File No. 191075

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in black ink, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

Joy Navarrete 11/22/2019



SAN FRANCISCO PLANNING DEPARTMENT

February 11, 2020

Ms. Angela Calvillo, Clerk
Honorable Supervisor Aaron Peskin
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 2019-020940PCA:
Intermediate Length Occupancies
Board File No. 191075
Planning Commission Recommendation: Approval with Modification**

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Dear Ms. Calvillo and Supervisor Peskin,

On January 30, 2020, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Peskin that would amend the Planning Code create the Intermediate Length Occupancy Residential Use Characteristic and amend the Administrative Code. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

- Enact an Interim Control on new Intermediate Length Occupancies and collect data on the scale of the activity; and
- Clarify proposed Administrative Code amendments exempting non-profit organizations from any cap on the number of Dwelling Units used for Intermediate Length Occupancy; add this clarified language to the Planning Code.

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.

Transmittal Materials

CASE NO. 2019-020940PCA
Intermediate Length Occupancies

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron D. Starr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Aaron D. Starr
Manager of Legislative Affairs

cc:

Austin Yang, Deputy City Attorney
Sunny Angulo, Aide to Supervisor Peskin
Erica Major, Office of the Clerk of the Board

Attachments:

Planning Commission Resolution
Planning Department Executive Summary



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 20633

HEARING DATE: JANUARY 30, 2020

Project Name: Intermediate Length Occupancies
Case Number: 2019-020940PCA [Board File No. 191075]
Initiated by: Supervisor Peskin / Introduced October 22, 2019; Substituted January 14, 2020
Staff Contact: Diego Sanchez, Legislative Affairs
diego.sanchez@sfgov.org, 415-575-9082
Reviewed by: Aaron D Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362

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RESOLUTION APPROVING A PROPOSED ORDINANCE WITH MODIFICATIONS THAT WOULD AMEND THE PLANNING CODE TO CREATE THE INTERMEDIATE LENGTH OCCUPANCY RESIDENTIAL USE CHARACTERISTIC; AMEND THE ADMINISTRATIVE CODE TO CLARIFY EXISTING LAW REGARDING THE ENFORCEABILITY OF FIXED-TERM LEASES IN RENTAL UNITS COVERED BY THE JUST CAUSE PROTECTIONS OF THE RESIDENTIAL RENT STABILIZATION AND ARBITRATION ORDINANCE (THE "RENT ORDINANCE"), PROHIBIT THE USE OF RENTAL UNITS FOR TEMPORARY OCCUPANCIES BY NON-TENANTS, REQUIRE LANDLORDS TO DISCLOSE IN ADVERTISEMENTS FOR SUCH UNITS THAT THE UNITS ARE SUBJECT TO THE RENT ORDINANCE, AND AUTHORIZE ENFORCEMENT THROUGH ADMINISTRATIVE AND/OR CIVIL PENALTIES; REQUIRING THE CONTROLLER TO CONDUCT A STUDY TO ANALYZE THE IMPACT OF NEW INTERMEDIATE LENGTH OCCUPANCY UNITS IN THE CITY; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on October 22, 2019 Supervisor Peskin introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 191075, which would amend the Planning Code to create the intermediate length occupancy residential use characteristic; amend the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the residential rent stabilization and arbitration ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the rent ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the controller to conduct a study to analyze the impact of new intermediate length occupancy units in the City;

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on January 16, 2020; and,

WHEREAS, at its January 16, 2020 hearing the Commission voted unanimously to continue its consideration of the proposed Ordinance to its January 30, 2020 hearing; and

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2) and 15378; 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 1650 Mission Street, Suite 400, 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 **approves with modifications** the proposed ordinance. The proposed modifications include:

1. Enact an Interim Control on new Intermediate Length Occupancies and collect data on the scale of the activity.
2. Clarify proposed Administrative Code amendments exempting non-profit organizations from any cap on the number of Dwelling Units used for Intermediate Length Occupancy; add this clarified language to the Planning Code.

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:

1. There is a legitimate, on-going demand in the City for intermediate length residential tenancies. Employment demands are one reason intermediate length residential tenancies are needed. Individuals in higher education, healthcare, and traveling theater/arts often require stays of greater than a month but less than a year. Life's twists and turns are another reason. Unexpected illness can require an out of town family stay; changes in marital status may necessitate a temporary residence; or the relocation to a new locale can compel an intermediate length occupancy.
2. However, it is currently difficult to grasp the scale of intermediate length residential tenancies (ILO) in San Francisco. Because ILO is legal and unregulated no public agency or office currently tracks the activity. In short, the City does not have an exact figure on the number of Residential Uses, subject to the Rent Ordinance or otherwise, involved in ILO activity.

3. In lieu of permanent controls, an interim control on the use of residences for new ILO should be enacted. This would provide time for the City to collect data on ILO activity. To date the City does not have data on the number of Residential Uses in San Francisco being used for this activity. Nor does it know where this activity most frequently occurs. It is imperative that the City have this type of data before it implements severe restrictions on an activity that serves a legitimate purpose, but which could also pose a threat to the City's housing supply.
4. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

The Ordinance would the City provide a full range of housing options by allowing Intermediate Length Occupancies in new buildings while reserving older units subject to the Rent Ordinance for long term tenancies, many of which serve permanent San Francisco residents.

OBJECTIVE 2

RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY.

Policy 2.6

Ensure housing supply is not converted to de facto commercial use through short term rentals.

The proposed Ordinance would restrict the number of housing units that could be converted to a commercial use through rental terms that are not long or permanent.

OBJECTIVE 3

PROTECT THE AFFORDABILITY OF THE EXISTING HOUSING STOCK, ESPECIALLY RENTAL UNITS.

Policy 3.1

Preserve rental units, especially rent controlled units, to meet the City's affordable housing needs.

Policy 3.4

Preserve "naturally affordable" housing types, such as smaller and older ownership units.

Policy 3.5

Retain permanently affordable residential hotels and single room occupancy (SRO) units.

The proposed Ordinance protects the affordability of the existing housing stock by restricting new intermediate length occupancies to new housing stock, avoiding the use of rent controlled, smaller or older, and residential or SRO units for intermediate length occupancies.

5. **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 because it concerns itself with regulating residential tenancies.

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 and would potentially help maintain that character through its regulation of intermediate length residential tenancies.

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

The proposed Ordinance would have a beneficial effect on the City's supply of affordable housing as it would prohibit any non-permanent tenancy in that housing stock.

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 because it concerns itself with regulating residential tenancies.

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 because the proposed Ordinance only regulates residential uses.

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 because it proposes to regulate residential tenancies.

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 because it only proposes to regulate the length of residential tenancies.

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 vista because it proposes to regulate residential tenancy lengths not the building envelope of residential buildings.


6. **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.

Resolution No. 20633
January 30, 2020

CASE NO. 2019-020940PCA
Intermediate Length Occupancies

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on January 30, 2020.



Jonas P. Ionin
Commission Secretary

AYES: Fung, Koppel, Melgar, Moore

NOES: None

ABSENT: Johnson, Richards

RECUSED: Diamond

ADOPTED: January 30, 2020



MEMO TO THE PLANNING COMMISSION

Hearing Date: January 30, 2020

Continued from the January 16, 2020 Hearing

Date: January 23, 2020
Case No.: 2019-020940PCA
Project Name: Intermediate Length Occupancies
Initiated by: Supervisor Aaron Peskin
Staff Contact: Diego Sanchez – 415-575-9082
diego.sanchez@sfgov.org
Reviewed by: Aaron Starr – 415-558-6409
aaron.starr@sfgov.org
Recommendation: **Approve with Modifications**

BACKGROUND

On January 16, 2020 the Planning Commission (Commission) deliberated over Supervisor Peskin's Intermediate Length Occupancies (ILO) Ordinance. This Ordinance proposes to create the ILO use characteristic which is broadly defined as offering a Dwelling Unit for occupancy by a natural person for a duration of between 30 and 365 days. The Ordinance also proposes to limit the number of ILO in the City and where they may be located. Last, by amending the Administrative Code, the Ordinance prohibits "Non-Tenant Uses," which it defines to include renting a unit to a corporate entity or other non-natural person, and requires online rental listings to include a Rent Ordinance disclosure.

On January 14, 2020 Supervisor Peskin introduced a substitute to the proposed Ordinance. Because of that timing, Planning Department Staff (Staff) could not include a copy of the changes proposed by the substitute Ordinance in the staff report. Those changes are found below.

After hearing from the legislative sponsor, Staff, and the public, the Commission discussed and deliberated over the merits of the proposed Ordinance. In response to a desire to further discuss the proposed Ordinance with the legislative sponsor, the Commission voted 5-0 to continue the item to January 30, 2020.

CURRENT PROPOSAL

The substitute Ordinance makes the following changes to the originally introduced Ordinance:

Planning Code

1. Proposed regulations on buildings with nine Dwelling Units or less are clarified. These include explicitly indicating that ILO in buildings with nine Dwelling Units or less are principal-

ly permitted provided that (A) no more than 25% of the Dwelling Units in the building are ILO and (B) that each Dwelling Unit used for ILO is identified.

2. Language concerning the zoning districts in which ILO is allowed is clarified. The originally introduced Ordinance contained language stating that ILO would be allowed wherever Dwelling Units are allowed. That language is removed, and the substitute Ordinance indicates that ILO is allowed only in those zoning districts with zoning control tables being proposed for amendment.
3. The maximum number of Dwelling Units allowed to be used as ILO in the City is increased from 500 to 1,000.
4. New language was added clarifying that ILOs are subject to the existing Planning Code provisions on the abandonment of uses. This language was absent from the originally introduced Ordinance.
5. The substitute Ordinance includes language that directs the Planning Department to create procedures for evaluating proposed ILO. It also requires owners or operators of proposed ILO to submit a complete application within 24 months of the effective date of the substitute Ordinance.

Administrative Code

1. The date when "Non-Tenant Uses" are prohibited is changed. The original Ordinance proposed February 1, 2020 and the substitute Ordinance is proposing April 1, 2020.
2. The date when online rental listings are required to include a Rent Ordinance disclosure is changed. The original Ordinance proposed February 1, 2020 and the substitute Ordinance is proposing April 1, 2020.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may approve it, reject it, or approve it with modifications.

RECOMMENDATION: Approve with Modifications

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

- 1. Enact an interim control on new ILO and collect data on the scale of the activity.** Staff is recommending that, despite the clarifications in the substitute Ordinance and in lieu of permanent controls, an interim control on the use of residences for new ILO be enacted. To date, the City does not have data on the number of Residential Uses being used for this activity. Nor does it know where this activity most frequently occurs, or which populations this use most serves. Further, it is unclear under what circumstances the Department would recommend approval or

denial of an ILO CU application, and cannot create meaningful conditional use criteria for ILOs, as directed by the revised ordinance. It is imperative that the City have this type of data before it implements severe restrictions on an activity that serves a legitimate purpose, but which could also pose a threat to the City's housing supply. An interim control affords time to craft a regulatory scheme to collect data on this activity. This would greatly inform any policy decisions regulating ILO.

Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Substituted Board of Supervisors File No. 191075



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Amendment

HEARING DATE: JANUARY 16, 2020
90-DAY DEADLINE: JANUARY 28, 2020

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

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415.558.6409

Planning
Information:
415.558.6377

Project Name: Intermediate Length Occupancies
Case Number: 2019-020940PCA [Board File No. 191075]
Initiated by: Supervisor Peskin / Introduced October 22, 2019
Staff Contact: Diego Sanchez, Legislative Affairs
diego.sanchez@sfgov.org, 415-575-9082
Reviewed by: Aaron Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362
Recommendation: Approval with Modifications

PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code to create the Intermediate Length Occupancy residential use characteristic. It would also amend the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties, and require the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City.

The Way It Is

The two Residential Use Characteristics in the Planning Code are Single Room Occupancy and Student Housing. Neither of these explicitly regulate the length of occupancy.

The Way It Would Be

Intermediate Length Occupancy (ILO) would be the third Residential Use Characteristic in the Planning Code and exclusive to Dwelling Units offered for occupancy by a *natural person*. Occupancies would be restricted to a duration of greater than 30 consecutive days but less than a year.

ILO in buildings with ten or more Dwelling Units would have the following limitations:

- A. ILOs would be allowed in projects having secured a first building or site permit as of the Ordinance's effective date;
- B. ILOs would require Conditional Use Authorization;

- C. ILOs would be allowed only where no more than 20% of Dwelling Units in a project are designated for ILO;
- D. No more than 500 ILOs would be permitted at any one time in the City;
- E. The ILO owner/operator would be required to submit annual reports to the Planning Department regarding its use, including the number of times the unit was used for ILO, the average duration of stays in the ILO and the average vacancy between stays.

ILOs in buildings with up to nine Dwelling Units would not be subject to the five Planning Code limitations (A-E) listed above.

The Residential Rent Stabilization and Arbitration Ordinance (Rent Ordinance) provisions regulating the recovery of possession of a rental unit by a landlord do not explicitly state that (a) a provision in a lease or rental agreement requiring a tenant to vacate a rental unit at the expiration of a stated term or that (b) purports to characterize a tenant's failure to vacate at the end of the stated term as a just cause for eviction is void. Those provisions also do not prohibit a landlord from attempting to recover possession of the unit without just cause.

The Rent Ordinance does not regulate whether a rental unit is being rented to a corporate entity, or if the unit is being used as housing for one's employees, licenses, or independent contractors.

The Rent Ordinance would be amended to state that any provision in a lease or rental agreement (a) requiring a tenant to vacate a rental unit at the expiration of a stated term or that (b) purports to characterize a tenant's failure to vacate at the end of the stated term as a just cause for eviction would be void. The Rent Ordinance would also be amended to prohibit a landlord from attempting to recover possession of the unit without just cause.

The Rent Ordinance would be amended to classify the occupancy of a rental unit by a person who is not a tenant, as defined in the Rent Ordinance, as a Non-Tenant Use. A Non-Tenant Use would include a rental unit being rented to a corporate entity, or being used as housing for one's employees, licensees, or independent contractors. Non-Tenant Uses would be prohibited as of February 1, 2020, except:

- A. Where the rental unit is subject to an agreement authorizing a Non-Tenant Use that was entered into before February 1, 2020, for the existing duration of that agreement;
- B. The use of the rental unit is as a lawful short-term rental under Administrative Code Chapter 41A;

- C. Where the landlord is providing the rental unit to a residential manager; or

Where an organization with tax-exempt status (501(c)(3) or 501(c)(4)) is providing access to the unit in furtherance of its primary mission to provide housing.

The Rent Ordinance does not explicitly require that every online listing for a rental unit contain a specific disclosure regarding the unit's status under the Rent Ordinance.

The Rent Ordinance would be amended to require that every online listing for a rental unit, excluding listings by landlords or master tenants who will reside in the same rental unit as their tenants or subtenants, contain a disclosure stating that the rental unit is subject to the Rent Ordinance.

BACKGROUND

The use of residences in San Francisco for business travelers or other individuals seeking intermediate length tenancies is not new. The project at 2100 Market Street, however, recently raised concerns over the use of the City's housing supply for these purposes.

As part of a 2016 Conditional Use authorization for the site, the Planning Commission authorized 60 Dwelling Units, including seven on-site Inclusionary Affordable Housing Units.¹ At authorization it was understood that the market rate units would be leased for typical one-year lengths. Upon marketing of the market rate units in 2019 it became known that they would not be used to house permanent tenants. Instead, they would be used for intermittent stays, akin to an extended stay hotel. This riled many who, despite recognizing intermittent stays as legal, felt victim of a misrepresentation of the project's ultimate use.²

ISSUES AND CONSIDERATIONS

Residential Uses and Residential Use Characteristics

A Residential Use, as defined in the Planning Code, is a use that provides housing for San Francisco residents, rather than visitors.³ The Planning Code defines Dwelling Units, Group Housing, Residential Hotels, Senior Housing and Homeless Shelters as Residential Uses.

¹ Planning Commission Motion 19560

² Brinklow, Adam. "SF ponders what to do with corporate rentals like Sonder." <https://sf.curbed.com/2019/7/29/20744749/san-francisco-sonder-corporate-rentals-housing-crisis-sf> Accessed 7 November 2019.

Waxman, Laura. "'Corporate rentals' draw scrutiny from city officials." <https://www.sfxaminer.com/news/short-term-corporate-rentals-draw-scrutiny-from-city-officials/> Accessed 7 November 2019.

³ Planning Code Section 102, Definitions, Residential Use

In addition to Uses, the Planning Code also identifies Use Characteristics, which are a feature of a use and can be applied to different uses.⁴ Features include the physical layout, design, and access of a use, among other considerations. Residential Use Characteristics include Single Room Occupancy and Student Housing. The Planning Code regulates Use Characteristics independently of a Use. This means that while Dwelling Units may be principally permitted in a zoning district, using that Dwelling Unit as Student Housing, for example, may require Conditional Use authorization.

Regulating Residential Occupancy Lengths

The Planning Code does not have extensive regulations on occupancy lengths in Residential Uses. There are at least two reasons for the lack of this regulation in the Planning Code. One is that the enforcement of lease lengths, among other lease conditions, is a difficult and an atypical land use task. The Planning Department generally avoids intervening in agreements between private parties, such as rental agreements and their conditions. This includes regulating or adjudicating disputes over leases lengths, lease rates, and tenancy rights such as allowed lessees. The Ordinance would require Planning Department Staff to enforce or monitor such lease conditions, for which it is presently ill equipped. The first is one allowing only a natural person to occupy an ILO in a building of 10 or more Dwelling Units. The second is one regulating an occupancy for a period of between 30 and 364 days.

The other reason the Planning Code lacks an occupancy length regulation is because the effects of most Residential Uses do not markedly differ solely based on the length of stay of any one user. For example, the land use effects of residential activity do not vary greatly whether a household stays in a Dwelling Unit for six months or twelve.

Where the land use effects do differ, other municipal codes are utilized. In the case of residential rentals of less than 30 days (Short Term Rentals), the Administrative Code dedicates an entire chapter to their regulation.⁵ In conjunction with this regulation a half dozen full time staff are currently tasked with the implementation and enforcement of this activity in a separate government capacity.⁶ Similar regulatory expansions on the use of residential property would require an equivalent resource allocation to ensure success.

Intermediate Length Occupancies Can Satisfy Legitimate Needs

There are scores of individuals that seek a residential lease for less than the standard one-year term. There are also multiple reasons compelling one to seek such a residential lease. Employment demands are one such reason. Individuals in higher education, healthcare, and traveling theater/arts often require stays of greater than a month but less than a year. Life's twists and turns are another reason. Unexpected illness can require an out of town family stay; changes in marital status may necessitate a temporary residence; or the relocation to a new locale can compel an intermediate length occupancy. In sum, there is a legitimate, on-going demand in the City for intermediate length residential tenancies. New regulations on these tenancies, including quantitative limits, should reflect this reality.

⁴ Planning Code Section 102, Definitions, Use Characteristic

⁵ Administrative Code Chapter 41A, Residential Unit Conversion and Demolition

⁶ Office of Short-Term Rentals <https://shorttermrentals.sfgov.org/>

Prohibited Uses and Continuation Through Non-Conforming Status

When the Planning Code is amended to prohibit a legal use or activity, that use or activity is afforded non-conforming status. Non-conforming status allows the use or activity to continue to operate under specific conditions that prohibit expansion or intensification, among others. This is done because forcing closure or cessation of a legal use or activity is too harsh, and abrupt. The Ordinance would require that existing ILO, a legal and unregulated activity, cease if they are in buildings subject to the Rent Ordinance or in any building with 10 or more Dwelling Units. This abrupt cessation runs counter to the standard treatment of legal uses or activities that are subsequently prohibited.

Quantifying the Scale of Intermediate Length Occupancies

It is currently difficult to grasp the scale of ILO activity in San Francisco, because ILO is legal, unregulated and no public agency or office currently tracks the activity. Therefore, the City does not have an exact figure on the number of Residential Uses, including those units subject to the Rent Ordinance, involved in ILO activity.

Initial Estimates

In November 2019, Planning Department Staff requested from the Office of Short-Term Rentals (OSTR) an estimate of the number of listings for greater than 30 days on one platform for the month of October 2019. OSTR staff found that there were approximately 2,700 listings for stays greater than 30 days on one platform in October 2019. It is important to emphasize that this figure is simply one estimate, potentially fraught with inaccuracies.

Planning Department Staff also spoke with the Corporate Housing Providers Association (CHPA), the trade association supporting corporate housing providers. CHPA estimated that between its members and unassociated corporate housing providers there are approximately 3,000 units in San Francisco used for ILO. They also mentioned that its members do not use Below Market Rate units or units subject to the Rent Ordinance for ILO. CHPA did not provide similar data for unassociated corporate housing providers.

Until a thorough inquiry is undertaken the exact number of units being used for ILO will be unknown. This uncertainty complicates any regulation establishing quantitative limits on ILO activity.

Data Collection

One way the City could collect data on the scale of ILO is through a registry of residential properties being used for ILO. An ILO owner or operator would file a building permit application to register their units, with the incentive that these units would be given non-conforming status should subsequent regulations prohibit existing ILO. This process would provide the City with data on the number and location of ILO, including the number of units subject to the Rent Ordinance being used for ILO. It would also help inform any future regulations by grounding them in data based on existing conditions.

Interim Controls

The Board of Supervisors or the Planning Commission may impose interim zoning controls for several reasons. One is to help fulfill the goals of guiding, controlling and regulating future growth and

development within the City, as stated in the Purposes of the Planning Code.⁷ Another is to help preserve the City's rental housing stock.⁸

The value of an interim control is that it slows or pauses the growth of an activity of concern for a period of up to 24 months. During that period, the City may gather data about the activity of concern and better assess its scale. This helps inform an improved regulatory scheme for the activity of concern, should one be found necessary.

General Plan Compliance

The proposed Ordinance is, on balance, in alignment with General Plan Policies surrounding the City's housing supply. For example, the proposed Ordinance is aligned with the direction to maintain the existing housing supply available for residential use and prevent its conversion to a de facto commercial use.⁹ It is also aligned with the goals of preserving the span of affordable units, including rent controlled, "naturally" affordable and deed restricted units, for long term use.¹⁰

Racial and Social Equity Analysis

Understanding the benefits, burdens and opportunities to advance racial and social equity that proposed Planning Code and Zoning Map amendments provide is part of the Department's Racial and Social Equity Initiative. This is also consistent with the Mayor's Citywide Strategic Initiatives for equity and accountability and with the Office of Racial Equity, which will require all Departments to conduct this analysis.

It is unclear whether the proposed Planning Code amendments will improve racial and social equity in San Francisco. On one hand the proposed Ordinance could prove beneficial. The Ordinance proposes to prohibit the use of affordable deed restricted units and rent controlled units for intermediate length tenancies. Because of general income and wealth disparities, accessing longer term tenancies in these unit types are especially beneficial to the housing security of racial and ethnic minorities. Keeping these unit types available for long term tenancies therefore can help improve life circumstances in those communities. Further, it is commonly understood that ILO are significantly geared toward business travelers in economic sectors or corporate roles where racial and ethnic minorities are underrepresented. This includes the tech

⁷ Planning Code Section 101.1, Purposes

⁸ Planning Code Section 306.7, Interim Zoning Controls

⁹ Housing Element, Objective 2 Retain existing housing units, and promote safety and maintenance standards, without jeopardizing affordability, Policy 2.6 Ensure housing supply is not converted to de facto commercial use through short term rentals.

¹⁰ Housing Element, Objective 3 Protect the affordability of the existing housing stock, especially rental units, Policy 3.1 Preserve rental units, especially rent controlled units, to meet the City's affordable housing needs. Policy 3.4 Preserve "naturally affordable" housing types, such as smaller and older ownership units. Policy 3.5 Retain permanently affordable residential hotels and single room occupancy (SRO) units

sector,¹¹ university professorships,¹² or in executive management positions,¹³ among others. It is also understood, anecdotally, that rents for ILO units are higher than those for long term tenancies. If ILO is severely restricted, as the Ordinance proposes, it is plausible that these units would become available for long term tenancies, and at lower rental rates, for racial and ethnic minorities.

On the other hand, the Ordinance could adversely affect racial and social equity. As mentioned earlier, tenancies of over a month, but less than a year, are often needed to deal with life's emergencies. These occur in racial and ethnic minority households as well. Substantially restricting their supply will also affect these households.

The analysis is challenging because of the significant lack of data on the scale of ILO activity in San Francisco. For example, the City does not have an accurate estimate, much less an exact figure, of the number of Residential Uses being used for ILO. Further, it does not know how many units subject to the Rent Ordinance are being used for ILO. The City has not investigated the rate of growth, or contraction, in San Francisco of this activity over the last five or ten years or have any forecasts for the near future. It also does not have comprehensive data regarding where ILO occurs. More to the point, it is unknown whether this activity commonly occurs in neighborhoods with higher concentrations of racial and ethnic minorities. Having this information would help clarify whether the proposed Planning Code Amendments would help improve or worsen racial and social equity in San Francisco.

Implementation

The Department has determined that this Ordinance will impact our current implementation procedures. Specifically, there are concerns about staffing levels required to enforce the proposed prohibition on the use of existing units for ILO and to monitor the reporting requirements for Dwelling Units allowed as ILO. Short Term Rentals are an analogous situation and one where resources were allocated to hire multiple staff to successfully implement and enforce the new regulations on their use.

¹¹ Harrison, Sara. "Five years of tech diversity reports- and little progress." <https://www.wired.com/story/five-years-tech-diversity-reports-little-progress/>. Accessed 16 December 2019

Dickey, Megan Rose. "The future of diversity and inclusion in tech." <https://techcrunch.com/2019/06/17/the-future-of-diversity-and-inclusion-in-tech/>. Accessed 16 December 2019

¹² Davis, Leslie and Fry, Richard. "College faculty have become more racially and ethnically diverse, but remain far less so than students." <https://www.pewresearch.org/fact-tank/2019/07/31/us-college-faculty-student-diversity/>. Accessed 16 December 2019

¹³ Jones, Stacy. "White Men Account for 72% of corporate leadership at 16 of the Fortune 500 Companies." <https://fortune.com/2017/06/09/white-men-senior-executives-fortune-500-companies-diversity-data/>. Accessed 17 December 2019

Wang, John. "Corporate America still lacks leaders of Color – and that's a problem." https://www.huffpost.com/entry/corporate-america-still-lacks-leaders-of-color-and-thats-a-problem_n_5bd1f2eae4b0d38b58813fc2. Accessed 17 December 2019

RECOMMENDATION

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

1. Enact an interim control on new ILO and collect data on the scale of the activity.

BASIS FOR RECOMMENDATION

The Department supports the intentions of the Ordinance as far as they seek to regulate an activity that effects the City's housing supply. Using residences for tenancies of more than a month but less than a year is not a new practice, but the City has never tracked its extent. In this context, Staff is making the following recommendation:

Recommendation 1: Enact an interim control on new ILO and collect data on the scale of the activity.

Staff is recommending that in lieu of permanent controls, an interim control on the use of residences for new ILO be enacted. To date, the City does not have data on the number of Residential Uses being used for this activity. Nor does it know where this activity most frequently occurs, or which populations this use serves the most. It is imperative that the City have this type of data before it implements severe restrictions on an activity that serves a legitimate purpose, but which could also pose a threat to the City's housing supply. An interim control affords time to collect data on this activity in order to make an informed policy decision. That said, for an interim control to successfully function, Staff would need criteria on which to judge any forthcoming ILO.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may approve it, reject it, or approve it 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 received correspondence from a trade association representing firms that lease units for what would be considered ILO.

Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Letters from Public
- Exhibit C: Board of Supervisors File No. 191075

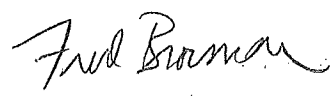
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CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Peskin
From: Budget and Legislative Analyst's Office
Re: intermediate length occupancy housing in San Francisco
Date: February 24, 2020



SUMMARY OF REQUESTED ACTION

Your office requested that the Budget and Legislative Analyst conduct an analysis of the intermediate length occupancy housing industry in San Francisco. The analysis was to include identification of the size and other characteristics of the industry, including rents charged, locations, type of units used, purposes and customers, growth, and business models employed.

For further information about this report, contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office.

Executive Summary

- Intermediate length occupancy housing is defined by individuals in the industry as furnished and serviced housing units that are available to rent on a temporary basis with rental contracts that are typically for more than 30 days and less than a year. The national average length of stay in such housing was 78 nights in 2017, according to the Corporate Housing Providers Association, a trade organization.
- Often referred to as corporate housing, national industry data shows that this type of housing is used for:
 - companies relocating employees,
 - consultants, attorneys, and project teams that need to be in another city to perform their work for an extended period,
 - performers appearing in extended length performances in another city,
 - professional athletes that are temporarily relocated from their home city for an extended period,
 - insurance company temporary relocations of customers such as after a disaster (fire, flood, etc.)
 - patients from other cities undergoing medical treatment and their families,
 - individuals experiencing a life transition such as a divorce,
 - vacationers, and
 - others.

