

EXECUTIVE SUMMARY CONDOMINIUM SUBDIVISION CONVERSION

HEARING DATE: October 1, 2020

Continued From: September 3, 2020

Record No.: 2019-016420CND

Project Address: 424-434 Francisco Street

North Beach Neighborhood Commercial District (NCD) Zoning District **Zoning:**

> 40-X Height and Bulk District North Beach Special Use District

Telegraph Hill North Beach Residential Special Use District

Block/Lot: 0041/010 **Project Sponsor:** Sirkin Law

c/o Kim Rohrbach

50 California Street, Suite 3400 San Francisco, CA 94111

Brian Michael Barnard and Sara Michelle Plummer **Property Owner:**

> Adam A. Smith Johnny Vu

Manoj Marathe and Zofia Beczek-Marathe

Sherlyn Chew, Trustee of the Sherlyn Chew Revocable Trust

Larry D. Lionetti and Lena Q. Lionetti 424-426-428-432-434 Francisco Street

San Francisco, CA 94133

Staff Contact: Carolyn Fahey - (628) 652.7367

Carolyn.Fahey@sfgov.org

Recommendation: Approval

Project Description

The Project proposes condominium subdivision conversion of a three (3)-story, six (6)-unit building into residential condominiums.

Background

On September 3, 2020, the Planning Commission held a public hearing on the project. At that hearing, the commission received public comment in opposition to the project that asserted the property eviction history precluded the condo conversion. The Planning Commission directed staff to conduct further research into the eviction history at the property, and the project was continued to October 1, 2020 and. Staff has conducted the additional research and summarizes its findings below.

Project Updates

- Eviction Timeline.
- Eviction of disabled and senior tenants.
- Public Comment; one letter of support has been received since the September 3, 2020 hearing.
- Since the public hearing on September 3, 2020, the case report has been updated to include:
 - Analysis of Planning Code Compliance. Subdivision Code Section 1383 requires that the Tentative Map is found compliant with the Planning Code. That analysis has been added to the draft motion under item #6A.
 - o <u>Analysis of Subdivision Code Section 1386 Compliance.</u> A modified and expanded analysis of Subdivision Code Sections requiring Planning Commission findings has been added to the draft motion under item #6B. Analysis includes a brief summary of available and applicable Rent Board and Voter Registration records.
 - o <u>Summary of Eligibility Findings.</u> A brief analysis of eligibility findings pursuant to Subdivision Code Section 1396.2 "Prohibition on Condominium Conversions for Certain Buildings" have been added.

Project Description

The Project proposes condominium subdivision conversion of a three (3)-story, six (6)-unit building into residential condominiums.

Required Commission Action

In order for the Project to proceed, the Commission must provide a recommendation of approval, pursuant to Subdivision Code Section 1332, including finding the Tentative Map consistent with the Planning Code and the General Plan, to allow for final approval of the proposed Tentative Map by the Department of Public Works.

Environmental Review

The project was determined not to be a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.



Basis for Recommendation

The Department finds that the Project is, on balance, consistent with the Objectives and Policies of the General Plan. Although the Project results in a loss of two rental units, the Project does provide additional homeownership opportunities, which is a goal for the City's. The Department also finds the project to be necessary, desirable, and compatible with the surrounding neighborhood, and not to be detrimental to persons or adjacent properties in the vicinity. The Department also finds the project consistent with applicable provisions of the Planning Code.

Attachments:

Draft Motion – Condominium Subdivision Conversion Exhibit A – Tentative Map Exhibit B – Maps and Context Photos Exhibit C – Existing Tenant & Eviction History





PLANNING COMMISSION DRAFT MOTION

HEARING DATE: October 1, 2020

Record No.: 2019-016420CND

Project Address: 424-434 FRANCISCO STREET

Zoning: NCD (Neighborhood Commercial District) Zoning District

> 40-X Height and Bulk District North Beach Special Use District

Telegraph Hill North Beach Residential Special Use District

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ADOPTING FINDINGS RELATING TO A CONDOMINIUM SUBDIVISION CONVERSION OF A THREE-STORY, SIX-UNIT BUILDING INTO RESIDENTIAL CONDOMINIUMS, PURSUANT TO THE GENERAL PLAN AND SUBDIVISION CODE SECTION 1332, WITHIN THE NORTH BEACH NEIGHBORHOOD COMMERCIAL ZONING DISTRICT (NCD) AND A 40-X HEIGHT AND BULK DISTRICT.

