

File No. 250068

Committee Item No. 2

Board Item No. 10

# COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight  
Board of Supervisors Meeting:

Date: March 6, 2025

Date: March 18, 2025

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- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU - FY2022-2024 - Clean
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- Grant Information Form
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- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

### OTHER

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Prepared by: Monique Crayton  
Prepared by: Monique Crayton  
Prepared by: \_\_\_\_\_

Date: March 14, 2025  
Date: February 28, 2025  
Date: \_\_\_\_\_

1 [Settlement of Lawsuit - Hotel Des Arts, LLC]

2  
3 **Ordinance authorizing settlement of the lawsuit filed by Hotel Des Arts, LLC against the**  
4 **City and County of San Francisco; the lawsuit was filed on June 14, 2023, in the**  
5 **Northern District of California, Case No. 3:23-cv-02933; entitled Hotel Des Arts, LLC v.**  
6 **City and County of San Francisco, et al; the lawsuit challenges 2023 amendments to**  
7 **the Residential Hotel Unit Conversion and Demolition Ordinance (Board File No.**  
8 **220815, Ordinance No. 36-23) that define Tourist or Transient use as a stay of less than**  
9 **30 days and establish a two-year amortization period; material terms of the settlement**  
10 **require the City to permit the conversion of the existing 38 Residential Hotel Rooms at**  
11 **Assessor’s Parcel Block No. 0287, Lot No. 020, also known as 447 Bush Street,**  
12 **currently operated as the Hotel des Arts, to Tourist Hotel Rooms under Administrative**  
13 **Code Chapter 41 in exchange for conversion of 27 Group Housing rooms and**  
14 **associated amenities at 412-422 Hayes and seven Group Housing rooms and**  
15 **associated amenities at 319-321 Ivy Street to Residential Hotel Rooms, subject to**  
16 **Administrative Code, Chapter 41.**

17  
18 Be it ordained by the People of the City and County of San Francisco:

19  
20 Section 1. Pursuant to Charter Section 6.102(5), the Board of Supervisors hereby  
21 authorizes the City Attorney to settle the action entitled Hotel Des Arts, LLC v. City and  
22 County of San Francisco, et al, Northern District of California, Case No. 3:23-cv-02933 by the  
23 payment of \$0 and conversion of the existing 38 Residential Hotel Rooms at Block 0287, Lot  
24 020, also known as 447 Bush Street, currently operated as the Hotel des Arts, to Tourist Hotel  
25 Rooms under Administrative Code Chapter 41 in exchange for conversion of 27 group

1 housing rooms and associated amenities, including kitchens, bathrooms, and laundry  
2 facilities, at 412-422 Hayes and seven group housing rooms and associated amenities,  
3 including kitchens, bathrooms, and laundry facilities, at 319-321 Ivy Street to Residential Hotel  
4 Rooms subject to Administrative Code Chapter 41.

5 The lawsuit challenges 2023 amendments to the Residential Hotel Unit Conversion and  
6 Demolition Ordinance (Board File No. 220815, Ord. No. 36-23) that define Tourist or Transient  
7 use as a stay of less than 30 days and establish a two-year amortization period.

8 Section 2. The above-named action was filed in the Northern District of California on  
9 June 14, 2023, and the following parties were named in the lawsuit: Plaintiff Hotel Des Arts,  
10 LLC, a Delaware limited liability company; defendants City and County of San Francisco and  
11 San Francisco Board of Supervisors.

12 Section 3. The Board of Supervisors authorizes the City Attorney's Office, the  
13 Department of Building Inspection and other applicable City officials to take all actions  
14 reasonably necessary to perform the City's obligations under the Settlement Agreement. This  
15 settlement is subject to and effective on the effective date of the Planning Code amendment  
16 authorizing the change of use of the residential hotel rooms into tourist hotel rooms at the  
17 Hotel Des Arts, and other associated amendments, in Board File No. 250069.

18

19 APPROVED AS TO FORM AND  
20 RECOMMENDED:

21 DAVID CHIU  
City Attorney

22 /s/ Austin Yang  
AUSTIN YANG  
23 Chief Land Use Deputy

RECOMMENDED:

DEPARTMENT OF BUILDING INSPECTION

24 /s/  
PATRICK O'RIORDAN  
DIRECTOR

24

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