Executive Summary2011 Annual Inventory of Large Tourist Hotel Rooms

HEARING DATE: MARCH 3, 2011

Project Name: Adoption of San Francisco's 2011 Annual Inventory of Large

Tourist Hotel Rooms

Case Number: 2011.0021<u>U</u>

Staff Contact: Tara Sullivan, Planning Department

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Recommendation: Adoption of Inventory

DESCRIPTION

The Large Tourist Hotel Conversion Ordinance, Section 41F.3(g)of the Administration Code, requires the Planning Commission to adopt a "Baseline Inventory" and subsequent "Annual Inventories" of the number of rooms commercially available for rent as of March 1 each year in Large Tourist Hotels (hotels with over 99 rooms). Capitalized words in this Executive Summary are further defined in the attached Large Tourist Hotel Conversion Ordinance.

REQUIRED COMMISSION ACTION

The draft 2011 Annual Inventory of Large Tourist Hotel Rooms is before the Commission so that it may take action to adopt, reject, or adopt with modifications the proposed inventory.

RECOMMENDATION

The Department recommends that the Commission *adopt the proposed 2011 Annual Inventory* and adopt the attached Resolution to that effect.

BACKGROUND

Regulation of Large Tourist Hotel Rooms

In March 2008 the Board of Supervisors adopted the Large Tourist Hotel Conversion Ordinance (Administrative Code Chapter 41F- aka "LTHC Ordinance"). As amended in January 2009, the LTHC Ordinance regulates the conversion of Large Tourist Hotel rooms into condominiums or other ownership structures that reduce the City's inventory of large tourist hotel rooms. The Ordinance provides for conversion of up to 550 Large Tourist Hotel Rooms prior to November 1, 2010.

Beginning in 2010, the Planning Department became eligible to hold lotteries for additional conversions, but only if statutory preconditions are met. Regulation of the ownership structure of Large Tourist Hotel Rooms requires monitoring of the City's stock of Large Tourist Hotel Rooms. To accomplish this monitoring of the City's Large Tourist Hotel Room stock, the Administrative

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Planning Information: 415.558.6377 Code requires that the Planning Commission adopt an initial "Baseline Inventory" for March 2009 and "Annual Inventories" every March thereafter.

The Commission adopted a Baseline Inventory in Resolution No. 17822 on February 5, 2009. The Planning Commission has subsequently adopted the Annual Inventory in 2009 and 2010.

Use of the Large Tourist Hotel Room Inventories

The Administrative Code provided for conversion of up to 550 Large Tourist Hotel Rooms into Condominium Projects prior to November 1, 2010. The Baseline Inventory and subsequent Annual Inventories will be used to regulate the future conversion of Large Tourist Hotel Rooms into Condominium Projects above and beyond the initial 550 rooms. The Planning Department will hold future lotteries if the following criteria are met: 1) the Annual update to the Baseline Inventory shows a net increase of at least 100 Large Tourist Hotel Rooms over the prior year's inventory; and 2) conducting a lottery would not result in a reduction in the number of Large Tourist Hotel Rooms below the Baseline Inventory. (Note: this means that new Large Tourist Hotel Rooms will need to be created to replace the up-to-550 pre-lottery Conversions and an additional 100 rooms before the first lottery is held.) The adopted Baseline Inventory contained a total of 28,326 Large Tourist Hotel Rooms.

BASIS FOR RECOMMENDATION

On May 23, 2008, the Department published a draft list of Large Tourist Hotel rooms. The initial list was derived from data gathered by the San Francisco Chamber of Commerce. This list has been discussed at Planning Commission hearings, hearings at the Board of Appeals, and the Board of Supervisor's Land Use Committee. In January 2009 the draft inventory was mailed to all declared interested parties as well as property owners and general managers for hotels with 75 or more rooms.

At the adoption hearing for the Baseline Inventory, the Planning Commission adopted a final Baseline Inventory that was confirmed to be accurate on March 1, 2009. As of the writing of this report, the Department has conducted a review of building applications and determined that there have been no additions or losses to the Inventory of Large Tourist Hotel Rooms since the adoption of the Baseline Inventory in 2009. Therefore, the Department recommends adopting the 2009 Baseline Inventory as the 2011 Annual Inventory.

General Plan Support

The San Francisco General Plan's Commerce and Industry Element states:

"Visitor trade constitutes an important economic base for San Francisco and is responsible for employing, directly and indirectly, more residents than any other economic sector. It generates substantial revenues in many related economic areas including transportation, general merchandising, eating and drinking places, food stores, other retail trade, motor vehicles and service stations, personal services, and entertainment and recreation. By far the largest expense for visitors is hotels or motels, followed by restaurants and retail sales.

