## ORDINANCE NO.

1	[Administrative	Code - Amending Regulation of Short-Term Residential Rentals]
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3	Draft Ordinand	e amending the Administrative Code to limit short-term rental of a
4	Residential Un	it to no more than 90 days per calendar year; to permit Hosting
5	Platforms to a	dvertise only those Residential Units that remain in good standing on the
6	Short Term Re	ntal Registry; to require Hosting Platforms to provide monthly data to
7	the Planning D	epartment on the number of nights Residential Units were occupied as
8	Short-Term Re	esidential Rentals; to prohibit all Short-Term rentals in RH-1(D) Districts;
9	and affirming t	the Planning Department's determination under the California
10	Environmental	Quality Act.
11	NOTE:	Unchanged Code text and uncodified text are in plain Arial font.
12		Additions to Codes are in <u>single-underline italics Times New Roman font</u> .  Deletions to Codes are in <u>strikethrough italics Times New Roman font</u> .
13		Board amendment additions are in double-underlined Arial font.  Board amendment deletions are in strikethrough Arial font.
14		<b>Asterisks (* * * *)</b> indicate the omission of unchanged Code subsections or parts of tables.
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16	Section 2	1. Environmental Findings. The Planning Department has determined that the
17	actions contem	plated in this ordinance comply with the California Environmental Quality Act
18	(California Publ	ic Resources Code Sections 21000 et seq.). Said determination is on file with
19	the Clerk of the	Board of Supervisors in File No and is incorporated herein
20	by reference. T	he Board affirms this determination.
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22	Section 2	2. The Administrative Code is hereby amended by revising Sections 41A.4
23	and 41A.5, to re	ead as follows:
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SFC.	41 A.4.	DEFINI	TIONS.

Whenever used in this Chapter 41A, the following words and phrases shall have the definitions provided in this Section:

**Business Entity.** A corporation, partnership, or other legal entity that is not a natural person that owns or leases one or more residential units.

**Complaint.** A complaint submitted to the Department alleging a violation of this Chapter 41A and that includes the Residential Unit's address, including unit number, date(s) and nature of alleged violation(s), and any available contact information for the Owner and/or resident of the Residential Unit at issue.

**Conversion or Convert.** A change of use from Residential Use to Tourist or Transient Use, including, but not limited to, renting a Residential Unit as a Tourist or Transient Use.

**Department.** The Planning Department.

**Director.** The Director of the Planning Department.

Hosting Platform. A person or entity that provides a means through which an Owner may offer a Residential Unit for Tourist or Transient Use. This service is usually, though not necessarily, provided through an online platform and generally allows an Owner to advertise the Residential Unit through a website provided by the Hosting Platform and provides a means for potential tourist or transient users to arrange Tourist or Transient Use and payment, whether the tourist or transient pays rent directly to the Owner or to the Hosting Platform.

Interested Party. A Permanent Resident of the building <u>or a Permanent Resident</u>

<u>or owner residing within 100 feet</u>, in which the Tourist or Transient Use is alleged to occur, any
homeowner association associated with the Residential Unit in which the Tourist or Transient
Use is alleged to occur, <u>the Owner of the Residential Unit in which the Tourist or Transient Use is</u>

1	alleged to occur, the City and County of San Francisco, or any non-profit organization exempt
2	from taxation pursuant to Title 26, Section 501 of the United States Code, which has the
3	preservation or improvement of housing as a stated purpose in its articles of incorporation or
4	bylaws.
5	Owner. Owner includes any person who is the owner of record of the real
6	property. As used in this Chapter 41A, the term "Owner" includes a lessee where the lessee
7	is offering a Residential Unit for Tourist or Transient use.
8	Permanent Resident. A person who occupies a Residential Unit for at least 60
9	consecutive days with intent to establish that unit as his or her primary residence. A
10	Permanent Resident may be an owner or a lessee.
11	Primary Residence. The Permanent Resident's usual place of return for
12	housing as documented by at least two of the following: motor vehicle registration; driver's
13	license; voter registration; tax documents showing the Residential Unit as the Permanent
14	Resident's residence for the purposes of a home owner's tax exemption; or a utility bill. A
15	person may have only one Primary Residence.
16	Residential Unit. Room or rooms, including a condominium or a room or
17	dwelling unit that forms part of a tenancy-in-common arrangement, in any building, or portion
18	thereof, which is designed, built, rented, leased, let or hired out to be occupied_for Residential
19	Use-as defined in the San Francisco Housing Code-
20	Residential Use. Any use for occupancy of a Residential Unit by a Permanent
21	Resident.
22	Short-Term Residential Rental. A Tourist or Transient Use where all of the
23	following conditions are met:
24	(a) the Residential Unit is offered for Tourist or Transient Use by the
25	Permanent Resident of the Residential Unit;

