

Corker of a tale: Empress fights for tourist rooms

Once upon a time, 1907 to be exact, there was a hotel in the heart of San Francisco called the Empress. After many years the Empress became old and neglected. Visitors didn't want to stay there anymore. Sometimes people without much money lived at the Empress. They would pay rent to the keeper by the week or by the month. Eventually, the place got so dirty and ugly that no one could live there. But it had enough good-looking neighbors that a face-lift was in order. So the Empress got fixed up and looked nice again. Now this is where our tale gets complicated.

Anne Marie Jordan

The Empress Hotel—nee the West Cork—at 144 Eddy St., between Mason and Taylor, is in the center of a vortex of controversy. Whirling within are codes and briefs, determinations and rulings, also local attorneys, city departments and commissioners—and a community up in arms over the hotel's appeal to tourists.

Here's what's at the core: About two years ago a group of investors—the Empress LLC and West Cork LLC—plunked down \$2 million plus to renovate the dilapidated hotel. What makes this site hot is its convenience to the downtown shopping and theater districts—it's next door to EXIT Theatre—and its proximity to Moscone Convention Center.

The West Cork group

grabbed at an opportunity to lease the property from owner Vijay Patel, whose family operation has sometimes been in controversial mode for code violations over the years. The late Dahyayahai Patel, Vijay's father, had owned the Empress since 1962. Included in the West Cork corporation is William Ferdon, owner of Sutter Street's Sheehan Hotel, a popular stopover for Irish tourists.

Someone was thinking big about Lot 8, Block 331 way before now. The Planning Department has on record two requests filed in 1981 for environmental review. One plan called for a 30-story, 800-unit hotel to be built on the site; the other was for a hotel-condo-office-retail complex. The 30-story hotel would have violated the Tenderloin's eight-story height limit. Neither plan went anywhere.

Back to the present: After renovation, 88 pristine, single-bedroom units with baths were available at the West Cork Hotel. Yet not all of these rooms were ever meant for tourists' overnight use. The West Corkers knew from the start, they said, that city zoning laws adopted about 20 years ago reserved a portion of the rooms for residential use only—meaning for people staying a month or longer.

The exact numbers were determined for all city hotels at about the same time according to zoning changes in the North of Market Special Use Residential District. The Planning Department took a kind of census of all hotel rooms in the city. They wanted to know, in writing, the use of every room. That way it would be on record which rooms were set aside for tourists and which

served as homes for the elderly, low-income, disabled and student populations.

So, in 1979, the Empress, claiming 58 rooms for tourist use and 30 for residential use, had those numbers set in stone. That is, unless, for any reason, there would be a discontinuance of tourist use in these 58 rooms for three years or more. In that event, the previous tourist units would convert to residential.

The West Cork group was okay with all that, so they

thought. City Planning issued permits to remodel. Remodeling proceeded as planned. There were to be nightly room rates and monthly room rates, just as required by zoning.

Then things started to go sour, like a vacation spent under the weather.

Randy Shaw, a lawyer and head of the Tenderloin Housing Clinic, concluded from research of city records that this hotel had long ago been abandoned as a tourist destination. He cited as evidence the

Why the Empress prefers tourists

Why does the Empress LLC group fight so hard to keep the 58 tourist rooms? Money, potentially a lot of it.

To get a sense of how much is at stake financially, *The Extra* figured out how much income the Empress could bring in as a fully occupied residential hotel compared with its potential with 58 tourist rooms. We used the Convention and Visitors Bureau estimate of 68% occupancy for tourist rooms and priced these rooms at the CVB estimate of \$99 per night.

All residential	
88 rooms @ \$250 per week x 52 weeks	\$1,144,000
Part tourist	
30 residential rooms @ \$250/week	\$429,000
39 tourist rooms @ \$99 per night	\$1,389,960
Total:	\$1,818,960

The approximately \$700,000 a year difference doesn't take into account the increased overhead to maintain tourist rooms for additional staff, laundry, room service and other amenities.

Also not included in these revenue ruminations is the 14% bed tax tacked onto each tourist-occupied hotel room. In the case of the Empress, based on 68% occupancy, this would mean \$193,794 less in city coffers each year for the arts, convention promotions, and some low-income housing.

If the occupancy rate for tourist hotels should rise from 68%, then the income and bed tax numbers would jump accordingly.

—Anne Marie Jordan and Geoff Link

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**Superior Court of California
County of San Francisco
Civil Grand Jury**

After months of interviewing scores of city officials and examining city laws, policies and records, the 19-member San Francisco Civil Grand Jury recently released three detailed reports regarding all San Francisco:

The reports are available online at: www.sfgov.org/civilgrandjury

San Francisco General Hospital

San Francisco's only major trauma center, San Francisco General Hospital (SFGH), does not meet California seismic codes. Failure to comply with these codes will result in the closure of SFGH by 2008. Such a low-worth impact on San Francisco's tax base and the ability to support SFGH must be rebuilt. To save SFGH, the Civil Grand Jury recommends that the Board of Supervisors and various agencies quickly establish the funding necessary to build a new hospital.

Professional Services Contracting

Every year, San Francisco spends over \$300 million to \$400 million in city contracts for "Professional Services." The system used in awarding these contracts is grossly inefficient, lacking needed supervision and cost control. These are contractually self-imposed procedural requirements by contracting city departments. The City Administrator, Department of Administrative Services and the Purchasing Division, although charged with the overall responsibility, actually play a very minor role in securing the process beyond the Board of Supervisors. SFGH has expressed the primary and most visible issues in the purchasing process. The most significant impact of this is the HRG's legal instruction that price is not to be considered in selecting suppliers. According to the Civil Grand Jury report, improved standards, coupled with improved processes would result in substantial savings for the City.

Billboards

Over the past several years, Planning Department staff and other San Francisco law enforcement officials have been enforcing more than 100,000 violations of billboard regulations. There is no reason of enforcing billboard permits or obscuring illegal signs. The Civil Grand Jury recommends imposing a fine for existing grandfathered billboards in order to transition and enforce outdoor advertising regulations in San Francisco.

The complete reports are available online at www.sfgov.org/civilgrandjury and printed copies can be purchased at 400 Bush Street, Room 207. If you have an area of concern or issue of any governmental malfeasance, please contact the Civil Grand Jury at 331-3593. All calls received are kept confidential.

40244 Avenue 14th, Room 207, San Francisco, California 94102
CONTACT: 415.774.3300/331.3593 TDD: 331.3611

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