- Of all these uses, corporate relocations accounted for an estimated 33 percent of all intermediate length occupancy stays in 2017.
- Top industries using intermediate length occupancy housing nationally in 2017, as a percentage of all stays were:
 1. Technology (17%)
 2. Other/Individual (16%)
 3. Professional Services (12%)
 4. Government/military (9%)
- No City and County of San Francisco department or other government agency tracks or keeps count of the number of housing units dedicated to intermediate length occupancy housing in San Francisco as it is not classified as a separate land use in City codes. Instead, these units are simply part of the City's count of its residential units.
- Based on input from industry providers and analysts, press coverage, a review of intermediate length occupancy housing unit websites, and estimates from the San Francisco Apartment Association, we have made a preliminary estimate of between at least 2,000 and 2,705 housing units in San Francisco being used for intermediate length occupancy housing. Further research on this topic and direct reporting from more providers is needed to determine a more exact number. These estimates should only be considered as measures of the potential magnitude of the industry in San Francisco for discussion purposes and not a number to be used for regulatory purposes.
- The intermediate length occupancy housing market in San Francisco mirrors the national industry in many respects, as follows.
 - Many providers in the City have been in the business for decades; the Corporate Housing Providers Association reports that its San Francisco members have been in business for an average of 25 years and have been operating in San Francisco for 13 years. These providers have been very stable and continue to operate in San Francisco today.
 - There are also a number of newer companies that have entered the marketplace, including San Francisco, such as Zeus, Sonder, and Blueground, each starting in 2010 or after, when they were founded. Many of these companies are distinguished from the older companies by master leasing an inventory of housing units from a building owner, furnishing them, and managing all aspects of marketing, leasing, and servicing them when they are occupied by tenants.
 - The newer entrants are also distinguished by making greater use of information technology for marketing, leasing, and for the provision of tenant services.
- A review of 13 intermediate length occupancy company websites provided the following profile of units available in March 2020. As can be seen, rents charged for these housing

National industry Data (2017)

Number of housing units: 71,201

Average Daily Rate: \$161
(\$4,154/mo. @ 86% occupancy)

Average occupancy rate 86.4%

Average length of stay: 78 nights

Most common use: corporate relocations

units is higher than market rate rents. Tenants will pay these premiums on a temporary basis as they are generally less than hotel rates and they provide more space and amenities such as a kitchen that can be a welcome feature for a tenant staying in the City for several weeks or months. Further, the rents on intermediate length occupancy housing is typically paid for a third party such as an employer paying for a relocated employee.

Exhibit A: Average Daily and Monthly Rents for Intermediate Length Occupancy Housing in San Francisco Advertised on Selected Websites as Available in March 2020

Bedroom Type	Number of Units	Average	Average	Zillow Index	
		Daily Rent	Monthly ILO Rent	Market Rent Dec. 2019	Difference
Studio	38	\$150	\$4,650	n.a.	n.a.
1 bedroom	215	159	\$4,929	\$3,580	\$1,349
2 bedroom	119	200	\$6,200	\$4,530	\$1,670
3 bedroom	28	281	\$8,711	\$5,960	\$2,751
4 bedroom	10	334	\$10,354	\$6,170	\$4,184
Unknown	88		Unknown		
Total	498				

Source: BLA review of selected intermediate length occupancy housing company websites for available units in March 2020.

- Our website review showed that most intermediate length occupancy housing for lease in March is primarily located in SoMa, Rincon Hill, the Mission, North Beach, and Hayes Valley.
- For a landlord, the economics of the intermediate length occupancy housing market can be very favorable. Exhibit B presents the difference in market rent and rent that can be earned with 86 percent occupancy.
- Landlords that convert vacated units that had been subject to rent control to intermediate length occupancy housing will experience a larger increase in their earnings than shown in Exhibit B assuming the rent was under market rate prior to being vacated. Further, intermediate length occupancy rents can continue to keep pace with market rates since there will no longer be long-term tenants whose rent increases would be limited by the City’s rent stabilization and arbitration ordinance.

Exhibit B: Economics of Renting an Intermediate Length Occupancy Unit in San Francisco

	Zillow Index SF market rents	Zillow market daily rate	Sample average per night	Difference per night	Sample average monthly rent (at 86% occupancy)	Difference per month	Difference per year
1 BR	\$3,580	\$115	\$159	\$44	\$4,239	\$659	\$7,907
2 BR	\$4,530	\$146	\$200	\$54	\$5,332	\$802	\$9,624

Sources: Zillow.com and BLA review of selected intermediate length occupancy housing providers of listings available in March 2020.

- Landlords that choose to master lease their units with a service company such as one of the industry's new entrants would not incur the costs of furnishings, etc. since those costs would be covered by the master leasing company. In those situations, the landlords could earn market rent (or whatever is negotiated with the company) without any of the costs associated with leasing properties.
- The impact of the intermediate length occupancy industry on San Francisco's housing supply cannot be precisely measured due to the absence of reliable data about the number of housing units that are in use by the industry in San Francisco. However, the industry growth rate nationwide is reported by the Corporate Housing Providers Association to have been 22.2 percent between 2010 and 2017. Comparing that with the growth in San Francisco's housing stock of 7.8 percent provides a perspective on the industry's impact, as follows.
 - Assuming the number of intermediate length occupancy housing units in San Francisco was one percent of the housing stock in 2010 and increased at the same rate as the national industry, or by 22.2 percent between 2010 and 2017, the number of units would be 3,038 in 2017. This would result in 358 more units dedicated to intermediate length occupancy housing than if the industry had grown by 7.8 percent, the rate of increase in the multi-family housing stock between those years, or a disproportionate share of the housing stock growth.

- Given growth rates in the number of high-wage jobs and the industries that make most use of intermediate length occupancy housing, it does not seem unreasonable to assume that the growth rate of the industry may have exceeded the growth rate of San Francisco's multi-family housing stock between 2010 and 2017.

Exhibit C: Estimated Growth in San Francisco's Intermediate Length Occupancy Housing Units Compared to Growth in total Multi-family Housing Stock

	2010 Base	+ 7.8% actual SF multi-family growth rate	+ 22.2% national ILO growth rate	Difference
Total multi-family units	248,609	267,908	303,800	35,892
ILO units	2,486	2,680	3,038	358

Sources: *San Francisco Housing Inventory, 2017* San Francisco Planning Department. BLA estimate of total 2010 based of ILO units.

Project Staff: Karl Beitel, Izzy Brousseau, Fred Brousseau

I. Overview of Intermediate Length Occupancy Housing Industry

Intermediate length occupancy housing is defined by individuals in the industry as furnished and serviced housing units that are available to rent on a temporary basis with rental contracts that are typically for more than 30 days and less than a year. Often referred to as corporate housing, these units do in fact serve corporations and employers that regularly need temporary housing for relocating employees and employees on a temporary assignment in another city lasting more than a few days. In addition to corporate and employer clients, intermediate length occupancy housing is also used by individuals that temporarily relocate to another city for purposes such as performing in a theatrical or musical production, making a movie, obtaining or assisting someone receiving medical treatment, transitioning out of a living situation due to a divorce or other change, insurance relocations, and even taking an extended vacation.

Intermediate length occupancy housing units are distinguished from hotels because their average length of stay is longer, they are larger sized full apartments rather than hotel rooms, they are fully furnished and generally come with fully stocked kitchens and items such as linens. Services such as laundry facilities, housekeeping, and parking may or may not be included with the rent or may be available for an extra fee.

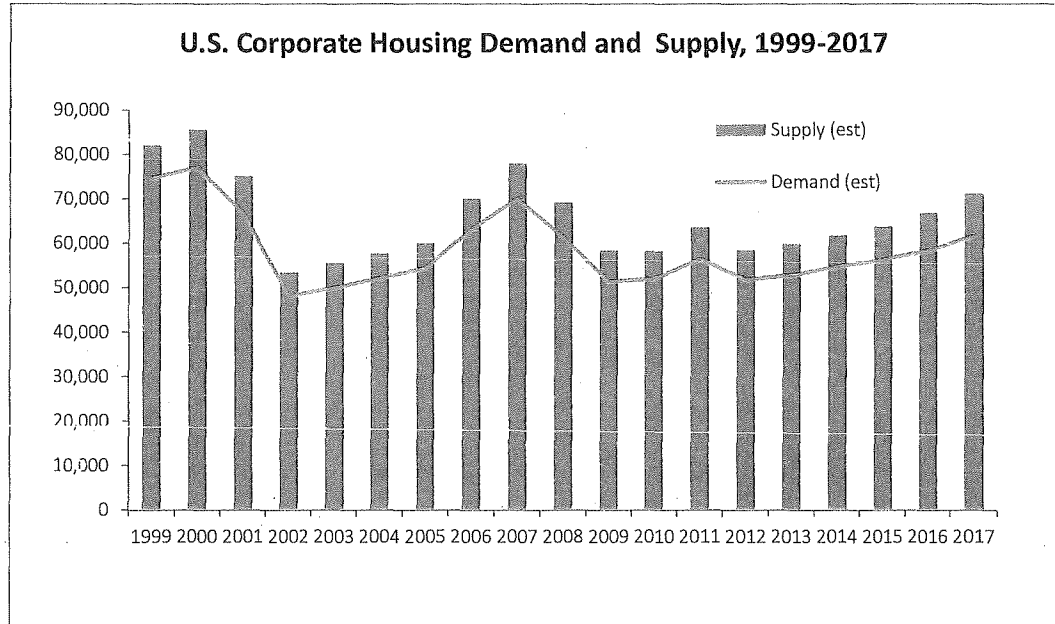
Intermediate length occupancy housing is distinguished from what is classified as short-term rentals in San Francisco which are units that cannot be rented for over 30 days and, if unhosted, cannot be rented for more than 90 nights per year. Finally, intermediate length occupancy housing is distinguished from long term rental housing which, in San Francisco at least, is generally leased out for a year or more, but such leases cannot be terminated in buildings that are subject to the City's rent stabilization laws which also prohibits evictions without just cause. Recent legislation adopted by the Board of Supervisors has extended eviction protections to housing units that are not otherwise subject to rental price controls under the City's Residential Stabilization and Arbitration Ordinance.¹

The Corporate Housing Providers Association, a trade association, reports an estimated 71,201 housing units nationally available for intermediate length occupancy in 2017, generating \$3.67 billion in revenue in the U.S. Nationally, demand and supply for intermediate length occupancy housing has been growing since at least 2010, as shown in Exhibit 1, though both have undergone periods of growth and retraction over the years since 1999, generally following economic cycles. The increase in estimated supply of these units grew from 58,259 in 2010 to 71,201 in 2017, an increase of 22.2 percent, according to estimates by the CHPA.²

¹ The City's Rent Stabilization and Arbitration Ordinance only applies to buildings constructed on June 13, 1979 or before, consistent with provisions of State law known as the Costa-Hawkins Act.

² 2018 Annual Report. Corporate Housing Providers Association

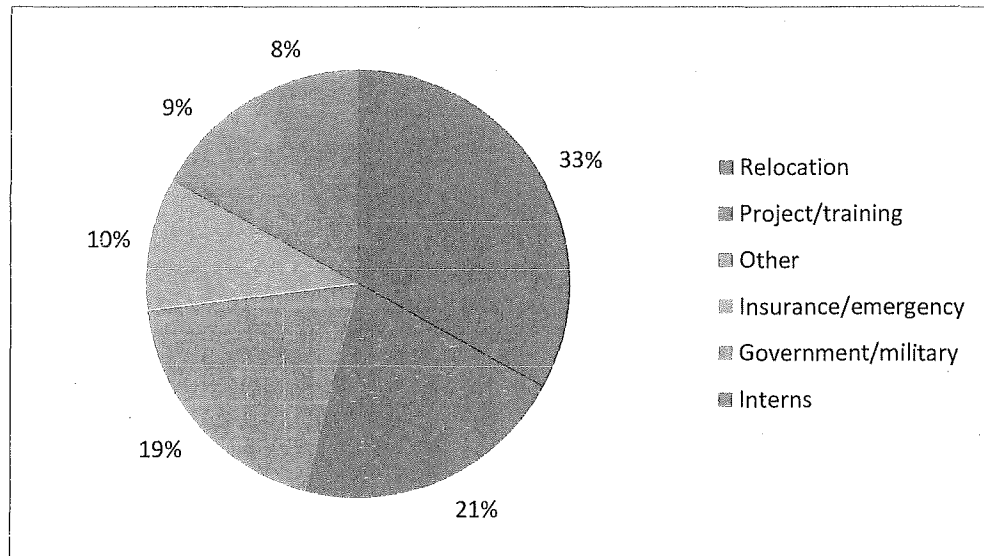
Exhibit 1: Supply and demand for intermediate length occupancy housing in the U.S., 1999 - 2017



Source: 2018 Annual Report. Corporate Housing Providers Association

According to CHPA's 2018 *Corporate Housing Industry Report*, the national average length of stay in intermediate length occupancy housing in 2017 was 78 nights. The same CHPA survey reports that the most common purposes for intermediate length occupancy housing in 2017 was employee relocation, at 33 percent of all guest nights, and projects/training was the second most used cited use at 21 percent of all guest nights. The third most common purpose was "Other" at 19 percent, a category that encompasses unspecified purposes but could include use while: receiving medical treatments, performing in a long running play or other production, and while in transition after a life milestone event such as a divorce.

Exhibit 2: Uses of Intermediate Length Occupancy Housing Nationally, 2017



Source: 2017 Corporate Housing Industry Report, Corporate Housing Providers Association

According to the 2018 CHPA survey and report, industries and others that utilized intermediate length occupancy housing in the highest percentages nationally were:

1. Technology (17%)
2. Other/Individual (16%)
3. Professional Services (12%)
4. Government/military (9%)

The national average daily rate for all types of corporate housing, or intermediate length occupancy units was \$161 in 2017, representing an increase every year since 1999. Occupancy rates for these housing units nationally is reported by CHPA to have declined since at least 2014. This does not necessarily reflect a decline in demand or profitability of the industry, however, but may reflect the increased competition from new entrants in the market. Though less than in previous years, the occupancy rate for 2017 nationally was still a healthy 86.4 percent, according to the CHPA.

The Corporate Housing Providers Association (CHPA) defines four types of businesses in this industry:

1. Service companies: These companies rent apartments through a master lease, furnish, and equip them, then rent them out to individual tenants, or likely to multiple tenants, over the period of their master lease.
2. Apartment companies: These are generally large apartment complexes that rent out a portion of their inventory as furnished intermediate length occupancy

units, often with their own staff serving as in-house property managers, arranging for furnishings, handling lease arrangements,, and performing other related tasks.

3. Property management companies: These are real estate property management companies that manage properties owned and furnished by building owners, including leasing and tenant services.
4. Owner properties: These are individual owners who lease their properties as intermediate length occupancy housing directly to companies and individuals.

The business models of established intermediate length occupancy housing providers have traditionally been highly relational and generally conducted offline. Providers have developed and maintained a network of corporate clientele in a variety of ways such as seeking direct contacts with Human Resources or other personnel at major regional and national corporations, hospitals, and universities, forming relationships with members of the Employee Relocation Council or relocation management companies that handle multiple businesses referrals, and otherwise maintaining an active client list of intermediate length occupancy housing clients.

While many providers now advertise their units online, leasing arrangements for many units may also be made personally, offline. Many owners, service companies, and property managers also advertise their intermediate length occupancy units on Airbnb and other platform companies who are now participants in this market. Airbnb has formed a business segment of its platform in addition to its primary short-term rental business.

Examples of large-scale traditional providers are Oakwood Corporate Housing and National Corporate Housing. These companies were among the first large companies to specialize and bring to scale intermediate length occupancy housing, Oakwood in the 1960s and 1970s, and National Corporate Housing Company since its founding in 1999. These companies not only master lease apartments in existing buildings and re-lease them to corporate and individual intermediate length occupancy tenants, they also were among the first to purchase or construct entire buildings themselves for the purpose of intermediate length occupancy housing.

Locally, Oakwood has purchased apartment buildings in Mountain View, Redwood City and other Bay Area cities primarily aimed at providing intermediate length occupancy housing to technology companies in the area such as Facebook and Google. Oakwood does not have any of its own stand-alone properties in San Francisco, but it has leased and re-leases units in buildings owned by others such as at 1 Pine Street and 845 California Street that it markets under its company name.

Oakwood also has a partnership with Marriot to provide corporate housing rentals and appears to do extensive third party contracting as well by providing referrals to property

owners and/or other parties as a conduit and referral service linking corporate clients to property owners/managers. The company presents a more variegated product mix, and the interface has multiple links to various property categories, distinguished by price, level of luxury and service, and targeted by sector such as government, consulting and entertainment.

New “disruptor” intermediate length occupancy housing providers

While the traditional arrangements and actors remain in the intermediate length occupancy housing marketplace nationally and locally, a number of new companies have entered the intermediate length occupancy marketplace in recent years and are contributing to its growth. Mostly founded between 2010 and the present, these newer providers generally are not owners or developers but companies that lease some or all units in existing buildings for a set period such as several years, and then re-lease the units to tenants at a higher rate than they have paid (known as an arbitrage model).

Most of these newer companies have or are receiving financial support from venture capital as they get started. As described in a profile of Sonder, one of the newer entrants to the intermediate length occupancy housing market:

“The arrival of VC backing as a permanent fixture in the alternative accommodation capital stack speaks volumes as to the future of the space,” said Sean Worker, CEO of BridgeStreet³

The newer companies founded in the last nine years generally operate in multiple cities throughout the world, including San Francisco for many of the companies. Some of the main companies that have been formed and entered the intermediate length occupancy market since 2010 include:

- Sonder*
- Zeus Living*
- Blueground*
- NestApart*
- 2nd Address*
- Stay Alfred
- Locale
- Lyric Housing
- Domio
- The Guild
- WhyHotel

*operating in San Francisco and other cities

³ A Closer Look at Sonder’s Tech-Focused Bet on Next Gen Rentals, Skift, March 18, 2019

As shown above, new companies such as Sonder, Zeus Living, NestApart, Blueground, and 2nd Address are operating in San Francisco and elsewhere, whereas Locale, Stay Alfred, Lyric, The Guild, and WhyHotel are operating in other cities only at this time. In press coverage, most of the new entrant companies report growth in the number of units and/or cities in which they operate and/or in the number of their employees. They generally characterize the national and international market for intermediate length occupancy housing and furnished serviced apartments as an alternative to hotels and short-term rentals for businesses as a growth market. This is consistent with the Corporate Housing Providers Association 2018 annual report's conclusions discussed above that shows growth in demand and supply for intermediate length occupancy housing nationally since 2010.

The business model for many of these newer companies is similar to hotels but they offer apartments for short term or intermediate length occupancy, often referred to as aparthotels, instead of hotel rooms or short-term rentals offered by platform companies such as Airbnb and VRBO. They generally claim to offer a more predictable experience than short-term rentals, with certain standards in place for furnishings and household items. They offer more space than hotels, often at lower cost, which can be particularly appealing to a traveler staying more than a few nights.

Due to San Francisco's short-term rental laws, the companies cannot rent out their apartments for less than 30 days, like a hotel, but in other cities, apartments not occupied by a natural person can be rented out for just a few days, or longer. So unlike in other cities, the new companies can only offer their units for intermediate length occupancy of 30 days or more in San Francisco.

While many of the functions performed by the new companies are not different from those provided by older long standing companies – furnishing and marketing their units, managing tenant credit checks and leasing processes, and arranging maintenance and other services for tenants – one key difference is the greater use of technology to operate their businesses. With the newer companies, potential tenants can search for apartments, submit applications, and make arrangements to access their apartments online. Some of the newer companies also enable their tenants to arrange for cleaning and other maintenance services during their tenancy through the companies' apps. Some of the companies also report making greater use of information technology to assess demand and determine pricing.

Arbitrage model used by many of the new entrants to the industry

Many of the newer companies employ an arbitrage model, master leasing units at market rate for an extended period such as multiple years, furnishing and stocking them, and then re-leasing them to multiple tenants for intermediate length occupancy at above-market rates over the master lease term. For these companies, economies of

scale can be achieved if they master lease multiple units in the same building. At least one company, Sonder, master leased all units in a single building in San Francisco but this is not typical of the newer entrant companies. A more typical arrangement in San Francisco, according to CHPA's survey of San Francisco based providers and media coverage of these companies, is to master lease between five and 20 percent of units in a building. The companies often seek out newly constructed multi-family buildings to set up this type of arrangements. Some companies require small rent abatements included in these contracts to provide some protection in the event of a market downturn.

Some newer entrant companies prefer to operate according to a "lease up" model, in which the contract between the property owner and the management company is a shorter-term duration executed when the building is first available for tenants, and is wound down as the building transitions to 'permanent' residents. For the building owner, this approach ensures more rapid occupancy of their units until they secure permanent tenants. Some companies only want to rent in lease-up properties, while others desire space in existing communities as well as lease-ups.

These newer companies relieve the landlords of their typical duties by taking care of the logistics of preparing furnished units for lease, marketing the properties, making arrangements with the tenants to assist them in moving in, providing or arranging for maintenance services, and dealing with utilities and other matters typically the responsibility of landlords.

As with traditional intermediate length occupancy housing rentals, nightly rates charged by the newer entrant companies are almost always higher than market rates for a long-term lease in comparable unfurnished units, but generally lower than nightly hotel rates.

II. Intermediate Length Occupancy Housing in San Francisco

Intermediate length occupancy housing in San Francisco has been provided for decades for corporate and other purposes. Consistent with national trends for the industry, demand is likely to continue and grow given the forecast growth of the economy in coming years. This should mean continued demand for temporary housing for relocating employees, consultants, attorneys, and other workers temporarily assigned to San Francisco, performing artists, medical providers, patients and their families, those needing temporary housing while undergoing a change in their lives, tourists, and others. Many intermediate length occupancy housing industry representatives state that the nature of work has become more global and mobile and is thus partly fueling an increase in demand for intermediate length occupancy housing in addition to growth in the economy and jobs in San Francisco in recent years.

Historically, some building owners in San Francisco have set aside a certain portion of their housing units to be used for intermediate length occupancy tenants in San Francisco. These owners may make leasing arrangements with corporate clients or individual tenants directly, with service companies, or may use the services of a property manager to lease their units for intermediate length occupancy.

Many of the same trends and the changing industry structure described above for the intermediate length occupancy housing industry nationally are also found in San Francisco. There are both a number of long-term providers in San Francisco, many of whom have been serving the market for decades, and new “disruptor” companies started in 2010 or after that have entered or plan to enter the local marketplace.

As discussed above, many of these newer companies have a presence in other cities where they provide serviced apartments as an alternative to hotels and apartments available through short-term rental platforms such as Airbnb and VRBO. Unlike San Francisco, unoccupied apartments can be rented out in many cities on a short-term basis such as three or four nights without any cap on the total number of nights per year, or for intermediate length occupancy, defined as 30 nights or more. In San Francisco, housing units rented out for less than 30 days are subject to the City’s short-term rental laws which require that such housing units be occupied by a natural person and can only be rented out “unhosted” for up to 90 nights per year. Because of these requirements, some of the newer companies’ business models have been modified for San Francisco since they are only legally allowed to rent out their furnished serviced apartments for 30 days or more.

As with national statistics, the patterns in San Francisco indicate growth in the industry overall since there is no sign that existing longer-term providers are abandoning the market, according to the San Francisco Apartment Association, and the new wave of providers have also established or are planning to establish and grow their businesses.

Further, the San Francisco economy has been growing in recent years and is projected to continue to grow in the next six years. We conclude that past and projected future growth in the number of jobs in San Francisco is correlated with increased demand for intermediate length occupancy housing.

Factors influencing growth in demand for intermediate length occupancy housing in San Francisco

A high percentage of San Francisco jobs are in sectors that are likely users of corporate housing services – i.e. professional services, information technology, management, and health care. Jobs in these high wage occupation groups grew substantially between 2010 and 2016 in San Francisco and the surrounding area and are projected to continue increasing through 2026.

As national data presented above showed, these growing industries in San Francisco are most likely to use corporate housing for relocating employees or require that employees temporarily relocate to San Francisco and other cities for the duration of projects, trials, or other intermediate length endeavors. The combination of job growth and an increasingly mobile, global workforce for these industries can be viewed as another indicator of growth in the intermediate length occupancy housing market in San Francisco. Exhibit 3 shows that 210,000 jobs were created between 2010 and 2018 in San Francisco.

Exhibit 3: Total Job Growth in San Francisco, 2010- 2018

	2010	2018	2010-2018
Jobs	550,300	760,300	210,000

Source: California Employment Development Department, Current Employment Statistics – San Francisco County, December 2010 and December 2018

Exhibit 4 shows that in just the years 2016-2018, 53,320 high wage jobs were added in San Francisco and San Mateo Counties.⁴ The top high wage jobs reported by the State for 2016-2018 were in the following industry categories:

1. Business and Financial Operations
2. Computer and Mathematical
3. Management
4. Healthcare Practitioners and Technical

As discussed above in our profile of the national industry, these fast growing industries are among the highest users of intermediate length occupancy housing. The recent and projected growth of jobs in these fields supports the premise of growth in the intermediate length occupancy housing industry in San Francisco.

⁴ This data from the California Employment Development Department combines San Francisco and San Mateo counties. We estimate that San Francisco County's share of these jobs is approximately 64 percent.

Exhibit 4: Job Growth in San Francisco & San Mateo County by Wage Level, 2016-2018

Wage Level	2016	% Total Jobs	2018	% Total Jobs	Change	% Change
Low-wage (< 80% of AMI) ¹	379,940	37.2%	423,330	37.9%	43,390	11%
Moderate-wage (80-120% of AMI) ¹	268,100	26.3%	267,750	24.0%	-350	-0.1%
High-wage (> 120% of AMI) ¹	371,990	36.5%	425,310	38.1%	53,320	14%
Total Jobs	1,020,300	100.0%	1,116,390	100.0%	96,360	9%

Source: California Employment Development Department, 2016-2026 Employment Projections

¹ AMI= Area Median Income

Finally, California Employment Development Department job projections through 2026 for San Francisco only, presented in Exhibit 5, show an additional 40,377 high wage jobs, or a growth rate of 13.9 percent.

Exhibit 5: Projected Job Growth in San Francisco, 2016 – 2026, by Wage Level

Wage Level	2016 Employment	2026 Employment	Change	% Change
Low-wage	275,868	307,586	31,718	11.5%
Moderate-wage	190,750	200,018	9,267	4.9%
High-wage	291,089	331,466	40,377	13.9%
Total	757,707	839,069	81,362	10.7%

Source: California Employment Development Department, 2016-2026 Employment Projections, adjusted by Budget and Legislative Analyst to show San Francisco's assumed 64 percent share of projected growth in San Francisco and San Mateo counties.

Performing arts

Besides corporate, insurance, government, and individual users, many providers and industry representatives have cited the need for intermediate length occupancy housing for performing artists who have extended engagements in San Francisco. For example, the San Francisco Opera reports that it has 50-60 singers, designers, directors and conductors each year that come to San Francisco for production runs of seven to nine weeks each and thus need some type of intermediate length occupancy housing for those periods. Similarly, ACT reports that it has an estimated 45-50 actors, directors, and designers who need intermediate length housing each year for five to nine weeks.

Medical needs

Patients from other cities seeking extended duration medical treatment from one of San Francisco's medical facilities and their families and friends are potential users of

intermediate length occupancy housing. Though numbers are not readily available on the number of units used for this purpose, UCSF Medical Center reports that as a regional medical facility, it serves patients that come from throughout the west needing extended duration treatment. The medical center maintains its own Family House at its Mission Bay facility and uses Ronald McDonald House to house families of children who are receiving extended duration medical treatment at one of their facilities. When these two housing options are full, arrangements are made for private market intermediate length occupancy housing.

Profile of industry in San Francisco: website research on units available for intermediate length occupancy

There are primarily three types of website listings for intermediate length occupancy housing in San Francisco: 1) companies that advertise their own inventory of housing units that they have master-leased for multiple months or years and make available for intermediate length occupancy leases, 2) owners marketing their own properties directly, and 3) listing platforms that advertise other companies' inventory.

For our review of websites for companies leasing their own master leased inventory of apartments for intermediate length occupancy, we searched for apartments available for 31 days in March 2020. The companies we selected for review mostly included sufficient detail in their listings that we could identify the specific address of their buildings, or at least their neighborhood, the daily rate, number of bedrooms, and other features such as amenities or services offered.

We attempted to eliminate duplicate listings by excluding listings on platform sites that only list other companies' units as they don't have their own inventory, with two exceptions. We included data from the Corporate Housing by Owner website since this listing platform includes many individual or small property owners most of whom we do not believe would be otherwise captured in the provider company websites, and Churchill Living, which has been in business for decades but controls its own inventory.⁵ The results of our website reviews are summarized in Exhibit 6.

The results shown in Exhibit 6 are not meant to represent all intermediate length occupancy housing units for the companies shown or in San Francisco as a whole since the listings are only for units available during March 2020 and therefore do not include units already booked during that time as well as units currently occupied for which the leasing service company does not know if the tenant will choose to stay for a longer duration when their current tenancy ends. Also, some websites do not allow for filtering their listings by dates available so the numbers reported below exclude an unknown number of listings on such websites. Finally, our review did not include intermediate length occupancy units that are marketed online and/or elsewhere by apartment

⁵ We did find some exceptions to this with some service company inventory listed on Corporate Housing by Owner.

owners themselves (e.g., Trinity Apartments, Golden Gateway, Parkmerced) or that are leased to companies or tenants through existing agreements or direct offline contact and do not have a website presence.

As shown in Exhibit 6, our website searches identified 461 listings available from selected companies for the month of March 2020. Most of the units were advertised by Corporate Housing by Owner, which allows building owners to market their properties without an intermediary company. The next three companies with the most listings were Sonder, Churchill Living, and Blueground.

**Exhibit 6: Selected Intermediate Length Occupancy Companies with Listings
Advertised as Available in March 2020**

Company	Total
2nd Address	18
Avenue West	30
Blueground	44
Churchill Living Homes	60
Corporate Housing by Owner	127
Express Corporate Housing	17
Furnished Quarters	14
Key Housing	24
National Corporate Housing	13
Sonder	73
SuiteAmerica	2
Synergy	4
Zeus	35
Total	461

Source: Company websites

Average rents for the units listed in Exhibit 6 are presented in Exhibit 7. As can be seen, average monthly rents for intermediate length occupancy units exceed market rents as of December 2019.