(	(b)	) the Permanent Resi	dent is	а	natural	person	•
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(c) the Permanent Resident has registered the Residential Unit and maintains good standing on the Department's Short-Term Residential Rental Registry; and

(d) the Residential Unit: is not subject to the Inclusionary Affordable Housing Program set forth in Planning Code Section 415 et seq.; is not a residential hotel unit subject to the provisions of Chapter 41, unless such unit has been issued a Permit to Convert under Section 41.12; is not otherwise a designated as a below market rate or income-restricted Residential Unit under City, state, or federal law; has not been the subject of an eviction pursuant to the Ellis Act and Administrative Code Section 37.9(a)(13) within the five year period prior to applying for the Registry if such eviction occurred after November 1, 2014; and no other requirement of federal or state law, this Municipal Code, or any other applicable law or regulation prohibits the permanent resident from subleasing, renting, or otherwise allowing Short-Term Residential Rental of the Residential Unit.

Short-Term Residential Rental Registry or Registry. A database of information maintained by the Department that includes information regarding Permanent Residents who are permitted to offer Residential Units for Short-Term Residential Rental. Only one Permanent Resident per Residential Unit may be included on the Registry at any given time. The Registry shall be available for public review to the extent required by law, except that, to the extent permitted by law, the Department shall redact any permanent resident names from the records available for public review.

**Tourist or Transient Use.** Any use of a Residential Unit for occupancy for less than a 30-day term of tenancy, or occupancy for less than 30 days of a Residential Unit leased or owned by a Business Entity, whether on a short-term or long-term basis, including any occupancy by employees or guests of a Business Entity for less than 30 days where payment for the Residential Unit is contracted for or paid by the Business Entity.

Residential Unit for Tourist or Transient Use in violation of this Chapter 41A or whether a

Hosting Platform has failed to comply with the requirements of subsection (g)(4)(A), (C), or

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1	$(\underline{D})$ . To determine if there is a violation of this Chapter 41A, the Director may initiate an
2	investigation of the subject property or Hosting Platform's allegedly unlawful activities. This
3	investigation may include, but is not limited to, an inspection of the subject property and/or a
4	request for any pertinent information from the Owner, Business Entity, or Hosting Platform,
5	such as leases, business records, or other documents. The Director shall have discretion to
6	determine whether there is a potential violation of this Chapter 41A and whether to conduct an
7	administrative review hearing as set forth below. Notwithstanding any other provision of this
8	Chapter 41A, any alleged violation related to failure to comply with the requirements of the
9	Business and Tax Regulations Code shall be enforced by the Treasurer/Tax Collector under
10	the provisions of that Code.
11	(d) Civil Action.
12	(1) The City may institute civil proceedings for injunctive and monetary relief,
13	including civil penalties, against an Owner, Business Entity, or Hosting Platform for violations of this
14	Chapter 41A at any time. Following the filing of a Complaint and the determination of a violation by
15	the Director through an administrative review hearing as set forth in this Chapter 41A, any other
16	Interested Party may institute civil proceedings for injunctive and monetary relief against an Owner or
17	Business Entity.
18	(2) Notwithstanding subsection (d)(1), an Interested Party may institute a civil
19	action against the Owner or Business Entity for injunctive and monetary relief, including actual and
20	special damages. An Interested Party may institute a civil action under this subsection (d)(2) only if:
21	(A) The Interested Party has filed a Complaint with the Department;
22	(B) 60 days have passed since the filing of the Complaint;
23	(C) After such 60-day period has passed, the Interested Party has provided
24	30 days' written notice to the Department and the City Attorney's Office of its intent to initiate civil
25	proceedings; and

