



## Potential Regulation Changes for Discussion

On March 16, 2015, the San Diego City Council directed the San Diego Housing Commission (SDHC) to review the City of San Diego's (City) Single-Room Occupancy (SRO) Ordinance and analyze it to address current conditions, prior to the end of the year. SDHC administers the SRO Ordinance (San Diego Municipal Code Sections 143.0510 – 143.0590):

The purpose of these regulations is to ensure the retention of the existing number of SRO hotel rooms and to provide assistance to tenants of SRO hotel rooms that will be displaced by the demolition, conversion, or rehabilitation of existing SRO hotel rooms. These regulations are intended to benefit the general public by minimizing the adverse impact on the housing supply and on displaced persons, particularly those who are very low income, elderly, or disabled, resulting from the permanent or temporary loss of SRO hotel rooms through their demolition, conversion, or rehabilitation.

SDHC has reviewed the SRO Ordinance and has identified potential SRO regulation changes for discussion.

- **Clarify Definition of SRO.** The potential changes may limit the scope of the definition of SRO. The owner of a property placed on the SRO list would be able to request a due process hearing to determine whether the property should be removed from the list.
- **SRO Hotel Replacement Fund Fee.** The fee is currently 50 percent of the cost of providing replacement SRO units. The current development cost formula would be revised to establish a set fee that could be indexed. The fee would initially be set at the current 50 percent level.
- **SRO Replacement Requirement.** The current requirement to replace 100 percent of the SRO units that are being demolished or converted would be revised to require the replacement of 50 percent of the units, which is the same as the SRO Hotel Replacement Fund fee percentage.
- **SRO Replacement Location.** Allow replacement units to be built outside of Downtown San Diego and in areas near public transportation.
- **Density Bonus.** Allow replacement units requirement to be satisfied by density bonus units.
- **Sale of Unused Density.** As an incentive to preserve SRO units, allow owners to sell unused site density and use the proceeds to rehabilitate their SRO building.
- **Tenant Relocation.** Increase the tenant relocation payments to three times monthly rent; require utilization of a relocation consultant.
- **SDHC Option to Purchase SRO.** Allow owners the option to provide SDHC with a right of first refusal to purchase the SRO in the event of a sale at an appraised fair market value, in exchange for a release of the SRO replacement requirement. This would occur only if an SRO owner decided to sell the SRO property
- **Update Redevelopment Language.** Eliminate redevelopment agency/California Redevelopment Law language from Section 143.0520 (b) of the SRO Ordinance because of recent State legislative actions concerning Redevelopment agencies.
- **Cost Recovery Deposit.** Require that a cost recovery deposit is to be submitted with application to SDHC.

Comments may be submitted by email to [tinak@sdhc.org](mailto:tinak@sdhc.org), through 5 p.m. on Friday, November 6, 2015.