Exhibit 7: Average Daily and Monthly Rents for Intermediate Length Occupancy Housing Advertised on Selected Websites Available in March 2020

Bedroom Type	Number of Units	Average Daily Rent	Average Monthly ILO Rent	Zillow Index Market Rent Dec. 2019	Difference
Studio	38	\$150	\$4,650	n.a.	n.a.
1 bedroom	215	159	\$4,929	\$3,580	\$1,349
2 bedroom	119	200	\$6,200	\$4,530	\$1,670
3 bedroom	28	281	\$8,711	\$5,960	\$2,751
4 bedroom	10	334	\$10,354	\$6,170	\$4,184
Unknown	88		Unknown		
Total	498				

Source: BLA review of selected intermediate length occupancy housing company websites for available units in March 2020.

Intermediate length occupancy housing vs. hotels in San Francisco

The average daily rate for hotels in San Francisco for the eleven months ending in November 2019 was \$315, according to CBRE Hotels.⁶ As can be seen in Exhibit 7, the average daily rates for intermediate length occupancy housing in San Francisco for all accommodations of 3 bedrooms or less was lower than the average hotel rate. This is consistent with representations made by a number of intermediate length occupancy housing industry providers and analysts that rates for their units, though more than market rents, are a better value than hotels.

CBRE Hotels also reported an average occupancy rate of 87.1 percent for San Francisco hotels for the eleven month period ending November 2019. The occupancy rate for intermediate length occupancy housing in the San Francisco metropolitan area in 2017 was 86 percent, according to the Corporate Housing Providers Association. This indicates that both industries are faring well and appear to be coexisting without one eroding the other. In fact, the Hotel Council of San Francisco reports that most hotels in San Francisco do not rent rooms for more than 28 days in a row, which would be insufficient for many intermediate length occupancy housing renters since their average stay in 2017 was 78 days, according to the Corporate Housing Providers Association.

⁶ *Trends in the Hotel Industry* CBRE Hotels, November 2019

Exhibit 8 presents the neighborhood distribution of the 461 intermediate length occupancy listings identified in our website searches as available for leasing for the month of March 2020. As can be seen, intermediate length occupancy housing units are concentrated in SoMa, the Mission, Nob Hill, Rincon Hill, Hayes Valley, and North Beach.

Exhibit 8 Neighborhood Distribution of Intermediate Length Occupancy Units Advertised as Available in March 2020 on Selected Websites

Neighborhood	Total	Neighborhood	Total
Ashbury Heights	1	Mission Bay	22
Balboa Park	1	Mission District	40
Bayview	1	Nob Hill	41
Bernal Heights	6	Noe Valley	14
Castro	7	North Beach	24
Chinatown	1	Outer Richmond	3
Civic Center	5	Outer Sunset	2
Cow Hollow	2	Pacific Heights	20
Crocker-Amazon	1	Parkmerced	2
Daly City	1	Polk Gulch	3
Dogpatch	5	Potrero Hill	9
Dolores Heights	2	Presidio	2
East Cut	1	Rincon Hill	26
Eureka Valley	1	Russian Hill	17
Fillmore	2	Sea Cliff	1
Financial District	18	SoMa	85
Haight Ashbury	2	South Beach	17
Hayes Valley	24	South Park	5
Ingleside Terraces	2	Telegraph Hill	4
Inner Richmond	8	Tenderloin	2
Inner Sunset	4	The East Cut	1
Laguna Heights	1	West Portal	1
Lower Haight	4	Western Addition	5
Marina	12	Westwood Park	2
Merced Heights	1	Grand Total	461

Source: BLA review of selected intermediate length occupancy housing company websites for available units in March 2020.

The economics of intermediate length occupancy housing in San Francisco

Assuming an 86 percent occupancy level, Exhibit 9 shows the potential monthly revenue for a landlord renting out units for intermediate length occupancy as compared to renting their units at market rate rents.

Using the average daily rates we derived from our review of a sample of intermediate length occupancy housing company websites, the margin on a 1 bedroom unit is \$659 per month, or \$7,907 per year while a 2 bedroom would be \$802 per month, or \$9,624 per year, assuming an 86 percent occupancy rate. The 86 percent occupancy rate is the 2017 average for the San Francisco metropolitan area, according to the Corporate Housing Providers Association 2018 annual survey and report.

Of course, any additional revenues for an owner leasing their units on the intermediate length occupancy housing market would be offset by the costs of furnishing, marketing and leasing the unit and providing maintenance services and customer support to tenants once leased. Further, landlords could earn less than market rent if they are unable to achieve an occupancy rate of 70 percent or more. But, assuming an occupancy rate closer to the average 86 percent, landlords and service companies entering this industry should be able to make their initial investments back and achieve a certain scale of operations, making their operations more profitable.

Exhibit 9: Economics of Renting an Intermediate Length Occupancy Unit in San Francisco at 86 percent occupancy

	Zillow Index SF market rents	Zillow market daily rate	Sample average per night	Difference per night	Sample average monthly rent ¹	Difference per month	Difference per year
1 BR	\$3,580	\$115	\$159	\$44	\$4,239	\$659	\$7,907
2 BR	\$4,530	\$146	\$200	\$54	\$5,332	\$802	\$9,624

Sources: Zillow.com and BLA review of selected intermediate length occupancy housing providers of listings available in March 2020.

¹ Assumes an 86 percent occupancy rate, the 2017 average for the San Francisco metropolitan area according to the Corporate Housing Providers Association 2018 Annual Report.

Rent stabilized units and the intermediate length occupancy housing market

The comparisons above in Exhibit 9 are between current intermediate length occupancy housing daily rates and market rents. The difference would be even greater if a landlord converted a rent-controlled unit upon termination of a tenancy to intermediate length occupancy housing. This would not only allow the landlord to increase the rent from whatever was being paid under the City’s rent price control system to above market rates and then to keep increasing it consistent with market rate increases since there would never be a long term tenant in the unit with rent stabilization protections afforded by the City’s rent stabilization laws.

We did find units available in our website search in buildings constructed before 1979 that would be subject to the City’s rent price controls. Such units are thus no longer part of the stock of San Francisco’s rent stabilized market.

Memo to Supervisor Peskin
February 24, 2020

One San Francisco tenant interviewed as part of our research for this report indicated that 24 of the 70 units in their pre-1979 rent-controlled building downtown are being used for intermediate length occupancy housing. The tenant described how the 24 units have been converted each time a long-term tenant vacated a unit, reducing the City's stock of rent-controlled apartments.

III. Estimated Scale of Intermediate Length Occupancy Housing Industry in San Francisco

To assess the size of the intermediate length occupancy housing industry in San Francisco, we surveyed City departments and collected industry data from relevant national and local trade associations, community organizations, and some tenants. None of these sources were able to provide a precise count of the number of housing units being used for intermediate length occupancy leasing in San Francisco, though information collected from industry sources and provider websites enabled us to develop a range of estimates.

City does not track the number or uses of intermediate length occupancy housing

The City does not regulate the intermediate occupancy length housing industry, nor does it have data on the number of housing units being used for this purpose. The following agencies that could potentially have access to such information provided the following responses to inquiries on this topic.

Exhibit 10: How City Departments Treat Intermediate Length Occupancy Housing

City Agency	Information Available
Department of Building Inspection (DBI)	Though building permits record use of buildings, intermediate length occupancy housing is not singled out; if that is the intended purpose of a new building, it would most likely be recorded as multi-unit or single family residential. Further, developers may not know at the time of obtaining a building permit if they will be leasing some their units for intermediate length occupancy housing.
Planning Department	Intermediate length occupancy housing, or corporate housing, is not a "land use" and is therefore not tracked as part of the land use entitlement process. Like DBI, the Planning Department would have a record of a building being "residential" and multi-unit or single family, but not details about how units in a new building would be used when leased.
Assessor	The Assessor tracks land use for all parcels in the City, does not have details on how residential units are leased. The land use for a building with intermediate length occupancy housing would likely be listed as single family residential or multi-unit if an apartment building.

<p>Treasurer-Tax collector</p>	<p>The Treasurer-Tax Collector does track all businesses that pay business taxes in the City by business type, using standardized North American Industry Classification System (NAICS) codes. However, a review of the Office’s business database shows that corporate housing companies are not consistently classified, with some providers classified in the “Accommodations for Travelers” industry, some in the separate “Real Estate Lessors” industry, and some in “Residential Property Manager” industry. All of these industries also include businesses that do not provide intermediate occupancy length rentals and they cannot be distinguished from those that do.</p>
<p>Rent Board</p>	<p>The Rent Board does not have records of the number of rental units used for intermediate length occupancy rentals but does report that tenants that stay in such units would be subject to rent stabilization protections if they are in buildings constructed before June 1979 that are subject to the City’s rent stabilization laws. Some intermediate length occupancy units are in buildings subject to the City’s rent stabilization laws, but it is not known if leases for those buildings make clear the tenants’ rights pursuant to the City’s laws. However, since most tenants are using the units for intermediate length occupancy, the issue of allowable annual increases in rent may not come up too frequently. Rent Board representatives report that they are unaware of any complaints filed for intermediate length occupancy units.</p>

Source: BLA interviews with representatives of each department listed.

Due to the absence of the City tracking and maintaining an official inventory of housing used for intermediate length occupancy in San Francisco, it is difficult to provide an assessment of the extent of housing used for this purpose, to assess its growth, or to conduct an assessment of the impact of newer market entrants on overall supply, rental rates, and how this type of housing compares to growth in housing used for permanent residents. Without knowledge of the location of all of these units, it is not possible to determine if they are reducing the amount of rent-stabilized housing in the City in instances when a landlord converts a previously rent controlled unit to an intermediate length occupancy unit. However, we have gathered estimates of the inventory of intermediate length occupancy units in San Francisco from various organizations and provider websites, as follows, and have prepared an assessment of likely growth of the industry in recent years.

Industry sources do not have precise inventories of the number of intermediate length occupancy housing units in San Francisco

The Corporate Housing Providers Association (CHPA), a national trade organization, and the San Francisco Apartment Association, a local organization representing apartment owners in San Francisco, provided profiles of their members in San Francisco. Neither group could provide a total inventory of housing units being used for intermediate length occupancy in the City.

The CHPA reports it has 300 members nationwide and 27 in San Francisco. CHPA members are classified as: 1) Providers, or professionally managed businesses that provide and manage residential style housing in a style that establishes a tenancy relationship and provides ancillary services such as housekeeping, duty of care compliance, utilities, invoicing, response to service failures, etc., 2) Agency, or professionally managed business entities that primarily provide access to residential style housing through an online platform, partnership arrangement or referral basis that typically does not establish a direct tenancy relationship, and 3) Associate Partners, or professionally managed business entities whose business is supplying goods and services to corporate housing businesses.

For its 2017 nationwide membership survey, seven of the 27 members operating in San Francisco responded; representing 577 housing units. CHPA reports that its members at the time of the survey did not include all providers in San Francisco, including some of the newer companies that have entered the market since 2010, such as Zeus. CHPA members in San Francisco are reported to have been in business for an average of 25 years and to have been operating in San Francisco for an average of 13 years.

For 2017, the CHPA reports a 71 day, or 2.4 month, average length of stay for the intermediate length occupancy units rented out by its members in San Francisco and Marin County, and an average daily rate of \$216 for one-bedroom units and \$259 for two bedroom units.⁷ These rates translate in to approximately \$5,573 per month for one-bedroom units and \$6,682 per month based on their reported 86 percent occupancy rate for 2017.

CHPA reports that the percentage of units rented by their member providers in San Francisco typically represent approximately 10 percent of the total units in multi-unit residential buildings or complexes. The established firms operating in the sector for two decades or more have been fairly stable over the last several decades, and the sector has not historically been characterized by a high rate of turnover, the CHPA reports.

⁷ These are higher rates than we found in our review of a sample of units available for lease in March 2020 according to listings of a number of providers' websites.

Typical master leases entered in to by CHPA members for intermediate length occupancy units in San Francisco are one year in length on average, though many property owners are reported to be requesting or offering longer lease terms (15-24 months). All but one of the 27 CHPA members reported that the buildings they work with have a cap on the number of corporate housing units in their buildings. The responses indicate the percentage cap varies widely but ten percent is fairly typical.

The San Francisco Apartment Association (SFAA) is a trade association that represents apartment owners, property managers, and related vendors and aims to 'educate, advocate, and support the Rental Housing Community' in San Francisco. They offer three levels of membership, the first of which are 'Regular Members,' who are rental property owners that rent single family homes, flats, condos, or apartments. The SFAA states that over half of their Regular Members own single family homes or buildings with 1-4 units. The second membership category is Property Managers, for those who professionally manage rental housing buildings, and the third is for Associate Members (vendors/ suppliers), who are companies providing products and services to the rental housing industry.

Number of intermediate length occupancy housing units using SFAA estimates

The SFAA reports that while intermediate length occupancy housing units are spread all over the City, they may be found in higher concentrations in Supervisorial Districts 3 or 6 (North Beach, SoMa, Rincon Hill), and close to institutions such as hospitals and colleges.

The SFAA has approximately 4,400 members, representing approximately 90,000 rental units in San Francisco. Though the organization does not have an inventory of how many of the units it represents are used for intermediate length occupancy housing, it estimates that between one and three percent of all units represented, or between 900 and 2,700 units, are being used for intermediate length occupancy purposes. This estimate is based on a limited SFAA survey of some of the larger properties it represents.

Applying the SFAA estimates of between one and three percent of their members' rental units being used for intermediate length occupancy housing to all possible multi-family rental housing in San Francisco (including units whose owners are not members of SFAA), results in an estimate of between 2,705 and 8,115 units Citywide, based on 270,504 multi-family housing units in San Francisco in 2018, and as shown in Exhibit 11.⁸

⁸ *San Francisco Housing Inventory, 2018*. San Francisco Planning Department

Exhibit 11: Number of intermediate length occupancy housing units in San Francisco based on SFAA range of estimates

Multi-family housing units, 2018	270,504
1% of units	2,705
3% of units	8,115

Source: *San Francisco Housing Inventory, 2018* San Francisco Planning Department

BLA range of estimates based on SFAA assumptions and limited industry data

From our review of a sample of intermediate length occupancy housing provider websites, business press coverage of the industry, discussions with providers, housing advocates and tenants, industry representatives and analysts, we have identified approximately 1,300 units used for this business in San Francisco. Knowing this does not represent all units because only a small number of providers have made their inventory available to us and many units are already leased out and thus not advertised online or are only made available through personal connections rather than online, we conclude that there could easily be 2,000 units, if not more, dedicated to intermediate length occupancy in San Francisco. Thus, we establish a lower end estimate of 2,000 units, and a higher end estimate of 2,705, using the more conservative one percent of multi-family housing stock estimate provided by the SFAA for this analysis.

Estimated growth in intermediate length occupancy housing industry in San Francisco, 2010 through 2017

Regarding growth of the industry in San Francisco, a comparison of growth in the industry nationally with growth in the housing stock in San Francisco between 2010 and 2017 indicates that the industry has likely been growing faster than new housing stock and, if so, would have absorbed a disproportionate share of the new housing units added to San Francisco's housing stock during those years.

As discussed above, a number of new companies have been formed since 2010 that are serving the intermediate length occupancy market throughout the world, the U.S., and in San Francisco. From available information and industry representations, these newer companies appear to be providing their services *in addition* to the traditional companies and property owners in San Francisco, which both CHPA and SFAA reports have been stable in recent years, indicating growth in the intermediate length occupancy market in San Francisco.

Because there are no baseline numbers available from known credible sources to compare the estimate of the current number of intermediate length occupancy housing units in San Francisco against, it cannot be categorically determined if a greater share of San Francisco's housing stock is being used for this purpose or not. Between 2010 and

2017, the multi-family housing stock in San Francisco increased by 19,299 units, or 7.8 percent, according to the San Francisco Planning Department.⁹ During the same period, the number of intermediate length occupancy housing units are estimated to have increased nationally by 22.2 percent, according to the Corporate Housing Providers Association. To the extent San Francisco's growth in intermediate length occupancy during that time mirrored national industry growth, it would have exceeded the 7.8 percent growth in multi-family housing units in San Francisco, with the growth in excess of the City's multi-family housing growth rate absorbed by the industry rather than the long term rental market.

Estimating the number of intermediate length occupancy housing units as one percent of the City's multi-family housing stock in 2010 (based on the lower end estimate by the San Francisco Apartment Association) and then assuming the number of such units grew at the same 22.2 percent rate of increase as the national supply would mean an increase of 552 units, from 2,486 units in 2010 (1 percent of the multi-family housing stock of 248,609 units¹⁰) to 3,038 units in 2017. If the industry in San Francisco grew at the same rate as multi-family housing units between 2010 and 2017, or 7.8 percent, there would only have been an addition of 194 units used for intermediate length occupancy housing, or 358 units less, and the industry's share of the housing stock would have remained the same.

With a higher growth rate in industry inventory than in the City's multi-family housing stock, the share of new housing devoted to intermediate length occupancy housing would have increased, with 358 units being added to the industry inventory that would have otherwise remained in the housing stock available for traditional long term tenancies (552 units added less 194 at the City's multi-family housing growth rate = 358

⁹ *San Francisco Housing Inventory 2017* San Francisco Planning Department

¹⁰ *Ibid.*

units in excess of the growth rate for multi-family housing units). Thus, to the extent the intermediate length occupancy housing industry growth rate in San Francisco exceeded the national rate, it would have consumed a disproportionate share of San Francisco's increased housing stock. Exhibit 12 presents these comparisons.

Exhibit 12: Estimated Growth in San Francisco's Intermediate Length Occupancy Housing Units Compared to Growth in total Multi-family Housing Stock

	2010 Base	+ 7.8% actual SF multi-family growth rate	+ 22.2% national ILO growth rate	Difference
Total multi-family units	248,609	267,908	303,800	35,892
ILO units	2,486	2,680	3,038	358

Sources: *San Francisco Housing Inventory, 2017* San Francisco Planning Department. BLA estimate of total 2010 based of ILO units.

INTERMEDIATE LENGTH OCCUPANCY HOUSING IN SAN FRANCISCO

Policy Analysis Report to Supervisor Aaron Peskin

Presentation to:

LAND USE AND TRANSPORTATION COMMITTEE

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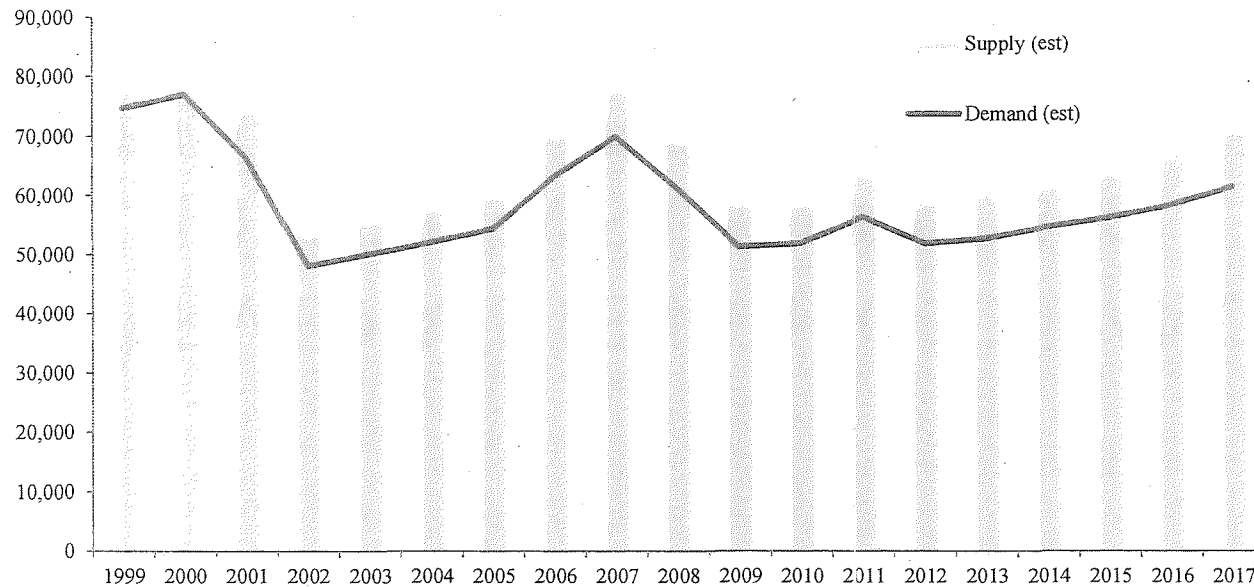
Budget and Legislative Analyst

02/24/2020
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Intermediate Length Occupancy Housing Industry: 2017

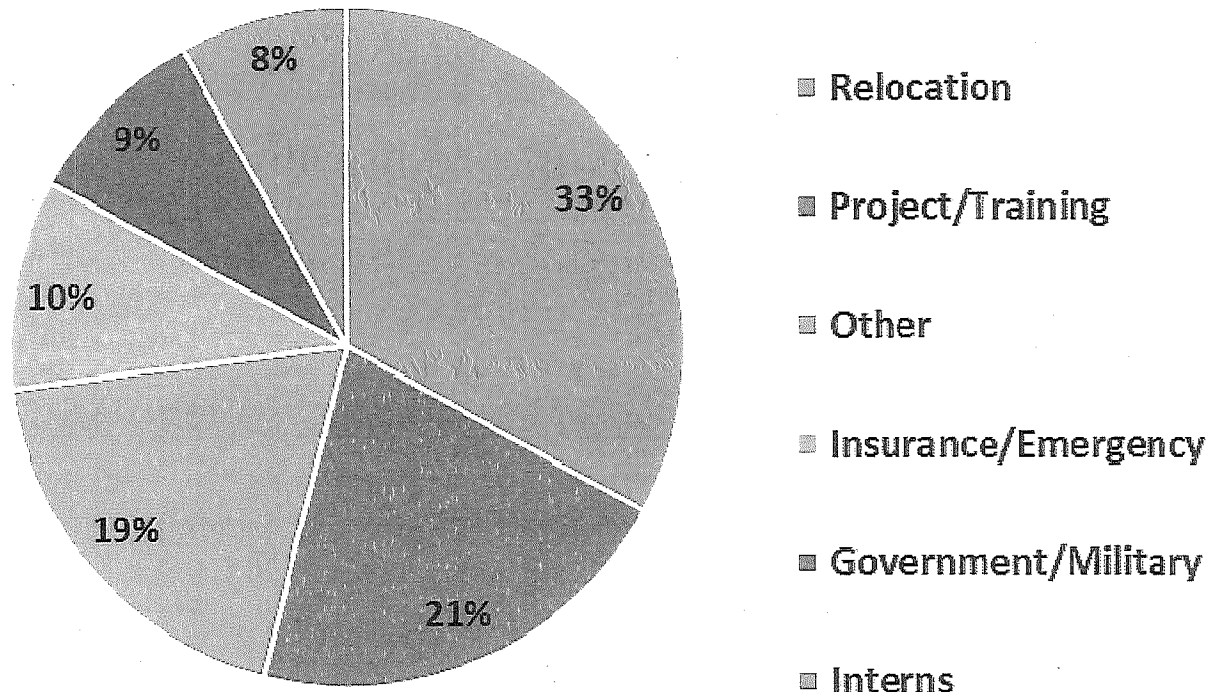
	U.S.	San Francisco*
Average Daily Rate	\$161 (\$4,154/mo.)	\$231 (\$6,930/mo.)
Average occupancy rate	86.4%	86.0%
Average length of stay	78 nights	71 nights

*Includes Marin County



Supply nationwide = 71,201 units in 2017, increase of 22.2% over 58,259 in 2010

Uses of intermediate length occupancy housing in U.S., 2017



Top Users:

- 1) Technology
- 2) Other/individual
- 3) Professional services
- 4) Government/military



Growing Industry: stable longer-term providers + new “disruptor” companies

Longer term companies in place for years

- CHPA: 27 members in San Francisco, in SF for an average of 13 years.
- SF Apartment Association members have been providing ILO housing for decades

New companies, formed since 2010

- Sonder, Zeus, Blueground, Synergy Global Housing, Churchill
- Master tenants: furnished, serviced apartments (aparthotels in other cities)
- venture capital backing
- greater use of information technology



Estimated Scale of Industry in San Francisco

- No City data collected on number of units: ILO is not classified as a land use.
- SF Apartment Association estimates 1-3% of member units used for intermediate length occupancy housing (Citywide: 2,705 – 8,115 units)
- BLA: our review leads to approximately 2,000 units
- Absent better data: 2,000 – 2,705

Location of Sample Intermediate Length Occupancy Housing

Neighborhood	Total	Neighborhood	Total	Neighborhood	Total
Ashbury Heights	1	Haight Ashbury	2	Sea Cliff	1
Balboa Park	1	Hayes Valley	24	SoMa	85
Bayview	1	Ingleside Terraces	2	South Beach	17
Bernal Heights	6	Inner Richmond	8	South Park	5
Castro	7	Inner Sunset	4	Telegraph Hill	4
Chinatown	1	Laguna Heights	1	Tenderloin	2
Civic Center	5	Lower Haight	4	The East Cut	1
Cow Hollow	2	Marina	12	West Portal	1
Crocker-Amazon	1	Merced Heights	1	Western	5
Daly City	1	Mission Bay	22	Addition	
Dogpatch	5	Mission District	40	Westwood	2
Dolores Heights	2	Nob Hill	41	Park	
East Cut	1	Noe Valley	14	Grand Total	461
Eureka Valley	1	North Beach	24		
Fillmore	2	Outer Richmond	3		
Financial District	18	Outer Sunset	2		
Haight Ashbury	2	Pacific Heights	20		
Hayes Valley	24	Parkmerced	2		
Ingleside Terraces	2	Polk Gulch	3		
Inner Richmond	8	Potrero Hill	9		
Inner Sunset	4	Presidio	2		
Laguna Heights	1	Rincon Hill	26		
Lower Haight	4	Russian Hill	17		

52% in 6 neighborhoods

Economics of renting an Intermediate Length Occupancy Unit in San Francisco

	Zillow Index SF market rents	Zillow market daily rate	Sample average per night	Difference per night	Sample average monthly rent (at 86% occupancy)	Difference per month	Difference per year
1 BR	\$3,580	\$115	\$159	\$44	\$4,239	\$659	\$7,907
2 BR	\$4,530	\$146	\$200	\$54	\$5,332	\$802	\$9,624

**Estimated Growth in San Francisco's Intermediate Length Occupancy Housing Units
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VI. Impact: Helping Speculators Speculate

Opendoor

They have raised \$1.3B in venture equity and \$3B in debt financing. They use data modeling to spot opportunities and gaps in the market for homes as well as optimal pricing for properties-- so they are a tech enabled property flipper.

Blueground

Corporate master leasing. Blueground “partners with major property owners to sign long-term leases for units it then furnishes and rents out with more flexible terms”

Landis “helps large-scale investors buy and sell properties” who typically rent out those homes-- they use this platform to “perform all the steps for completing a transaction-- and it's a private service so bypasses the Multiple Listing Service.

Reali

Tech to facilitate online real estate purchases. They charge a flat fee to buyers and reduce sellers commission to 4%.

Fifth Wall

Has raised \$212M from real estate giants (developers realtors, landlords including Equity Residential the largest owner of apartments in the US, REITs, etc) to invest in new tech that will benefit these companies.

Doorstead

Property management company that retains a percentage of rental income in order to protect landlords against vacancy charges. There is an incentive of course for owners and for Doorstead to rent for higher prices, but not so high that units stay vacant.

Curbio

“a house-flipping startup that gives owners with homes that need renovation an alternative to selling “as is” to an iBuyer...”

Bumblebee Spaces

“A San Francisco startup that “unlocks” living space by storing furniture, like beds and closets, in automated modular ceiling systems. The company caters its product to high-density markets where “space is a premium.” according to an [article in Probuilder.com](#). But it’s not just a space saving service. According to Bumblebee’s website, they use AI to learn “from your preferences and routine.”

VII. Models and Arguments for Regulation

[Article](#) about Nov 2019 ballot measure in Jersey City to regulate short term, corporate rentals and references to what has been done in other cities like LA, Amsterdam, Paris, Vancouver, Palma de Mallorca.

[Article](#) about how tech leads to housing discrimination, and the “disparate impact” standard.

VIII. Surveillance

[Article](#) in the NY Times about key fobs and “other smart-access technologies” and [Article](#) in Crain’s New York Business

Possible legislative strategy. NY Councilman, Mark Levine, has authored the “[Tenant Data Privacy Act](#)” to “ensure that a tenant’s personal unit access logs are completely shielded from landlords, unless the tenant consents otherwise.”

Massachusetts Congressperson Ayanna Pressley “has [introduced a bill](#) prohibiting facial recognition technology in federally funded public housing” and Brad Hoylman, a Senator from New York, “has put forth [legislation](#) to completely outlaw the use of facial recognition technology in all residential buildings.”

POLICY RECOMMENDATIONS

Legislation or Litigation?

There will probably need to be a combination of strategies to create new legislation and bring lawsuits if there appear to be existing laws that are not being applied in order to protect tenants in these new circumstances..

Strategy Questions

1. How do we block businesses that move housing units out of the housing market? Need to enforce the "entitlement" conferred to property owners. Obligation to maintain housing as housing.
2. How do we block corporate and global capital from competing for housing that people need? Can we say that these unfairly competitive practices violate the due process to which people are entitled who seek housing for their well-being?
3. How do we prohibit practices that put tenants and homeowners (subject to mortgage) at risk?
4. Kind of related: should we propose a workshop at the Allied Media Conference? If so, what would the goal be? To raise consciousness? To recruit people and org's to work on this issue? If the latter, how do we facilitate that?

