



# Hotel Conversion Ordinance Workshop

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# Hotel Conversion Ordinance 36-23 Workshop

## Agenda

- What is the Hotel Conversion Ordinance?
- Changes to the ordinance
- How to request an amortization extension
- Request for extension application form
- Questions

# What is the Hotel Conversion Ordinance?

Ensures the preservation of approx. 20,000 residential guest rooms providing critical housing for the elderly, disabled and low-income individuals in approx. 500 hotels throughout the City.

Required all hotel owners/operators file an initial usage report for all guest rooms occupied by a permanent resident for 32 consecutive days. Guest rooms occupied by non-permanent residents were identified as being for tourist or transient use.

The Department of Building Inspection is responsible for implementation and enforcement of the ordinance.

# Changes to the ordinance

## **Ordinance 36-23 – Signed on 3/24/23**

Created new definitions for:

- “Tourist or Transient Use”
- “Permanent Resident”

Established a two year amortization period

Allows hotel owners to request a reasonable extension

# New “Tourist or Transient Use” Definition

**Starting next year, residential guest rooms must be rented out for at least 30 consecutive days, rather than 7 consecutive days**

## **Through 4/23/25**

“Tourist or Transient Use” – any use of a guest room for less than seven days by a person other than the permanent resident.

## **Beginning 4/24/25**

“Tourist or Transient Use” – any use of a guest room for less than thirty days by a person other than the permanent resident. This change of definition can be delayed if a hotel owner demonstrates that more time is needed to recover reasonable previous investments in the hotel.

# New “Permanent Resident” Definition

A Permanent Resident is a person who occupies a guest room for at least thirty days. Previously, this was defined as a person who stays for at least thirty two days.

Once an occupant has stayed for an initial thirty day period, they become a Permanent Resident.

# Amortization Period is 4/24/23 – 4/23/25

Amortize - to gradually reduce or write-off the cost or value of something, such as an asset.

In this case, it's the two year period before the new definition of "Tourist or Transient Use" goes into effect on 4/24/25.

During this period hotel owners may continue renting out Residential units for seven day terms of tenancy through 4/23/25 to give them time to recover the cost of investments they made in their hotels.

# Amortization Period Extensions

Hotel owners who believe they need more than two years to recover reasonable returns on investments they have made in their hotel may seek an extension.

An extension, if granted, would allow hotels to continue renting Residential guest rooms for seven day terms of tenancy.



# Amortization Period Extensions

Extension requests will be evaluated and decided at a public meeting of the Building Inspection Commission using the following factors:

- Total cost of owner/operator's investment in the hotel
- When the investments were made and how long they've been in place
- Suitability of investments for residential hotel use
- Any other factors relevant to determining the owner/operator's reasonable return on investments

# How to Request an Amortization Extension

Extension requests must be initiated by 10/24/24 and include the following:

- A completed Amortization Extension Application
- \$800 filing fee

Amortization Extension Applications are available on our webpage at:

[www.sf.gov/residential-hotel-sro-owners-ordinance-36-23](http://www.sf.gov/residential-hotel-sro-owners-ordinance-36-23)

# How to Request an Amortization Extension

Applications can be submitted by mail or dropped off in-person to:

Attn: Timothy Wu (HIS)  
49 South Van Ness Avenue, 4th Floor  
San Francisco, CA 94103

Or emailed to:

[dbi.hishco@sfgov.org](mailto:dbi.hishco@sfgov.org)

Make filing fee checks payable to **CCSF-DBI** and be sure to include your hotel address on the memo line.

# Amortization Extension Application Form

City and County of San Francisco  
Department of Building Inspection



London N. Breed, Mayor  
Patrick O'Riordan, C.B.O., Director

## RESIDENTIAL HOTEL AMORTIZATION EXTENSION APPLICATION Section 41.23 of the San Francisco Administrative Code

THE AMORTIZATION EXTENSION APPLICATION IS DUE NO LATER THAN OCT 24, 2024

### SECTION 41.23:

On March 24, 2023 Ordinance 36-23 was enacted, adding a new definition for "Tourist or Transient Use" to the HCO and making it unlawful to rent any Residential guest room for such use except as provided in the HCO. Currently, Residential guest rooms must be rented for terms of tenancy that are at least 7 consecutive days and any rental of a Residential guest room that is less than 7 days is unlawful under the HCO. Under this new definition of "Tourist or Transient Use" the 7-day minimum term of tenancy for Residential guest rooms will end on April 24, 2025. After that date, the minimum term of tenancy for Residential guest rooms will be 30 consecutive days.

Residential hotel owners/operators may apply to extend the 2-year amortization period, which ends on April 24, 2025, if they can demonstrate that additional time is necessary to recover reasonable investments made in the hotel. Hotel owners/operators wishing to extend the 2-year amortization period must submit this completed application form and provide supporting documentation no later than October 24, 2024 to the Department of Building Inspection (DBI). The Building Inspection Commission will then conduct a public hearing to consider the request. Any extensions granted can be for the time requested, or for a different period of time, and would be based on what is reasonable, taking into account the factors listed in Ordinance 36-23. The Commission will use the responses to the questions in this form to make that determination, together with any other information that may be brought up to its attention before or during the hearing. Please note that the information you submit in response to this form may become a public record and be subject to disclosure per the California Public Records Act and/or the Sunshine Ordinance, unless an exception to disclosure applies.

### SECTION 1 – PROPERTY INFORMATION

Hotel Name (If Applicable):

Hotel Address:

Block:

Lot:

Number of Certified Residential Rooms:

Number of Certified Tourist Rooms:

### SECTION 2 – OWNER OR OPERATOR NAME AND ADDRESS

#### Owner Information

Name:

Address:

City State Zip Code

Email Address:

Phone Number:

#### Operator Information (If Applicable)

Name:

Address:

City State Zip Code

Email Address:

Phone Number:

# Amortization Extension Application Form

## SECTION 3 – QUESTIONNAIRE

- 3.1) Please indicate the total amount of investments the hotel owner or operator has made in the hotel, which are the subject of this application and provide documentation.

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- 3.2) Please provide a detailed description of investments in the hotel and include documentation and dates of the investments. Attach separate sheets as required.

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- 3.3) Please explain how the investments are suitable for residential hotel use and include documentation.

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- 3.4) What are the returns expected on the investments listed in 3.1 and 3.2 above?

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- 3.5) Are the expected returns reasonable? Provide support for your position.

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- 3.6) Please indicate the length of the extension requested beyond the April 24, 2025 deadline.

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- 3.7) Please explain the reason additional time is needed. How does the new occupancy requirement prevent you from achieving a reasonable return on your investments? Attach separate sheets as required.

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- 3.8) Please provide any other information relevant to determining a reasonable return on investments made. Attach separate sheets as required.

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## SECTION 4 – DECLARATION

I declare under penalty of perjury and the laws of the state of California that the foregoing and included attachments are true and accurate.

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Signature

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Date

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Print Name

- ☒ Owner  
☐ Operator  
☐ Attorney  
☐ Other:

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**QUESTIONS?**

**THANK YOU**