PREAMBLE

On August 28, 2019, Sirkin Law, (hereinafter "Project Sponsor") filed Application No. 10119 (hereinafter "Project") with the Department of Public Works, Bureau of Street Use and Mapping for Planning Department (hereinafter "Department") review to allow the Condominium Conversion Subdivision of a three-story, six-unit building into residential condominiums at 424-434 Francisco Street (hereinafter "Project Site"), Lot 010 in Assessor's Block 0041, within an NCD (North Beach Neighborhood Commercial) Zoning District and a 40-X Height and Bulk District. The subject building is considered a legal use as the Report of Residential Building Record indicates that the legal authorized occupancy and use is a six-unit dwelling.

The project was determined not to be a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.

On September 3, 2020, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Condominium Conversion Application No. 2019-016420CND and continued the hearing to October 1, 2020.

The Planning Department Commission Secretary is the custodian of records; the File for Record No. 2019-016420CND is located at 49 South Van Ness Avenue, Suite 1400, San Francisco, California.

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 authorizes the Condominium Conversion as requested in Application No. 2019-016420CND, subject to the conditions contained in "EXHIBIT 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. Project Description.** The Project proposes the conversion of a three (3)-story building with six (6) dwelling units to residential condominiums.
- 3. Site Description and Present Use. The Project Site is located on the north side of Francisco Street in the North Beach neighborhood between Powell and Mason Streets. The lot contains a three (3)-story building with six (6) dwelling units as a Tenancy in Common (TIC). The Project Site is located within an NCD (North Beach Neighborhood Commercial) Zoning District and a 40-X Height & Bulk District.
- 4. Surrounding Properties and Neighborhood. The Project Site is located within a Neighborhood Commercial Zoning District and the North Beach neighborhood. The surrounding properties, and neighborhood as a whole, are zoned for a mixture of residential and commercial uses. The neighborhood is characterized by three (3)- and four (4)-story buildings containing ground floor, street-facing commercial uses, with residential dwelling units above. There is an inconsistent pattern of rear yard open space, with a majority of buildings built at or near property lines, and with a similarly inconsistent pattern of open space provision via balconies and roof decks.
- 5. Public Outreach and Comments. The Department has received correspondence from three (3) people regarding the proposed project. Two letters expressed opposition to the project; the Department has received one letter in support. The opposition focused on concerns over the project's impact on evictions and displacement of low- and moderate-income housing within the North Beach neighborhood. Specifically, concerns have been expressed that the proposed conversion is ineligible for conversion due to suspected tenant eviction and displacement events.
- **6. Subdivision Code Compliance.** Article 9 of the Subdivision Code of the City and County of San Francisco sets forth the following rules and regulations for condominium conversions:
 - A. Planning Code Compliance. Subdivision Code Section 1383 requires that the Tentative Map is found compliant with the Planning Code.

Use. Planning Code Section 722 states that the residential use, as defined by Planning Code Section 102, is principally permitted in the NCD Zone District on the 2nd stories and above, and the residential use is not permitted at the ground floor.

The proposed condominium conversion does not alter, reconfigure, or expand the existing residential use at the ground floor. As such, the residential use at the ground floor is considered non-standard, and therefore legal.

Density. Planning Code Section 722 states that dwelling unit density is permitted at the rate of 1 unit per 400 square foot lot area or the density permitted in the nearest Residential Zone District,



whichever is greater.

At an approximately 2,748 square foot parcel size, the maximum permitted by-right density is seven (7) units, where six (6) dwelling units currently exist. The proposed condominium conversion does not alter, reconfigure, or expand the existing dwelling unit density. As such, the dwelling unit density is compliant.

Residential Open Space. Planning Code Section 722 states that a 60 square feet per dwelling unit if private, or 80 square feet per unit if common, as defined by Planning Code Section 102.

The property provides approximately 265 square feet of common open space at the rear yard and 135 square feet of common open space at the front yard, where six (6) dwellings units require a minimum of 480 square feet. The proposed condominium conversion does not include alteration, reconfiguration, or expansion of the existing common open space. As such, the residential open space is non-standard, and therefore legal.

Exposure. Planning Code Section 140 states that a dwelling unit must have an opening overlooking an open area of with minimum size requirements, as defined by Planning Code Section 140 and 102.

The six (6) existing dwelling units face onto a public street, public alley at least 20 feet in width. The proposed condominium conversion does not include alteration, reconfiguration, or expansion of the existing dwelling unit fenestration or yards. As such, the dwelling unit exposure is compliant, and therefore legal.

The property is found non-standard albeit legal with regards to the residential use at the ground floor, and the provision of residential open space.