Issue: Privacy Issues/ Protection Against Surveillance

1. Look at Legislation in New York state and New York City
2. Look at Legislation in Massachusetts
3. Are there issues that these laws don't deal with? Propose new legislation for California/ San Francisco that takes the best elements of these two laws and pushes further where needed

Issue: Monopolization of Data Leading to Market Distortion

1. New data sources relating to usage and pricing of housing
2. Unequal access to that information (people looking for a place to rent or buy don't have access to this information, and even if they did, they don't have the ability to analyze and use it the same way corporations do).
3. This leads to corporate rentals instead of housing
4. It also leads to corporate master tenants
5. Leads as well to circumvention of tenant protections (depending on the service being implemented)

Issue: Using Access to Information to Increase Financialization of Housing

1. There's a new sector of effective lien-holders. Do they comply with fair lending regulations? Do they present an increased risk of foreclosure?
2. Security deposits as insurance policies? Do these circumvent state protections for tenants who rely on the current system to get their security deposits back?
3. Rental payments loans. How do these increase a tenant's financial risk? Now, instead of just a relationship with your landlord, a tenant is contractually obligated to both their landlord and the servicer of their rent payment loan.

Issue: Expansion of Global Landlords

1. Based on unequal access to information, monopolistic practices (including rent gouging), deliberate market distortions

2. Speculation based on continuing economic growth and infrastructure investment. Public investment in urban infrastructure leads to increasing land value and further unearned value increase.
3. Capitalization especially through publicly traded corporations whose value is supported by the realization of the speculative value described in #2.
4. Monopolization - race to control as many housing units in the most lucrative markets. Housing units become revenue generating assets with limitless upside given the tech strategies that ensure ever changing uses that immediately change to respond to market needs (short term, no-obligation uses).
5. These practices lead to excessive economic rent seeking and effective wage theft because people seeking housing will continue to be charged "whatever the market will bear" and the market is expanding into unexplored uses and for an international market enabled by new technology. The underlying value is from the land and location. Layered on top of that underlying value is an almost unlimited demand that tech continues to expand globally. Any expectations that supply and demand curves will eventually find equilibrium at some price point driven by the majority of housing seekers was fantastical before and becomes increasingly delusional.
6. As housing seekers' incomes increase, and with someone always available to pay more (corporations competing with individuals for instance) the price of housing has unlimited upside leading effectively to wage theft. No matter how successful we are at increasing people's real wages, the housing market will steal any increase. This is the new form of wage exploitation.

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VI. Impact: Helping Speculators Speculate

Opendoor

They have raised \$1.3B in venture equity and \$3B in debt financing. They use data modeling to spot opportunities and gaps in the market for homes as well as optimal pricing for properties-- so they are a tech enabled property flipper.

Blueground

Corporate master leasing. Blueground “partners with major property owners to sign long-term leases for units it then furnishes and rents out with more flexible terms”

Landis “helps large-scale investors buy and sell properties” who typically rent out those homes-- they use this platform to “perform all the steps for completing a transaction-- and it's a private service so bypasses the Multiple Listing Service.

Reali

Tech to facilitate online real estate purchases. They charge a flat fee to buyers and reduce sellers commission to 4%.

Fifth Wall

Has raised \$212M from real estate giants (developers realtors, landlords including Equity Residential the largest owner of apartments in the US, REITs, etc) to invest in new tech that will benefit these companies.

Doorstead

Property management company that retains a percentage of rental income in order to protect landlords against vacancy charges. There is an incentive of course for owners and for Doorstead to rent for higher prices, but not so high that units stay vacant.

Curbio

“a house-flipping startup that gives owners with homes that need renovation an alternative to selling “as is” to an iBuyer...”

Bumblebee Spaces

“A San Francisco startup that “unlocks” living space by storing furniture, like beds and closets, in automated modular ceiling systems. The company caters its product to high-density markets where “space is a premium”.” according to an [article in Probuilder.com](#). But it’s not just a space saving service. According to Bumblebee’s website, they use AI to learn “from your preferences and routine.”

VII. Models and Arguments for Regulation

[Article](#) about Nov 2019 ballot measure in Jersey City to regulate short term, corporate rentals and references to what has been done in other cities like LA, Amsterdam, Paris, Vancouver, Palma de Mallorca.

[Article](#) about how tech leads to housing discrimination, and the “disparate impact” standard.

VIII. Surveillance

[Article](#) in the NY Times about key fobs and “other smart-access technologies” and [Article](#) in Crain’s New York Business

Possible legislative strategy. NY Councilman, Mark Levine, has authored the “[Tenant Data Privacy Act](#)” to “ensure that a tenant’s personal unit access logs are completely shielded from landlords, unless the tenant consents otherwise.”

Massachusetts Congressperson Ayanna Pressley “has [introduced a bill](#) prohibiting facial recognition technology in federally funded public housing” and Brad Hoylman, a Senator from New York, “has put forth [legislation](#) to completely outlaw the use of facial recognition technology in all residential buildings.”

POLICY RECOMMENDATIONS

Legislation or Litigation?

There will probably need to be a combination of strategies to create new legislation and bring lawsuits if there appear to be existing laws that are not being applied in order to protect tenants in these new circumstances..

Strategy Questions

1. How do we block businesses that move housing units out of the housing market? Need to enforce the “entitlement” conferred to property owners. Obligation to maintain housing as housing.
2. How do we block corporate and global capital from competing for housing that people need? Can we say that these unfairly competitive practices violate the due process to which people are entitled who seek housing for their well-being?

3. How do we prohibit practices that put tenants and homeowners (subject to mortgage) at risk?
4. Kind of related: should we propose a workshop at the Allied Media Conference? If so, what would the goal be? To raise consciousness? To recruit people and org's to work on this issue? If the latter, how do we facilitate that?

Issue: Privacy Issues/ Protection Against Surveillance

1. Look at Legislation in New York state and New York City
2. Look at Legislation in Massachusetts
3. Are there issues that these laws don't deal with? Propose new legislation for California/ San Francisco that takes the best elements of these two laws and pushes further where needed

Issue: Monopolization of Data Leading to Market Distortion

1. New data sources relating to usage and pricing of housing
2. Unequal access to that information (people looking for a place to rent or buy don't have access to this information, and even if they did, they don't have the ability to analyze and use it the same way corporations do).
3. This leads to corporate rentals instead of housing
4. It also leads to corporate master tenants
5. Leads as well to circumvention of tenant protections (depending on the service being implemented)

Issue: Using Access to Information to Increase Financialization of Housing

1. There's a new sector of effective lien-holders. Do they comply with fair lending regulations? Do they present an increased risk of foreclosure?
2. Security deposits as insurance policies? Do these circumvent state protections for tenants who rely on the current system to get their security deposits back?
3. Rental payments loans. How do these increase a tenant's financial risk? Now, instead of just a relationship with your landlord, a tenant is contractually obligated to both their landlord and the servicer of their rent payment loan.

Issue: Expansion of Global Landlords

1. Based on unequal access to information, monopolistic practices (including rent gouging), deliberate market distortions
2. Speculation based on continuing economic growth and infrastructure investment. Public investment in urban infrastructure leads to increasing land value and further unearned value increase.
3. Capitalization especially through publicly traded corporations whose value is supported by the realization of the speculative value described in #2.
4. Monopolization - race to control as many housing units in the most lucrative markets. Housing units become revenue generating assets with limitless upside given the tech

strategies that ensure ever changing uses that immediately change to respond to market needs (short term, no-obligation uses).

5. These practices lead to excessive economic rent seeking and effective wage theft because people seeking housing will continue to be charged “whatever the market will bear” and the market is expanding into unexplored uses and for an international market enabled by new technology. The underlying value is from the land and location. Layered on top of that underlying value is an almost unlimited demand that tech continues to expand globally. Any expectations that supply and demand curves will eventually find equilibrium at some price point driven by the majority of housing seekers was fantastical before and becomes increasingly delusional.
6. As housing seekers’ incomes increase, and with someone always available to pay more (corporations competing with individuals for instance) the price of housing has unlimited upside leading effectively to wage theft. No matter how successful we are at increasing people’s real wages, the housing market will steal any increase. This is the new form of wage exploitation.



1020 Kearny Street
San Francisco, CA 94133

File No. 191075
Received via email
03/02/2020

March 2, 2020

The Honorable Aaron Peskin
Supervisor, District 3, City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 273
San Francisco, California 94102

CC: Supervisor Dean Preston & Supervisor Ahsha Safai

I lead development efforts for Starcity, a San Francisco-based owner, operator, and builder of Coliving communities. Our mission is to make great cities like San Francisco accessible to everyone.

Since December 2019, we have been working cooperatively with your office to understand the objectives of the proposed Intermediate Length Occupancy legislation. Our goal throughout this process has been to provide an informative and transparent background to our business model, and to then offer select clarifying amendments to the pending legislation where current proposed language may inadvertently impact our operations.

As indicated on previous occasions, we are not a Corporate Housing provider and we are committed to being a good steward of the city we call home. On prior occasions, we have shared a few examples of our commitment to addressing San Francisco's housing crisis, including our 53% affordable 270-unit Group Housing development in SoMa and our 55-unit Group Housing adaptive re-use of a previously abandoned historic asset in the Tenderloin.

We rent our properties to a broad array of individuals and our housing is on average significantly cheaper than market-rate studios and 1 bedrooms (average renter age: 31.5 and average salary: \$75,000). The primary reason we offer initial lease terms of less than 1 year is because, as acknowledged by your staff, there are many legitimate reasons why San Francisco residents would want or need shorter lease durations. We realize that there are many 'would-be' permanent San Francisco

residents who cannot afford a typical 12 month lease. Whether it is a factor of one's own economic means, job stability or structure, or certain life events, having the flexibility to commit to a lease of 3 or 6 months is for many a critical step in either moving to or staying in a city like San Francisco.

While Starcity does offer more flexible lease terms (3, 6, or 12 months) than traditional landlords, long term tenancy is encouraged and our retention is actually fairly consistent with traditional multifamily rentals (average length of stay is 11 months). Our lease terms are not finite, and the vast majority of our residents want to stay in San Francisco long-term. With this in mind, we have proposed the following clarifying amendments to the proposed ILO definition:

1. The ILO definition be clarified to apply only to leases with *non-tenant or corporate* users, rather than applying to any lease with a *natural person* as currently written.
2. The ILO definition be limited to initial leases with durations between 30 days and 3 or 4 months, which would therefore allow this proposed legislation to still be applicable to the overwhelming majority of Corporate Housing units it seeks to regulate.

Finally, we have proposed that 3 of Starcity's existing assets, which may fall under the definition of an ILO, be grandfathered into the program order to allow us to continue operating what has proven to be a legitimate form of housing for folks that need it. To be clear, Starcity operates 3 distinct properties in San Francisco that we believe would be subject to the ILO legislation, amounting to 12 units in total.

Thank you for your time and consideration. I would like to offer you our full availability to meet and discuss any aspect of our business model or aforementioned proposals at your convenience as you work to finalize this legislation.

Best Regards,

Eli Sokol
Senior Development Manager
Starcity

West Bay Law
Law Office of J. Scott Weaver

January 29, 2020

Members, San Francisco Planning Commission
1660 Mission Street
San Francisco, CA 94102

Re: Proposed Corporate Rental Legislation

Dear Commissioners,

I am unable to attend tomorrow's meeting and wanted to convey my thoughts regarding the proposed Corporate Rental Legislation.

As I understand it, the commission is supportive of the proposed amendments to the Rent Ordinance that would effectively ban corporate rentals in rent-controlled buildings.

I also believe that, ultimately, there is a consensus that corporate rentals should be subject to some numerical limitation. The legislation proposes a limit of 1,000 units. The rationale behind this limitation is that priority should be given to San Francisco renters while still allowing some units for preferred corporate rental uses.

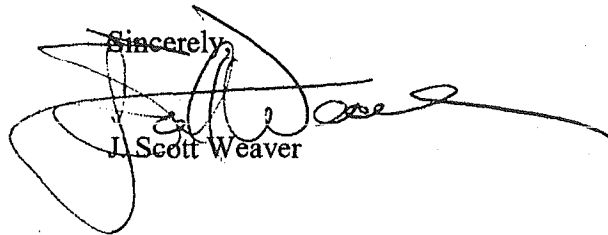
As I mentioned at the previous hearing, of concern is that specific criteria that should be applied for conditional use approval of Intermediate Length Occupancies. I believe there should be a prohibition of ILOs in "sensitive communities" as defined by the UC Berkeley Urban Displacement Project. These sensitive communities are subject to rapid gentrification or are at the end stage of gentrification. The hyper-gentrification created by these high-end corporate rentals exacerbates an already perilous situation that these vulnerable communities are facing.

Additional criteria could include priority uses such as support for people who are receiving medical treatment, with further favor given to ILOs in close proximity to medical facilities. Priority should also be given to nonprofit arts and educational organizations. Agreements by the applicant to make housing available (at reasonably affordable rents) for temporary use by fire victims, or tenants temporarily displaced due to seismic retrofits in their buildings could also be a consideration.

San Francisco Planning Commission
January 29, 2020
Page Two

Finally, I believe that the legislation should include payment of an appropriate Impact Fee.

Thank you for your attention to this matter.

Sincerely,

J. Scott Weaver

JSW:sme
cc. Sunny Angulo

From: John Carroll <john.ewing.carroll@gmail.com>
Sent: Wednesday, January 29, 2020 9:47 PM
To: Koppel, Joel (CPC); Moore, Kathrin (CPC); Diamond, Susan (CPC); Fung, Frank (CPC); Johnson, Milicent (CPC); Melgar, Myrna (CPC); Ionin, Jonas (CPC); CPC-Commissions Secretary; Major, Erica (BOS); Sanchez, Diego (CPC); Starr, Aaron (CPC)
Cc: Peskin, Aaron (BOS); Angulo, Sunny (BOS); Sandoval, Suhagey (BOS); Safai, Ahsha (BOS); Preston, Dean (BOS); Smeallie, Kyle (BOS); Brousseau, Fred (BUD)
Subject: Planning, Administrative Codes - Residential Occupancy - BOS File No. 191075 - Planning Commission Agenda Item No. 12 - January 30, 2020

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Good evening, President Koppel and Commissioners:

Thank you for your consideration of Supervisor Peskin's ordinance to create and regulate Intermediate Length Occupancy residential uses. The ordinance supports San Francisco households by limiting short-term corporate occupancy of housing stock. I write to support this ordinance.

I especially support Supervisor Peskin's ordinance as it relates to stopping the conversion and use of rent-controlled housing stock on the corporate housing markets. The practice of converting rent-controlled units to corporate housing is rampant within the City. My own home is an apartment in 645 Stockton Street, a 70-unit building constructed in 1928, and owned by Veritas. It is subject to the rent ordinance. There are at present 24 units of furnished corporate housing on offer by my landlord within 645 Stockton—more than a third of the total units. Of those furnished corporate housing units, there are five listed on 645stockton.com as presently available for limited-term lease. These units are vacant—not occupied by San Franciscans and not occupied by short-term tenants.

Landlords find it profitable to keep these units vacant in hopes of making larger rents from future corporate rentals, especially when entire floors—or even buildings—can all be potentially let at once to a single corporate entity. In fact, within one block of 645 Stockton are many other buildings owned by Veritas and offering furnished corporate suites, including the following current vacancies:

- 621 Stockton - Presently showing one vacant furnished 3-bedroom apartment
- <https://www.621stockton.com/availability.aspx>;
- 655 Stockton - Presently showing three vacant furnished studio apartments, and one vacant furnished 2-bedroom apartment - <https://www.655stockton.com/availability.aspx>;
- 845 California - Presently showing two vacant furnished studio apartments, and two vacant furnished 2-bedroom apartments - <https://www.845california.com/availability.aspx>;
- 50 Joice - Presently showing four furnished 1-bedroom apartments
- <http://www.50joice.com/availability.aspx>;
- 840 California - Presently showing one vacant furnished 1-bedroom apartment
- <https://www.840california.com/availability.aspx>;
- 795 Pine - Presently showing one vacant furnished 2-bedroom apartment
- <https://www.795pine.com/availability.aspx>;

Further affiliated furnished corporate vacancies can be browsed by the following linked map: <https://www.rentsfnow.com/furnished>. Veritas also offers furnished corporate units on [Airbnb.com](https://www.airbnb.com)*, and through other secondary listing websites.

This is just a quick survey of the online listings for available vacant furnished units within one block of my home. There are many more units which are presently in use and not available. The operation by my landlord of furnished corporate housing removes units from the reach of San Franciscans in search of housing. If you count the 24 furnished units in 645 Stockton, plus the 15 listed in my six bullets above, you have a total of at least 39 corporate housing units within one block. That's room enough to house 70 San Franciscans, and it's the lowest possible estimate which can be made for the impacts of corporate rentals on the single square block of Stockton, Pine, California, and Powell Streets.

Remember that these units are the City's highest-value naturally-affordable housing stock—rent controlled units—which the citizens of the City have time and again pledged as the highest priority to preserve. Operation of these units as furnished corporate suites does real damage to our housing stock.

Furthermore, the ordinance states that it amends the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the Rent Ordinance. As of right now, corporate rentals of rent controlled properties are not permitted, because the fixed-term leases conflict with the just-cause eviction protections of the rent ordinance. None of the above furnished corporate rentals should be in operation. In fact, at this time Veritas is offering these buildings for sale, and the valuation of the buildings on the market surely reflects the continued operation of these units, illegally.

Our city needs these controls. It is through corporate rentals that our highest-value naturally-affordable housing stock is allowed to metastasize into unaffordable luxury housing.

Thank you for considering my comments.

Commission Secretary Ionin and Clerk Major, please include my comments in your open public files as relate to this ordinance.

Best regards,
John Carroll

*Here are 36 Veritas Airbnb listings, for a sample:
A Veritas employee has the following 30+ listings on [airbnb.com](https://www.airbnb.com), all for 30-day minimum stays:

1.
<https://www.airbnb.com/rooms/16205967>
2.
<https://www.airbnb.com/rooms/18311350>
3.
<https://www.airbnb.com/rooms/17608618>
4.
<https://www.airbnb.com/rooms/21397422>
5.
<https://www.airbnb.com/rooms/23879828>
6.
<https://www.airbnb.com/rooms/24853898>
7.
<https://www.airbnb.com/rooms/16016803>
8.
<https://www.airbnb.com/rooms/22668931>
9.
<https://www.airbnb.com/rooms/17847179>

10.
<https://www.airbnb.com/rooms/22669291>
11.
<https://www.airbnb.com/rooms/21397277>
12.
<https://www.airbnb.com/rooms/16909548>
13.
<https://www.airbnb.com/rooms/15999931> - 50 Joice
14.
<https://www.airbnb.com/rooms/22582798> - 50 Joice
15.
<https://www.airbnb.com/rooms/23128316> - 50 Joice
16.
<https://www.airbnb.com/rooms/22481565> - 50 Joice
17.
<https://www.airbnb.com/rooms/27545197> - 50 Joice
18.
<https://www.airbnb.com/rooms/16452355> - 50 Joice
19.
<https://www.airbnb.com/rooms/18110019>
20.
<https://www.airbnb.com/rooms/24304722>
21.
<https://www.airbnb.com/rooms/17714209>
22.
<https://www.airbnb.com/rooms/20230882> - 755 Bush
23.
<https://www.airbnb.com/rooms/26871900> - 755 Bush
24.
<https://www.airbnb.com/rooms/24234062>
25.
<https://www.airbnb.com/rooms/18672065> - 840 California
26.
<https://www.airbnb.com/rooms/24937731> - 645 Stockton
27.
<https://www.airbnb.com/rooms/26009784> - 645 Stockton
28.
<https://www.airbnb.com/rooms/25372206> - 645 Stockton
29.
<https://www.airbnb.com/rooms/25014588> - 645 Stockton
30.
<https://www.airbnb.com/rooms/27363400> - 645 Stockton
31.
<https://www.airbnb.com/rooms/22755070> - 645 Stockton
32.
<https://www.airbnb.com/rooms/20230882> - 645 Stockton
33.
<https://www.airbnb.com/rooms/22671524> - 645 Stockton
34.
<https://www.airbnb.com/rooms/26257133> - 655 Stockton
35.
<https://www.airbnb.com/rooms/21397713> - 655 Stockton
36.
<https://www.airbnb.com/rooms/19033531> - 655 Stockton

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF CANCELLED MEETING

LAND USE AND TRANSPORTATION COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS

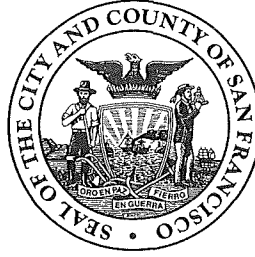
NOTICE IS HEREBY GIVEN that, due to the current Local Health Emergency around the Novel Coronavirus Disease 2019 (COVID-19), the meeting of the Land Use and Transportation Committee scheduled for **Monday, March 23, 2020, at 1:30 p.m.**, at City Hall, 1 Dr. Carlton B. Goodlett Place, Legislative Chamber, Room 250, San Francisco, California, has been **CANCELLED**. Matters listed on the agenda that were continued from a previous meeting or previously noticed shall be agendized for the next appropriate meeting:

- **File No. 191075** Planning, Administrative Codes - Residential Occupancy
(continued as amended from the March 9, 2020, meeting)
- **File No. 200086** Planning Code, Zoning Map - Bayview Industrial Triangle
Redevelopment Area Rezoning (noticed pursuant to California Government Code
Sections 65856 & 65090)
- **File No. 200087** Planning Code, Zoning Map - Bayview Industrial Triangle
Cannabis Restricted Use District (noticed pursuant to California Government Code
Sections 65856 & 65090)
- **File No. 191302** Street Name Change - Steuart Street to Steuart Lane (noticed
pursuant to California Streets and Highways Code Section 970.5)

Angela Calvillo, Clerk of the Board

POSTED: March 19, 2020

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

October 28, 2019

File No. 191075

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On October 22, 2019, Supervisor Peskin introduced the following proposed legislation:

File No. 191075

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

October 30, 2019

Planning Commission
Attn: Jonas Ionin
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Commissioners:

On October 22, 2019, Supervisor Peskin submitted the following proposed legislation:

File No. 191075

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

The proposed ordinances are being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinances are pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

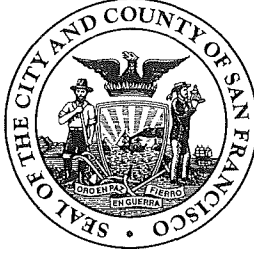
Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

c: John Rahaim, Director
Scott Sanchez, Acting Deputy Zoning Administrator
Corey Teague, Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
AnMarie Rodgers, Director of Citywide Planning
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

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San Francisco 94102-4689
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Fax No. 554-5163
TDD/TTY No. 554-5227

January 22, 2020

Planning Commission
Attn: Jonas Ionin
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Commissioners:

On January 14, 2020, Supervisor Peskin introduced the following substitute legislation:

File No. 191075-2

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

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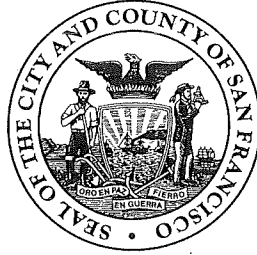
Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

c: John Rahaim, Director
Scott Sanchez, Acting Deputy Zoning Administrator
Corey Teague, Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
AnMarie Rodgers, Director of Citywide Planning
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

BOARD of SUPERVISORS



City Hall
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January 22, 2020

File No. 191075

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On January 14, 2020, Supervisor Peskin submitted the following substitute legislation:

File No. 191075-2

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"); prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
1/14/2020 @ 5:31pm
[Signature]
Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [191075]
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Peskin

Subject:

[Planning, Administrative Codes - Residential Occupancy]

The text is listed:

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Signature of Sponsoring Supervisor: [Signature]

For Clerk's Use Only

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
Time stamp
2019 OCT 22 PM 4:20
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Peskin

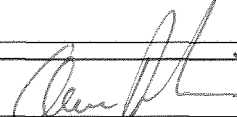
Subject:

[Planning, Administrative Codes - Residential Occupancy]

The text is listed:

Ordinance 1) amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; 2) amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; 3) requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; 4) affirming the Planning Department's determination under the California Environmental Quality Act; and 5) making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Signature of Sponsoring Supervisor:



File No. 191075 Committee Item No. 1
 Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
 AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date March 16, 2020

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral CEQA 103019 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral PC 103019 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | CEQA Determination 112219 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral CEQA 012220 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral PC 012220 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PC Transmittal 021120 |
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Completed by: Erica Major Date March 12, 2020
 Completed by: Erica Major Date _____

File No. 191075 Committee Item No. 1
 Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
 AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date March 9, 2020

Board of Supervisors Meeting Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral CEQA 103019</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral PC 103019</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination 112219</u> |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral PC 012220</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PC Transmittal 021120</u> |
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Completed by: Erica Major Date March 5, 2020
 Completed by: Erica Major Date _____

File No. 191075 Committee Item No. 1
 Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
 AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date March 2, 2020

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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Completed by: Erica Major Date February 27, 2020
 Completed by: Erica Major Date _____

File No. 191075 Committee Item No. 3
 Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
 AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date February 24, 2020

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral PC 103019</u> |
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Completed by: Erica Major Date February 19, 2020
 Completed by: Erica Major Date _____

Major, Erica (BOS)

From: Khan, Asim (CON)
Sent: Thursday, February 20, 2020 11:54 AM
To: BOS Legislation, (BOS); Major, Erica (BOS); Angulo, Sunny (BOS)
Cc: Egan, Ted (CON)
Subject: Pending Further Reviews Completed: #191075

The OEA has completed its review of the ordinance #191075 and will not be issuing any report on the matter:

#191075 Planning, Administrative Codes - Residential Occupancy

Thanks,
Asim

Asim Khan, Ph.D.
Senior Economist, Office of Economic Analysis
Controller's Office
City and County of San Francisco
City Hall, Room 306
San Francisco, CA 94102
(415) 554-5369

Major, Erica (BOS)

From: BOS Legislation, (BOS)
Sent: Monday, October 28, 2019 8:58 AM
To: Major, Erica (BOS)
Subject: FW: OEA Determination of Legislation Introduced on October 22, 2019
Attachments: LI_2019_10_22.pdf

From: Khan, Asim (CON) <asim.khan@sfgov.org>
Sent: Friday, October 25, 2019 3:20 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Angulo, Sunny (BOS) <sunny.angulo@sfgov.org>
Cc: Egan, Ted (CON) <ted.egan@sfgov.org>
Subject: OEA Determination of Legislation Introduced on October 22, 2019

Please see the attached OEA responses to the legislation introduced on October 8, 2019. #191075 is currently pending further review at this point.

#191075 Planning, Administrative Code – Residential Occupancy

Thanks,
Asim

Asim Khan, Ph.D.
Senior Economist, Office of Economic Analysis
Controller's Office
City and County of San Francisco
City Hall, Room 306
San Francisco, CA 94102
(415) 554-5369

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Wednesday, January 22, 2020 2:20 PM
To: Ionin, Jonas (CPC); Gibson, Lisa (CPC)
Cc: Lewis, Don (CPC); Navarrete, Joy (CPC); Rahaim, John (CPC); Sanchez, Scott (CPC); Teague, Corey (CPC); Jain, Devyani (CPC); Varat, Adam (CPC); Sider, Dan (CPC); Starr, Aaron (CPC); Lynch, Laura (CPC)
Subject: REFERRAL CEQA/PC (191075-2) Planning, Administrative Codes - Residential Occupancy
Attachments: 191075-2 PC.pdf; 191075-2 CEQA.pdf

Greetings,

These matters are being referred to the Planning Commission pursuant to Planning Code Section 302, for public hearing and recommendation and the Planning Department for environmental review.

ERICA MAJOR

Assistant Clerk

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

Erica.Major@sfgov.org | www.sfbos.org



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The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

1 [Planning, Administrative Codes - Residential Occupancy]

2

3 **Ordinance amending the Planning Code to create the Intermediate Length Occupancy**

4 **residential use characteristic; amending the Administrative Code to clarify existing law**

5 **regarding the enforceability of fixed-term leases in rental units covered by the just**

6 **cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the**

7 **“Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-**

8 **tenants, require landlords to disclose in advertisements for such units that the units**

9 **are subject to the Rent Ordinance, and authorize enforcement through administrative**

10 **and/or civil penalties; requiring the Controller to conduct a study to analyze the**

11 **impacts of new Intermediate Length Occupancy units in the City; affirming the**

12 **Planning Department’s determination under the California Environmental Quality Act;**

13 **and making findings of consistency with the General Plan, and the eight priority**

14 **policies of Planning Code, Section 101.1, and findings of public necessity,**

15 **convenience, and welfare under Planning Code, Section 302.**

16 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.

17 **Additions to Codes** are in *single-underline italics Times New Roman font*.

18 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.

19 **Board amendment additions** are in double-underlined Arial font.

20 **Board amendment deletions** are in ~~strikethrough Arial font~~.

21 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or parts of tables.

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

23 Section 1. CEQA, General Plan, and Planning Code Findings.

24 (a) The Planning Department has determined that the actions contemplated in this

25 ordinance comply with the California Environmental Quality Act (California Public Resources

OVERLINE

1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
2 Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms
3 this determination.

