

1 [Encouraging Condominium Conversions Where Tenants Are Not Displaced.]

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3 **Ordinance amending the Subdivision Code by amending Section 1359 to delete the**  
4 **exception for certain two-unit buildings; and by amending Section 1399.6 to give**  
5 **preference in the condominium lottery to buildings where certain evictions have not**  
6 **taken place.**

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

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

11 Section 1. The San Francisco Subdivision Code is hereby amended by amending  
12 Section 1359, to read as follows:

13 **Sec. 1359 PARCEL MAP.**

14 (a) The requirements of Subsection (c) of Section 1356 of this Code shall  
15 apply to Parcel Maps.

16 (b) The Parcel Map shall conform to the requirements of Chapter 2, Article 3  
17 of SMA and to the Subdivison Regulations regarding detailed format and contents.

18 (c) In the case of Conversions where a Tentative Map is not required, the  
19 requirements of Sections 1314 and the requirements of Article 9 on Conversions shall apply,  
20 provided that hearings as provided in Sections 1313 and 1332 shall not be required, and the  
21 10-percent low and moderate income occupancy as provided in Section 1341 shall not be  
22 required, ~~and provided further that Article 9 shall not be applied to two-unit buildings where at least~~  
23 ~~one unit is owner-occupied for one year prior to the application for Conversion.~~ The Director of  
24 Planning, however, shall make the determination pursuant to Section 1385 concerning  
25 preservation of low and moderate income housing.

1 Section 2. The San Francisco Subdivision Code is hereby amended by amending  
2 Section 1399.6 to read as follows:

3 SEC. 1396.1. ANNUAL CONVERSION LIMITATION LOTTERY PROCEDURES.

4 This Section shall govern conduct of the lottery required by Section 1396 for the  
5 conversion of residential units.

6 (a) The lottery shall be comprised of three pools (Pool A, Pool B, and Pool  
7 C).

8 (b) Pool A.

9 (1) Pool A shall consist of 200 units.

10 (2) Pool A shall consist only of those eligible buildings consisting of  
11 purchasing tenants pursuant to Section 1396, and where at least one purchasing tenant in a  
12 three or four unit building, or at least two purchasing tenants in a five or six unit building,  
13 meets the requirement as a median income household as defined in Section 1308. Pool A  
14 applicants must apply to the Mayor's-Office of Housing for a determination that they qualify as  
15 a household of median income and present evidence of this determination to the Director in  
16 order to take part in the Pool A lottery.

17 (3) If all buildings eligible in Pool A comprise more than 200 units, the  
18 Director of the Department of Public Works shall conduct a lottery among the buildings eligible  
19 for Pool A so that no more than 200 units are selected for conversion in Pool A. If such a  
20 lottery takes place, it will take place before the lottery for Pool B and Pool C. If all buildings  
21 eligible in Pool A comprise less than 200 units, the unused portion of Pool A shall not revert to  
22 Pools B or C.

23 (4) Units selected for conversion under Pool A shall only be approved for  
24 conversion if the purchasing tenants provide proof to the Director of the Department of Public  
25 Works that the recorded property deed contains a restriction on resale such that any resale

1 within 50 years from the date of the recordation of the sale to the purchasing tenant shall be at  
2 a price which does not exceed the growth in the Housing component of the Consumer Price  
3 Index, All Urban Consumers, San Francisco-Oakland-San José, CA, as published from time  
4 to time by the U.S. Department of Labor, and which may include the actual cost of allowable  
5 capital improvements, as defined in Section 1308, made by the owner, without any adjustment  
6 for either inflation or depreciation. In order to include allowable capital improvements in the  
7 resale price, the owner shall keep accurate records relating to the cost and type of  
8 improvement. Where capital improvements are made to portions of a building or lot which are  
9 shared by other dwelling units, only that portion of the capital improvement attributable to the  
10 subject unit shall be considered, and in no event shall the increased value of the unit exceed  
11 the actual direct cost of the allowable capital improvements. It shall be a condition of tentative  
12 approval or tentative parcel map approval that qualifying buildings record the restriction on the  
13 resale price as a Notice of Special Restriction against title and that such restriction shall  
14 appear as a note on a final map or parcel map as a matter of record.

15 (5) The President of the Board of Supervisors shall convene a task force to  
16 recommend to the Board of Supervisors the appropriate city agency to be responsible for  
17 administration of the determination of median income applicants in Section 1396.1(b)(2) and  
18 preparing regulations and the monitoring and enforcement of the restriction on resale price of  
19 Section 1396.1(b)(4). The committee shall consist of a representative from the Mayor's Office  
20 of Housing, the Department of Public Works, the Office of the Mayor, and the Board of  
21 Supervisors. The committee shall make its recommendation to the Board of Supervisors no  
22 later than September 20, 2001.

23 (c) Pool B.

24 (1) For the 1995 lottery, Pool B shall consist only of those eligible buildings  
25 which participated but which failed to be selected in any previous lottery held during the years

1 1990 through 1994. For the 1996 lottery, Pool B shall consist of only those eligible buildings  
2 which participated but failed to be selected in any lottery held during the years 1990 through  
3 1994 and the 1995 lottery. For all subsequent lotteries after 1996, Pool B shall consist of only  
4 those eligible buildings which participated but which have failed to be selected for conversion  
5 in at least three previous lotteries, two of which must be lotteries held after 1994. If all  
6 buildings eligible in Pool B comprise 100 or fewer units, all such buildings shall automatically  
7 be approved for conversion. Any unallocated units in Pool B shall be added to Pool C.