B. Denial of Tentative Map. Subdivision Code Section 1386 requires that a Tentative Map proposal shall be denied by the Planning Commission if any of the following findings are made:

Vacancies in the project have been increased.

In 2004, existing rental tenants were lawfully evicted from the property under the Ellis Act. The tenants filed suit with Tenderloin Housing Clinic as counsel. The units were later sold as part of a Tenancy in Common ownership structure in 2012. The units appear to have been majority owner-occupied since 2007

In 2016, a Molinari report was filed with the Rent Board by the Unit 428 owner for the breach of a lease agreement; the tenant violated the terms of the lease by having two (2) un-named persons residing in the unit and for multiple short term rental offenses. Additionally, the Project Sponsor has provided rental history for the unit for the period between 2014 and the present. Currently, four (4) of the six (6) dwelling units are owner occupied, one (1) is vacant, and one (1) is rented for \$0.00 to a family member of the unit owner, as reported by the Project Sponsor. Rental units are reported to have been voluntarily vacated; no contradictory evidence has been found.



Review of available voter records show unit owners have been consistently registered in their units, which is consistent with the Project Sponsor's report of residency. The voter records show additional registrations of nine (9) individuals since 2012, with three (3) of these registrations in 2020; one (1) voter registration is also declared as a tenant in the Project Sponsor's report. No title transfer or lease agreement in the individuals name was found, so whether these persons were/are a co-habitants with the unit owner, a renter under lease with the unit owner, or on what terms they ceased to occupy the unit are unknown.

Elderly or permanently disabled tenants displaced or discriminated against in leasing units.

In 2008, renters filed requests with the Rent Board to re-occupy the dwelling units. Only elderly persons are eligible to reoccupy units under the Ellis Act. No evidence was found to support that the requests to re-occupy were upheld.

In the past six (6) years, two (2) units had rental tenants vacate; the Department has discovered no evidence that the tenants vacating the property were either elderly or disabled.

No evidence of unlawful displacement or discrimination in the leasing of units at this property has been found at this property.

Evictions for the purpose of preparing the building for conversion.

On April 13, 2004 Ellis Act eviction notices were issued to tenants. Tenants filed suit, represented by the Tenderloin Housing Clinic.

In 2007 the Superior Court held that the property owners who issued the Ellis Act evictions were not preparing the building for conversion because: "(1) their purchase of a unit in which they intended to reside was not a business practice; (2) their purchase did not require compliance with the Subdivided Lands Act; and (3) the tenants were not harmed by any alleged violation of the Subdivided Lands Act." The Superior Court additionally upheld that the Ellis Act evictions were lawful and that the tenants represented by the Tenderloin Housing Clinic lacked standing to assert legally cognizable harm to the tenants.

Increases in rents over the 18 months preceding the date of filing the application.

Over the past 18 months the Project Sponsor has reported that one (1) unit has been rented at the rate of \$0.00/month and one (1) unit has been vacant; rental at the subject property overall has increased zero dollars (\$0.00) or zero (0) percent, which remains below the permitted rate of increase.

Incorrect information (to mislead or misdirect efforts by agencies of the City and County of San Francisco in the administration of this Code) Submitted by Subdivider.



No evidence has been found of incorrect or misleading information submitted to the Planning Department, Department of Public Works, the Mayor's Office of Housing and Community Development (MOHCD), or other city agency.

C. Eligibility. Subdivision Code Section 1396.2 requires that, with limited exceptions (not applicable here), no evictions be found on or after May 1, 2005.

The issuance of eviction notice is considered the eviction date, as opposed to the date of tenant vacation. In this case, eviction notices were issued on April 13, 2004. Tenants vacated sometime in 2007 after the Superior Court upheld the evictions as lawful under the Ellis Act. As such, no evictions are found after May 1, 2005.

7. General Plan Compliance. The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Objectives and Policies

OBJECTIVE 2

RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY.

Policy 2.4

Promote improvements and continued maintenance to existing units to ensure long term habitation and safety.

Property owners are required to correct outstanding code violations identified in a Physical Inspection Report issued by the Department of Building Inspection (DBI). All work must be completed and a DBI Certificate of Final Completion must be issued prior to DPW approval

OBJECTIVE 3

PROTECT THE AFFORDABILITY OF THE EXISTING HOUSING STOCK, ESPECIALLY RENTAL UNITS.

Policy 3.3

Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

Conversions of rental stock to condominiums help achieve affordable homeownership, providing a category of housing stock for moderate income housing needs. Through the Expedited Conversion Program, properties are eligible to convert from rental units to ownership status so long as owner-occupancy requirements are met.



