

Proposed Urgency and Permanent Ordinances for SRO Conversion Permits



City Council
January 8, 2025

Background

- Single Room Occupancy (SRO) Hotels are residential properties that rent out small, single rooms with shared communal facilities such as bathrooms and kitchens
- SROs are naturally affordable to low-income households, typically renting for **\$700-\$1200 monthly**
 - Market Rate Comparison: **\$1,795** for studios and **\$2500** for one-bedroom apartments in South San Francisco
- SRO building age and changing market conditions → displacement risk for low-income tenants



Background (continued)

- Prior staff studied displacement risk of SRO residents
- Parallels the Anti-Displacement Roadmap; urgency to adopt ahead of two-year roadmap completion
- Housing Standing Committee shared feedback in August
- Peer jurisdictions have legislation to intervene in redevelopment to minimize resident displacement
- Almost identical recommendations for mobile homes proposed —presentation highlighting differences to follow



Existing SRO Hotel Inventory

Property Name	Property Address	Number Units	Status
Metropolitan Hotel	220 Linden Ave	68	Active; deed restricted affordable housing with City loan; listed for sale
Industrial Hotel	505 Cypress Ave	29	Active; operator unknown
S & L Hotel	400 Miller Ave	29	Active; listed for sale.
146 Gardiner Ave	146-150 Gardiner Ave	21	Sold in 2022; code enforcement actions in 2023/2024
The Grand Hotel	731 Airport Blvd	Approx 57	Active
Alphonse Hotel	108 Grand Ave	19	Active, but all units are currently vacant
Atlas Hotel	322 Grand Ave	Unknown	Converted to tourist hotel, but still allow long term stays



SRO Examples



Staff Recommendation

Staff recommends City Council **consider adopting today an urgency ordinance and introducing a permanent ordinance** that would:

Establish a permit process for single room occupancy (SRO) hotels proposed to be converted, demolished, and/or redeveloped

Policy Goals

- Establish administrative procedure to enforce noticing and relocation benefit requirements for residents displaced if/when a triggering redevelopment is proposed
- Provide tenant protections for low-income individuals vulnerable to displacement

Housing Element Alignment

- Policy EQ-3: Support residents who are at-risk of being displaced
- Policy EQ-8: Protect existing residents from displacement in areas of lower or moderate opportunity and concentrated poverty and preserve housing choices and affordability
- PRSV-5.2 Assist tenants at risk of displacement



Policy Structure

Triggering Events

Conversion to short term rental

Conversion to different uses

Closure

Conversion through vacancy



Research Conducted

San Diego Housing Commission

- SRO Regulation Ordinance passed in 1997
- Sets up regulation process for SRO, includes conversion permit as a part of it
- Requires one-for-one replacement or payment to in-lieu fee; emphasizes preservation
- Staff members report success in issuing relocation benefits in 2022, but had trouble getting ahold of everyone who qualified

City and County of San Francisco

- SRO Ordinance passed in 1986
- Emphasizes replacement of units in event of a demolition or payment to build new units
- Less relocation benefits, but greater opportunity for housing mobility (more SRO units)



Eligible residents

Includes:

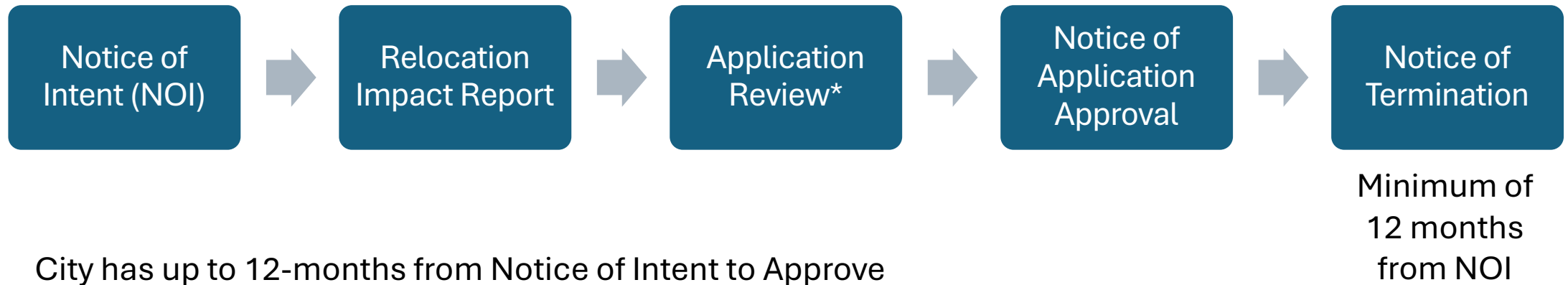
- **Long-term Residents:** who lived in the SRO Hotel for at least 30 consecutive days within a 180-day period prior to the Notice of Intent

Does not include:

- Short term hotel guests



Noticing Requirements



*Key timeline determinant but not a noticing requirement

Conversion Permit Application Process

The application package includes:

- Conversion Permit application form and fee
- Relocation Impact Report
- A list of all tenants who qualify for relocation benefits
- Acknowledgement of Owner's obligations to provide written notices and informational meeting
- Any other information that ECD determines is necessary to ensure compliance with this Ordinance and State law



Relocation Benefits

Core relocation benefits include:

- **Noticing**
- Mandating a **relocation impact report** to identify comparable housing
- Access to a **relocation counselor** to help find subsidized housing
- Cash **payment of moving costs, rent for six months**, and a security deposit for a new housing unit
- Right of **first refusal** to rent/own if new units are built



Relocation Benefits Costs

Example of Relocation Costs for Households Seeking to Be Relocated to a 1-Bedroom

	AMOUNT
6 months rent cash benefit ¹	\$16,908.00
Security deposit	\$2,500.00
First and last month rent	\$5,636.00
Moving costs ²	\$1,850.00
Subscription to relocation counselor ³	\$500.00
TOTAL	\$27,394.00



¹ 1 month rent for 1-bedroom unit in San Mateo County published by HUD in 2024 = \$2,818

² Moving costs calculated from local moving businesses.

³ Calculated based on salary for two full-time housing navigator roles working for 6 months

Council Action

Staff recommends Council **consider adopting today an urgency ordinance and introducing a permanent ordinance** for SRO hotels proposed to be converted, demolished, and/or redeveloped.

Objective: establish streamlined administrative processes for the City to enforce noticing and relocation benefit requirements for residents displaced from SRO Hotels.

Urgency ordinance: if adopted today, effectively immediately

Permanent ordinance: introduced today. If adopted on 1/22, effective 30 days after