

LEGISLATIVE DIGEST

[Administrative Code - Definition of Tourist or Transient Use Under Hotel Conversion Ordinance]

Ordinance amending the Administrative Code to amend the definition of Tourist or Transient Use under the Residential Hotel Unit Conversion Ordinance, from a term of tenancy of less than 30 days to a term of tenancy of less than seven days, through December 31, 2021, and starting on January 1, 2022, back to a term of tenancy of less than 30 days, to provide a two year amortization period applicable to hotels currently regulated under the ordinance; to provide a process by which the owners or operators of regulated hotels can request that the amortization period be longer, on a case-by-case basis; and affirming the Planning Department’s determination under the California Environmental Quality Act.

Existing Law

Chapter 41 of the Administrative Code contains the Residential Hotel Unit Conversion Ordinance (HCO), which regulates single room occupancy (SRO) hotels in the City.

Currently, the HCO defines “Tourist or Transient Use” as “[a]ny use of a guest room for less than a 30-day term of tenancy by a party other than a Permanent Resident,” but the City has entered into a stipulation that it will not enforce that definition, and instead, it will enforce the definition that existed prior to the 2017 amendments to the HCO, which set forth the maximum term of tenancy for tourist uses at 7 days.

Amendments to Current Law

This Ordinance would amend the HCO to change the definition of “Tourist or Transient Use” to “[a]ny use of a guest room for less than a 7-day term of tenancy by a party other than a Permanent Resident, through December 31, 2021.” The ordinance establishes that starting on January 1, 2022, it shall mean “any use of a guest room for less than a 30-day term of tenancy by a party other than a Permanent Resident,” unless a hotel owner or operator can show that a longer time is necessary to recover reasonable investments in the owner or operator’s hotel.

The Ordinance provides that a hotel owner or operator may seek to extend the time during which the terms “Tourist or Transient Use” shall mean “any use of a guest room for less than a 7-day term of tenancy by a party other than a Permanent Resident” beyond December 31, 2021, by filing a request to extend such period of time with the Building Inspection Commission, on or before December 31, 2020. The Ordinance sets forth criteria for the Building Inspection Commission to take into account, when considering a reasonable extension of time, such as: the total cost of the hotel owner or operator’s investments to the

FILE NO. 190946

hotel; the length of time those investments have been in place; suitability of the investments for residential hotel use; and any other relevant factors to determining the owner or operator's reasonable return on investments.

The Ordinance mandates that Building Inspection Commission staff amply publicize the deadline to request an extension with the Commission, to give notice to interested hotel owners of the provisions of the procedures to obtain such an extension. Further, the Ordinance requires that the Commission consider the application at a public hearing.

n:\legana\as2019\1900242\01391696.docx