- **8. Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project complies with said policies in that:
 - A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.
 - The proposal would have no adverse effect upon existing neighborhood-serving retail uses as it is a change in form of residential tenure.
 - B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.
 - The proposal is a change in form of residential tenure and would not alter the existing housing and neighborhood character of the vicinity.
 - C. That the City's supply of affordable housing be preserved and enhanced,
 - The proposal is a change in form of residential tenure, and would not affect the City's supply of affordable housing.
 - D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.
 - The proposal is a change in form of residential tenure and would not affect public transit or neighborhood parking.
 - E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.
 - The proposal is a change in form of residential tenure and would not involve the industrial or service sectors of the City.
 - F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.
 - The proposal is subject to inspection by the Department of Building Inspection and will be required to make any code required repairs, including those related to life safety issues, prior to the recordation of the final condominium subdivision map.
 - G. That landmarks and historic buildings be preserved.
 - The proposal is a change in form of residential tenure and would not affect landmarks or historic buildings.
 - H. That our parks and open space and their access to sunlight and vistas be protected from



development.

The proposal is a change in form of residential tenure and would not affect public parks or open space.

- **9.** The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
- **10.** The Commission hereby finds that approval of the Condominium Subdivision Conversion would promote the health, safety and welfare of the City.



DECISION

That based upon the Record, the submissions by the Applicant, 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 Condominium Conversion Subdivision Application No. 2019-016420CND.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the recommendation of approval of the Tentative Map and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on October 1, 2020.

AYES:		
NAYS:		
ABSENT:		

October 1, 2020

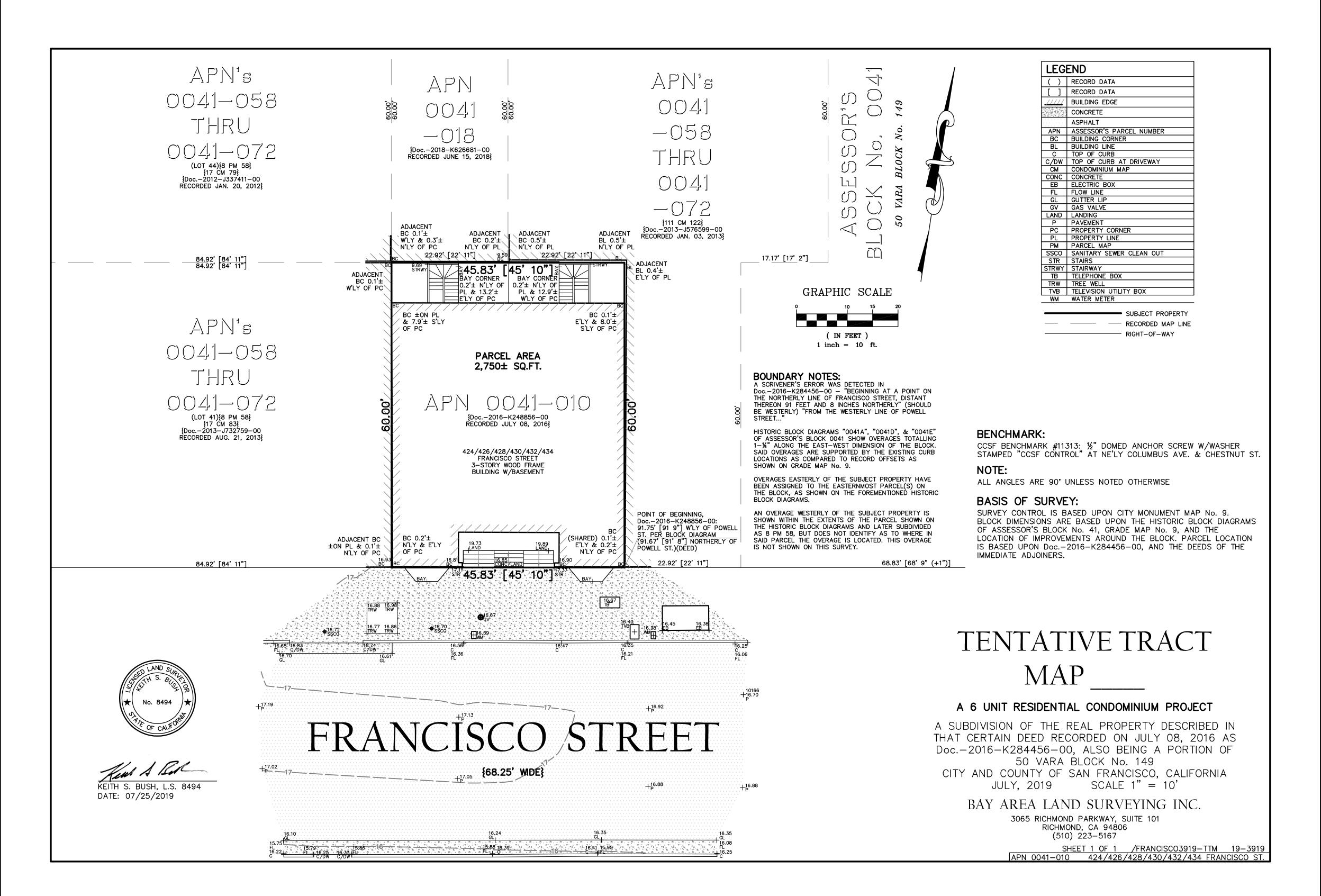
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ADOPTED:

