



**ITEM VI-B: ZONING ORDINANCE AMENDMENT – CITYWIDE –CONDOMINIUM CONVERSION ORDINANCE - FILE# OA 05-01**

An amendment to the City's Condominium Conversion Ordinance [RMC Chapter 19.58] is requested to clarify amendments to the ordinance that were adopted, May of 2004. The primary amendments include:

- Establishment of the date or event in which a renter becomes eligible for relocation benefits and when notifications of benefits are provided to a renter;
- Requirement for a town hall meeting prior to a Planning Commission public hearing; and
- Clarification on the length of time that a benefit is required to be provided.

Applicant – City of Roseville

**SUMMARY RECOMENDATION**

The Planning Department recommends that the Planning Commission:

- A. Recommend that the City Council approve the modified Condominium Conversion Ordinance Amendment as shown in Exhibit A.

**BACKGROUND**

At the Planning Commission meeting of December 16, 2004, the Commission raised several points relating to the Condominium Conversion Ordinance that were requested to be placed on a future agenda for discussion. The Planning Commission discussed these points at their meeting of January 27, 2005; at this meeting the Commission directed staff to proceed with the following two amendments to the Condominium Conversion Ordinance.

- *Provide clarification on the date or event in which a renter becomes eligible for relocation benefits and when notifications of benefits are provided to a renter.*
- *Provide a requirement for a town hall meeting prior to public hearing.*

Subsequent to the Planning Commission recommendations, the City Council held a public hearing on a Development Agreement for the Haverhill Apartments condominium conversion. This public hearing generated a directive from Council to provide the following amendment.

- *Establish a maximum term in which leases are provided for persons with permanent disabilities.*

Each of the points noted above are discussed individually in the evaluation section of this report. A recommended text amendment is provided and is noted in underlined or stricken text.

Since adoption of the ordinance, three conversions have been approved and a fourth is in process. These four projects will add 1,122 high-density residential purchase units to the City's housing inventory. Several unoccupied high-density multifamily projects have received approval of condominium maps adding an additional 1,179 high-density purchase units to the City's housing inventory. With the inclusion of condominiums existing before the update of the ordinance, there will

be 3,263 high-density purchase units within the City. With these added purchase units, the City has reached a split in housing types such that 85% of the current housing stock is eligible for purchase and 15% is rental housing. The 15% threshold is the minimum percentage of rental housing allowed by the updated Condominium Conversion Ordinance, no change to this provision is proposed. With the 15% threshold, reached staff is enforcing the provisions of the ordinance and prohibiting further conversions.

In response to reaching the 15% threshold, staff has received inquiries to lower the threshold to allow further conversions. Staff would caution against amending the ordinance to allow further conversions as it is expected that between 2004 and 2005, approximately 2,300 high-density residential purchase units will have been made available to purchase. Since the purchase units have not been absorbed, it cannot be measured what impact that these units will have on the rental and purchase markets. Therefore, staff recommends that the 15% provision of the ordinance be maintained and that any considerations for amendment, beyond those recommended below, be postponed for at least a year such that impacts and benefits may be measured.

## **EVALUATION**

### **Renter eligibility for relocation benefits and notifications of benefits**

With the last condominium conversion approved by the Commission there were questions raised as to when a renter is eligible for relocation benefits and when notification of benefits should be provided. The consensus of the Commission was to provide notification concurrent with the notice required by the Map Act that requires noticing 60 days prior to submitting an application to the City. This amendment is provided in underlined text noted below.

#### **Section 19.58.040 - Processing of Conversion, Notice to Tenants**

A condominium conversion shall be filed and processed with a subdivision map in accordance with Roseville Municipal Code Title 18 and the Subdivision Map Act (Government Code Section 66410 et seq.). All notices to tenants required by Government Code Section 66427.1 shall be given by the developer. The notice shall contain information informing tenants of relocation benefits as required by Section 19.58.070. All tenants in residence at the time of issuance of the notice and/or in residence on the day of submittal of a condominium conversion to the City are eligible to receive benefits as identified in Section 19.58.070. (Ord. 3014 (part), 1996.)

Staff believes that the above language will clarify the noticing and eligibility provisions. With the eligibility of benefits being made available to residents up to the submittal of the condominium conversion to the City will provide consistency with Section 19.58.080. Section 19.58.080, states that “following the day of submittal of a condominium conversion application to the City, any prospective tenant shall be notified in writing of the intent to convert prior to leasing or renting a unit but shall not be eligible for any relocation benefits...” A minor revision to section 19.58.08 is noted in underlined text above. This revision will make it clear that benefits are provided up to the day of submittal of an application to the City but not after. These amendments are included in the revised ordinance (Exhibit A).

### **Desire for a town hall meeting prior to public hearing.**

Given the effectiveness of an informational meeting held by the developer of the Preserves condominium conversion project the Commission recommended that such a meeting become a requirement of the ordinance. This amendment is provided in underlined text noted below.

Section 19.58.090 – Resident Meeting

After submittal of an application to the City for a condominium conversion and at least thirty (30) days prior to a public hearing before the Planning Commission the developer of the project shall distribute a draft of the tenant relocation assistance plan to all eligible tenants and shall hold a public meeting. The meeting shall provide information to tenants regarding tenant relocation assistance as required by Section 19.58.070.

This amendment is included in the revised ordinance (Exhibit A).