Such spending is important, for it stems from sources outside the Bay Area, and thus provides a substantial input of new dollars to the local economy. The expenditure of these new dollars in the local economy has a powerful effect in generating additional spending by local merchants and, in turn,

generates higher personal incomes for resident owners and employees of visitor trade facilities. Tourist demand also has the effect of expanding the availability and selection of local goods and services."

ISSUES FOR CONSIDERATION

In 2008 the Zoning Administrator established the queue for conversions as outlined in Administrative Code Section 41F. At that time, there were four hotels that qualified and met the requirements to be placed in the queue. The queue did not change from 2008-2010.

2008-2010 Hotel Conversion Queue:

Queue Order	Hotel Name, Address	Conversion Credits Requested/Lost Tourist Hotel Rooms
1.	The Palace Hotel, 2 New Montgomery.	69 credits requested 69 credits available
2.	The Grand Hyatt Hotel, 345 Stockton.	184 credits requested 184 credits available
3.	The Fairmont Hotel, 950 Mason Street.	286 credits requested 286 credits available
4.	The Mark Hopkins Hotel, 850 Mason Street	179 credits requested 11 credits available

Current Status of the Queue:

Currently there are no pending hotels that are converting rooms to residences. All four hotel properties in the 2008-2010 queue failed to meet the November 1, 2010 deadline established in Administrative Code Section 41F.3 (b). This section states that a queue member must obtain Planning Commission approval of its conversion application *prior to November 1*, 2010.

Queue Order	Hotel Name, Address	Status
1.	The Palace Hotel, 2 New Montgomery.	Did not meet the 11/1/10 deadline to obtain Planning Commission entitlements.
2.	The Grand Hyatt Hotel, 345 Stockton.	Did not pursue conversion of rooms prior to the 11/1/10 deadline.
3.	The Fairmont Hotel, 950 Mason Street.	Did not meet the

11/1/10 deadline to
obtain Planning
Commission
entitlements.

4. The Mark Hopkins Hotel, 850 Mason Street
Chose not to convert the
11 rooms allocated to
them prior to the 11/1/10
deadline.

Since each of the four hotels in the queue did not meet the mandated deadline, there is no Large Tourist Hotel Conversion Queue. Under the Administrative Code provisions, new conversion 'units' may be created if there is a net increase of at least 100 Large Tourist Hotel Rooms over the prior year's inventory. There has been no addition of rooms in the past year to the City's stock of Large Tourist Hotels; therefore, the Planning Commission may not issue any new credits.

The 2011 Large Tourist Hotel Inventory has not increased or decreased from the 2010 Inventory. The Department recommends that the Planning Commission adopt the attached inventory as outlined in Attachment A is the 2011 Inventory.

ENVIRONMENTAL REVIEW

The proposal for the Planning Commission to adopt the 2011 Annual Inventory of Large Tourist Hotels would result in no physical impact on the environment. The proposed amendment is exempt from environmental review under Section 15060 of the CEQA Guidelines.

PUBLIC COMMENT

Prior to production of this report, the Planning Department had received no requested modifications to the Inventory of Large Tourist Hotel Rooms.

RECOMMENDATION: Approval of 2011 Inventory

Attachments:

Attachment A: Draft 2011 Annual Inventory

Attachment B: Draft Planning Commission Resolution

Planning Commission Draft Motion

HEARING DATE: MARCH 3 2011

San Francisco, CA 94103-2479

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Staff Contact: Tara Sullivan, Planning Department

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Recommendation: Adoption of Inventory

ADOPTING THE 2011 INVENTORY OF LARGE TOURIST HOTEL ROOMS AND MAKING RELATED FINDINGS.

PREAMBLE

In 2005, Board of Supervisors Ordinance 241-05 amended the Administrative Code to add Chapter 41F prohibiting large hotel conversions, with certain exceptions. The ordinance expired on September 18, 2007.

On March 18, 2008, the Board of Supervisors adopted the Large Tourist Hotel Conversion Ordinance.

On May 23, 2008 the Zoning Administrator promulgated a Bulletin and Letter of Determination setting forth the process that the Planning Department would follow to determine "complete applications" subject to first-come, first-served priority under Section 41F.3(b) of the Large Tourist Hotel Conversion Ordinance. As amended on July 14, 2008, the Letter of Determination applied the principles of the Bulletin to establish a priority listing of pending projects. The Board of Appeals affirmed the Zoning Administrator's determination on November 12, 2008.