2	period.
3	(3) If the City or an Interested Party is the prevailing party in any civil action under
4	this subsection(d), an Owner or Business Entity in violation of this Chapter may be liable for civil
5	penalties of not less than \$250 per day per violation and not more than \$1,000 per day per violation for
6	the period of the unlawful activity. If the City is the prevailing party in any civil action under this
7	subsection(d), a Hosting Platform in violation of subsection (g)(4)(A), (C), or (D) may be liable for
8	civil penalties of not less than \$250 per day per violation and not more than \$1,000 per day per
9	violation for the period of the unlawful activity. If the City or any other Interested Party is the
10	prevailing party, the City or the Interested Party shall be entitled to the costs of enforcing this Chapter
11	41A, including reasonable attorneys' fees-pursuant to an order of the Court. Any monetary award
12	obtained by the City and County of San Francisco in such a civil action shall be deposited in the
13	Department to be used for enforcement of Chapter 41A. The Department, through the use of these
14	funds, shall reimburse City departments and agencies, including the City Attorney's Office, for all costs
15	and fees incurred in the enforcement of this Chapter 41A.
16	(e) Criminal Penalties. Any Owner or Business Entity who rents a Rresidential Unit
17	for Tourist or Transient Use in violation of this Chapter 41A without correcting or remedying
18	the violation as provided for in subsection 41A.6(b)(7) shall be guilty of a misdemeanor. Any
19	person convicted of a misdemeanor hereunder shall be punishable by a fine of not more than
20	\$1,000 or by imprisonment in the County Jail for a period of not more than six months, or by
21	both. Each Rresidential Uunit rented for Ttourist or Ttransient Uuse shall constitute a separate
22	offense.
23	(f) Method of Enforcement, Director. The Director shall have the authority to
24	enforce this Chapter against violations thereof by any or all of the means provided for in this
25	Chapter 41A.

(D) The City has not initiated civil proceedings by the end of that 30-day

(g) Exception for Short-7	ı erm Kesidei	ntiai Kenta	aı.
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(1) Notwithstanding the restrictions set forth in this Section 41A.5, a

Permanent Resident may offer his or her Primary Residence as a Short-Term Residential

Rental if:

(A) The Residential Unit is rented for Tourist or Transient Use for no more than 90 days during any calendar year;

- (B) The Permanent Resident maintains records for two years demonstrating compliance with this Chapter, including but not limited to information demonstrating Primary Residency, the number of days per calendar year he or she has occupied the Residential Unit, the number of days per calendar year the Residential Unit has been rented as a Short-Term Residential Rental, and compliance with the insurance requirement in Subsection (D). These records shall be made available to the Department upon request;
- (C) The Permanent Resident complies with any and all applicable provisions of state and federal law and the San Francisco Municipal Code, including but not limited to the requirements of the Business and Tax Regulations Code by, among any other applicable requirements, collecting and remitting all required transient occupancy taxes, and the occupancy requirements of the Housing Code;
- (D) The Permanent Resident maintains liability insurance appropriate to cover the Short-Term Residential Rental Use in the aggregate of not less than \$500,000 or conducts each Short-Term Residential Rental transaction through a Hosting Platform that provides equal or greater coverage. Such coverage shall defend and indemnify the Owner(s), as named additional insured, and any tenant(s) in the building for their bodily injury and property damage arising from the Short-Term Residential Use;

1	(1	E)	The Residential Unit is registered on the Short-Term Residential
2	Rental Registry		
3	(	F)	The Permanent Resident includes the Department-issued
4	registration number o	n any	Hosting Platform listing or other listing offering the Residential Unit
5	for use as a Short-Te	rm Re	esidential Rental;
6	((	G)	For units subject to the rent control provisions of Section 37.3, the
7	Permanent Resident	comp	lies with the initial rent limitation for subtenants and charges no
8	more rent than the rea	nt the	Permanent Resident is paying to any landlord per month; and
9	(1	H)	The Permanent Resident can demonstrate to the satisfaction of
10	the Department that t	he Re	esidential Unit and the property on which it is located is not subject
11	to any outstanding Bu	uilding	g, Electrical, Plumbing, Mechanical, Fire, Health, Housing, Police, o
12	Planning Code enforce	emer	nt, including any notices of violation, notices to cure, orders of
13	abatement, cease and	d des	ist orders, or correction notices. The Department shall not include a
14	property that is subject	ct to a	any such outstanding violations in the Registry. If such a violation
15	occurs once a Reside	ential	Unit has been included in the Registry, the Department shall
16	suspend the Residen	tial U	nit's registration and registration number until the violation has beer
17	cured.		
18	(2) A	dditio	onal Requirements.
19	(,	A)	Offering a Residential Unit for Short-Term Residential Rental,
20	including but not limite	ed to	advertising the Residential Unit's availability, while not maintaining
21	good standing on the	Regi	stry shall constitute an unlawful conversion in violation of this
22	Chapter 41A and sha	ll sub	ject the person or entity offering the unit in such a manner to the
23	administrative penalti	es an	d enforcement procedures, including civil penalties, of this Chapter.
24	(1	В)	Only one Permanent Resident may be associated with a
25	Residential Unit on th	e Re	gistry, and it shall be unlawful for any other person, even if that