Commission Secretary



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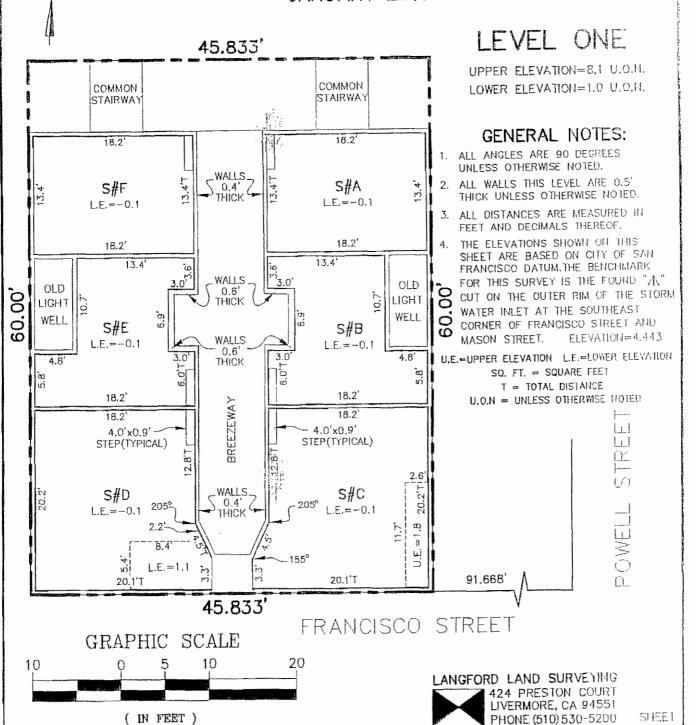


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EXHIBIT "A" TO THE TENANCY IN COMMON AGREEMENT OF 424, 426, 428, 430, 432 AND 434 FRANCISCO STREET SAN FRANCISCO, CALIFORNIA

BEING THAT PARCEL DESCRIBED IN REEL | 615, IMAGE 454
OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
ALSO BEING LOT 41 OF ASSESSOR'S BLOCK 10

JANUARY 2011



1 INCH =

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2 OF 5

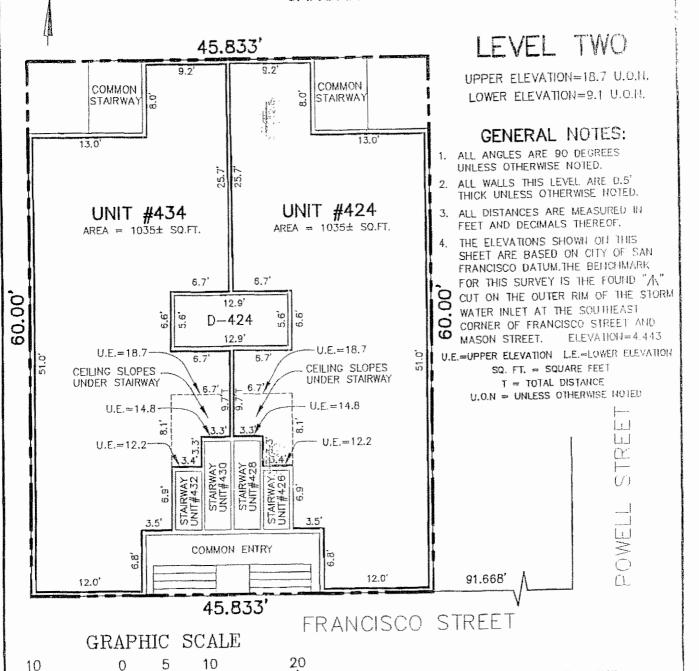
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424 PRESTON COURT LIVERMORE, CA 94551