On January 6th, 2009 the Board of Supervisors determined that selected amendments to the ordinance will facilitate the efficient and orderly implementation of the Large Tourist Hotel Conversion Ordinance and therefore passed Ordinance 14-09.

The Commission adopted a Baseline Inventory in Resolution No. 17822 on February 5, 2009.

On March 6, 2009, the Planning Department sent a memorandum to the Planning Commission confirming that the adopted Baseline Inventory remained accurate on March 1, 2009.

On March 25, 2010, the Planning Commission adopted Resolution No. 18057 adopting the 2010 Hotel Inventory.

The 2011 Annual Inventory was determined by the San Francisco Planning Department (hereinafter "Department") to be categorically exempt from environmental review per Section 15060(c)(2). The Commission has reviewed and concurs with said determination.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby adopts the City's 2011 Annual Inventory of Large Tourist Hotels requested in Executive Summary No. 2011.0021U, and contained in "Attachment A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

- 1. The above recitals are accurate and constitute findings of this Commission.
- 2. Annual Inventory Purpose. The Administrative Code provides for conversion of up to 550 Large Tourist Hotel Rooms into Condominiums prior to November 1, 2010. The Baseline Inventory and subsequent Annual Inventories will be used to regulate the future conversion of Large Tourist Hotel Rooms into Condominiums above and beyond the initial 550 rooms. The Planning Department will hold future lotteries if the following criteria are met: 1) the Annual update to the Baseline Inventory shows a net increase of at least 100 Large Tourist Hotel Rooms over the prior year's inventory; and 2) conducting a lottery would not result in a reduction in the number of Large Tourist Hotel Rooms below the Baseline Inventory. (Note: this means that 100 new Large Tourist Hotel Rooms will need to be created in addition to replacing the up-to-550 rooms lost by the pre-lottery Conversions.)
- 3. **Future Annual Inventories.** To ensure successful monitoring and regulation of the City's Large Tourist Hotel Room stock, the Administrative Code requires that the Planning Commission adopt "Annual Inventories" every year hereafter. Public hearings to consider adoption of future inventories will occur by March 15th each year.
- 4. **Public Comment**. The Department has received no requested amendments to the draft Baseline Inventory prior to preparation of the written materials for the Planning Commission.
- 5. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

The San Francisco General Plan's Commerce and Industry Element states:

"Visitor trade constitutes an important economic base for San Francisco and is responsible for employing, directly and indirectly, more residents than any other economic sector. It generates substantial revenues in many related economic areas including transportation, general merchandising, eating and drinking places, food stores, other retail trade, motor vehicles and service stations, personal services, and entertainment and recreation. By far the largest expense for visitors is hotels or motels, followed by restaurants and retail sales.

Such spending is important, for it stems from sources outside the Bay Area, and thus provides a substantial input of new dollars to the local economy. The expenditure of these new dollars in the local economy has a powerful effect in generating additional spending by local merchants and, in turn, generates higher personal incomes for resident owners and employees of visitor trade facilities. Tourist demand also has the effect of expanding the availability and selection of local goods and services."

- 6. **Section 101.1 Findings.** The proposed Annual Inventory is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:
 - A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:
 - The proposed Annual Inventory will help protect existing neighborhood-serving retail uses and opportunities for employment in or ownership of such businesses by protecting the City's stock of Large Tourist Hotel Rooms.
 - B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:
 - The proposed Annual Inventory will not affect the unique neighborhood character and housing.
 - C) The City's supply of affordable housing will be preserved and enhanced:
 - The proposed Annual Inventory will have no adverse effects on the City's supply of affordable housing.
 - D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:
 - The proposed Annual Inventory will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

- E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:
 - The proposed Annual Inventory would help maintain the City's supply of Large Tourist Hotel Rooms and thereby help retain the tourist industry and protect related service sectors or future opportunities for resident employment or ownership in these sectors.
- F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.
 - The proposed Annual Inventory will have no effect on earthquake preparedness..
- G) That landmark and historic buildings will be preserved:
 - The Annual Inventory will not impact historic buildings or landmarks.
- H) Parks and open space and their access to sunlight and vistas will be protected from development:
 - The proposed Annual Inventory will not impact the City's parks and open space.
- 7. The Commission hereby adopts the City's 2011 Annual Inventory of Large Tourist Hotel Rooms, as set forth in Exhibit A to this Motion.

DECISION

That based upon the Record, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES the City's 2011 Annual Inventory of Large Tourist Hotels No. 2011.0021U** attached hereto as "Attachment A: 2011 ANNUAL INVENTORY" which is incorporated herein by reference as though fully set forth.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on March 3, 2011.