4 (b) On _____, the Planning Commission, in Resolution No. _____, adopted
5 findings that the actions contemplated in this ordinance are consistent, on balance, with the
6 City's General Plan and eight priority policies of Planning Code Section 101.1. The Board
7 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
8 Board of Supervisors in File No. _____, and is incorporated herein by reference.

9 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
10 ordinance will serve the public necessity, convenience and welfare for the reasons set forth in
11 Planning Commission Resolution No. _____, and incorporates such reasons by this
12 reference thereto. A copy of said Resolution is on file with the Clerk of the Board of
13 Supervisors in File No. _____, and is incorporated herein by reference.

14
15 Section 2. The Planning Code is hereby amended by revising Section 102 (including
16 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
17 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

18 **SEC. 102. DEFINITIONS.**

19 * * * *

20 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
21 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
22 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
23 *use characteristic is subject to the requirements of Section 202.10.*

24 * * * *

1 **Residential Use.** A Use Category consisting of uses that provide housing for San
2 Francisco residents, rather than visitors, including Dwelling Units, Group Housing, Residential
3 Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4 only any
4 residential components of Institutional Uses. Single Room Occupancy, Intermediate Length
5 Occupancy, and Student Housing designations are considered characteristics of certain
6 Residential Uses.

7 * * * *

8 **Use Characteristic.** A feature of a Use, related to its physical layout, location, design,
9 access, or other characteristics. Use Characteristics may be regulated independently of a
10 Use itself. Residential Use Characteristics include Single Room Occupancy, Intermediate
11 Length Occupancy, and Student Housing. Commercial Use Characteristics include Drive-up
12 Facility, Formula Retail, Hours of Operation, Maritime Use, Open Air Sales, Outdoor Activity,
13 and Walk-Up Facility.

14 * * * *

15 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

16 **(a) Purpose.** To encourage the use of Dwelling Units for long-term occupancy by
17 permanent San Francisco residents with initial terms of occupancy of at least one year, the following
18 provisions shall apply to Intermediate Length Occupancy units.

19 **(b) Controls.**

20 **(1) Permitting.** Intermediate Length Occupancy units shall be permitted as follows:

21 **(A) Any application to establish an Intermediate Length Occupancy**
22 **Use Characteristic shall:**

23 **(i) Specifically identify the unit proposed to be permitted as an**
24 **Intermediate Length Occupancy unit; and**

1 c. That not more than one third of the total allowable
2 Intermediate Length Occupancy units be permitted in Census Tracts in sensitive communities,
3 as defined by the UC Berkeley Urban Displacement Project Sensitive Communities map.

4 (2) **Maximum Amount.** No more than 1,000 Intermediate Length Occupancy units
5 shall be permitted in the City.

6 (3) **Exceptions.** The requirements of this Section 202.10 shall not apply to:

7 (A) Any Dwelling Unit that is defined as Student Housing in Section 102; or

8 (B) A Residential Hotel unit subject to the provisions of Administrative Code
9 Chapter 41; or

10 (C) An organization with tax-exempt status under 26 United States
11 Code Sections 501(c)(3) providing access to the unit in furtherance of its primary mission to
12 provide housing, provided that any organization that provides a Dwelling Unit offered for
13 occupancy by a natural person for an initial stay, whether through lease, subscription, license,
14 or otherwise, for a duration of greater than 30 consecutive days but less than one year must
15 comply with the reporting requirements in subsection (d).

16 (4) **Ineligible units.** The following shall not be eligible to be permitted as
17 Intermediate Length Occupancy units:

18 (A) Dwelling Units that are subject to the City's Inclusionary Affordable
19 Housing Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or
20 income-restricted under City, state, or federal law; and

21 (B) Dwelling Units that are subject to the rent increase limitations in
22 Administrative Code Section 37.3 shall not be eligible to be Intermediate Length Occupancy units; and

23 (C) Dwelling Units in a project that has not had its building or site
24 permit issued as of the effective date of this ordinance in Board File No. . Unless
25 reenacted, this subsection (C) shall expire by operation of law 24 months after the Effective

1 Date of this ordinance in Board File No. _____ . Upon the expiration of this note, the City
2 Attorney is authorized to take steps to remove this note from the Planning Code.

3 (c) **Compliance.**

4 (1) **Abandonment.** Any Dwelling Unit permitted as an Intermediate Length
5 Occupancy unit pursuant to this subsection (b) may be offered for an initial term of occupancy of one
6 year or greater without losing the Use Characteristic, provided that the Use Characteristic shall be
7 considered abandoned if discontinued or otherwise abandoned for the time periods specified in Article
8 1.7.

9 (2) **Compliance Schedule.** Within six months of the Effective Date of this ordinance
10 in Board File No. _____ , the Department shall develop and publish procedures for evaluating
11 requests to establish Intermediate Length Occupancy units. The owner or operator of each
12 Intermediate Length Occupancy unit must submit a complete application within 24 months of the
13 Effective Date of this ordinance in Board File No. _____ .

14 (d) **Annual Reports.** No later than March 1 of each year, the owner or operator of each
15 Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for
16 the prior calendar year containing the following information:

17 (1) The address and location of the Intermediate Length Occupancy unit.

18 (2) The number of times the unit was occupied by a natural person for an initial
19 stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30
20 consecutive days but less than one year, including the duration and dates of each of those stays.

21 (3) The average duration of each stay.

22 (4) The average vacancy between each stay.

23 (5) The nature of the services, if any, that are provided to occupants of the
24 Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there has
25 been an increase or decrease in the services since the last report.

LEGISLATIVE DIGEST

[Planning, Administrative Codes - Residential Occupancy]

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that "provide housing for San Francisco residents, rather than visitors." Under Planning Code Section 102, a Use Characteristic is a "feature of a Use, related to its physical layout, location, design, access, or other characteristics." The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City's Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy ("ILO") that is applicable only to Dwelling Units. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would provide:

- At the March 9, 2020 Land Use Committee hearing, the legislation was amended to clarify the treatment of buildings with nine or fewer Dwelling Units.
 - ILO units would not be permitted in buildings with three or fewer Dwelling Units.
 - For buildings between four and nine Dwelling Units, ILO units would be principally permitted, but only 25% of the Dwelling Units would be allowed to be permitted as ILO.

Chapman

FILE NO.

- For buildings with 10 or more Dwelling Units, ILO units would be prohibited. However, an owner or operator of seeking to establish an ILO unit could seek a Conditional Use Authorization to establish ILO units in a building with 10 or more Dwelling Units. For buildings with 10 or more Dwelling Units, only 20% of those units may be permitted as ILO units.
 - At the March 9, 2020 Land Use Committee hearing, the legislation was amended to include criteria to be consideration as part of the Conditional Use Authorization. These criteria include a requirement to cluster ILO units near the downtown core, and requiring that no more than 1/3 of the total allowable ILO units are in neighborhoods identified as sensitive communities.
- The legislation would provide that no more than 1,000 Intermediate Length Occupancy units would be permitted.
- The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.
- Exempted Units: The legislation would exempt Residential Hotels, and Student Housing from the provisions of Section 202.10. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to exempt 501(c)(3) organizations that provide access to dwelling units as part of their primary mission to provide housing. A charitable organization that provides access under this exemption would still need to provide annual reporting to the Planning Department.
- Ineligible Units: Inclusionary and other below-market-rate units, and units subject to the rent increase limitations of the Rent Ordinance would not be eligible for this Use Characteristic. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to provide that any Dwelling Unit in a project that received its first construction or site permit after the effective date of the ordinance would not be eligible to receive an ILO permit.
- The legislation would require the Planning Department to develop standards to evaluate applications to establish the ILO Use Characteristic within six months of the effective date of the ordinance.
- Owners and operators of ILO units would have 24 months to submit complete applications to establish ILO units.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a “fixed-term agreement”) is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).
- Second, it would regulate “non-tenant uses” by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental

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unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one's employees or "licensees," are examples of non-tenant uses. Commencing April 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such "non-tenants" would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before April 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building; or (4) to rental units operated by non-profits that provide housing as part of their primary mission.

- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions without just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.
- Finally, the legislation would authorize the City Attorney or a non-profit tenants' rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

Background

The sponsor introduced a substitute ordinance on January 14, 2020. Changes included in the substitute include:

- Allowing existing units to be eligible for the ILO use characteristic; however Inclusionary and below market rate units, as well as units subject to the rent increase limitations of the Rent Ordinance are not eligible for the ILO use characteristic.
- Increasing the total number of permitted ILO units to 1,000.
- Allowing up to 25% of Dwelling Units in buildings with nine or fewer Dwelling Units to be principally permitted.
- Providing owners and operators of ILO units 24 months to submit a complete application to establish the ILO use.

As described above, at the February 24, 2020 Land Use Committee hearing, the legislation was amended to add additional types of exempt units, and ineligible units.

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The legislation was amended at the March 9, 2020 Land Use Committee hearing. The amendments include clarifying the treatment of buildings with nine or fewer Dwelling Units, and adding criteria for consideration by the Planning Commission in considering a request for a Conditional Use Authorization.

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1 [Planning, Administrative Codes - Residential Occupancy]

2

3 Ordinance amending the Planning Code to create the Intermediate Length Occupancy
4 residential use characteristic; amending the Administrative Code to clarify existing law
5 regarding the enforceability of fixed-term leases in rental units covered by the just
6 cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the
7 "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-
8 tenants, require landlords to disclose in advertisements for such units that the units
9 are subject to the Rent Ordinance, and authorize enforcement through administrative
10 and/or civil penalties; requiring the Controller to conduct a study to analyze the
11 impacts of new Intermediate Length Occupancy units in the City; affirming the
12 Planning Department's determination under the California Environmental Quality Act;
13 and making findings of consistency with the General Plan, and the eight priority
14 policies of Planning Code, Section 101.1, and findings of public necessity,
15 convenience, and welfare under Planning Code, Section 302.

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

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

22

23 Section 1. CEQA, General Plan, and Planning Code Findings.

24 (a) The Planning Department has determined that the actions contemplated in this
25 ordinance comply with the California Environmental Quality Act (California Public Resources

Handwritten signature: Supervisor Peskin

1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
2 Supervisors in File No. 191075 and is incorporated herein by reference. The Board affirms
3 this determination.

4 (b) On January 30, 2020, the Planning Commission, in Resolution No. 20633,
5 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
6 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The
7 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
8 the Board of Supervisors in File No. 191075, and is incorporated herein by reference.

9 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
10 ordinance will serve the public necessity, convenience and welfare for the reasons set forth in
11 Planning Commission Resolution No. 20633, and incorporates such reasons by this reference
12 thereto. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File
13 No. 191075, and is incorporated herein by reference.

14
15 Section 2. The Planning Code is hereby amended by revising Section 102 (including
16 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
17 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

18 **SEC. 102. DEFINITIONS.**

19 * * * *

20 *Intermediate Length Occupancy.* *A Residential Use characteristic that applies to a Dwelling*
21 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
22 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
23 *use characteristic is subject to the requirements of Section 202.10.*

24 * * * *

1 **Residential Use.** A Use Category consisting of uses that provide housing for San
2 Francisco residents, rather than visitors, including Dwelling Units, Group Housing, Residential
3 Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4 only any
4 residential components of Institutional Uses. Single Room Occupancy, Intermediate Length
5 Occupancy, and Student Housing designations are considered characteristics of certain
6 Residential Uses.

7 * * * *

8 **Use Characteristic.** A feature of a Use, related to its physical layout, location, design,
9 access, or other characteristics. Use Characteristics may be regulated independently of a
10 Use itself. Residential Use Characteristics include Single Room Occupancy, Intermediate
11 Length Occupancy, and Student Housing. Commercial Use Characteristics include Drive-up
12 Facility, Formula Retail, Hours of Operation, Maritime Use, Open Air Sales, Outdoor Activity,
13 and Walk-Up Facility.

14 * * * *

15 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

16 (a) **Purpose.** To encourage the use of Dwelling Units for long-term occupancy by
17 permanent San Francisco residents with initial terms of occupancy of at least one year, the following
18 provisions shall apply to Intermediate Length Occupancy units.

19 (b) **Controls.**

20 (1) **Permitting.** Intermediate Length Occupancy units shall be permitted as follows:

21 (A) For buildings with nine or fewer Dwelling Units, requests to authorize
22 the establishment of an Intermediate Length Occupancy Use Characteristic shall be principally
23 permitted, provided that:

24 (i) No more than 25% of the Dwelling Units in the building may be
25 permitted as Intermediate Length Occupancy units.

1 (ii) Each unit proposed to be permitted as an Intermediate Length
2 Occupancy unit is specifically identified.

3 (B) For buildings with 10 or more Dwelling Units, Intermediate Length
4 Occupancy units shall be prohibited, unless authorized pursuant to a conditional use authorization
5 under Section 303, provided that:

6 (i) No more than 20% of the Dwelling Units in the building may be
7 permitted as Intermediate Length Occupancy units.

8 (ii) Each unit proposed to be permitted as an Intermediate Length
9 Occupancy unit is specifically identified.

10 (2) **Maximum Amount.** No more than 1,000 Intermediate Length Occupancy units
11 shall be permitted in the City.

12 (3) **Exceptions.** The requirements of this Section 202.10 shall not apply to:

13 (A) Any Dwelling Unit that is defined as Student Housing in Section 102; or

14 (B) A Residential Hotel unit subject to the provisions of Administrative Code
15 Chapter 41; or

16 (C) An organization with tax-exempt status under 26 United States
17 Code Sections 501(c)(3) providing access to the unit in furtherance of its primary mission to
18 provide housing, provided that any organization that provides a Dwelling Unit offered for
19 occupancy by a natural person for an initial stay, whether through lease, subscription, license,
20 or otherwise, for a duration of greater than 30 consecutive days but less than one year must
21 comply with the reporting requirements in subsection (d).

22 (4) **Ineligible units.** The following shall not be eligible to be permitted as
23 Intermediate Length Occupancy units:

1 (A) Dwelling Units that are subject to the City's Inclusionary Affordable
2 Housing Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or
3 income-restricted under City, state, or federal law; ~~and~~

4 (B) Dwelling Units that are subject to the rent increase limitations in
5 Administrative Code Section 37.3 shall not be eligible to be Intermediate Length Occupancy units; ~~and~~

6 (C) Dwelling Units in a project that has not had its building or site
7 permit issued as of the effective date of this ordinance in Board File No. 191075. Unless
8 reenacted, this subsection (C) shall expire by operation of law 24 months after the Effective
9 Date of this ordinance in Board File No. 191075. Upon the expiration of this note, the City
10 Attorney is authorized to take steps to remove this note from the Planning Code.

11 (c) **Compliance.**

12 (1) **Abandonment.** Any Dwelling Unit permitted as an Intermediate Length
13 Occupancy unit pursuant to this subsection (b) may be offered for an initial term of occupancy of one
14 year or greater without losing the Use Characteristic, provided that the Use Characteristic shall be
15 considered abandoned if discontinued or otherwise abandoned for the time periods specified in Article
16 1.7.

17 (2) **Compliance Schedule.** Within six months of the Effective Date of this ordinance
18 in Board File No. 191075, the Department shall develop and publish procedures for evaluating
19 requests to establish Intermediate Length Occupancy units. The owner or operator of each
20 Intermediate Length Occupancy unit must submit a complete application within 24 months of the
21 Effective Date of this ordinance in Board File No. 191075.

22 (d) **Annual Reports.** No later than March 1 of each year, the owner or operator of each
23 Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for
24 the prior calendar year containing the following information:

25 (1) The address and location of the Intermediate Length Occupancy unit.

1 (2) The number of times the unit was occupied by a natural person for an initial
2 stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30
3 consecutive days but less than one year, including the duration and dates of each of those stays.

4 (3) The average duration of each stay.

5 (4) The average vacancy between each stay.

6 (5) The nature of the services, if any, that are provided to occupants of the
7 Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there has
8 been an increase or decrease in the services since the last report.

9 **SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.**

10 * * * *

11 **Table 209.1**

12 **ZONING CONTROL TABLE FOR RH DISTRICTS**

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
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15 * * * *

16 **RESIDENTIAL STANDARDS AND USES**

17 * * * *

18 **Use Characteristics**

<u>Intermediate Length Occupancy</u>	<u>§§ 102, 202.10</u>	<u>P(9)</u>	<u>P(9)</u>	<u>P(9)</u>	<u>P(9)</u>	<u>P(9)</u>
Single Room Occupancy	§ 102	P	P	P	P	P

25 * * * *

1 (9) C for buildings with 10 or more Dwelling Units.

2 **SEC. 209.2. RM (RESIDENTIAL, MIXED) DISTRICTS.**

3 * * * *

4 **Table 209.2**

5 **ZONING CONTROL TABLE FOR RM DISTRICTS**

6 Zoning	§ References	RM-1	RM-2	RM-3	RM-4
7 Category					

8 * * * *

9 **RESIDENTIAL STANDARDS AND USES**

10 * * * *

11 **Use Characteristics**

12 <i>Intermediate</i>	§§ 102, 202.10	<i>P(10)</i>	<i>P(10)</i>	<i>P(10)</i>	<i>P(10)</i>
13 <i>Length</i>					
14 <i>Occupancy</i>					
15 Single Room	§ 102	P	P	P	P
16 Occupancy					

17 * * * *

18 (10) C for buildings with 10 or more Dwelling Units.

19 **SEC. 209.3. RC (RESIDENTIAL-COMMERCIAL) DISTRICTS.**

20 * * * *

21 **Table 209.3**

22 **ZONING CONTROL TABLE FOR RESIDENTIAL-COMMERCIAL DISTRICTS**

23 Zoning Category	§ References	RC-3	RC-4
24			

25 * * * *

RESIDENTIAL STANDARDS AND USES			
* * * *			
Use Characteristics			
<i>Intermediate Length</i>	<u>§§ 102, 202.10</u>	<u>P(11)</u>	<u>P(11)</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

(11) C for buildings with 10 or more Dwelling Units.

SEC. 209.4. RTO (RESIDENTIAL TRANSIT ORIENTED) DISTRICTS.

* * * *

Table 209.4

ZONING CONTROL TABLE FOR RTO DISTRICTS

Zoning Category	§ References	RTO	RTO-M
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* * * *

RESIDENTIAL STANDARDS AND USES			
* * * *			
Use Characteristics			
<i>Intermediate Length</i>	<u>§§ 102, 202.10</u>	<u>P(10)</u>	<u>P(10)</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

(10) C for buildings with 10 or more Dwelling Units.

SEC. 210.1. C-2 DISTRICTS: COMMUNITY BUSINESS.

* * * *

Table 210.1

ZONING CONTROL TABLE FOR C-2 DISTRICTS

Zoning Category	§ References	C-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<i>§§ 102, 202.10</i>	<i>P(6)</i>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

(6) C for buildings with 10 or more Dwelling Units.

SEC. 210.2. C-3 DISTRICTS: DOWNTOWN COMMERCIAL.

* * * *

Table 210.2

ZONING CONTROL TABLE FOR C-3 DISTRICTS

Zoning Category	§ References	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics						
<i>Intermediate</i>	<u>§§ 102.</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>
<i>Length</i>	<u>202.10</u>					
<i>Occupancy</i>						
Single Room	§ 102	P	P	P	P	P
Occupancy						

* * * *

(8) C for buildings with 10 or more Dwelling Units.

SEC. 210.3. PDR DISTRICTS.

* * * *

Table 210.3

ZONING CONTROL TABLE FOR PDR DISTRICTS

Zoning Category	§ References	PDR-1-B	PDR-1-D	PDR-1-G	PDR-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate</i>	<u>§§ 102, 202.10</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
<i>Length</i>					
<i>Occupancy</i>					
Single Room	§ 102	NP	NP	NP	NP
Occupancy					

* * * *

SEC. 210.4. M DISTRICTS: INDUSTRIAL.

* * * *

Table 210.4

ZONING CONTROL TABLE FOR M DISTRICTS

Zoning Category	§ References	M-1	M-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<i>§§ 102, 202.10</i>	<i>P(4)</i>	<i>P(4)</i>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

(4) C for buildings with 10 or more Dwelling Units.

SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.

* * * *

Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1

ZONING CONTROL TABLE

* * * *

Zoning Category	§ References	NC-1 Controls
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics		
<i>Intermediate Length</i>	<u>§§ 102; 202.10</u>	<i>P(10)</i>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

(10) C for buildings with 10 or more Dwelling Units.

Section 3. Amendment of Specific Zoning Control Tables.

Zoning Control Tables 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 728, 729, 730, 731, 732, 733, 734, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, and 764 are hereby amended identically to the amendment of Zoning Control Table 710 in Section 2 of this ordinance, to create "Intermediate Length Occupancy" as a new Residential Use Characteristic, citing Planning Code Sections 102 and 202.10 as references, identifying "P" as the zoning control, and including the note ("C for buildings with 10 or more Dwelling Units"), provided that the note shall be numbered as appropriate for each table, as follows.

Zoning Control Table	Note #
711	12
712	11
713	8
714	8
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716	7
717	6
718	7
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720	5
721	5
722	13
723	8
724	6
725	5
726	7
728	7
729	5
730	5
731	6
732	6
733	6
734	6
750	9
751	7
752	7
753	5
754	8
755	6
756	6
757	10
758	9
759	8

760	4
761	6
762	7
763	6
764	9

Section 4. The Administrative Code is hereby amended by adding Section 37.9F, to read as follows:

SEC. 37.9F. CIRCUMVENTION OF TENANT PROTECTIONS.

(a) Findings. As market rents continue to increase in San Francisco, landlords of rent-controlled units have a greater incentive to prevent long-term tenancies. Complementing the just cause protections in Section 37.9, this Section 37.9F addresses the growing efforts among some landlords to induce their tenants into believing that they are required to vacate their units at a specific time designated in the lease or agreement, despite existing law to the contrary, or to try to avoid certain landlord-tenant obligations altogether. This trend is especially common with respect to corporate rentals, though it is not limited to corporate rentals. Such tactics by landlords undermine rent control and frustrate the purpose of ensuring that rent-controlled units in the City remain available as a long-term housing option for the City's renters.

(b) Prohibition of Fixed-Term Agreements. Consistent with Section 37.9(a)(2) and Section 37.9(e), any provision of any lease or rental agreement that purports to require a tenant to vacate a rental unit at the expiration of a stated term, or that purports to characterize a tenant's failure to vacate the rental unit at the end of the stated term as a just cause for eviction (either of them, a "Fixed-Term Agreement"), shall be void as contrary to public policy, and a landlord may not attempt to recover possession of the unit without just cause. This prohibition shall not apply where this Chapter

1 37 expressly authorizes a fixed-term tenancy (e.g., Section 37.2(a)(D)), or where it expressly authorizes
2 a tenant to be evicted without just cause (e.g., Section 37.9(b)).

3 (c) **Restrictions on Non-Tenant Uses.**

4 (1) A rental unit is being used for a “Non-Tenant Use” when the landlord is
5 allowing the unit to be occupied by a person or entity who is not a “tenant” as defined in Section
6 37.2(t). Renting a unit to a corporate entity or other non-natural person, or using a unit as housing for
7 one’s employees, licensees, or independent contractors rather than one’s tenants, are nonexclusive
8 examples of Non-Tenant Uses. This subsection (c) is not intended to narrow the definition of “tenant”
9 under Section 37.2(t) or to limit the just cause protections in Section 37.9; the sole intent is to prevent
10 landlords from circumventing or undermining the tenant protections of this Chapter 37, by restricting
11 when a landlord may provide a rental unit to a person or entity to the extent that person or entity does
12 not otherwise qualify as a “tenant.”

13 (2) Commencing April 1, 2020, it shall be unlawful to use a rental unit or allow a
14 rental unit to be used for a Non-Tenant Use, subject to the exemptions listed in subsection (c)(3). Any
15 provision of any agreement entered into on or after April 1, 2020 that purports to allow a unit to be
16 used for an unauthorized Non-Tenant Use shall be void as contrary to public policy, and the occupants
17 shall instead be deemed tenants under Section 37.2(t).

18 (3) This subsection (c) does not apply to any of the following:

19 (A) where the rental unit is subject to an agreement authorizing a Non-Tenant
20 Use that was entered into before April 1, 2020, for the existing duration of that agreement.

21 (B) the use of a rental unit as a lawful short-term rental as set forth in
22 Administrative Code Chapter 41A.

23 (C) where the landlord is providing the rental unit to its employees as a
24 condition of their employment to assist in the maintenance or management of a building owned or
25 managed by the landlord (e.g., resident managers).

1 (D) where an organization with tax-exempt status under 26 United States Code
2 Sections 501(c)(3) or 501(c)(4) is providing access to the unit in furtherance of its primary mission to
3 provide housing.

4 (d) **Required Disclosures.** Commencing April 1, 2020, every online listing for a rental unit,
5 excluding listings by landlords or master tenants who will reside in the same rental unit as their tenants
6 or subtenants, must contain a legible disclosure in at least 12-point font that includes the following
7 text: “This unit is a rental unit subject to the San Francisco Rent Ordinance, which limits evictions
8 without just cause, and which states that any waiver by a tenant of their rights under the Rent
9 Ordinance is void as contrary to public policy.” The foregoing text should also be included in print
10 advertisements, if practicable.

11 (e) **Monitoring and Enforcement.**

12 (1) The Board shall receive referrals regarding online listings that do not comply
13 with subsection (d). Upon receipt of a referral, if the Board determines that the listing does not
14 substantially comply with subsection (d) and that the defects have not been cured, the Board shall
15 inform the landlord in writing. The landlord shall be required to correct the violation within three
16 business days after receiving the notice. If the landlord has not corrected the violation within three
17 business days, the Board may impose a reasonable administrative penalty of up to \$100 per day, not
18 counting the three-day correction period, provided that in no event shall the total administrative
19 penalty for a single listing exceed \$1,000. The procedure for the imposition, enforcement, collection,
20 and administrative review of the administrative penalty shall be governed by Administrative Code
21 Chapter 100, “Procedures Governing the Imposition of Administrative Fines,” which is hereby
22 incorporated in its entirety. Any administrative penalties collected under this subsection (e)(1) shall be
23 deposited in the General Fund of the City and County of San Francisco to be used for enforcement of
24 this Section 37.9F.

1 (2) The City Attorney may bring a civil action in San Francisco Superior Court
2 against a party who has failed to comply with this Section 37.9F. A nonprofit organization with tax
3 exempt status under 26 United States Code Section 501(c)(3) or 501(c)(4) and with a primary mission
4 of protecting the rights of tenants in San Francisco may also bring such a civil action, provided that the
5 organization shall first provide 30 days' written notice of its intent to initiate civil proceedings by
6 servicing a draft complaint on the City Attorney's Office and on any known address(es) of the affected
7 tenant(s), and may not initiate civil proceedings until the end of this 30 day period. A party who
8 violates this Section 37.9F may be liable for civil penalties of not more than two times the amount paid
9 or received for use of the rental unit during the period of the unlawful activity, and each rental unit
10 used in violation of this Section 37.9F shall constitute a separate violation. Any monetary award
11 obtained in such a civil action shall be deposited in the General Fund of the City and County of San
12 Francisco to be used for enforcement of this Section 37.9F. The court shall also award reasonable
13 attorney's fees and costs to the City Attorney or a nonprofit organization that is the prevailing party in
14 such a civil action.

15 (3) The remedies available under this subsection (e) shall be in addition to any other
16 existing remedies that may be available.

17
18 Section 5. Additional Findings. Section 5 of this ordinance is intended to clarify
19 existing law regarding fixed-term agreements, and prevent landlords from circumventing
20 eviction controls by allowing residential occupancy through non-tenant uses. Accordingly, the
21 Board finds that the City's Residential Rent Stabilization and Arbitration Ordinance (the "Rent
22 Ordinance"), as amended by this ordinance, is consistent with the Tenant Protection Act of
23 2019 (Assembly Bill No. 26 (Chiu), hereafter "AB 1482"); and that it further limits the reasons
24 for termination of a residential tenancy, results in higher relocation assistance amounts, and
25

1 provides additional tenant protections, and is therefore more protective than AB 1482; and the
2 Board intends that the Rent Ordinance (as hereby amended) shall apply rather than AB 1482.
3

4 Section 6. Controller's Study. No later than January 1, 2021, the Controller, with the
5 support of consultants as necessary and consistent with the civil service provisions of the
6 Charter, and in consultation with the Planning Department and other City agencies as
7 necessary, shall conduct a study to analyze the impacts created by the development of new
8 Intermediate Length Occupancy units on the City and relevant City services. The Controller's
9 study shall be submitted to the Board of Supervisors.
10

11 Section 7. Effective Date. This ordinance shall become effective 30 days after
12 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
13 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
14 of Supervisors overrides the Mayor's veto of the ordinance.
15

16 Section 8. Scope of Ordinance. Except as stated in Section 3 of this ordinance, in
17 enacting this ordinance, the Board of Supervisors intends to amend only those words,
18 phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts,
19 diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this
20 ordinance as additions, deletions, Board amendment additions, and Board amendment
21 deletions in accordance with the "Note" that appears under the official title of the ordinance.
22

23 Section 9. Severability. If any section, subsection, sentence, clause, phrase, or word
24 of this ordinance, or any application thereof to any person or circumstance, is held to be
25 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision

1 shall not affect the validity of the remaining portions or applications of the ordinance. The
2 Board of Supervisors hereby declares that it would have passed this ordinance and each and
3 every section, subsection, sentence, clause, phrase, and word not declared invalid or
4 unconstitutional without regard to whether any other portion of this ordinance or application
5 thereof would be subsequently declared invalid or unconstitutional.