**Establish a maximum term on leases for persons with permanent disabilities.**

Subsequent to the Planning Commission recommendations of January 27, the City Council held a public hearing on a Development Agreement for the Haverhill Apartments condominium conversion. At the public hearing on this item the Council discussed the length of time in which leases are to be provided for persons with permanent disabilities. As provided for in the ordinance, a minimum of a 12-month lease is required to be provided to persons with a permanent disability, no maximum length of time is established for these leases. In the case of the Haverhill Apartment conversion the relocation assistance plan was approved with a lease requirement of five years for a person with a permanent disability. The Council believed that this length of time was excessive, and directed staff to modify the ordinance to establish a maximum term for leases for persons with permanent disabilities. This amendment is provided in underlined text noted below.

Section 19.58.070 A.1. - Tenant Relocation Assistance Plan

Leases with terms ~~no less than~~ of twelve (12) months for persons with permanent disabilities (as defined in 42 U.S.C. 423, or Section 102(7) of the Development Disabilities Assistance Bill of Rights Act [42 U.S.C. 6001], or 24 C.F.R. 8.3) or low-income tenants (defined as having incomes equal or below eighty (80) percent of the County or the Sacramento Primary Metropolitan Statistical Area median income), either in the building being converted, or in alternative housing provided by the subdivider comparable in location, amenities, and cost to that being converted. The Planning Commission may grant a one (1) year lease extensions ~~may be granted and the length of such extension shall be based on~~ evidence of unique or special individual tenant needs.

This amendment is included in the revised ordinance (Exhibit A).

**Other Amendments**

Staff has also included the following four amendments as house keeping items. These amendments do not change the intent of the ordinance nor do they change any obligations of the affected parties. These amendments provide internal consistency within the ordinance or clarification. Each of the amendments is noted below with a brief description of the circumstances warranting the amendment.

The recent conversions result in the rental unit pool decreasing to 15% of the overall number of residential units within the City. Given that the percentage of rental units is slightly over the 15% threshold (85 available units) staff has accepted an application for a condominium conversion for a 258-unit apartment complex off Gibson Drive. Although the ordinance precludes the ability to grant a request that reduces the rental threshold below 15% it does not prohibit an application form being submitted. To eliminate the acceptance of applications that cannot be acted upon the following amendment is provided.

Section 19.58.030 – Limitations on Conversions

- B. Minimum Community Vacancy Rate. No conversion to condominiums shall be accepted or approved when the City-wide vacancy rate for multiple unit housing, as determined by the Director, is equal to or less than five (5) percent averaged over the previous four (4) quarters prior to application submittal. If the averaged vacancy rate exceeds five (5) percent, then an application for a conversion to condominiums may be accepted by the City, provided there are sufficient units available to grant the request. A request for conversion shall apply to an entire multi-family housing project and partial conversions shall not be permitted.

The amendment noted below provides for the elimination of vacancy rate information for complexes of three (3) to fifty (50) units. Vacancy information for projects within this range has not been utilized for any of the conversions processed under the ordinance adopted in May of 2004. Further this information is not seen as reliable due to the difficulty in tracking projects of this size and the lack of existing tracking mechanisms. Elimination of this provision will also provide internal consistency with the submittal requirements identified in Section 19.58.050.F, that requires vacancy information of projects 50 units and greater in size only.

Section 19.58.030 – Limitations on Conversions

- C. Determination of Vacancy Rate. The vacancy rate shall be determined by using information regarding vacancies within multi-family complexes of fifty- (50) or more units. ~~Supplemental information on rental vacancies in multi-family complexes of between three (3) and fifty (50) units obtained by City staff, the applicant, or other interested parties may also be utilized if available.~~

Since the adoption of the Condominium Conversion Ordinance the Economic and Community Services Department has been restructured and no longer exists in its prior form. The restructuring eliminated the Economic and Community Services Director position; as such the reference to this position is being deleted. Given that this section references the City a reference to a specific position within the City is not necessary.

Section 19.58.030 – Limitations on Conversions

- E.1.c. Projects with an existing affordable rent component shall provide affordable purchase units in the same ratio of middle, low, and very low-income units as required by the project's existing Affordable Housing Development Agreement. Without City subsidy, the new or additional affordable units as required by Sections 19.58.030.E.1 and 2, shall be provided at a ratio reflecting the then current City requirement for middle, low, and very-low income, ~~as determined by the Economic and Community Services Director.~~

Lastly, a provision was included in the ordinance during the public hearing process that precluded a final map from being recorded within 90 days of approval of the tentative condominium map. This provision was intended to prevent the displacement of tenants within a 90-day period following the approval of a tentative condominium map. Although this was the intent of this provision staff believes that further clarification on this point is warranted and therefore, proposes the following language.

- G. Final Map Approval. No Final Condominium Map shall be approved within a period of 90 days following Tentative Condominium Map approval. No tenant shall be required to relocate prior to 90 days after the tentative map approval.

These amendments are included in the revised ordinance (Exhibit A).

**ENVIRONMENTAL DETERMINATION**

The project will not have a significant effect on the environment and that the proposed changes are consistent with the previously ratified Negative Declaration prepared for the Condominium Conversion Ordinance Update of 2004. The Negative Declaration was reviewed and adopted by the City Council on May 13, 2004. No additional environmental review is necessary.

### **RECOMMENDATION**

The Planning Department recommends the Planning Commission take the following action:

- A. Recommend that the City Council approve the ZONING ORDINANCE TEXT AMENDMENT amending Chapter 19.58 of the Roseville Municipal Code (Condominium Conversion Ordinance) – FILE #OA 05-01 as provided in **Exhibit A**;

### **EXHIBITS**

- A. Condominium Conversion Ordinance (redline strikeout version)