PHONE (510) 530-5200

SHEET

3 OF 5

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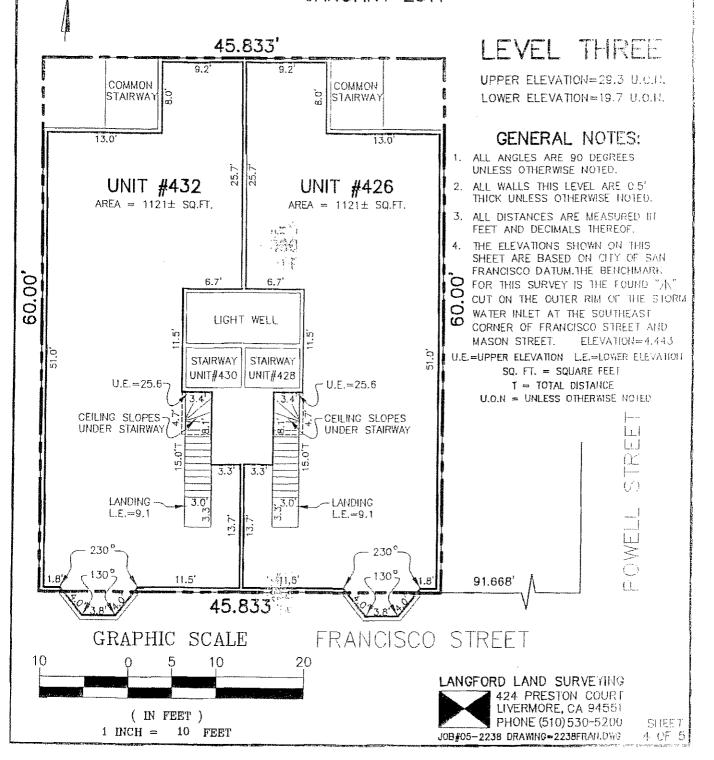
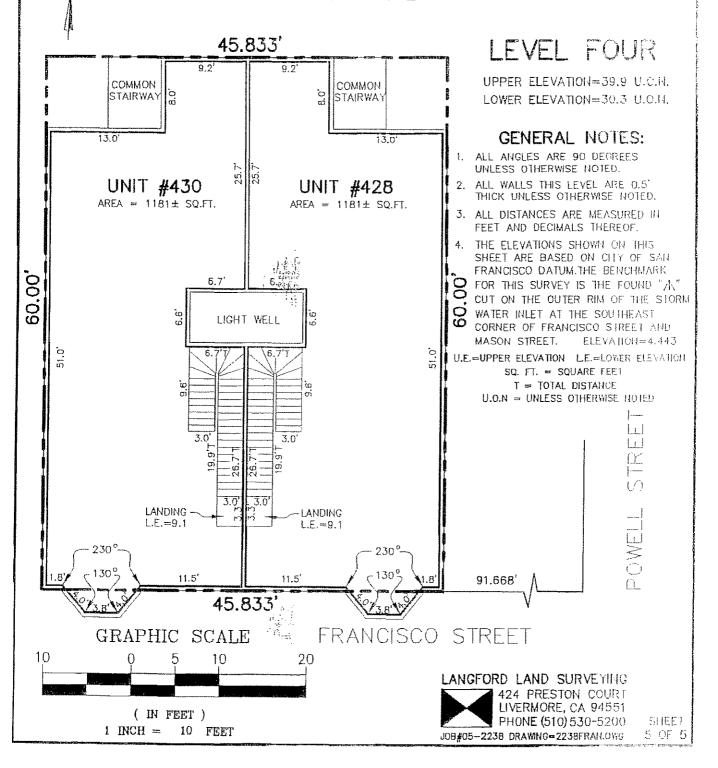


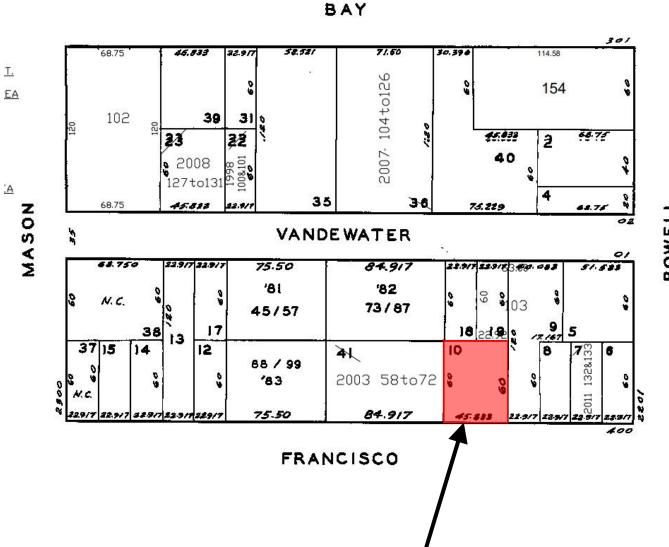
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JANUARY 2011