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

8 By:

9 
AUSTIN M. YANG
Deputy City Attorney
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REVISED LEGISLATIVE DIGEST
(Amended in Committee, 2/24/2020)

[Planning, Administrative Codes - Residential Occupancy]

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the “Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department’s determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that “provide housing for San Francisco residents, rather than visitors.” Under Planning Code Section 102, a Use Characteristic is a “feature of a Use, related to its physical layout, location, design, access, or other characteristics.” The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City’s Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy (“ILO”) that is applicable only to Dwelling Units. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would provide:

- Section 202.10 would state that for buildings with nine or fewer Dwelling Units, ILO units would be principally permitted, but only 25% of the Dwelling Units would be allowed to be permitted as ILO. For buildings with 10 or more Dwelling Units, ILO units would be prohibited. However, an owner or operator of seeking to establish an ILO unit could seek a Conditional Use Authorization to establish ILO units in a building with 10

3/9/20
S. WASSERMAN

or more Dwelling Units. For buildings with 10 or more Dwelling Units, only 20% of those units may be permitted as ILO units.

- The legislation would provide that no more than 1,000 Intermediate Length Occupancy units would be permitted.
- The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.
- Exempted Units: The legislation would exempt Residential Hotels, and Student Housing from the provisions of Section 202.10. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to exempt 501(c)(3) organizations that provide access to dwelling units as part of their primary mission to provide housing. A charitable organization that provides access under this exemption would still need to provide annual reporting to the Planning Department.
- Ineligible Units: Inclusionary and other below-market-rate units, and units subject to the rent increase limitations of the Rent Ordinance would not be eligible for this Use Characteristic. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to provide that any Dwelling Unit in a project that received its first construction or site permit after the effective date of the ordinance would not be eligible to receive an ILO permit.
- The legislation would require the Planning Department to develop standards to evaluate applications to establish the ILO Use Characteristic within six months of the effective date of the ordinance.
- Owners and operators of ILO units would have 24 months to submit complete applications to establish ILO units.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a “fixed-term agreement”) is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).
- Second, it would regulate “non-tenant uses” by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one’s employees or “licensees,” are examples of non-tenant uses. Commencing April 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such “non-tenants” would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before April 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building;

or (4) to rental units operated by non-profits that provide housing as part of their primary mission.

- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions without just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.
- Finally, the legislation would authorize the City Attorney or a non-profit tenants' rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

Background

The sponsor introduced a substitute ordinance on January 14, 2020. Changes included in the substitute include:

- Allowing existing units to be eligible for the ILO use characteristic; however Inclusionary and below market rate units, as well as units subject to the rent increase limitations of the Rent Ordinance are not eligible for the ILO use characteristic.
- Increasing the total number of permitted ILO units to 1,000.
- Allowing up to 25% of Dwelling Units in buildings with nine or fewer Dwelling Units to be principally permitted.
- Providing owners and operators of ILO units 24 months to submit a complete application to establish the ILO use.

As described above, at the February 24, 2020 Land Use Committee hearing, the legislation was amended to add additional types of exempt units, and ineligible units.

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1 [Planning, Administrative Codes - Residential Occupancy]

2

3 **Ordinance amending the Planning Code to create the Intermediate Length Occupancy**

4 **residential use characteristic; amending the Administrative Code to clarify existing law**

5 **regarding the enforceability of fixed-term leases in rental units covered by the just**

6 **cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the**

7 **“Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-**

8 **tenants, require landlords to disclose in advertisements for such units that the units**

9 **are subject to the Rent Ordinance, and authorize enforcement through administrative**

10 **and/or civil penalties; requiring the Controller to conduct a study to analyze the**

11 **impacts of new Intermediate Length Occupancy units in the City; affirming the**

12 **Planning Department’s determination under the California Environmental Quality Act;**

13 **and making findings of consistency with the General Plan, and the eight priority**

14 **policies of Planning Code, Section 101.1, and findings of public necessity,**

15 **convenience, and welfare under Planning Code, Section 302.**

16 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.

17 **Additions to Codes** are in *single-underline italics Times New Roman font*.

18 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.

19 **Board amendment additions** are in double-underlined Arial font.

20 **Board amendment deletions** are in ~~strikethrough Arial font~~.

21 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or parts of tables.

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

23 Section 1. CEQA, General Plan, and Planning Code Findings.

24 (a) The Planning Department has determined that the actions contemplated in this

25 ordinance comply with the California Environmental Quality Act (California Public Resources

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1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
2 Supervisors in File No. 191075 and is incorporated herein by reference. The Board affirms
3 this determination.

4 (b) On January 30, 2020, the Planning Commission, in Resolution No. 20633,
5 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
6 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The
7 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
8 the Board of Supervisors in File No. 191075, and is incorporated herein by reference.

9 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
10 ordinance will serve the public necessity, convenience and welfare for the reasons set forth in
11 Planning Commission Resolution No. 20633, and incorporates such reasons by this reference
12 thereto. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File
13 No. 191075, and is incorporated herein by reference.

14
15 Section 2. The Planning Code is hereby amended by revising Section 102 (including
16 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
17 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

18 **SEC. 102. DEFINITIONS.**

19 * * * *

20 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
21 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
22 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
23 *use characteristic is subject to the requirements of Section 202.10.*

24 * * * *

1 **Residential Use.** A Use Category consisting of uses that provide housing for San
2 Francisco residents, rather than visitors, including Dwelling Units, Group Housing, Residential
3 Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4 only any
4 residential components of Institutional Uses. Single Room Occupancy, Intermediate Length
5 Occupancy, and Student Housing designations are considered characteristics of certain
6 Residential Uses.

7 * * * *

8 **Use Characteristic.** A feature of a Use, related to its physical layout, location, design,
9 access, or other characteristics. Use Characteristics may be regulated independently of a
10 Use itself. Residential Use Characteristics include Single Room Occupancy, Intermediate
11 Length Occupancy, and Student Housing. Commercial Use Characteristics include Drive-up
12 Facility, Formula Retail, Hours of Operation, Maritime Use, Open Air Sales, Outdoor Activity,
13 and Walk-Up Facility.

14 * * * *

15 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

16 (a) Purpose. *To encourage the use of Dwelling Units for long-term occupancy by*
17 *permanent San Francisco residents with initial terms of occupancy of at least one year, the following*
18 *provisions shall apply to Intermediate Length Occupancy units.*

19 (b) Controls.

20 (1) Permitting. *Intermediate Length Occupancy units shall be permitted as follows:*

21 (A) For buildings with nine or fewer Dwelling Units, requests to authorize
22 *the establishment of an Intermediate Length Occupancy Use Characteristic shall be principally*
23 *permitted, provided that:*

24 (i) No more than 25% of the Dwelling Units in the building may be
25 *permitted as Intermediate Length Occupancy units.*

1 (ii) Each unit proposed to be permitted as an Intermediate Length
2 Occupancy unit is specifically identified.

3 (B) For buildings with 10 or more Dwelling Units, Intermediate Length
4 Occupancy units shall be prohibited, unless authorized pursuant to a conditional use authorization
5 under Section 303, provided that:

6 (i) No more than 20% of the Dwelling Units in the building may be
7 permitted as Intermediate Length Occupancy units.

8 (ii) Each unit proposed to be permitted as an Intermediate Length
9 Occupancy unit is specifically identified.

10 (2) **Maximum Amount.** No more than 1,000 Intermediate Length Occupancy units
11 shall be permitted in the City.

12 (3) **Exceptions.** The requirements of this Section 202.10 shall not apply to:

13 (A) Any Dwelling Unit that is defined as Student Housing in Section 102; or

14 (B) A Residential Hotel unit subject to the provisions of Administrative Code
15 Chapter 41.

16 (4) **Ineligible units.** Dwelling Units that are subject to the City's Inclusionary
17 Affordable Housing Program set forth in Sections 415.1. et seq., or otherwise designated as below
18 market rate or income-restricted under City, state, or federal law, and Dwelling Units that are subject
19 to the rent increase limitations in Administrative Code Section 37.3 shall not be eligible to be
20 Intermediate Length Occupancy units.

21 (c) **Compliance.**

22 (1) **Abandonment.** Any Dwelling Unit permitted as an Intermediate Length
23 Occupancy unit pursuant to this subsection (b) may be offered for an initial term of occupancy of one
24 year or greater without losing the Use Characteristic, provided that the Use Characteristic shall be

1 considered abandoned if discontinued or otherwise abandoned for the time periods specified in Article
2 1.7.

3 (2) **Compliance Schedule.** Within six months of the Effective Date of this ordinance
4 in Board File No. 191075, the Department shall develop and publish procedures for evaluating
5 requests to establish Intermediate Length Occupancy units. The owner or operator of each
6 Intermediate Length Occupancy unit must submit a complete application within 24 months of the
7 Effective Date of this ordinance in Board File No. 191075.

8 (d) **Annual Reports.** No later than March 1 of each year, the owner or operator of each
9 Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for
10 the prior calendar year containing the following information:

11 (1) The address and location of the Intermediate Length Occupancy unit.

12 (2) The number of times the unit was occupied by a natural person for an initial
13 stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30
14 consecutive days but less than one year, including the duration and dates of each of those stays.

15 (3) The average duration of each stay.

16 (4) The average vacancy between each stay.

17 (5) The nature of the services, if any, that are provided to occupants of the
18 Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there has
19 been an increase or decrease in the services since the last report.

20 **SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.**

21 * * * *

22 **Table 209.1**

23 **ZONING CONTROL TABLE FOR RH DISTRICTS**

<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(10)</u>	<u>P(10)</u>	<u>P(10)</u>	<u>P(10)</u>
Single Room Occupancy	§ 102	P	P	P	P

* * * *

(10) C for buildings with 10 or more Dwelling Units.

SEC. 209.3. RC (RESIDENTIAL-COMMERCIAL) DISTRICTS.

* * * *

Table 209.3

ZONING CONTROL TABLE FOR RESIDENTIAL-COMMERCIAL DISTRICTS

Zoning Category	§ References	RC-3	RC-4
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<u>P(11)</u>	<u>P(11)</u>
Single Room Occupancy	§ 102	P	P

* * * *

(11) C for buildings with 10 or more Dwelling Units.

SEC. 209.4. RTO (RESIDENTIAL TRANSIT ORIENTED) DISTRICTS.

* * * *

Table 209.4

ZONING CONTROL TABLE FOR RTO DISTRICTS

Zoning Category	§ References	RTO	RTO-M
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§§ 102, 202.10</u>	<u>P(10)</u>	<u>P(10)</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

(10) C for buildings with 10 or more Dwelling Units.

SEC. 210.1. C-2 DISTRICTS: COMMUNITY BUSINESS.

* * * *

Table 210.1

ZONING CONTROL TABLE FOR C-2 DISTRICTS

Zoning Category	§ References	C-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<u>Intermediate Length</u>	<u>§§ 102, 202.10</u>	<u>P(6)</u>
<u>Occupancy</u>		
Single Room Occupancy	§ 102	P

* * * *

(6) C for buildings with 10 or more Dwelling Units.

SEC. 210.2. C-3 DISTRICTS: DOWNTOWN COMMERCIAL.

* * * *

Table 210.2

ZONING CONTROL TABLE FOR C-3 DISTRICTS

Zoning Category	§ References	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<u>Intermediate Length</u>	<u>§§ 102, 202.10</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>	<u>P(8)</u>
<u>Occupancy</u>						
Single Room Occupancy	§ 102	P	P	P	P	P

* * * *

(8) C for buildings with 10 or more Dwelling Units.

SEC. 210.3. PDR DISTRICTS.

* * * *

Table 210.3

ZONING CONTROL TABLE FOR PDR DISTRICTS

Zoning Category	§ References	PDR-1-B	PDR-1-D	PDR-1-G	PDR-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length Occupancy</i>	<u>§§ 102, 202.10</u>	<i>NP</i>	<i>NP</i>	<i>NP</i>	<i>NP</i>
Single Room Occupancy	§ 102	NP	NP	NP	NP

* * * *

SEC. 210.4. M DISTRICTS: INDUSTRIAL.

* * * *

Table 210.4

ZONING CONTROL TABLE FOR M DISTRICTS

Zoning Category	§ References	M-1	M-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§§ 102, 202.10</u>	<u>P(4)</u>	<u>P(4)</u>
<i>Occupancy</i>			
Single Room Occupancy	§ 102	P	P

* * * *

(4) C for buildings with 10 or more Dwelling Units.

SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.

* * * *

**Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1
ZONING CONTROL TABLE**

* * * *

Zoning Category	§ References	NC-1 Controls
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* * * *

RESIDENTIAL STANDARDS AND USES		
* * * *		
Use Characteristics		
<i>Intermediate Length</i>	<u>§§ 102; 202.10</u>	<u>P(10)</u>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

(10) C for buildings with 10 or more Dwelling Units.

Section 3. Amendment of Specific Zoning Control Tables.

1 Zoning Control Tables 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722,
 2 723, 724, 725, 726, 728, 729, 730, 731, 732, 733, 734, 750, 751, 752, 753, 754, 755, 756,
 3 757, 758, 759, 760, 761, 762, 763, and 764 are hereby amended identically to the
 4 amendment of Zoning Control Table 710 in Section 2 of this ordinance, to create
 5 “Intermediate Length Occupancy” as a new Residential Use Characteristic, citing Planning
 6 Code Sections 102 and 202.10 as references, identifying “P” as the zoning control, and
 7 including the note (“C for buildings with 10 or more Dwelling Units”), provided that the note
 8 shall be numbered as appropriate for each table, as follows.

Zoning Control Table	Note #
711	12
712	11
713	8
714	8
715	6
716	7
717	6
718	7
719	9
720	5
721	5
722	13
723	8
724	6
725	5

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728	7
729	5
730	5
731	6
732	6
733	6
734	6
750	9
751	7
752	7
753	5
754	8
755	6
756	6
757	10
758	9
759	8
760	4
761	6
762	7
763	6
764	9

1 Section 4. The Administrative Code is hereby amended by adding Section 37.9F, to
2 read as follows:

3 **SEC. 37.9F. CIRCUMVENTION OF TENANT PROTECTIONS.**

4 (a) Findings. As market rents continue to increase in San Francisco, landlords of rent-
5 controlled units have a greater incentive to prevent long-term tenancies. Complementing the just cause
6 protections in Section 37.9, this Section 37.9F addresses the growing efforts among some landlords to
7 induce their tenants into believing that they are required to vacate their units at a specific time
8 designated in the lease or agreement, despite existing law to the contrary, or to try to avoid certain
9 landlord-tenant obligations altogether. This trend is especially common with respect to corporate
10 rentals, though it is not limited to corporate rentals. Such tactics by landlords undermine rent control
11 and frustrate the purpose of ensuring that rent-controlled units in the City remain available as a long-
12 term housing option for the City's renters.

13 (b) Prohibition of Fixed-Term Agreements. Consistent with Section 37.9(a)(2) and Section
14 37.9(e), any provision of any lease or rental agreement that purports to require a tenant to vacate a
15 rental unit at the expiration of a stated term, or that purports to characterize a tenant's failure to
16 vacate the rental unit at the end of the stated term as a just cause for eviction (either of them, a "Fixed-
17 Term Agreement"), shall be void as contrary to public policy, and a landlord may not attempt to
18 recover possession of the unit without just cause. This prohibition shall not apply where this Chapter
19 37 expressly authorizes a fixed-term tenancy (e.g., Section 37.2(a)(D)), or where it expressly authorizes
20 a tenant to be evicted without just cause (e.g., Section 37.9(b)).

21 **(c) Restrictions on Non-Tenant Uses.**

22 (1) A rental unit is being used for a "Non-Tenant Use" when the landlord is
23 allowing the unit to be occupied by a person or entity who is not a "tenant" as defined in Section
24 37.2(t). Renting a unit to a corporate entity or other non-natural person, or using a unit as housing for
25 one's employees, licensees, or independent contractors rather than one's tenants, are nonexclusive

1 examples of Non-Tenant Uses. This subsection (c) is not intended to narrow the definition of “tenant”
2 under Section 37.2(t) or to limit the just cause protections in Section 37.9; the sole intent is to prevent
3 landlords from circumventing or undermining the tenant protections of this Chapter 37, by restricting
4 when a landlord may provide a rental unit to a person or entity to the extent that person or entity does
5 not otherwise qualify as a “tenant.”

6 (2) Commencing April 1, 2020, it shall be unlawful to use a rental unit or allow a
7 rental unit to be used for a Non-Tenant Use, subject to the exemptions listed in subsection (c)(3). Any
8 provision of any agreement entered into on or after April 1, 2020 that purports to allow a unit to be
9 used for an unauthorized Non-Tenant Use shall be void as contrary to public policy, and the occupants
10 shall instead be deemed tenants under Section 37.2(t).

11 (3) This subsection (c) does not apply to any of the following:

12 (A) where the rental unit is subject to an agreement authorizing a Non-Tenant
13 Use that was entered into before April 1, 2020, for the existing duration of that agreement.

14 (B) the use of a rental unit as a lawful short-term rental as set forth in
15 Administrative Code Chapter 41A.

16 (C) where the landlord is providing the rental unit to its employees as a
17 condition of their employment to assist in the maintenance or management of a building owned or
18 managed by the landlord (e.g., resident managers).

19 (D) where an organization with tax-exempt status under 26 United States Code
20 Sections 501(c)(3) or 501(c)(4) is providing access to the unit in furtherance of its primary mission to
21 provide housing.

22 (d) **Required Disclosures.** Commencing April 1, 2020, every online listing for a
23 rental unit, excluding listings by landlords or master tenants who will reside in the same rental unit as
24 their tenants or subtenants, must contain a legible disclosure in at least 12-point font that includes the
25 following text: “This unit is a rental unit subject to the San Francisco Rent Ordinance, which limits

1 evictions without just cause, and which states that any waiver by a tenant of their rights under the Rent
2 Ordinance is void as contrary to public policy.” The foregoing text should also be included in print
3 advertisements, if practicable.

4 (e) **Monitoring and Enforcement.**

5 (1) The Board shall receive referrals regarding online listings that do not comply
6 with subsection (d). Upon receipt of a referral, if the Board determines that the listing does not
7 substantially comply with subsection (d) and that the defects have not been cured, the Board shall
8 inform the landlord in writing. The landlord shall be required to correct the violation within three
9 business days after receiving the notice. If the landlord has not corrected the violation within three
10 business days, the Board may impose a reasonable administrative penalty of up to \$100 per day, not
11 counting the three-day correction period, provided that in no event shall the total administrative
12 penalty for a single listing exceed \$1,000. The procedure for the imposition, enforcement, collection,
13 and administrative review of the administrative penalty shall be governed by Administrative Code
14 Chapter 100, “Procedures Governing the Imposition of Administrative Fines,” which is hereby
15 incorporated in its entirety. Any administrative penalties collected under this subsection (e)(1) shall be
16 deposited in the General Fund of the City and County of San Francisco to be used for enforcement of
17 this Section 37.9F.

18 (2) The City Attorney may bring a civil action in San Francisco Superior Court
19 against a party who has failed to comply with this Section 37.9F. A nonprofit organization with tax
20 exempt status under 26 United States Code Section 501(c)(3) or 501(c)(4) and with a primary mission
21 of protecting the rights of tenants in San Francisco may also bring such a civil action, provided that the
22 organization shall first provide 30 days’ written notice of its intent to initiate civil proceedings by
23 serving a draft complaint on the City Attorney’s Office and on any known address(es) of the affected
24 tenant(s), and may not initiate civil proceedings until the end of this 30 day period. A party who
25 violates this Section 37.9F may be liable for civil penalties of not more than two times the amount paid

1 or received for use of the rental unit during the period of the unlawful activity, and each rental unit
2 used in violation of this Section 37.9F shall constitute a separate violation. Any monetary award
3 obtained in such a civil action shall be deposited in the General Fund of the City and County of San
4 Francisco to be used for enforcement of this Section 37.9F. The court shall also award reasonable
5 attorney's fees and costs to the City Attorney or a nonprofit organization that is the prevailing party in
6 such a civil action.

7 (3) The remedies available under this subsection (e) shall be in addition to any other
8 existing remedies that may be available.

9
10 Section 5. Additional Findings. Section 5 of this ordinance is intended to clarify
11 existing law regarding fixed-term agreements, and prevent landlords from circumventing
12 eviction controls by allowing residential occupancy through non-tenant uses. Accordingly, the
13 Board finds that the City's Residential Rent Stabilization and Arbitration Ordinance (the "Rent
14 Ordinance"), as amended by this ordinance, is consistent with the Tenant Protection Act of
15 2019 (Assembly Bill No. 26 (Chiu), hereafter "AB 1482"); and that it further limits the reasons
16 for termination of a residential tenancy, results in higher relocation assistance amounts, and
17 provides additional tenant protections, and is therefore more protective than AB 1482; and the
18 Board intends that the Rent Ordinance (as hereby amended) shall apply rather than AB 1482.

19
20 Section 6. Controller's Study. No later than January 1, 2021, the Controller, with the
21 support of consultants as necessary and consistent with the civil service provisions of the
22 Charter, and in consultation with the Planning Department and other City agencies as
23 necessary, shall conduct a study to analyze the impacts created by the development of new
24 Intermediate Length Occupancy units on the City and relevant City services. The Controller's
25 study shall be submitted to the Board of Supervisors.

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

5
6 Section 8. Scope of Ordinance. Except as stated in Section 3 of this ordinance, in
7 enacting this ordinance, the Board of Supervisors intends to amend only those words,
8 phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts,
9 diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this
10 ordinance as additions, deletions, Board amendment additions, and Board amendment
11 deletions in accordance with the "Note" that appears under the official title of the ordinance.

12
13 Section 9. Severability. If any section, subsection, sentence, clause, phrase, or word
14 of this ordinance, or any application thereof to any person or circumstance, is held to be
15 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
16 shall not affect the validity of the remaining portions or applications of the ordinance. The
17 Board of Supervisors hereby declares that it would have passed this ordinance and each and
18 every section, subsection, sentence, clause, phrase, and word not declared invalid or
19 unconstitutional without regard to whether any other portion of this ordinance or application
20 thereof would be subsequently declared invalid or unconstitutional.

21
22 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

23
24 By: 
AUSTIN M. YANG
Deputy City Attorney
25 n:\legana\as2020\1800552\01419050.docx

REVISED LEGISLATIVE DIGEST

(Substituted, 1/14/2020)

[Planning, Administrative Codes - Residential Occupancy]

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that "provide housing for San Francisco residents, rather than visitors." Under Planning Code Section 102, a Use Characteristic is a "feature of a Use, related to its physical layout, location, design, access, or other characteristics." The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City's Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy ("ILO") that is applicable only to Dwelling Units. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would provide:

- Section 202.10 would state that for buildings with nine or fewer Dwelling Units, ILO units would be principally permitted, but only 25% of the Dwelling Units would be allowed to be permitted as ILO. For buildings with 10 or more Dwelling Units, ILO units would be prohibited. However, an owner or operator of seeking to establish an ILO unit could seek a Conditional Use Authorization to establish ILO units in a building with 10

*2/24/20
J. M. [Signature]*

or more Dwelling Units. For buildings with 10 or more Dwelling Units, only 20% of those units may be permitted as ILO units.

- The legislation would provide that no more than 1,000 Intermediate Length Occupancy units would be permitted.
- The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.
- The legislation would exempt Residential Hotels, and Student Housing from the provisions of Section 202.10.
- Inclusionary and other below-market-rate units, and units subject to the rent increase limitations of the Rent Ordinance would not be eligible for this Use Characteristic.
- The legislation would require the Planning Department to develop standards to evaluate applications to establish the ILO Use Characteristic within six months of the effective date of the ordinance.
- Owners and operators of ILO units would have 24 months to submit complete applications to establish ILO units.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a “fixed-term agreement”) is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).
- Second, it would regulate “non-tenant uses” by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one’s employees or “licensees,” are examples of non-tenant uses. Commencing April 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such “non-tenants” would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before April 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building; or (4) to rental units operated by non-profits that provide housing as part of their primary mission.
- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions without just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to

public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.

- Finally, the legislation would authorize the City Attorney or a non-profit tenants' rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

Background

The sponsor introduced a substitute ordinance on January 14, 2020. Changes included in the substitute include:

- Allowing existing units to be eligible for the ILO use characteristic; however Inclusionary and below market rate units, as well as units subject to the rent increase limitations of the Rent Ordinance are not eligible for the ILO use characteristic.
- Increasing the total number of permitted ILO units to 1,000.
- Allowing up to 25% of Dwelling Units in buildings with nine or fewer Dwelling Units to be principally permitted.
- Providing owners and operators of ILO units 24 months to submit a complete application to establish the ILO use.

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LEGISLATIVE DIGEST

[Planning, Administrative Codes - Residential Occupancy]

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that "provide housing for San Francisco residents, rather than visitors." Under Planning Code Section 102, a Use Characteristic is a "feature of a Use, related to its physical layout, location, design, access, or other characteristics." The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City's Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy ("ILO") that is applicable only to Dwelling Units. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would provide:

- Section 202.10 would state that for buildings with nine or fewer Dwelling Units, ILO units would be principally permitted, but only 25% of the Dwelling Units would be allowed to be permitted as ILO. For buildings with 10 or more Dwelling Units, ILO units would be prohibited. However, an owner or operator of seeking to establish an ILO unit could seek a Conditional Use Authorization to establish ILO units in a building with 10

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or more Dwelling Units. For buildings with 10 or more Dwelling Units, only 20% of those units may be permitted as ILO units.

- The legislation would provide that no more than 1,000 Intermediate Length Occupancy units would be permitted.
- The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.
- Exempted Units: The legislation would exempt Residential Hotels, and Student Housing from the provisions of Section 202.10. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to exempt 501(c)(3) organizations that provide access to dwelling units as part of their primary mission to provide housing. A charitable organization that provides access under this exemption would still need to provide annual reporting to the Planning Department.
- Ineligible Units: Inclusionary and other below-market-rate units, and units subject to the rent increase limitations of the Rent Ordinance would not be eligible for this Use Characteristic. At the February 24, 2020 Land Use Committee hearing, the legislation was amended to provide that any Dwelling Unit in a project that received its first construction or site permit after the effective date of the ordinance would not be eligible to receive an ILO permit.
- The legislation would require the Planning Department to develop standards to evaluate applications to establish the ILO Use Characteristic within six months of the effective date of the ordinance.
- Owners and operators of ILO units would have 24 months to submit complete applications to establish ILO units.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a "fixed-term agreement") is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).
- Second, it would regulate "non-tenant uses" by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one's employees or "licensees," are examples of non-tenant uses. Commencing April 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such "non-tenants" would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before April 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building;

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or (4) to rental units operated by non-profits that provide housing as part of their primary mission.

- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions without just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.
- Finally, the legislation would authorize the City Attorney or a non-profit tenants' rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

Background

The sponsor introduced a substitute ordinance on January 14, 2020. Changes included in the substitute include:

- Allowing existing units to be eligible for the ILO use characteristic; however Inclusionary and below market rate units, as well as units subject to the rent increase limitations of the Rent Ordinance are not eligible for the ILO use characteristic.
- Increasing the total number of permitted ILO units to 1,000.
- Allowing up to 25% of Dwelling Units in buildings with nine or fewer Dwelling Units to be principally permitted.
- Providing owners and operators of ILO units 24 months to submit a complete application to establish the ILO use.

As described above, at the February 24, 2020 Land Use Committee hearing, the legislation was amended to add additional types of exempt units, and ineligible units.

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1 [Planning, Administrative Codes - Residential Occupancy]

2

3 **Ordinance amending the Planning Code to create the Intermediate Length Occupancy**

4 **residential use characteristic; amending the Administrative Code to clarify existing law**

5 **regarding the enforceability of fixed-term leases in rental units covered by the just**

6 **cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the**

7 **“Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-**

8 **tenants, require landlords to disclose in advertisements for such units that the units**

9 **are subject to the Rent Ordinance, and authorize enforcement through administrative**

10 **and/or civil penalties; requiring the Controller to conduct a study to analyze the**

11 **impacts of new Intermediate Length Occupancy units in the City; affirming the**

12 **Planning Department’s determination under the California Environmental Quality Act;**

13 **and making findings of consistency with the General Plan, and the eight priority**

14 **policies of Planning Code, Section 101.1, and findings of public necessity,**

15 **convenience, and welfare under Planning Code, Section 302.**

16 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.

17 **Additions to Codes** are in *single-underline italics Times New Roman font*.

18 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.

19 **Board amendment additions** are in double-underlined Arial font.

20 **Board amendment deletions** are in ~~strikethrough Arial font~~.

21 **Asterisks (* * * *)** indicate the omission of unchanged Code

22 subsections or parts of tables.

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

23 Section 1. CEQA, General Plan, and Planning Code Findings.

24 (a) The Planning Department has determined that the actions contemplated in this

25 ordinance comply with the California Environmental Quality Act (California Public Resources

1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
2 Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms
3 this determination.

4 (b) On _____, the Planning Commission, in Resolution No. _____, adopted
5 findings that the actions contemplated in this ordinance are consistent, on balance, with the
6 City's General Plan and eight priority policies of Planning Code Section 101.1. The Board
7 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
8 Board of Supervisors in File No. _____, and is incorporated herein by reference.

9 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
10 ordinance will serve the public necessity, convenience and welfare for the reasons set forth in
11 Planning Commission Resolution No. _____, and incorporates such reasons by this
12 reference thereto. A copy of said Resolution is on file with the Clerk of the Board of
13 Supervisors in File No. _____, and is incorporated herein by reference.

