

**ORDINANCE NO. 38-17 CHANGES TO  
SAN FRANCISCO ADMINISTRATIVE CODE CHAPTER 41  
RESIDENTIAL HOTEL UNIT CONVERSION AND DEMOLITION ORDINANCE (HCO)  
EFFECTIVE MARCH 20, 2017**

Code Type	Sections	Ordinance Page No.	Summary of Ordinance No. 38-17 Changes
SF Administrative Code Chapter 41	41.4	Pages 3-6	<p><b>Definitions:</b></p> <ul style="list-style-type: none"> <li>• Comparable Unit: requires replacement units to be the same category of housing, and similarly affordable to low income, elderly, and disabled (regarding permit to convert).</li> <li>• Conversion: A permit to convert is not necessary for a residential unit conversion to a community kitchen or residential lounge for the exclusive use of permanent residents provided that existing tourist rooms be re-designated first.</li> <li>• Low-Income Household: Income does not exceed sixty (60) percent of the Area Median Income set forth in San Francisco Charter Section 16.110.</li> <li>• Tourist or Transient Use: Any use of a guest room for less than a thirty-two (32) day term of tenancy by a party other than a Permanent Resident.</li> </ul>
SF Administrative Code Chapter 41	41.9	Pages 7-8	<p><b>Records of Use:</b></p> <ul style="list-style-type: none"> <li>• Should an owner or operator object to providing records for inspection, the Director of DBI shall have the authority to issue administrative subpoenas to investigate and enforce this Chapter's provisions.</li> </ul>
SF Administrative Code Chapter 41	41.10	Page 8-11	<p><b>Annual Unit Usage Report (AUUR):</b></p> <ul style="list-style-type: none"> <li>• Requires the report to be mailed or delivered to DBI in hardcopy (or online once the form and payment systems are developed and activated).</li> <li>• Requires filing a graphic floorplan reflecting room designations for each floor to be submitted with the AUUR.</li> <li>• Provide updated graphic floorplans to DBI whenever the room designations are changed at any point during the year.</li> <li>• The daily log attachments will now include the log for the first Friday of each month for the last twelve months (November of the previous calendar year through October of the filing year) instead of the four (4) for October 1, February 1, May 1, and August 1.</li> <li>• DBI shall post a list of properties that have filed or failed to submit the AUUR on DBI's website (at <a href="http://www.sfdbi.org/hco">www.sfdbi.org/hco</a>).</li> <li>• The penalty for insufficient filing of the AUUR has increased to \$500 per day after the 15-day period for which the owner or operator fails to furnish the requested information or written explanation; AND ineligibility for the temporary tourist conversions as provided in Section 41.19 for twelve (12) months.</li> <li>• The penalty has increased from \$500 to \$1000 per month for failure to file the AUUR by November 1<sup>st</sup> of each calendar year; AND ineligibility for the temporary tourist conversions as provided in Section 41.19 for twelve (12) months.</li> </ul>

This document is a summary of some of the important changes made to Chapter 41 of the Administrative Code by San Francisco Ordinance No. 38-17 and is provided for informational purposes only. It is not intended to provide legal advice or opinions. For more information please consult Ordinance No. 38-17 and Chapter 41 of the San Francisco Administrative Code in its entirety, which can be found by visiting [www.sfdbi.org/hco](http://www.sfdbi.org/hco).

Code Type	Sections	Ord. Page No.	Summary of Ordinance No. 38-17 Changes
SF Administrative Code Chapter 41	41.11	Pages 14-16	<b>Administration:</b> <ul style="list-style-type: none"> <li>• Inspection: The Director of DBI shall have the authority to issue administrative subpoenas as necessary or appropriate to conduct inspections or review records pursuant to Chapter 41.</li> <li>• The Residential Hotel shall maintain a copy of the graphic floor plan on-site indicating the last reported room designations.</li> <li>• The penalty for failure to maintain daily logs, provide receipts to occupants, or post requisite materials on said property, has increased from \$250 to \$500.</li> <li>• DBI shall be entitled to recover assessment of costs pursuant to Building Code Section 102a.7(d).</li> </ul>
SF Administrative Code Chapter 41	41.12	Page 17	<b>Permit to Convert:</b> <ul style="list-style-type: none"> <li>• On the Permit to Convert, indicate name and address of building where replacement housing will be located (if replacement housing is not in-lieu fee-related).</li> <li>• On the Permit to Convert, indicate the specific method under Section 41.13(a) that the owner or operator selects as the nature of the conversion.</li> <li>• On the Permit to Convert, provide the current rental rates for each residential unit, or if currently unoccupied, the most recent rate when last occupied.</li> <li>• On the Permit to Convert, provide a statement regarding the method for one-for-one replacement units to be converted, citing specific provisions of Section 41.13(a), and including sufficiently detailed financial information (such as letters of intent and contracts establishing how the owner or operator is constructing or causing to construct the replacement housing).</li> </ul>
SF Administrative Code Chapter 41	41.13	Page 19	<b>One-For-One Replacement:</b> <ul style="list-style-type: none"> <li>• Constructing or causing to construct, or rehabilitating apartment units for elderly, disabled, or low-income persons shall be subject to restrictions recorded against title to the real property.</li> </ul>
SF Administrative Code Chapter 41	41.19	Page 21	<b>Temporary Change in Occupancy:</b> <ul style="list-style-type: none"> <li>• The Residential Hotel is not eligible for the temporary tourist rentals set forth in Section 41.19(a)(3) if the hotel owner or operator has committed any unlawful action as defined by Chapter 41 within the past twelve (12) months.</li> </ul>
SF Administrative Code Chapter 41	41.20	Page 22	<b>Unlawful Conversion; Remedies; Fines:</b> <ul style="list-style-type: none"> <li>• It is unlawful to rent or offer to rent a residential unit for tourist or transient use absent a legal exception.</li> <li>• Where a hearing officer has found that an unlawful conversion of a Residential Hotel has occurred, the civil penalty shall be \$500 per day for the first incident within a calendar year and \$750 per day for each subsequent incident until the unit reverts back to its authorized use.</li> </ul>

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