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San Francisco closes “monster home loophole”

The Board of Supervisors passed an ordinance authored Supervisor Rafael Mandelman to expand public review when existing housing is demolished and replaced with mega-mansions

SAN FRANCISCO — To slow the ongoing replacement of existing housing with large single family “monster homes” District 8 Supervisor Rafael Mandelman authored an ordinance that was passed unanimously today by the San Francisco Board of Supervisors closing a loophole in the review process for residential demolitions.

“It’s past time that we close this loophole that encourages the speculative demolition of existing housing and the construction of multi-million dollar monster homes,” said Mandelman. “This pattern has repeated itself relentlessly all across the City in neighborhoods like Noe Valley and Dolores Heights where one older, smaller home after another has been knocked down and flipped into a mega-mansion.”

The ordinance requires that all proposals to demolish existing housing go through the same review process, including approval from the Planning Commission. The “monster home loophole,” as Mandelman put it, had allowed for certain projects to skip this review when the existing property was valued or sold above a certain amount, currently \$2.2 million. The ordinance simply removes this exception from the Planning Code so that all residential demolition projects are subject to the same requirements. The exception eliminated by the ordinance had only applied in districts zoned for single-family homes, so these demolitions typically resulted in larger, more expensive single-family homes, rather than projects that might have added additional units to the City’s housing stock.

“Speculators will easily pay \$2 or \$3 million for a lot with an older 1,000 square foot home, knock it down, and build a 5,000 square foot mansion that they can flip for millions in profit with only limited review,” said Mandelman. “Speculative house flipping shouldn’t get a fast-tracked approval, and this legislation levels the playing field by ensuring all demolition projects go through the same public process.”

The new requirements would apply to projects that submitted an application to the Planning Department after February 11, 2020, when the ordinance was introduced. The ordinance passed unanimously on final reading at the Board of Supervisors on Tuesday, May 19, 2020, and will go into effect 30 days after the Mayor signs or returns it.

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