14
15 Section 2. The Planning Code is hereby amended by revising Section 102 (including
16 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
17 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

18 **SEC. 102. DEFINITIONS.**

19 * * * *

20 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
21 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
22 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
23 *use characteristic is subject to the requirements of Section 202.10.*

24 * * * *

1 **Residential Use.** A Use Category consisting of uses that provide housing for San
2 Francisco residents, rather than visitors, including Dwelling Units, Group Housing, Residential
3 Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4 only any
4 residential components of Institutional Uses. Single Room Occupancy, *Intermediate Length*
5 *Occupancy*, and Student Housing designations are considered characteristics of certain
6 Residential Uses.

7 * * * *

8 **Use Characteristic.** A feature of a Use, related to its physical layout, location, design,
9 access, or other characteristics. Use Characteristics may be regulated independently of a
10 Use itself. Residential Use Characteristics include Single Room Occupancy, *Intermediate*
11 *Length Occupancy*, and Student Housing. Commercial Use Characteristics include Drive-up
12 Facility, Formula Retail, Hours of Operation, Maritime Use, Open Air Sales, Outdoor Activity,
13 and Walk-Up Facility.

14 * * * *

15 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

16 (a) **Purpose.** To encourage the use of Dwelling Units for long-term occupancy by
17 permanent San Francisco residents with initial terms of occupancy of at least one year, the following
18 provisions shall apply to Intermediate Length Occupancy units.

19 (b) **Controls.**

20 (1) **Permitting.** Intermediate Length Occupancy units shall be permitted as follows:

21 (A) For buildings with nine or fewer Dwelling Units, requests to authorize
22 the establishment of an Intermediate Length Occupancy Use Characteristic shall be principally
23 permitted, provided that:

24 (i) No more than 25% of the Dwelling Units in the building may be
25 permitted as Intermediate Length Occupancy units.

1 (ii) Each unit proposed to be permitted as an Intermediate Length
2 Occupancy unit is specifically identified.

3 (B) For buildings with 10 or more Dwelling Units, Intermediate Length
4 Occupancy units shall be prohibited, unless authorized pursuant to a conditional use authorization
5 under Section 303, provided that:

6 (i) No more than 20% of the Dwelling Units in the building may be
7 permitted as Intermediate Length Occupancy units.

8 (ii) Each unit proposed to be permitted as an Intermediate Length
9 Occupancy unit is specifically identified.

10 (2) Maximum Amount. No more than 1,000 Intermediate Length Occupancy units
11 shall be permitted in the City.

12 (3) Exceptions. The requirements of this Section 202.10 shall not apply to:

13 (A) Any Dwelling Unit that is defined as Student Housing in Section 102; or

14 (B) A Residential Hotel unit subject to the provisions of Administrative Code
15 Chapter 41; or

16 (C) An organization with tax-exempt status under 26 United States
17 Code Sections 501(c)(3) providing access to the unit in furtherance of its primary mission to
18 provide housing, provided that any organization that provides a Dwelling Unit offered for
19 occupancy by a natural person for an initial stay, whether through lease, subscription, license,
20 or otherwise, for a duration of greater than 30 consecutive days but less than one year must
21 comply with the reporting requirements in subsection (d).

22 (4) Ineligible units. The following shall not be eligible to be permitted as
23 Intermediate Length Occupancy units:

1 (A) Dwelling Units that are subject to the City’s Inclusionary Affordable
2 Housing Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or
3 income-restricted under City, state, or federal law; ~~and~~

4 (B) Dwelling Units that are subject to the rent increase limitations in
5 Administrative Code Section 37.3 shall not be eligible to be Intermediate Length Occupancy units; and

6 (C) Dwelling Units in a project that has not had its building or site
7 permit issued as of the effective date of this ordinance in Board File No. _____ . Unless
8 reenacted, this subsection (C) shall expire by operation of law 24 months after the Effective
9 Date of this ordinance in Board File No. _____ . Upon the expiration of this note, the City
10 Attorney is authorized to take steps to remove this note from the Planning Code.

11 (c) Compliance.

12 (1) Abandonment. Any Dwelling Unit permitted as an Intermediate Length
13 Occupancy unit pursuant to this subsection (b) may be offered for an initial term of occupancy of one
14 year or greater without losing the Use Characteristic, provided that the Use Characteristic shall be
15 considered abandoned if discontinued or otherwise abandoned for the time periods specified in Article
16 1.7.

17 (2) Compliance Schedule. Within six months of the Effective Date of this ordinance
18 in Board File No. _____ , the Department shall develop and publish procedures for evaluating
19 requests to establish Intermediate Length Occupancy units. The owner or operator of each
20 Intermediate Length Occupancy unit must submit a complete application within 24 months of the
21 Effective Date of this ordinance in Board File No. _____ .

22 (d) Annual Reports. No later than March 1 of each year, the owner or operator of each
23 Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for
24 the prior calendar year containing the following information:

25 (1) The address and location of the Intermediate Length Occupancy unit.

1 [Planning, Administrative Codes - Residential Occupancy]

2

3 **Ordinance amending the Planning Code to create the Intermediate Length Occupancy**

4 **residential use characteristic; amending the Administrative Code to clarify existing**

5 **law regarding the enforceability of fixed-term leases in rental units covered by the just**

6 **cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the**

7 **“Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-**

8 **tenants, require landlords to disclose in advertisements for such units that the units**

9 **are subject to the Rent Ordinance, and authorize enforcement through administrative**

10 **and/or civil penalties; requiring the Controller to conduct a study to analyze the**

11 **impacts of new Intermediate Length Occupancy units in the City; affirming the**

12 **Planning Department’s determination under the California Environmental Quality Act;**

13 **and making findings of consistency with the General Plan, and the eight priority**

14 **policies of Planning Code, Section 101.1, and findings of public necessity,**

15 **convenience, and welfare under Planning Code, Section 302.**

16

17 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.

18 **Additions to Codes** are in *single-underline italics Times New Roman font*.

19 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.

20 **Board amendment additions** are in double-underlined Arial font.

21 **Board amendment deletions** are in ~~strikethrough Arial font~~.

22 **Asterisks (* * * *)** indicate the omission of unchanged Code

23 subsections or parts of tables.

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

25 Section 1. CEQA, General Plan, and Planning Code Findings.

1/14/20 Substituted

1 (a) The Planning Department has determined that the actions contemplated in this
2 ordinance comply with the California Environmental Quality Act (California Public Resources
3 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
4 Supervisors in File No. 191075 and is incorporated herein by reference. The Board affirms
5 this determination.

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

11 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
12 ordinance will serve the public necessity, convenience and welfare for the reasons set forth
13 in Planning Commission Resolution No. _____, and incorporates such reasons by this
14 reference thereto. A copy of said Resolution is on file with the Clerk of the Board of
15 Supervisors in File No. _____, and is incorporated herein by reference.

16
17 Section 2. The Planning Code is hereby amended by revising Section 102 (including
18 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
19 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

20 **SEC. 102. DEFINITIONS.**

21 * * * *

22 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
23 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
24 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
25 *use characteristic is subject to the requirements of Section 202.10.*

1 * * * *

2 **Residential Use.** A Use Category consisting of uses that provide housing for San
3 Francisco residents, rather than visitors, including Dwelling Units, Group Housing,
4 Residential Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4
5 only any residential components of Institutional Uses. Single Room Occupancy, *Intermediate*
6 *Length Occupancy*, and Student Housing designations are considered characteristics of certain
7 Residential Uses.

8 * * * *

9 **Use Characteristic.** A feature of a Use, related to its physical layout, location,
10 design, access, or other characteristics. Use Characteristics may be regulated
11 independently of a Use itself. Residential Use Characteristics include Single Room
12 Occupancy, *Intermediate Length Occupancy*, and Student Housing. Commercial Use
13 Characteristics include Drive-up Facility, Formula Retail, Hours of Operation, Maritime Use,
14 Open Air Sales, Outdoor Activity, and Walk-Up Facility.

15 * * * *

16 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

17 *(a) Purpose. To preserve the existing stock of housing and ensure that new Dwelling Units*
18 *are made available for long-term occupancy by permanent San Francisco residents with initial terms*
19 *of occupancy of at least one year, the following provisions shall apply to Intermediate Length*
20 *Occupancy units.*

21 **(b) Applicability.**

22 *(1) Any development project that creates 10 or more new Dwelling Units, and that*
23 *has not received its first building or site permit as of the effective date of the ordinance establishing*
24 *this Section 202.10, in Board File No. _____, shall be eligible to include Intermediate Length*
25 *Occupancy units.*

1 (2) The limitations of this Section 202.10 shall not apply to:

2 (A) any Dwelling Unit that is defined as Student Housing in Section 102;

3 (B) a Residential Hotel unit subject to the provisions of Administrative Code

4 Chapter 41; or

5 (C) a development project creating nine or fewer new Dwelling Units.

6 (3) Dwelling Units that are subject to the City's Inclusionary Affordable Housing
7 Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or income-
8 restricted under City, state, or federal law, or subject to the Rent Ordinance, Administrative Code
9 Chapter 37, shall not be eligible to be Intermediate Length Occupancy units.

10 (c) **Controls.**

11 (1) Intermediate Length Occupancy use characteristic may be permitted with a
12 Conditional Use Authorization anywhere Dwelling Units are permitted.

13 (2) Any request to authorize the establishment of an Intermediate Length
14 Occupancy use characteristic shall require a conditional use authorization under Section 303, and
15 include the following findings:

16 (A) No more than 20% of the Dwelling Units may be offered as Intermediate
17 Length Occupancy units.

18 (B) Each unit proposed to be offered as an Intermediate Length Occupancy
19 unit must be specifically identified.

20 (3) No more than a total of 500 Intermediate Length Occupancy units shall be
21 permitted in the City.

22 (4) Any unit designated as an Intermediate Length Occupancy unit pursuant to this
23 subsection (c) may be offered for an initial term of occupancy of one year or greater without losing
24 this use characteristic.

1 (d) **Annual Reports.** No later than March 1 of each year, the owner or operator of each
 2 Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for
 3 the prior calendar year containing the following information:

4 (1) The location of the Intermediate Length Occupancy unit.

5 (2) The number of times the unit was occupied by a natural person for an initial
 6 stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30
 7 consecutive days but less than one year, including the duration of each of those stays.

8 (3) The average duration of each stay.

9 (4) The average vacancy between each stay.

10 (5) The nature of the services, if any, that are provided to occupants of the
 11 Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there
 12 has been an increase or decrease in the services since the last report.

13 **SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.**

14 * * * *

15 **Table 209.1**

16 **ZONING CONTROL TABLE FOR RH DISTRICTS**

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
-----------------	--------------	---------	------	---------	------	------

19 * * * *

20 **RESIDENTIAL STANDARDS AND USES**

21 * * * *

22 **Use Characteristics**

<u>Intermediate Length Occupancy</u>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
--------------------------------------	--------------	----------	----------	----------	----------	----------

1	Single Room	§ 102	P	P	P	P	P
2	Occupancy						

3 * * * *

4 **SEC. 209.2. RM (RESIDENTIAL, MIXED) DISTRICTS.**

5 * * * *

6 **Table 209.2**

7 **ZONING CONTROL TABLE FOR RM DISTRICTS**

8	Zoning	§ References	RM-1	RM-2	RM-3	RM-4
9	Category					

10 * * * *

11 **RESIDENTIAL STANDARDS AND USES**

12 * * * *

13 **Use Characteristics**

14	<i>Intermediate</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
15	<i>Length</i>					
16	<i>Occupancy</i>					
17	Single Room	§ 102	P	P	P	P
18	Occupancy					

19 * * * *

20 **SEC. 209.3. RC (RESIDENTIAL-COMMERCIAL) DISTRICTS.**

21 * * * *

22 **Table 209.3**

23 **ZONING CONTROL TABLE FOR RESIDENTIAL-COMMERCIAL DISTRICTS**

24	Zoning Category	§ References	RC-3	RC-4
25				

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 209.4. RTO (RESIDENTIAL TRANSIT ORIENTED) DISTRICTS.

* * * *

Table 209.4

ZONING CONTROL TABLE FOR RTO DISTRICTS

Zoning Category	§ References	RTO	RTO-M
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 210.1. C-2 DISTRICTS: COMMUNITY BUSINESS.

* * * *

Table 210.1

ZONING CONTROL TABLE FOR C-2 DISTRICTS

Zoning Category	§ References	C-2
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RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

SEC. 210.2. C-3 DISTRICTS: DOWNTOWN COMMERCIAL.

* * * *

Table 210.2

ZONING CONTROL TABLE FOR C-3 DISTRICTS

Zoning Category	§ References	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S
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RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
<i>Length</i>						
<i>Occupancy</i>						
Single Room	§ 102	P	P	P	P	P
Occupancy						

* * * *

SEC. 210.3. PDR DISTRICTS.

* * * *

Table 210.3

ZONING CONTROL TABLE FOR PDR DISTRICTS

Zoning Category	§ References	PDR-1-B	PDR-1-D	PDR-1-G	PDR-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate</i>	<u>§ 102</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
<i>Length</i>					
<i>Occupancy</i>					
Single Room	§ 102	NP	NP	NP	NP
Occupancy					

* * * *

SEC. 210.4. M DISTRICTS: INDUSTRIAL.

* * * *

Table 210.4

ZONING CONTROL TABLE FOR M DISTRICTS

Zoning Category	§ References	M-1	M-2
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RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room Occupancy	§ 102	P	P

* * * *

SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.

* * * *

Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1

ZONING CONTROL TABLE

* * * *

Zoning Category	§ References	NC-1 Controls
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>
<i>Occupancy</i>		

Single Room Occupancy	§ 102	P
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* * * *

Section 3. Amendment of Specific Zoning Control Tables.

Zoning Control Tables 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 723, 724, 725, 726, 728, 729, 730, 731, 732, 733, 734, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, and 764 are hereby amended identically to the amendment of Zoning Control Table 710 in Section 2 of this ordinance, to create "Intermediate Length Occupancy" as a new Residential Use Characteristic, including any zoning controls.

Section 4. The Administrative Code is hereby amended by adding Section 37.9F, to read as follows:

SEC. 37.9F. CIRCUMVENTION OF TENANT PROTECTIONS.

(a) Findings. As market rents continue to increase in San Francisco, landlords of rent-controlled units have a greater incentive to prevent long-term tenancies. Complementing the just cause protections in Section 37.9, this Section 37.9F addresses the growing efforts among some landlords to induce their tenants into believing that they are required to vacate their units at a specific time designated in the lease or agreement, despite existing law to the contrary, or to try to avoid certain landlord-tenant obligations altogether. This trend is especially common with respect to corporate rentals, though it is not limited to corporate rentals. Such tactics by landlords undermine rent control and frustrate the purpose of ensuring that rent-controlled units in the City remain available as a long-term housing option for the City's renters.

(b) Prohibition of Fixed-Term Agreements. Consistent with Section 37.9(a)(2) and Section 37.9(e), any provision of any lease or rental agreement that purports to require a tenant to vacate a rental unit at the expiration of a stated term, or that purports to characterize a tenant's failure to vacate the rental unit at the end of the stated term as a just cause for eviction (either of them, a "Fixed-Term Agreement"), shall be void as contrary to public policy, and a landlord may not

1 attempt to recover possession of the unit without just cause. This prohibition shall not apply where
2 this Chapter 37 expressly authorizes a fixed-term tenancy (e.g., Section 37.2(a)(D)), or where it
3 expressly authorizes a tenant to be evicted without just cause (e.g., Section 37.9(b)).

4 (c) **Restrictions on Non-Tenant Uses.**

5 (1) A rental unit is being used for a "Non-Tenant Use" when the landlord is
6 allowing the unit to be occupied by a person or entity who is not a "tenant" as defined in Section
7 37.2(t). Renting a unit to a corporate entity or other non-natural person, or using a unit as housing
8 for one's employees, licensees, or independent contractors rather than one's tenants, are nonexclusive
9 examples of Non-Tenant Uses. This subsection (c) is not intended to narrow the definition of "tenant"
10 under Section 37.2(t) or to limit the just cause protections in Section 37.9; the sole intent is to prevent
11 landlords from circumventing or undermining the tenant protections of this Chapter 37, by restricting
12 when a landlord may provide a rental unit to a person or entity to the extent that person or entity does
13 not otherwise qualify as a "tenant."

14 (2) Commencing February 1, 2020, it shall be unlawful to use a rental unit or allow
15 a rental unit to be used for a Non-Tenant Use, subject to the exemptions listed in subsection (c)(3).
16 Any provision of any agreement entered into on or after February 1, 2020 that purports to allow a unit
17 to be used for an unauthorized Non-Tenant Use shall be void as contrary to public policy, and the
18 occupants shall instead be deemed tenants under Section 37.2(t).

19 (3) This subsection (c) does not apply to any of the following:

20 (A) where the rental unit is subject to an agreement authorizing a Non-Tenant
21 Use that was entered into before February 1, 2020, for the existing duration of that agreement.

22 (B) the use of a rental unit as a lawful short-term rental as set forth in
23 Administrative Code Chapter 41A.

1 (C) where the landlord is providing the rental unit to its employees as a
2 condition of their employment to assist in the maintenance or management of a building owned or
3 managed by the landlord (e.g., resident managers).

4 (D) where an organization with tax-exempt status under 26 United States Code
5 Sections 501(c)(3) or 501(c)(4) is providing access to the unit in furtherance of its primary mission to
6 provide housing.

7 (d) **Required Disclosures.** Commencing February 1, 2020, every online listing for a rental
8 unit, excluding listings by landlords or master tenants who will reside in the same rental unit as their
9 tenants or subtenants, must contain a legible disclosure in at least 12-point font that includes the
10 following text: "This unit is a rental unit subject to the San Francisco Rent Ordinance, which limits
11 evictions without just cause, and which states that any waiver by a tenant of their rights under the Rent
12 Ordinance is void as contrary to public policy." The foregoing text should also be included in print
13 advertisements, if practicable.

14 (e) **Monitoring and Enforcement.**

15 (1) The Board shall receive referrals regarding online listings that do not comply
16 with subsection (d). Upon receipt of a referral, if the Board determines that the listing does not
17 substantially comply with subsection (d) and that the defects have not been cured, the Board shall
18 inform the landlord in writing. The landlord shall be required to correct the violation within three
19 business days after receiving the notice. If the landlord has not corrected the violation within three
20 business days, the Board may impose a reasonable administrative penalty of up to \$100 per day, not
21 counting the three-day correction period, provided that in no event shall the total administrative
22 penalty for a single listing exceed \$1,000. The procedure for the imposition, enforcement, collection,
23 and administrative review of the administrative penalty shall be governed by Administrative Code
24 Chapter 100, "Procedures Governing the Imposition of Administrative Fines," which is hereby
25 incorporated in its entirety. Any administrative penalties collected under this subsection (e)(1) shall

1 be deposited in the General Fund of the City and County of San Francisco to be used for enforcement
2 of this Section 37.9F.

3 (2) The City Attorney may bring a civil action in San Francisco Superior Court
4 against a party who has failed to comply with this Section 37.9F. A nonprofit organization with tax
5 exempt status under 26 United States Code Section 501(c)(3) or 501(c)(4) and with a primary mission
6 of protecting the rights of tenants in San Francisco may also bring such a civil action, provided that
7 the organization shall first provide 30 days' written notice of its intent to initiate civil proceedings by
8 servicing a draft complaint on the City Attorney's Office and on any known address(es) of the affected
9 tenant(s), and may not initiate civil proceedings until the end of this 30 day period. A party who
10 violates this Section 37.9F may be liable for civil penalties of not more than two times the amount paid
11 or received for use of the rental unit during the period of the unlawful activity, and each rental unit
12 used in violation of this Section 37.9F shall constitute a separate violation. Any monetary award
13 obtained in such a civil action shall be deposited in the General Fund of the City and County of San
14 Francisco to be used for enforcement of this Section 37.9F. The court shall also award reasonable
15 attorney's fees and costs to the City Attorney or a nonprofit organization that is the prevailing party in
16 such a civil action.

17 (3) The remedies available under this subsection (e) shall be in addition to any
18 other existing remedies that may be available.

19
20 Section 5. Controller's Study. No later than January 1, 2021, the Controller, with the
21 support of consultants as necessary and consistent with the civil service provisions of the
22 Charter, and in consultation with the Planning Department and other City agencies as
23 necessary, shall conduct a study to analyze the impacts created by the development of new
24 Intermediate Length Occupancy units on the City and relevant City services. The Controller's
25 study shall be submitted to the Board of Supervisors.

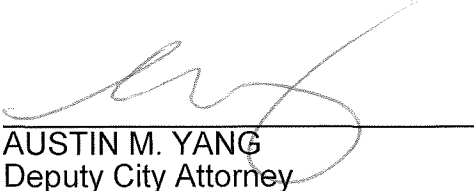
1 Section 6. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the
4 Board of Supervisors overrides the Mayor's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

5
6 Section 7. Scope of Ordinance. Except as stated in Section 3 of this ordinance, in
7 enacting this ordinance, the Board of Supervisors intends to amend only those words,
8 phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts,
9 diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in
10 this ordinance as additions, deletions, Board amendment additions, and Board amendment
11 deletions in accordance with the "Note" that appears under the official title of the ordinance.

12
13 Section 8. Severability. If any section, subsection, sentence, clause, phrase, or word
14 of this ordinance, or any application thereof to any person or circumstance, is held to be
15 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
16 shall not affect the validity of the remaining portions or applications of the ordinance. The
17 Board of Supervisors hereby declares that it would have passed this ordinance and each and
18 every section, subsection, sentence, clause, phrase, and word not declared invalid or
19 unconstitutional without regard to whether any other portion of this ordinance or application
20 thereof would be subsequently declared invalid or unconstitutional.

21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23
24 By:


AUSTIN M. YANG
Deputy City Attorney

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LEGISLATIVE DIGEST

[Planning, Administrative Codes - Residential Occupancy]

Ordinance amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the "Rent Ordinance"), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that "provide housing for San Francisco residents, rather than visitors." Under Planning Code Section 102, a Use Characteristic is a "feature of a Use, related to its physical layout, location, design, access, or other characteristics." The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City's Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would state that the Use Characteristic applies to development projects proposing construction of ten or more new Dwelling Units. A request to establish such use would be subject to a Conditional Use Authorization, which would require the Planning Commission to make specific findings. The legislation would provide that no more than 500 Intermediate Length Occupancy units would be permitted. Inclusionary and other below-market-rate units, and units subject to the Rent Ordinance would not be eligible for this Use Characteristic, and the use characteristic would not apply to Residential Hotels, or

1/14/20 Substituted

Student Housing. The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a “fixed-term agreement”) is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).
- Second, it would regulate “non-tenant uses” by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one’s employees or “licensees,” are examples of non-tenant uses. Commencing February 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such “non-tenants” would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before February 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building; or (4) to rental units operated by non-profits that provide housing as part of their primary mission.
- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions with just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.
- Finally, the legislation would authorize the City Attorney or a non-profit tenants’ rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

1 [Planning, Administrative Codes - Residential Occupancy]

2

3 **Ordinance amending the Planning Code to create the Intermediate Length Occupancy**
 4 **residential use characteristic; amending the Administrative Code to clarify existing**
 5 **law regarding the enforceability of fixed-term leases in rental units covered by the just**
 6 **cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the**
 7 **“Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-**
 8 **tenants, require landlords to disclose in advertisements for such units that the units**
 9 **are subject to the Rent Ordinance, and authorize enforcement through administrative**
 10 **and/or civil penalties; requiring the Controller to conduct a study to analyze the**
 11 **impacts of new Intermediate Length Occupancy units in the City; affirming the**
 12 **Planning Department’s determination under the California Environmental Quality Act;**
 13 **and making findings of consistency with the General Plan, and the eight priority**
 14 **policies of Planning Code, Section 101.1, and findings of public necessity,**
 15 **convenience, and welfare under Planning Code, Section 302.**

16

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

21

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

23

24 Section 1. CEQA, General Plan, and Planning Code Findings.

25

Handwritten signature and date: 10/30/19

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

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

11 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
12 ordinance will serve the public necessity, convenience and welfare for the reasons set forth
13 in Planning Commission Resolution No. _____, and incorporates such reasons by this
14 reference thereto. A copy of said Resolution is on file with the Clerk of the Board of
15 Supervisors in File No. _____, and is incorporated herein by reference.

16
17 Section 2. The Planning Code is hereby amended by revising Section 102 (including
18 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
19 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

20 **SEC. 102. DEFINITIONS.**

21 * * * *

22 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
23 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
24 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
25 *use characteristic is subject to the requirements of Section 202.10.*

1 * * * *

2 **Residential Use.** A Use Category consisting of uses that provide housing for San
3 Francisco residents, rather than visitors, including Dwelling Units, Group Housing,
4 Residential Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4
5 only any residential components of Institutional Uses. Single Room Occupancy, Intermediate
6 Length Occupancy, and Student Housing designations are considered characteristics of certain
7 Residential Uses.

8 * * * *

9 **Use Characteristic.** A feature of a Use, related to its physical layout, location,
10 design, access, or other characteristics. Use Characteristics may be regulated
11 independently of a Use itself. Residential Use Characteristics include Single Room
12 Occupancy, Intermediate Length Occupancy, and Student Housing. Commercial Use
13 Characteristics include Drive-up Facility, Formula Retail, Hours of Operation, Maritime Use,
14 Open Air Sales, Outdoor Activity, and Walk-Up Facility.

15 * * * *

16 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

17 (a) Purpose. To preserve the existing stock of housing and ensure that new Dwelling Units
18 are made available for long-term occupancy by permanent San Francisco residents with initial terms
19 of occupancy of at least one year, the following provisions shall apply to Intermediate Length
20 Occupancy units.

21 (b) Applicability.

22 (1) Any development project that creates 10 or more new Dwelling Units, and that
23 has not received its first building or site permit as of the effective date of the ordinance establishing
24 this Section 202.10, in Board File No. 191075, shall be eligible to include Intermediate Length
25 Occupancy units.

1 (2) The limitations of this Section 202.10 shall not apply to:

2 (A) any Dwelling Unit that is defined as Student Housing in Section 102;

3 (B) a Residential Hotel unit subject to the provisions of Administrative Code
4 Chapter 41; or

5 (C) a development project creating nine or fewer new Dwelling Units.

6 (3) Dwelling Units that are subject to the City's Inclusionary Affordable Housing
7 Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or income-
8 restricted under City, state, or federal law, or subject to the Rent Ordinance, Administrative Code
9 Chapter 37, shall not be eligible to be Intermediate Length Occupancy units.

10 (c) **Controls.**

11 (1) Intermediate Length Occupancy use characteristic may be permitted with a
12 Conditional Use Authorization anywhere Dwelling Units are permitted.

13 (2) Any request to authorize the establishment of an Intermediate Length
14 Occupancy use characteristic shall require a conditional use authorization under Section 303, and
15 include the following findings:

16 (A) No more than 20% of the Dwelling Units may be offered as Intermediate
17 Length Occupancy units.

18 (B) Each unit proposed to be offered as an Intermediate Length Occupancy
19 unit must be specifically identified.

20 (3) No more than a total of 500 Intermediate Length Occupancy units shall be
21 permitted in the City.

22 (4) Any unit designated as an Intermediate Length Occupancy unit pursuant to this
23 subsection (c) may be offered for an initial term of occupancy of one year or greater without losing
24 this use characteristic.

1 (d) Annual Reports. *No later than March 1 of each year, the owner or operator of each*
 2 *Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for*
 3 *the prior calendar year containing the following information:*

4 (1) The location of the Intermediate Length Occupancy unit.

5 (2) The number of times the unit was occupied by a natural person for an initial
 6 stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30
 7 consecutive days but less than one year, including the duration of each of those stays.

8 (3) The average duration of each stay.

9 (4) The average vacancy between each stay.

10 (5) The nature of the services, if any, that are provided to occupants of the
 11 Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there
 12 has been an increase or decrease in the services since the last report.

13 **SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.**

14 * * * *

15 **Table 209.1**

16 **ZONING CONTROL TABLE FOR RH DISTRICTS**

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
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19 * * * *

RESIDENTIAL STANDARDS AND USES						
* * * *						
Use Characteristics						
<i>Intermediate Length Occupancy</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>

1	Single Room	§ 102	P	P	P	P	P
2	Occupancy						

3 * * * *

4 **SEC. 209.2. RM (RESIDENTIAL, MIXED) DISTRICTS.**

5 * * * *

6 **Table 209.2**

7 **ZONING CONTROL TABLE FOR RM DISTRICTS**

8	Zoning	§ References	RM-1	RM-2	RM-3	RM-4
9	Category					

10 * * * *

11 **RESIDENTIAL STANDARDS AND USES**

12 * * * *

13 **Use Characteristics**

14	<i>Intermediate</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
15	<i>Length</i>					
16	<i>Occupancy</i>					
17	Single Room	§ 102	P	P	P	P
18	Occupancy					

19 * * * *

20 **SEC. 209.3. RC (RESIDENTIAL-COMMERCIAL) DISTRICTS.**

21 * * * *

22 **Table 209.3**

23 **ZONING CONTROL TABLE FOR RESIDENTIAL-COMMERCIAL DISTRICTS**

24	Zoning Category	§ References	RC-3	RC-4
25				

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 209.4. RTO (RESIDENTIAL TRANSIT ORIENTED) DISTRICTS.

* * * *

Table 209.4

ZONING CONTROL TABLE FOR RTO DISTRICTS

Zoning Category	§ References	RTO	RTO-M
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 210.1. C-2 DISTRICTS: COMMUNITY BUSINESS.

* * * *

Table 210.1

ZONING CONTROL TABLE FOR C-2 DISTRICTS

Zoning Category	§ References	C-2
-----------------	--------------	-----

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

SEC. 210.2. C-3 DISTRICTS: DOWNTOWN COMMERCIAL.