Linda D. Avery Commission Secretary

Draft Motion XXXXXX CASE NO 2011.0021U Hearing Date: March 3, 2011 Large Tourist Hotel 2011 Annual Inventory Adoption

AYES:

NAYS:

ABSENT:

ADOPTED: March3, 2011

Proposed for the Planning Commission at the March 3, 2011 Hearing

Case Number 2011.0021U

Contact: AnMarie Rodgers, 415.558.6395

<u>Note:</u> Section 41F.2(i) defines Large Tourist Hotels as a building (or set of buildings on the same lot, adjacent lots, or within the same block and owned by the same entity) which would have qualified as a Large Tourist Hotel in any of the five years preceding the application for Conversion.

				No. of Large
Hotel				Tourist Hotel
No.	Hotel Name	Address	Zip Code	
	Air Travel Hotel	655 Ellis ST	94109	100
	Shih Yu-Lang Central YMCA	220 Golden Gate AVE	94102	100
	The Monarch Hotel	1015 Geary ST	94109	101
	Orchard Hotel	665 Bush ST	94108	104
	San Francisco Bayside	000 Buon 01	01100	101
5	Travelodge	2011 Bayshore BLVD	94134	104
	The Herbert Hotel	161 Powell ST	94102	104
	Hotel Metropolis	25 Mason ST	94102	105
	Executive Hotel Vintage Court	650 Bush ST	94108	107
	Hotel Juliana	590 Bush ST	94108	107
	Hotel Milano	55 Fifth ST	94103	108
11	Campton Place, A Taj Hotel	340 Stockton ST	94108	110
	Commodore Hotel*	825 Sutter ST	94109	110
13	Hotel Diva	440 Geary ST	94102	111
14	Beresford Hotel	635 Sutter ST	94102	114
	The Cartwright Hotel on Union			
15	Square	524 Sutter ST	94102	114
16	Hotel Mark Twain	345 Taylor ST	94102	118
17	New Central Hotel & Hostel	1412 Market ST	94102	122
18	Best Western Hotel Tomo	1800 Sutter ST	94115	125
	Courtyard by Marriott, San			
	Francisco-Fisherman's Wharf	580 Beach ST	94133	127
	Shawmut Hotel	516 O'Farrell ST	94102	128
	Cow Hollow Motor Inn & Suites	2190 Lombard ST	94123	129
	Harbor Court Hotel	165 Steuart ST	94105	131
	Hotel Union Square	114 Powell ST	94102	131
	Spaulding Hotel	240 O'Farrell ST	94102	132
	Heritage Marina Hotel	2550 Van Ness AVE	94109	135
26	Renoir Hotel San Francisco	45 McAllister ST	94102	135
	The Huntington Hotel & Nob Hill			
	Spa	1075 California ST	94108	135
28	The Powell Hotel	28 Cyril Magnin ST	94102	135
		400 D II CT	0.4400	407
	Chancellor Hotel on Union Square		94102	137
	Comfort Inn By the Bay	2775 Van Ness AVE	94109	138
31	Marines' Memorial Club & Hotel	609 Sutter ST	94102	138

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Hotel No.	Hotel Name	Address	Zip Code	No. of Large Tourist Hotel Rooms
32	Hotel Triton	342 Grant AVE	94108	140
	Best Western Americania	121 Seventh ST	94103	143
	Hotel Cosmo	761 Post ST	94109	144
	St. Paul Hotel	935 Kearny ST	94133	149
36	King George Hotel	334 Mason ST	94102	153
	The Maxwell Hotel	386 Geary ST	94102	153
38	Mandarin Oriental, San Francisco	·	94104- 2792	158
	Hotel Carlton	1075 Sutter ST	94109	161
40	Prescott Hotel	545 Post ST	94102	164
41	The Mosser Hotel	54 Fourth ST	94103	166
42	The Opal San Francisco/ Hotel Richelieu	1050 Van Ness AVE	94109	168
43	Hotel Adagio	550 Geary ST	94102	169
	Aida Hotel	1087 Market ST	94103	174
45	Galleria Park Hotel	191 Sutter ST	94104	177
46	Villa Florence Hotel	225 Powell ST	94102- 2205	183
47	The Pickwick Hotel	85 Fifth ST	94103	189
48	Hotel Palomar	12 Fourth ST	94103	195
49	Hotel Vitale	Eight Mission ST	94105	199
50	Hotel Monaco	501 Geary ST	94102	201
51	Hotel Kabuki	1625 Post ST	94115	218
52	Best Western Tuscan Inn at Fisherman's Wharf	425 North Point ST	94133	221
	Hilton San Francisco Fisherman's Wharf	2620 Jones ST	94133	234
54	Serrano Hotel	405 Taylor ST	94102	236
55	Argonaut Hotel - Maritime National Historical Park	495 Jefferson ST	94109	252
56	Holiday Inn Express Hotel & Suites Fisherman's Wharf	550 North Point ST	94133	252
57	The Best Western Canterbury Hotel Union Square	750 Sutter ST	94109	254
58	St. Regis Hotel, San Francisco	125 Third ST	94103- 3107	260