1	person meets the qualifications of a "Permanent Resident", to offer a Residential Unit for
2	Short-Term Residential Rental.

- (C) A Permanent Resident offering a Residential Unit for Short-Term Residential Rental shall maintain a valid business registration certificate.
- (D) A Permanent Resident offering a Residential Unit for Short-Term Residential Rental shall post a clearly printed sign inside his or her Residential Unit on the inside of the front door that provides information regarding the location of all fire extinguishers in the unit and building, gas shut off valves, fire exits, and pull fire alarms.
  - (E) Short-Term Residential Rentals are prohibited in RH-1(D) Districts.
- (3) Short-Term Residential Rental Registry Applications, Fee, and Reporting Requirement.
- (A) Application. Registration shall be for a two-year term, which may be renewed by the Permanent Resident by filing a completed renewal application. Initial and renewal applications shall be in a form prescribed by the Department. The Department shall determine, in its sole discretion, the completeness of an application. Upon receipt of a complete initial application, the Department shall send mailed notice to the owner of record of the Residential Unit, informing the owner that an application to the Registry for the unit has been received. If the Residential Unit is in a RH-1(D) zoning district, the Department shall also send mailed notice to any directly associated homeowner association that has previously requested such notice.

Both the initial application and any renewal application shall contain information sufficient to show that the Residential Unit is the Primary Residence of the applicant, that the applicant is the unit's Permanent Resident, and that the applicant has the required insurance coverage and business registration certificate. In addition to the information set forth here, the Department may require any other additional information necessary to show the Permanent

Resident's compliance with this Chapter 41A. Primary Residency shall be established by showing the Residential Unit is listed as the applicant's residence on at least two of the following: motor vehicle registration; driver's license; voter registration; tax documents showing the Residential Unit as the Permanent Resident's Primary Residence for home owner's tax exemption purposes or utility bill. A renewal application shall contain sufficient information to show that the applicant is the Permanent Resident and has occupied the unit for at least 275 days of each of the two preceding calendar years. Upon the Department's determination that an application is complete, the unit shall be entered into the Short-Term Residential Rental Registry and assigned an individual registration number.

(B) Fee. The fee for the initial application and for each renewal shall be \$50, payable to the Director. The application fee shall be due at the time of application. Beginning with fiscal year 2014-2015, fees set forth in this Section may be adjusted each year, without further action by the Board of Supervisors, as set forth in this Section. Within six months of the operative date of this ordinance and after holding a duly noticed informational hearing at the Planning Commission, the Director shall report to the Controller the revenues generated by the fees for the prior fiscal year and the prior fiscal year's costs of establishing and maintaining the registry and enforcing the requirements of this Chapter 41A, as well as any other information that the Controller determines appropriate to the performance of the duties set forth in this Chapter. After the hearing by the Planning Commission, but not later than August 1, 2015, the Controller shall determine whether the current fees have produced or are projected to produce revenues sufficient to support the costs of establishing and maintaining the registry, enforcing the requirements of this Chapter 41A and any other services set forth in this Chapter and that the fees will not produce revenue that is significantly more than the costs of providing such services. The Controller shall, if necessary, adjust the fees upward or downward for the upcoming fiscal year as appropriate to ensure that the

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1	program recovers the costs of operation without producing revenue that is significantly more
2	than such costs. The adjusted rates shall become operative on July 1.