* * * *

Table 210.2

ZONING CONTROL TABLE FOR C-3 DISTRICTS

Zoning Category	§ References	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S
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* * * *

RESIDENTIAL STANDARDS AND USES

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Use Characteristics

<i>Intermediate</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
<i>Length</i>						
<i>Occupancy</i>						
Single Room	§ 102	P	P	P	P	P
Occupancy						

* * * *

SEC. 210.3. PDR DISTRICTS.

* * * *

Table 210.3

ZONING CONTROL TABLE FOR PDR DISTRICTS

Zoning Category	§ References	PDR-1-B	PDR-1-D	PDR-1-G	PDR-2
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RESIDENTIAL STANDARDS AND USES

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Use Characteristics

<i>Intermediate</i>	<u>§ 102</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
<i>Length</i>					
<i>Occupancy</i>					
Single Room	§ 102	NP	NP	NP	NP
Occupancy					

* * * *

SEC. 210.4. M DISTRICTS: INDUSTRIAL.

* * * *

Table 210.4

ZONING CONTROL TABLE FOR M DISTRICTS

Zoning Category	§ References	M-1	M-2
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RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.

* * * *

Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1

ZONING CONTROL TABLE

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Zoning Category	§ References	NC-1 Controls
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RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>
<i>Occupancy</i>		

1	Single Room Occupancy	§ 102	P
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2 * * * *

3 Section 3. Amendment of Specific Zoning Control Tables.

4 Zoning Control Tables 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 723,
5 724, 725, 726, 728, 729, 730, 731, 732, 733, 734, 750, 751, 752, 753, 754, 755, 756, 757,
6 758, 759, 760, 761, 762, 763, and 764 are hereby amended identically to the amendment of
7 Zoning Control Table 710 in Section 2 of this ordinance, to create "Intermediate Length
8 Occupancy" as a new Residential Use Characteristic, including any zoning controls.

9 Section 4. The Administrative Code is hereby amended by adding Section 37.9F, to
10 read as follows:

11 **SEC. 37.9F. CIRCUMVENTION OF TENANT PROTECTIONS.**

12 *(a) Findings. As market rents continue to increase in San Francisco, landlords of rent-*
13 *controlled units have a greater incentive to prevent long-term tenancies. Complementing the just*
14 *cause protections in Section 37.9, this Section 37.9F addresses the growing efforts among some*
15 *landlords to induce their tenants into believing that they are required to vacate their units at a specific*
16 *time designated in the lease or agreement, despite existing law to the contrary, or to try to avoid*
17 *certain landlord-tenant obligations altogether. This trend is especially common with respect to*
18 *corporate rentals, though it is not limited to corporate rentals. Such tactics by landlords undermine*
19 *rent control and frustrate the purpose of ensuring that rent-controlled units in the City remain*
20 *available as a long-term housing option for the City's renters.*

21 *(b) Prohibition of Fixed-Term Agreements. Consistent with Section 37.9(a)(2) and*
22 *Section 37.9(e), any provision of any lease or rental agreement that purports to require a tenant to*
23 *vacate a rental unit at the expiration of a stated term, or that purports to characterize a tenant's*
24 *failure to vacate the rental unit at the end of the stated term as a just cause for eviction (either of them,*
25 *a "Fixed-Term Agreement"), shall be void as contrary to public policy, and a landlord may not*

1 attempt to recover possession of the unit without just cause. This prohibition shall not apply where
2 this Chapter 37 expressly authorizes a fixed-term tenancy (e.g., Section 37.2(a)(D)), or where it
3 expressly authorizes a tenant to be evicted without just cause (e.g., Section 37.9(b)).

4 (c) **Restrictions on Non-Tenant Uses.**

5 (1) A rental unit is being used for a "Non-Tenant Use" when the landlord is
6 allowing the unit to be occupied by a person or entity who is not a "tenant" as defined in Section
7 37.2(t). Renting a unit to a corporate entity or other non-natural person, or using a unit as housing
8 for one's employees, licensees, or independent contractors rather than one's tenants, are nonexclusive
9 examples of Non-Tenant Uses. This subsection (c) is not intended to narrow the definition of "tenant"
10 under Section 37.2(t) or to limit the just cause protections in Section 37.9; the sole intent is to prevent
11 landlords from circumventing or undermining the tenant protections of this Chapter 37, by restricting
12 when a landlord may provide a rental unit to a person or entity to the extent that person or entity does
13 not otherwise qualify as a "tenant."

14 (2) Commencing February 1, 2020, it shall be unlawful to use a rental unit or allow
15 a rental unit to be used for a Non-Tenant Use, subject to the exemptions listed in subsection (c)(3).
16 Any provision of any agreement entered into on or after February 1, 2020 that purports to allow a unit
17 to be used for an unauthorized Non-Tenant Use shall be void as contrary to public policy, and the
18 occupants shall instead be deemed tenants under Section 37.2(t).

19 (3) This subsection (c) does not apply to any of the following:

20 (A) where the rental unit is subject to an agreement authorizing a Non-Tenant
21 Use that was entered into before February 1, 2020, for the existing duration of that agreement.

22 (B) the use of a rental unit as a lawful short-term rental as set forth in
23 Administrative Code Chapter 41A.

1 (C) where the landlord is providing the rental unit to its employees as a
2 condition of their employment to assist in the maintenance or management of a building owned or
3 managed by the landlord (e.g., resident managers).

4 (D) where an organization with tax-exempt status under 26 United States Code
5 Sections 501(c)(3) or 501(c)(4) is providing access to the unit in furtherance of its primary mission to
6 provide housing.

7 (d) **Required Disclosures.** Commencing February 1, 2020, every online listing for a rental
8 unit, excluding listings by landlords or master tenants who will reside in the same rental unit as their
9 tenants or subtenants, must contain a legible disclosure in at least 12-point font that includes the
10 following text: "This unit is a rental unit subject to the San Francisco Rent Ordinance, which limits
11 evictions without just cause, and which states that any waiver by a tenant of their rights under the Rent
12 Ordinance is void as contrary to public policy." The foregoing text should also be included in print
13 advertisements, if practicable.

14 (e) **Monitoring and Enforcement.**

15 (1) The Board shall receive referrals regarding online listings that do not comply
16 with subsection (d). Upon receipt of a referral, if the Board determines that the listing does not
17 substantially comply with subsection (d) and that the defects have not been cured, the Board shall
18 inform the landlord in writing. The landlord shall be required to correct the violation within three
19 business days after receiving the notice. If the landlord has not corrected the violation within three
20 business days, the Board may impose a reasonable administrative penalty of up to \$100 per day, not
21 counting the three-day correction period, provided that in no event shall the total administrative
22 penalty for a single listing exceed \$1,000. The procedure for the imposition, enforcement, collection,
23 and administrative review of the administrative penalty shall be governed by Administrative Code
24 Chapter 100, "Procedures Governing the Imposition of Administrative Fines," which is hereby
25 incorporated in its entirety. Any administrative penalties collected under this subsection (e)(1) shall

1 be deposited in the General Fund of the City and County of San Francisco to be used for enforcement
2 of this Section 37.9F.

3 (2) The City Attorney may bring a civil action in San Francisco Superior Court
4 against a party who has failed to comply with this Section 37.9F. A nonprofit organization with tax
5 exempt status under 26 United States Code Section 501(c)(3) or 501(c)(4) and with a primary mission
6 of protecting the rights of tenants in San Francisco may also bring such a civil action, provided that
7 the organization shall first provide 30 days' written notice of its intent to initiate civil proceedings by
8 servicing a draft complaint on the City Attorney's Office and on any known address(es) of the affected
9 tenant(s), and may not initiate civil proceedings until the end of this 30 day period. A party who
10 violates this Section 37.9F may be liable for civil penalties of not more than two times the amount paid
11 or received for use of the rental unit during the period of the unlawful activity, and each rental unit
12 used in violation of this Section 37.9F shall constitute a separate violation. Any monetary award
13 obtained in such a civil action shall be deposited in the General Fund of the City and County of San
14 Francisco to be used for enforcement of this Section 37.9F. The court shall also award reasonable
15 attorney's fees and costs to the City Attorney or a nonprofit organization that is the prevailing party in
16 such a civil action.

17 (3) The remedies available under this subsection (e) shall be in addition to any
18 other existing remedies that may be available.

19
20 Section 5. Controller's Study. No later than January 1, 2021, the Controller, with the
21 support of consultants as necessary and consistent with the civil service provisions of the
22 Charter, and in consultation with the Planning Department and other City agencies as
23 necessary, shall conduct a study to analyze the impacts created by the development of new
24 Intermediate Length Occupancy units on the City and relevant City services. The Controller's
25 study shall be submitted to the Board of Supervisors.

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

5
6 Section 7. Scope of Ordinance. Except as stated in Section 3 of this ordinance, in
7 enacting this ordinance, the Board of Supervisors intends to amend only those words,
8 phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts,
9 diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in
10 this ordinance as additions, deletions, Board amendment additions, and Board amendment
11 deletions in accordance with the "Note" that appears under the official title of the ordinance.

12
13 Section 8. Severability. If any section, subsection, sentence, clause, phrase, or word
14 of this ordinance, or any application thereof to any person or circumstance, is held to be
15 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
16 shall not affect the validity of the remaining portions or applications of the ordinance. The
17 Board of Supervisors hereby declares that it would have passed this ordinance and each and
18 every section, subsection, sentence, clause, phrase, and word not declared invalid or
19 unconstitutional without regard to whether any other portion of this ordinance or application
20 thereof would be subsequently declared invalid or unconstitutional.

21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23
24 By:


AUSTIN M. YANG
Deputy City Attorney

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[Planning, Administrative Codes - Residential Occupancy]

Ordinance 1) amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; 2) amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the “Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; 3) requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; 4) affirming the Planning Department’s determination under the California Environmental Quality Act; and 5) making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

NOTE: **Unchanged Code text and uncodified 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 ~~strikethrough 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. CEQA, General Plan, and Planning Code Findings.

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

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

11 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this
12 ordinance will serve the public necessity, convenience and welfare for the reasons set forth
13 in Planning Commission Resolution No. _____, and incorporates such reasons by this
14 reference thereto. A copy of said Resolution is on file with the Clerk of the Board of
15 Supervisors in File No. _____, and is incorporated herein by reference.

16
17 Section 2. The Planning Code is hereby amended by revising Section 102 (including
18 placing a new defined term in alphabetical sequence), adding Section 202.10, and revising
19 Sections 209.1, 209.2, 209.3, 209.4, 210.1, 210.2, 210.3, 210.4, and 710, to read as follows:

20 **SEC. 102. DEFINITIONS.**

21 * * * *

22 *Intermediate Length Occupancy. A Residential Use characteristic that applies to a Dwelling*
23 *Unit offered for occupancy by a natural person for an initial stay, whether through lease, subscription,*
24 *license, or otherwise, for a duration of greater than 30 consecutive days but less than one year. This*
25 *use characteristic is subject to the requirements of Section 202.10.*

1 * * * *

2 **Residential Use.** A Use Category consisting of uses that provide housing for San
3 Francisco residents, rather than visitors, including Dwelling Units, Group Housing,
4 Residential Hotels, and Senior Housing, Homeless Shelters, and for the purposes of Article 4
5 only any residential components of Institutional Uses. Single Room Occupancy, *Intermediate*
6 *Length Occupancy*, and Student Housing designations are considered characteristics of certain
7 Residential Uses.

8 * * * *

9 **Use Characteristic.** A feature of a Use, related to its physical layout, location,
10 design, access, or other characteristics. Use Characteristics may be regulated
11 independently of a Use itself. Residential Use Characteristics include Single Room
12 Occupancy, *Intermediate Length Occupancy*, and Student Housing. Commercial Use
13 Characteristics include Drive-up Facility, Formula Retail, Hours of Operation, Maritime Use,
14 Open Air Sales, Outdoor Activity, and Walk-Up Facility.

15 * * * *

16 **SEC. 202.10. LIMITATION ON INTERMEDIATE LENGTH OCCUPANCIES.**

17 *(a) Purpose. To preserve the existing stock of housing and ensure that new Dwelling Units*
18 *are made available for long-term occupancy by permanent San Francisco residents with initial terms*
19 *of occupancy of at least one year, the following provisions shall apply to Intermediate Length*
20 *Occupancy units.*

21 **(b) Applicability.**

22 *(1) Any development project that creates 10 or more new Dwelling Units, and that*
23 *has not received its first building or site permit as of the effective date of the ordinance establishing*
24 *this Section 202.10, in Board File No. _____, shall be eligible to include Intermediate Length*
25 *Occupancy units.*

1 (2) The limitations of this Section 202.10 shall not apply to:

2 (A) any Dwelling Unit that is defined as Student Housing in Section 102;

3 (B) a Residential Hotel unit subject to the provisions of Administrative Code

4 Chapter 41; or

5 (C) a development project creating nine or fewer new Dwelling Units.

6 (3) Dwelling Units that are subject to the City's Inclusionary Affordable Housing
7 Program set forth in Sections 415.1. et seq., or otherwise designated as below market rate or income-
8 restricted under City, state, or federal law, or subject to the Rent Ordinance, Administrative Code
9 Chapter 37, shall not be eligible to be Intermediate Length Occupancy units.

10 (c) Controls.

11 (1) Intermediate Length Occupancy use characteristic may be permitted with a
12 Conditional Use Authorization anywhere Dwelling Units are permitted.

13 (2) Any request to authorize the establishment of an Intermediate Length
14 Occupancy use characteristic shall require a conditional use authorization under Section 303, and
15 include the following findings:

16 (A) No more than 20% of the Dwelling Units may be offered as Intermediate
17 Length Occupancy units.

18 (B) Each unit proposed to be offered as an Intermediate Length Occupancy
19 unit must be specifically identified.

20 (3) No more than a total of 500 Intermediate Length Occupancy units shall be
21 permitted in the City.

22 (4) Any unit designated as an Intermediate Length Occupancy unit pursuant to this
23 subsection (c) may be offered for an initial term of occupancy of one year or greater without losing
24 this use characteristic.

1 (d) Annual Reports. *No later than March 1 of each year, the owner or operator of each*
 2 *Intermediate Length Occupancy unit shall submit to the Department an Annual Unit Usage Report for*
 3 *the prior calendar year containing the following information:*

4 (1) The location of the Intermediate Length Occupancy unit.

5 (2) The number of times the unit was occupied by a natural person for an initial
 6 *stay, whether through lease, subscription, license, or otherwise, for a duration of greater than 30*
 7 *consecutive days but less than one year, including the duration of each of those stays.*

8 (3) The average duration of each stay.

9 (4) The average vacancy between each stay.

10 (5) The nature of the services, if any, that are provided to occupants of the
 11 *Intermediate Length Occupancy units, including furnishings, or other amenities, and whether there*
 12 *has been an increase or decrease in the services since the last report.*

13 **SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.**

14 * * * *

15 **Table 209.1**

16 **ZONING CONTROL TABLE FOR RH DISTRICTS**

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
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19 * * * *

20 **RESIDENTIAL STANDARDS AND USES**

21 * * * *

22 **Use Characteristics**

<i>Intermediate Length Occupancy</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
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1	Single Room	§ 102	P	P	P	P	P
2	Occupancy						

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SEC. 209.2. RM (RESIDENTIAL, MIXED) DISTRICTS.

* * * *

Table 209.2

ZONING CONTROL TABLE FOR RM DISTRICTS

8	Zoning	§ References	RM-1	RM-2	RM-3	RM-4
9	Category					

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

14	<i>Intermediate</i>	<i>§ 102</i>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
15	<i>Length</i>					
16	<i>Occupancy</i>					
17	Single Room	§ 102	P	P	P	P
18	Occupancy					

* * * *

SEC. 209.3. RC (RESIDENTIAL-COMMERCIAL) DISTRICTS.

* * * *

Table 209.3

ZONING CONTROL TABLE FOR RESIDENTIAL-COMMERCIAL DISTRICTS

24	Zoning Category	§ References	RC-3	RC-4
25				

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 209.4. RTO (RESIDENTIAL TRANSIT ORIENTED) DISTRICTS.

* * * *

Table 209.4

ZONING CONTROL TABLE FOR RTO DISTRICTS

Zoning Category	§ References	RTO	RTO-M

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 210.1. C-2 DISTRICTS: COMMUNITY BUSINESS.

* * * *

Table 210.1

ZONING CONTROL TABLE FOR C-2 DISTRICTS

Zoning Category	§ References	C-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>
<i>Occupancy</i>		
Single Room Occupancy	§ 102	P

* * * *

SEC. 210.2. C-3 DISTRICTS: DOWNTOWN COMMERCIAL.

* * * *

Table 210.2

ZONING CONTROL TABLE FOR C-3 DISTRICTS

Zoning Category	§ References	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S
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RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
<i>Length</i>						
<i>Occupancy</i>						
Single Room	§ 102	P	P	P	P	P
Occupancy						

* * * *

SEC. 210.3. PDR DISTRICTS.

* * * *

Table 210.3

ZONING CONTROL TABLE FOR PDR DISTRICTS

Zoning Category	§ References	PDR-1-B	PDR-1-D	PDR-1-G	PDR-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate</i>	<u>§ 102</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
<i>Length</i>					
<i>Occupancy</i>					
Single Room	§ 102	NP	NP	NP	NP
Occupancy					

* * * *

SEC. 210.4. M DISTRICTS: INDUSTRIAL.

* * * *

Table 210.4

ZONING CONTROL TABLE FOR M DISTRICTS

Zoning Category	§ References	M-1	M-2
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* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>	<u>C</u>
<i>Occupancy</i>			
Single Room	§ 102	P	P
Occupancy			

* * * *

SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.

* * * *

Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1

ZONING CONTROL TABLE

* * * *

Zoning Category	§ References	NC-1
		Controls

* * * *

RESIDENTIAL STANDARDS AND USES

* * * *

Use Characteristics

<i>Intermediate Length</i>	<u>§ 102</u>	<u>C</u>
<i>Occupancy</i>		

Single Room Occupancy	§ 102	P
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Section 3. Amendment of Specific Zoning Control Tables.

Zoning Control Tables 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 723, 724, 725, 726, 728, 729, 730, 731, 732, 733, 734, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, and 764 are hereby amended identically to the amendment of Zoning Control Table 710 in Section 2 of this ordinance, to create “Intermediate Length Occupancy” as a new Residential Use Characteristic, including any zoning controls.

Section 4. The Administrative Code is hereby amended by adding Section 37.9F, to read as follows:

SEC. 37.9F. CIRCUMVENTION OF TENANT PROTECTIONS.

(a) Findings. As market rents continue to increase in San Francisco, landlords of rent-controlled units have a greater incentive to prevent long-term tenancies. Complementing the just cause protections in Section 37.9, this Section 37.9F addresses the growing efforts among some landlords to induce their tenants into believing that they are required to vacate their units at a specific time designated in the lease or agreement, despite existing law to the contrary, or to try to avoid certain landlord-tenant obligations altogether. This trend is especially common with respect to corporate rentals, though it is not limited to corporate rentals. Such tactics by landlords undermine rent control and frustrate the purpose of ensuring that rent-controlled units in the City remain available as a long-term housing option for the City’s renters.

(b) Prohibition of Fixed-Term Agreements. Consistent with Section 37.9(a)(2) and Section 37.9(e), any provision of any lease or rental agreement that purports to require a tenant to vacate a rental unit at the expiration of a stated term, or that purports to characterize a tenant’s failure to vacate the rental unit at the end of the stated term as a just cause for eviction (either of them, a “Fixed-Term Agreement”), shall be void as contrary to public policy, and a landlord may not

1 attempt to recover possession of the unit without just cause. This prohibition shall not apply where
2 this Chapter 37 expressly authorizes a fixed-term tenancy (e.g., Section 37.2(a)(D)), or where it
3 expressly authorizes a tenant to be evicted without just cause (e.g., Section 37.9(b)).

4 (c) **Restrictions on Non-Tenant Uses.**

5 (1) A rental unit is being used for a “Non-Tenant Use” when the landlord is
6 allowing the unit to be occupied by a person or entity who is not a “tenant” as defined in Section
7 37.2(t). Renting a unit to a corporate entity or other non-natural person, or using a unit as housing
8 for one’s employees, licensees, or independent contractors rather than one’s tenants, are nonexclusive
9 examples of Non-Tenant Uses. This subsection (c) is not intended to narrow the definition of “tenant”
10 under Section 37.2(t) or to limit the just cause protections in Section 37.9; the sole intent is to prevent
11 landlords from circumventing or undermining the tenant protections of this Chapter 37, by restricting
12 when a landlord may provide a rental unit to a person or entity to the extent that person or entity does
13 not otherwise qualify as a “tenant.”

14 (2) Commencing February 1, 2020, it shall be unlawful to use a rental unit or allow
15 a rental unit to be used for a Non-Tenant Use, subject to the exemptions listed in subsection (c)(3).
16 Any provision of any agreement entered into on or after February 1, 2020 that purports to allow a unit
17 to be used for an unauthorized Non-Tenant Use shall be void as contrary to public policy, and the
18 occupants shall instead be deemed tenants under Section 37.2(t).

19 (3) This subsection (c) does not apply to any of the following:

20 (A) where the rental unit is subject to an agreement authorizing a Non-Tenant
21 Use that was entered into before February 1, 2020, for the existing duration of that agreement.

22 (B) the use of a rental unit as a lawful short-term rental as set forth in
23 Administrative Code Chapter 41A.

1 (C) where the landlord is providing the rental unit to its employees as a
2 condition of their employment to assist in the maintenance or management of a building owned or
3 managed by the landlord (e.g., resident managers).

4 (D) where an organization with tax-exempt status under 26 United States Code
5 Sections 501(c)(3) or 501(c)(4) is providing access to the unit in furtherance of its primary mission to
6 provide housing.

7 (d) **Required Disclosures.** Commencing February 1, 2020, every online listing for a rental
8 unit, excluding listings by landlords or master tenants who will reside in the same rental unit as their
9 tenants or subtenants, must contain a legible disclosure in at least 12-point font that includes the
10 following text: "This unit is a rental unit subject to the San Francisco Rent Ordinance, which limits
11 evictions without just cause, and which states that any waiver by a tenant of their rights under the Rent
12 Ordinance is void as contrary to public policy." The foregoing text should also be included in print
13 advertisements, if practicable.

14 (e) **Monitoring and Enforcement.**

15 (1) The Board shall receive referrals regarding online listings that do not comply
16 with subsection (d). Upon receipt of a referral, if the Board determines that the listing does not
17 substantially comply with subsection (d) and that the defects have not been cured, the Board shall
18 inform the landlord in writing. The landlord shall be required to correct the violation within three
19 business days after receiving the notice. If the landlord has not corrected the violation within three
20 business days, the Board may impose a reasonable administrative penalty of up to \$100 per day, not
21 counting the three-day correction period, provided that in no event shall the total administrative
22 penalty for a single listing exceed \$1,000. The procedure for the imposition, enforcement, collection,
23 and administrative review of the administrative penalty shall be governed by Administrative Code
24 Chapter 100, "Procedures Governing the Imposition of Administrative Fines," which is hereby
25 incorporated in its entirety. Any administrative penalties collected under this subsection (e)(1) shall

1 be deposited in the General Fund of the City and County of San Francisco to be used for enforcement
2 of this Section 37.9F.

3 (2) The City Attorney may bring a civil action in San Francisco Superior Court
4 against a party who has failed to comply with this Section 37.9F. A nonprofit organization with tax
5 exempt status under 26 United States Code Section 501(c)(3) or 501(c)(4) and with a primary mission
6 of protecting the rights of tenants in San Francisco may also bring such a civil action, provided that
7 the organization shall first provide 30 days' written notice of its intent to initiate civil proceedings by
8 servicing a draft complaint on the City Attorney's Office and on any known address(es) of the affected
9 tenant(s), and may not initiate civil proceedings until the end of this 30 day period. A party who
10 violates this Section 37.9F may be liable for civil penalties of not more than two times the amount paid
11 or received for use of the rental unit during the period of the unlawful activity, and each rental unit
12 used in violation of this Section 37.9F shall constitute a separate violation. Any monetary award
13 obtained in such a civil action shall be deposited in the General Fund of the City and County of San
14 Francisco to be used for enforcement of this Section 37.9F. The court shall also award reasonable
15 attorney's fees and costs to the City Attorney or a nonprofit organization that is the prevailing party in
16 such a civil action.

17 (3) The remedies available under this subsection (e) shall be in addition to any
18 other existing remedies that may be available.

19
20 Section 5. Controller's Study. No later than January 1, 2021, the Controller, with the
21 support of consultants as necessary and consistent with the civil service provisions of the
22 Charter, and in consultation with the Planning Department and other City agencies as
23 necessary, shall conduct a study to analyze the impacts created by the development of new
24 Intermediate Length Occupancy units on the City and relevant City services. The Controller's
25 study shall be submitted to the Board of Supervisors.

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

5
6 Section 7. Scope of Ordinance. Except as stated in Section 3 of this ordinance, in
7 enacting this ordinance, the Board of Supervisors intends to amend only those words,
8 phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts,
9 diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in
10 this ordinance as additions, deletions, Board amendment additions, and Board amendment
11 deletions in accordance with the "Note" that appears under the official title of the ordinance.

12
13 Section 8. Severability. If any section, subsection, sentence, clause, phrase, or word
14 of this ordinance, or any application thereof to any person or circumstance, is held to be
15 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
16 shall not affect the validity of the remaining portions or applications of the ordinance. The
17 Board of Supervisors hereby declares that it would have passed this ordinance and each and
18 every section, subsection, sentence, clause, phrase, and word not declared invalid or
19 unconstitutional without regard to whether any other portion of this ordinance or application
20 thereof would be subsequently declared invalid or unconstitutional.

21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23
24 By: _____
25 AUSTIN M. YANG
Deputy City Attorney
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LEGISLATIVE DIGEST

[Planning, Administrative Codes - Residential Occupancy]

Ordinance 1) amending the Planning Code to create the Intermediate Length Occupancy residential use characteristic; 2) amending the Administrative Code to clarify existing law regarding the enforceability of fixed-term leases in rental units covered by the just cause protections of the Residential Rent Stabilization and Arbitration Ordinance (the “Rent Ordinance”), prohibit the use of rental units for temporary occupancies by non-tenants, require landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, and authorize enforcement through administrative and/or civil penalties; 3) requiring the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in the City; 4) affirming the Planning Department’s determination under the California Environmental Quality Act; and 5) making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code Section 102 defines Residential Use as a category of uses that “provide housing for San Francisco residents, rather than visitors.” Under Planning Code Section 102, a Use Characteristic is a “feature of a Use, related to its physical layout, location, design, access, or other characteristics.” The Planning Code regulates Residential Uses, and Use Characteristics through the zoning controls.

The City’s Rent Ordinance (Admin. Code Ch. 37) protects tenants in covered rental units from evictions without just cause. Expiration of a lease generally is not a just cause to evict. See Admin. Code § 37.2(a)(2). In addition, an agreement that requires a tenant to waive their rights under Chapter 37 is void as contrary to public policy. Id. § 37.9(e).

Amendments to Current Law

The legislation would amend the Planning Code and create a new Residential Use Characteristic -- Intermediate Length Occupancy. In addition to being subject to the zoning table of the relevant zoning district, the Use Characteristic would be subject to a new section 202.10. Section 202.10 would state that the Use Characteristic applies to development projects proposing construction of ten or more new Dwelling Units. A request to establish such use would be subject to a Conditional Use Authorization, which would require the Planning Commission to make specific findings. The legislation would provide that no more than 500 Intermediate Length Occupancy units would be permitted. Inclusionary and other below-market-rate units, and units subject to the Rent Ordinance would not be eligible for this Use Characteristic, and the use characteristic would not apply to Residential Hotels, or

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Student Housing. The legislation would also require annual reporting by an owner or operator of an Intermediate Length Occupancy unit.

The legislation would amend the Rent Ordinance in several respects:

- First, it would clarify existing law (see Admin. Code §§ 37.9(a)(2), 37.9(e)) by stating that an agreement that would require a tenant to vacate a rental unit at the expiration of a stated term (a “fixed-term agreement”) is void as contrary to public policy, unless an existing just cause exception applies (for example, where the landlord resides in the same rental unit as the tenant).
- Second, it would regulate “non-tenant uses” by restricting when landlords can allow their units to be occupied by persons or entities who are not tenants. Renting a rental unit to a corporate entity or other non-natural person for any purpose, or using a rental unit as housing for one’s employees or “licensees,” are examples of non-tenant uses. Commencing February 1, 2020, it would be unlawful to use a rental unit for a non-tenant use, and any such “non-tenants” would be deemed tenants and could seek just cause protections as forth in the Rent Ordinance. However, the prohibition on non-tenant uses would not apply (1) if the landlord has entered into a contract before February 1, 2020 that specifically authorized the non-tenant use; (2) to the use of a rental unit as a lawful short-term rental under Administrative Code Chapter 41A; (3) where the landlord is using the unit to house an employee in charge or maintaining or managing the building; or (4) to rental units operated by non-profits that provide housing as part of their primary mission.
- The legislation would also require landlords to include a disclosure when advertising their rental units online. The disclosure would state that the unit is subject to the Rent Ordinance, and that the Rent Ordinance limits evictions with just cause, and that any waiver by a tenant of their rights under the Rent Ordinance is void as contrary to public policy. The Rent Board would have the power to monitor violations and impose administrative penalties for violations that are not timely corrected.
- Finally, the legislation would authorize the City Attorney or a non-profit tenants’ rights organization to sue for civil penalties.

The legislation would also direct the Controller, in consultation with the Planning Department and other City agencies as necessary, to conduct a study to analyze the impacts created by the development of new Intermediate Length Occupancy units on the City and relevant City services.

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