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Hotel No.	Hotel Name	Address	Zip Code	No. of Large Tourist Hotel Rooms
	Four Seasons Hotel San			
59	Francisco	757 Market ST	94103	277
	San Francisco Marriott			
	Fisherman's Wharf	1250 Columbus AVE	94133	285
61	Hyatt at Fisherman's Wharf	555 North Point ST	94133	313
			94108-	
62	The Ritz-Carlton, San Francisco	600 Stockton ST	2305	336
63	JW Marriott Hotel San Francisco	500 Post ST	94102	337
	Club Quarters Hotel	424 Clay ST	94111	346
	Radisson Hotel Fisherman's	424 Clay 51	01111	0.10
0.5		OFO Deach CT	04400	255
65	Wharf Le Meridien San Francisco /Park	250 Beach ST	94133	355
66		222 Dottom, CT	04444	360
	Hyatt Omni San Francisco Hotel	333 Battery ST 500 California ST	94111 94104	362
	Clift		94104	363
		495 Geary ST		363
69	Handlery Union Square Hotel	351 Geary ST	94102	3//
70	InterContinental Mark Hopkins	One Neb Lill	04400	200
	San Francisco	One Nob Hill	94108 94103	380 391
/1	Holiday Inn Civic Center	50 Eighth ST	94103	391
70	The Stanford Court, A	OOF California CT	04400	202
12	Renaissance Hotel	905 California ST	94108	393
70	Cathadan I I II I I atal	14404 \/an Nana A\/E	94109-	400
	Cathedral Hill Hotel	1101 Van Ness AVE	6986	400
	Crowne Plaza Union Square	480 Sutter ST	94108	400
/5	Hotel W San Francisco	181 Third ST	94103	404
70	San Francisco Downtown	200 Casand CT	04405	405
	Courtyard by Marriott Sir Francis Drake Hotel	299 Second ST	94105 94102	405 417
		450 Powell ST 1231 Market ST	94102	417
	Hotel Whitcomb	1500 Van Ness AVE		460 499
	Holiday Inn Golden Gateway Sheraton Fisherman's Wharf	2500 Mason ST	94109 94133	529
	Hotel Nikko San Francisco			529
81	Hilton San Francisco	222 Mason ST	94102	ეკ∠
82	District	750 Kearny ST	94108	544
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Hotel No.	Hotel Name	Address	Zip Code	No. of Large Tourist Hotel Rooms
	InterContinental San Francisco	888 Howard ST	94103	550
- 00	Intercontinental carrinance	Two New Montgomery	04100	000
84	Palace Hotel - Luxury Collection	ST	94105	552
85	Holiday Inn Fisherman's Wharf	1300 Columbus AVE	94133	585
86	The Fairmont San Francisco	950 Mason ST	94108	591
	The Westin San Francisco			
87	Market Street	50 Third ST	94103	675
88	Grand Hyatt San Francisco	345 Stockton ST	94108	683
89	Hyatt Regency San Francisco	Five Embarcadero Center	94111	805
			94102-	
90	Parc 55 Hotel San Francisco	55 Cyril Magnin ST	2865	1010
91	The Westin St. Francis	335 Powell ST	94102	1196
92	San Francisco Marriott	55 Fourth ST	94103	1498
93	Hilton San Francisco	333 O'Farrell ST	94102- 2116	1908

Total Large Tourist Hotel Rooms 28326

*NOTE: Hotel number 12 in this list is the Commodore Hotel. This property is currently leased by Academy of Art and is operated as group housing for a post-secondary education institution. A Conditional Use authorization (2008.0586C) has been filed to legalize this change of use. At the February 12, 2009 Hearing, the Planning Commission noted this pending CU and decided to include the Commodore Hotel in the Baseline Inventory with caveat that if the Commission approves the CU request, the Commodore's rooms can be removed from the Baseline Inventory without causing a loss in the number of hotel rooms in the adopted Baseline Inventory. If the Commission disapproves the CU, the Commodore's rooms are to remain in the City's Baseline Inventory.