8 (2) If all buildings eligible in Pool B comprise more than 100 units, the  
9 Director of the Department of Public Works (Director) shall conduct a lottery among the  
10 buildings eligible for Pool B so that no more than 100 units are selected for conversion in Pool  
11 B. All buildings not selected for conversion through the Pool B lottery shall then participate in  
12 Pool C, under the procedures set forth below.

13 (d) Pool C.

14 (1) Pool C shall consist of all eligible buildings pursuant to Section 1396  
15 above, together with any buildings from Pool B that were not selected for conversion in the  
16 Pool B lottery.

17 (2) Buildings from Pool C shall be selected for conversion by random  
18 selection of lottery tickets submitted for eligible buildings.

19 (3) Each building in Pool C shall receive one lottery ticket for the current  
20 lottery, plus a maximum of one lottery ticket for any and all lotteries held during the years  
21 1990 through 1994 in which the building participated but failed to be selected for conversion in  
22 the lottery, plus one lottery ticket for every lottery after 1994 in which the building participated  
23 but failed to be selected for conversion.

24 (4) No building in Pool C shall receive more than five tickets.  
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1 (e) Applicants shall provide proof of participation in past lotteries to the  
2 Director.

3 (1) Proof of participation in any lottery held during the years 1990 through  
4 1994 shall be as follows:

5 (i) Presentation by the registrant of a letter of regret from the Director for any  
6 lottery held during the years 1990 through 1994; or

7 (ii) Presentation by the registrant of a cancelled check for payment of lottery  
8 registration fees from any lottery held during the years 1990 through 1994; or

9 (iii) Any other proof of participation in any lottery held during the years 1990  
10 through 1994, as determined acceptable by the Director.

11 (2) Proof of participation in any lottery held in or after 1995 shall be  
12 determined upon presentation by the registrant of a letter of regret from the Director.

13 (f) Commencing with the 1997 lottery, any building seeking more than one  
14 lottery ticket shall demonstrate to the satisfaction of the Director that one or more of the  
15 qualified owners of the building were owners of the building at the time of the lotteries in which  
16 the building participated but failed to be selected for conversion.

17 (g) For purposes of determining whether a building failed to be selected for  
18 conversion in a previous lottery:

19 (1) Those buildings which were chosen in a previous lottery but were not  
20 converted for any reason whatsoever shall not be considered as having failed to be selected  
21 in that lottery.

22 (2) Any previous failures to be selected by lottery do not have to occur in  
23 consecutive years.

24 (3) No credit shall be given for any year in which the building did not  
25 participate in the lottery.

1           (h) In addition to the other provisions relating to Pool B and Pool C described in  
2 subsections (c) through (f) above:

3           (1) the first 175 units selected by lottery in Pools B and C must meet the following  
4 requirements: the Applicant for the lottery must certify under penalty of perjury and the Department  
5 must verify with the Rent Stabilization and Arbitration Board, and with the Human Rights Commission  
6 as applicable, that within 5 years prior to the effective date of this legislation, no eviction or threat of  
7 eviction as defined in San Francisco Administrative Code Section 37.9(a)(8) – (14) of a senior,  
8 disabled person, or catastrophically ill tenant as defined below has occurred, or if an eviction has  
9 taken place under Administrative Code Section 37.9(a)(11) or (14,) that the original tenant reoccupied  
10 the unit after a temporary eviction. For purposes of this section a “senior” shall be a person who is 60  
11 years or older and has been residing in the unit for 10 years or more at the time of the lottery; a  
12 “disabled” tenant is defined for purposes of this Section as a person who is disabled or blind within the  
13 meaning of the federal Supplemental Security Income/California State Supplemental Program  
14 (SSI/SSP), and who is determined by SSI/SSP to qualify for that program or who satisfies such  
15 requirements through any other method of determination as approved by the Rent Stabilization and  
16 Arbitration Board; and a “catastrophically ill” tenant is defined for purposes of this Section as a  
17 person who is disabled as defined by above, and who is suffering from a life threatening illness as  
18 certified by his or her primary care physician.

19           (2) If there are not 175 units that meet the requirements of subsection (h)(1) above,  
20 then the remaining units will not be awarded by lottery in that year’s lottery or any future lottery. If  
21 there are more than 175 units that meet the requirements of subsection h(1) above, then those units may  
22 compete for the remaining 25 units as described in subsection h(3) below.

23           (3) The remaining 25 units in Pool B and Pool C will be selected as described in  
24 subsections (c) through (f) and may, but do not need to, meet the additional requirements of subsection  
25 (h)(1) above.

1                   (4) If the Department determines that an Applicant has knowingly provided false  
2 material information under subsection h(1) above, the Department shall immediately deny the  
3 application for the lottery, or if the Applicant has submitted an application for conversion, shall  
4 immediately deny the application for conversion. Moreover, the Department, the Director or other  
5 authorized person or entity may also enforce the provisions of this Section under Section 1304 or any  
6 other applicable provision of law as warranted.

7                   Section 3. The Board of Supervisors intends that the severability provisions of  
8 Section 1305 shall apply to this ordinance.

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10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA, City Attorney

12 By: \_\_\_\_\_  
13 Susan Cleveland-Knowles  
14 Deputy City Attorney

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