

## LEGISLATIVE DIGEST

[Administrative Code - Conversion of Large Tourist Hotels]

**Ordinance amending the Administrative Code to re-enact and revise the Tourist Hotel Conversion Ordinance, which restricted the conversion of hotel rooms in large tourist hotels to condominiums, by deleting the sunset provision and deleting the sections allowing conversion credits and a lottery; and affirming the Planning Department's determination under the California Environmental Quality Act.**

### Existing Law

The Tourist Hotel Conversion Ordinance, which restricted the conversion of hotel rooms in Large Tourist Hotels to condominiums, was enacted in 2008 as Chapter 41F of the Administrative Code pursuant to Ordinance No. 41-08. It. Chapter 41F automatically expired by operation of law 120 months after its initial effective date. By this ordinance, the Board will re-enact Chapter 41F and revise its provisions.

The version of Chapter 41F that was in effect prior to its automatic expiration in April 2018, restricted the conversion to condominiums of guest rooms or suites of rooms in Large Tourist Hotels, defined as hotels with 100 or more guest rooms or suites. Conversion of a limited number of hotel rooms was allowed through the use of "conversion credits" that offset loss of the rooms. The Planning Department held an annual lottery to issue the conversion credits; conversion credits expired if the applicant failed to pursue the conversion for 18 months. Conversion of an ancillary area, such as a restaurant, retail, and parking areas, was allowed if it did not result in a reduction of the number of hotel rooms. An application for conversion was approved by the Planning Commission and an appeal was heard by the Board of Appeals.

### Proposed Amendments

The proposed amendments will delete the sunset provision, and delete the sections allowing conversion credits and a lottery. Conversion of hotel rooms to condominiums in Large Tourist Hotels is prohibited. Conversion of an ancillary area is allowed with a Conditional Use authorization and a showing to the Planning Commission that the conversion would not result in a reduction in the number of hotel rooms in the subject hotel.

### Background Information

As one of the country's premier travel destinations, San Francisco depends on visitors for its economic health and well-being. Since its passage in 2008, the Tourist Hotel Conversion Ordinance has stabilized San Francisco's hotel sector and preserved thousands of hospitality industry jobs in the City by restricting the conversion of rooms in large hotels to condominiums. In addition, it has allowed the City to remain competitive with other large cities with respect to attracting conventions, which typically book blocks of rooms in large hotels.

FILE NO. 190683

Because it has been a proven success over the past decade and a half, the City wants to continue the Tourist Hotel Conversion Ordinance and strengthen its provisions.

n:\legana\as2018\1800709\01363355.docx