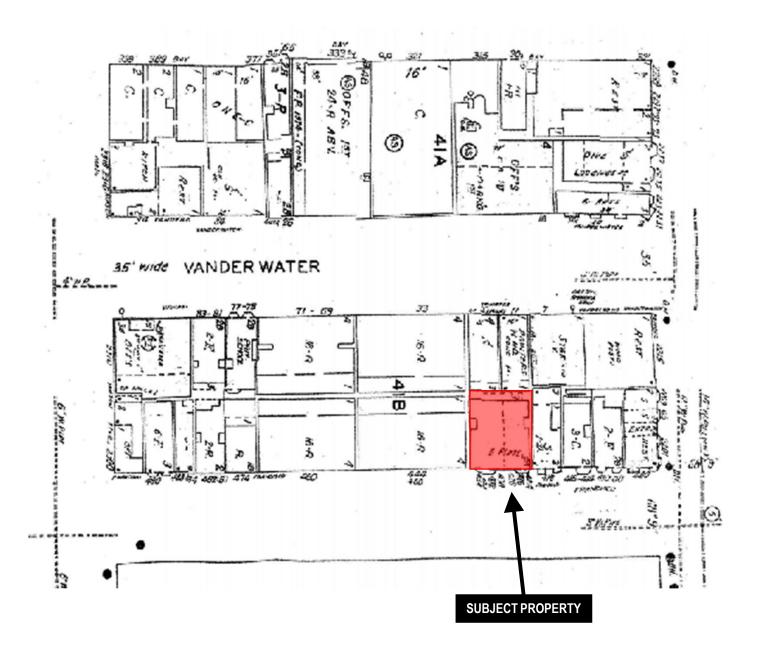
Parcel Map



SUBJECT PROPERTY



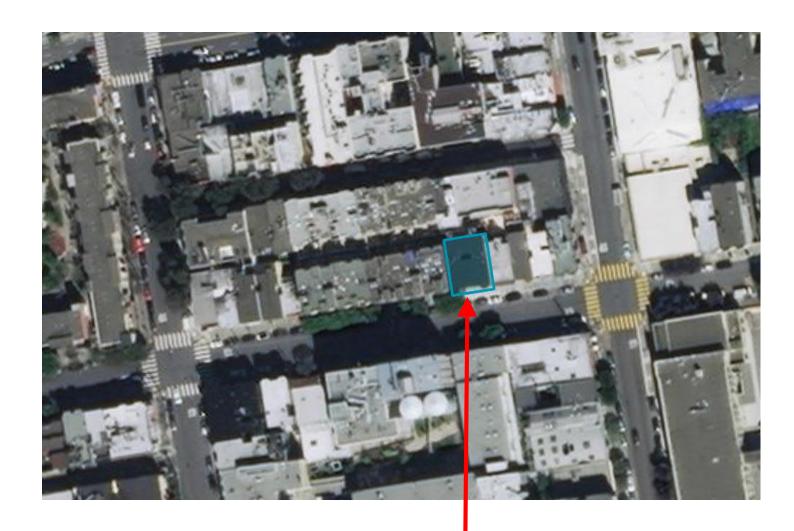
Sanborn Map*



*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.