- (C) Reporting Requirement. To maintain good standing on the Registry, the Permanent Resident shall submit a report to the Department on January 1 of each year regarding the number of days the Residential Unit or any portion thereof has been rented as a Short-Term Residential Rental since either initial registration or the last report, whichever is more recent, and any additional information the Department may require to demonstrate compliance with this Chapter 41A.
  - (454) Requirements for Hosting Platforms.
- (A) Notice to Users of Hosting Platform. All Hosting Platforms shall provide the following information in a notice to any user listing a Residential Unit located within the City and County of San Francisco through the Hosting Platform's service. The notice shall be provided prior to the user listing the Residential Unit and shall include the following information: that Administrative Code Chapters 37 and 41A regulate Short-Term Rental of Residential Units; the requirements for Permanent Residency and registration of the unit with the Department; and the transient occupancy tax obligations to the City.
- (B) A Hosting Platform shall comply with the requirements of the Business and Tax Regulations Code by, among any other applicable requirements, collecting and remitting all required Transient Occupancy Taxes, and this provision shall not relieve a Hosting Platform of liability related to an occupant's, resident's, Business Entity's, or Owner's failure to comply with the requirements of the Business and Tax Regulations Code. A Hosting Platform shall maintain a record demonstrating that the taxes have been remitted to the Tax Collector and shall make this record available to the Tax Collector upon request.
- (C) A Hosting Platform shall only be permitted to offer Residential Units that maintain good standing on the Department's Short-Term Residential Rental Registry.

(D) For each Short-Term Residential Rental offer, the Hosting
Platform shall report monthly to the Planning Department the number of nights the Residential Unit
was occupied as a Short-Term Residential Rental.

- (E) Any violation of a Hosting Platform's responsibilities under subsection (g)(5)(A),(C) or (D) shall subject the Hosting Platform to the administrative penalties and enforcement provisions of this Chapter, including but not limited to payment of civil penalties of up to \$1,000 per day for the period of the failure to comply, with the exception that any violation related to failure to comply with the requirements of the Business and Tax Regulations Code shall be enforced by the Treasurer/Tax Collector under that Code.
- (5) The exception set forth in this subsection (g) provides an exception only to the requirements of this Chapter 41A. It does not confer a right to lease, sublease, or otherwise offer a residential unit for Short-Term Residential Use where such use is not otherwise allowed by law, a homeowners association agreement or requirements, any applicable covenant, condition, and restriction, a rental agreement, or any other restriction, requirement, or enforceable agreement. All Owners and residents are required to comply with the requirements of Administrative Code Chapter 37, the Residential Rent Stabilization and Arbitration Ordinance, including but not limited to the requirements of Section 37.3(c).
- (6) Department Contact Person. The Department shall designate a contact person for members of the public who wish to file Complaints under this Chapter or who otherwise seek information regarding this Chapter or Short-Term Residential Rentals. This contact person shall also provide information to the public upon request regarding quality of life issues, including for example noise violations, vandalism, or illegal dumping, and shall direct the member of the public and/or forward any such Complaints to the appropriate City department.

(7) Notwithstanding any other provision of this Chapter, nothing in this
Chapter shall relieve an individual, Business Entity, or Hosting Platform of the obligations
imposed by any and all applicable provisions of state law and the San Francisco Municipal
Code including but not limited to those obligations imposed by the Business and Tax
Regulations Code. Further, nothing in this Chapter shall be construed to limit any remedies
available under any and all applicable provisions of state law and the San Francisco Municipal
Code including but not limited to the Business and Tax Regulations Code.

- (8) Annual Department Reporting Requirement. Within one year of the effective date of this ordinance and annually thereafter, the Department shall provide a report to the Board of Supervisors regarding the Department's administration and enforcement of the Short-Term Residential Rental program. The study shall make recommendations regarding proposed amendments to this Chapter 41A necessary to reduce any adverse effects of the Short-Term Residential Rental program.
  - Section 4. Other Uncodified Provisions.
- (a) Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.
- (b) Undertaking for the General Welfare. In enacting and implementing this ordinance, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it would be liable in money damages to any person who claims that such breach proximately caused injury.

- (c) No Conflict with State or Federal Law. Nothing in this ordinance shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any State or federal law.
- (d) Severability. If any of section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance would be subsequently declared invalid or unconstitutional.
- (e) Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.