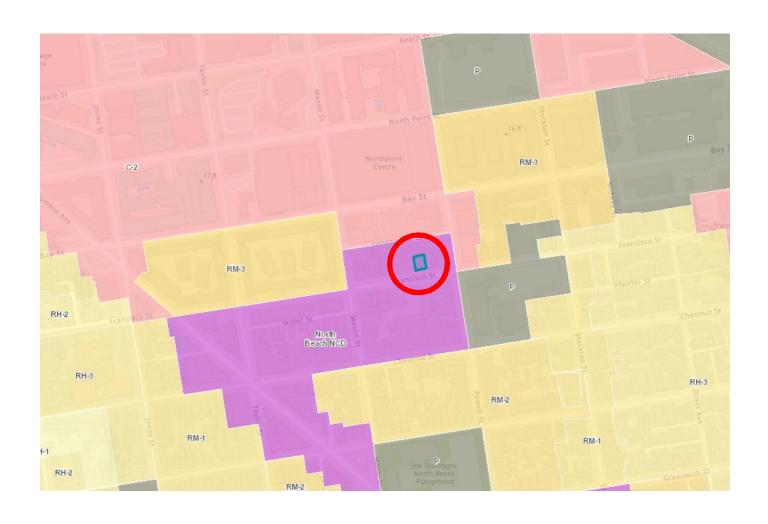
Aerial Photo - View 1



SUBJECT PROPERTY



Zoning Map

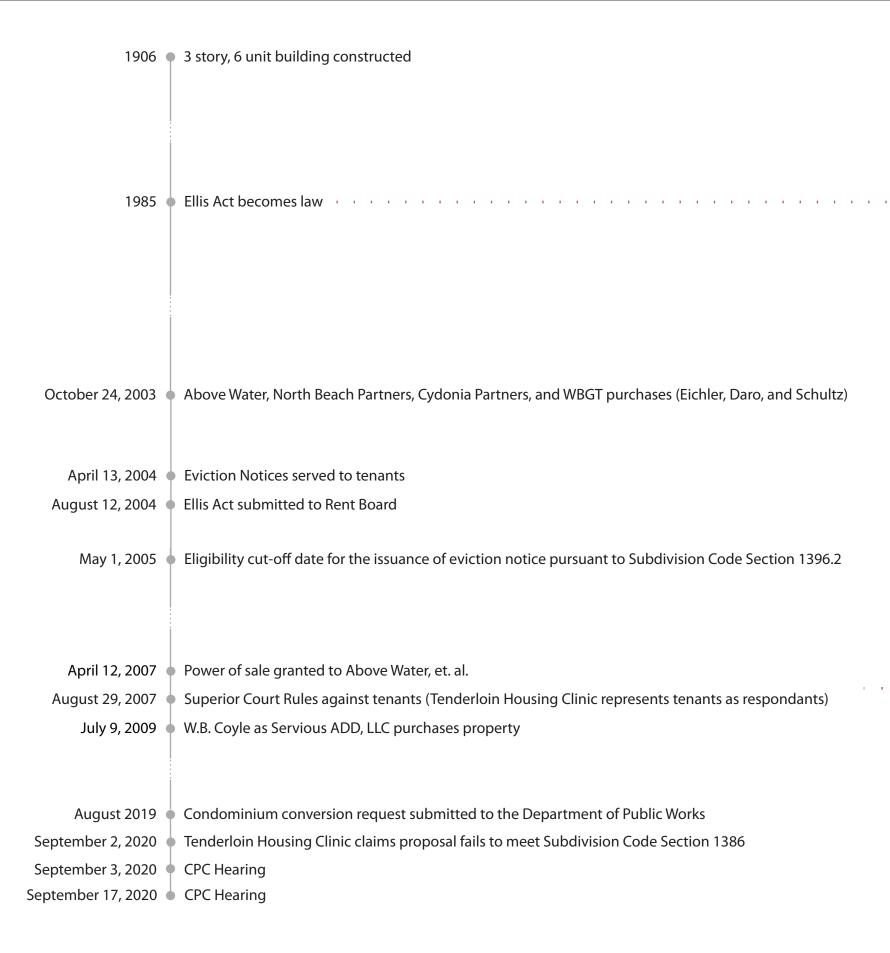


Site Photo



Condominium Conversion **Case Number 2019-016420CND**424-434 Francisco Street





REGULATION SUMMARY

"The 'Ellis Act' is a state law which says that landlords have the unconditional right to evict tenants to 'go out of business.' For an Ellis eviction, the landlord must remove all of the units in the building from the rental market, i.e., the landlord must evict all the tenants and cannot single out one tenant (for example, with low rent) and/or remove just one unit out of several from the rental market. The Ellis Act is included in the just causes for eviction under the Rent Ordinance as Section 37.9(a)13)" (Accessed September 8, 2020: https://sftu.org/ellis/).

COURT FINDINGS

"The tenants' threatened loss of property interest resulted from the owners' invocation of their right under the Ellis Act to recover possession of the Francisco Street property. As the trial court recognized, the Ellis Act evictions in and of themselves were lawful based on the evidence presented thus far. Nevertheless, the court went on to find that the Ellis Act evictions were 'part and parcel' and 'in furtherance' of the 'unfair business practice.' This finding, however, does not compel the conclusion the Ellis Act evictions were unlawful" (Accessed September 8, 2020: https://casetext.com).

