



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

STAFF REPORT
April 18, 2006

Honorable Mayor and
Members of the City Council

Subject: Condominium Conversion Ordinance Workshop (M05-087)

Location/Council District: Citywide/All Districts

Recommendation:

City staff recommends that the City Council direct staff to:

Evaluate the Condominium Conversion Ordinance and any changes to that ordinance in the context of the City's Housing Element and the City's housing goals, including:

1. Following that evaluation, prepare ways of streamlining the current Condominium Conversion Ordinance;
2. Investigate ways of ensuring that low-income and other "special category" (e.g., persons with disabilities, elderly, etc.) tenants are not adversely affected;
3. Assess the feasibility of requiring that units that are converted are brought up to current code standards;
4. Investigate the use of annual limits or other mechanisms to ensure that there is a sufficient supply of rental housing;
5. Work with housing advocates, the Downtown Partnership, and the development community to solicit input on revisions to the ordinance; and
6. Return to Council within six months to a year with a set of amendments to the ordinance.

Contact: Jim McDonald, AICP, Senior Planner, (916) 808-5723; Desmond Parrington, Associate Planner, (916) 808-5044

Presenters: Desmond Parrington, Associate Planner, (916) 808-5044

Department: Development Services

Division: Planning

Organization No: 4827

Summary:

The City's Condominium Conversion Ordinance allows for the conversion of multi-family rental housing into for-sale condominiums under certain circumstances and with special protections for existing residents, particularly elderly, disabled, and low and moderate-income households.

The purpose of this workshop is to:

- Explain how the City's existing Condominium Conversion Ordinance process (Attachment 1) works;
- Compare it with other similar ordinances in other jurisdictions throughout the State (Attachment 2); and
- Seek direction from the Council as to whether changes to the ordinance should be prepared.

Committee/Commission Action:

A workshop on the Condominium Conversion Ordinance was held for the Planning Commission on November 17, 2005 and for the Development Oversight Commission (DOC) on February 6, 2006. While no formal action was taken, both groups provided comments on the Condominium Conversion Ordinance. Both commissions were supportive of streamlining the current ordinance. The Planning Commission emphasized that while they thought streamlining was beneficial, it should not be done at the expense of low-income tenants. Several members liked the idea of applying the City's Mixed-Income Ordinance to conversions as well as establishing some sort of annual cap on the number of units that could be converted. Several Planning Commissioners and members of the DOC expressed a desire that older units that are allowed to convert should be brought up to current code due to a concern about the creation of substandard ownership units. The Planning Commission agreed with staff that the current relocation assistance levels were inadequate given current rents and should be updated.

Background Information:

The City's Condominium Conversion Ordinance (Chapter 17.192 of the City of Sacramento Zoning Code) was originally prepared and adopted in 1980. The ordinance requires a Special Permit when an owner wishes to convert a multi-family rental project to condominiums, and is only allowed when the rental vacancy rate in that community plan area is above five percent (refer to Attachment 3 for existing vacancy rates). The ordinance was developed to allow some conversions while providing protections for tenants and maintain the City's rental housing supply (refer to Attachment 4 for the full text of the Ordinance).

Currently, the City's Housing Element policy recommends that the conversions of some rental projects should be allowed to occur, particularly in the Central City, while at the same time ensuring that there is an adequate supply of rental housing. However, despite interest from owners, no condominium conversions have occurred in the past

ten years, though one is currently in process now. Some owners and developers have expressed concerns that the ordinance, due to its requirements and complicated process, is designed to discourage conversions. Others have maintained that the ordinance was designed to ensure that tenants, particularly elderly, disabled, and low and moderate-income tenants, are not adversely impacted and that an adequate supply of rental housing stock is maintained throughout the city.

There are a number of important policy issues in the City of Sacramento that need to be balanced with an increasing number of inquiries about condominium conversions. Some of these issues include:

- Balancing the need to provide entry-level housing for first-time homebuyers versus the need to protect existing tenants, especially elderly, disabled and low-income residents;
- Providing a more streamlined process that enables some conversions to occur while preventing large numbers of conversions that could significantly reduce the rental housing stock in an area;
- Maintaining an adequate supply of rental housing throughout the city;
- Concern that converted condos will be purchased by investors, who may not live in the area and who may then lease them out at higher rental rates;
- Concern that relocation assistance for tenants is sufficient given the increase in rental rates;
- Rents being charged for the apartments that are converted are typically 30 to 50 percent less than what mortgage payments will be on the units¹; and
- Concern that the number and type of requirements in the ordinance may preclude most conversions from occurring.

Attachment 2 includes a matrix that compares the City's Condominium Conversion Ordinance to those of other jurisdictions in California. These include the cities of San Francisco, San Jose, San Diego, Fresno, Roseville and Santa Monica as well as Sacramento County. While there are many similarities in all of the ordinances, there are several differences in how each of these jurisdictions deals with tenant and affordability protections, development standards, and processing.

Finally, another related issue includes the difficulty of developing condominiums over the past ten years. Despite the recent spate of proposals involving high-rise condominiums in the downtown, developers still face a number of obstacles in the construction of condominiums. Foremost, among these are insurance and litigation concerns as many insurance companies either refuse to ensure developers and contractors or charge exorbitant premiums for those who work on condominium

¹ For example, in the Central City the average rent for a 2-bedroom, 1 bath apartment in the 2nd quarter of 2005 was \$988 (Source: Arroyo & Coats, 2005). However, most condo sales prices in the Central City start at about \$300,000, which converts to a monthly mortgage payment of at least \$1,500, assuming a 30-year fix-rate mortgage of 6.25% for 30 years. In addition, the full monthly payment, including homeowner association dues as well as taxes and insurance, could range between \$1,750 - \$2,000 (Source: Sacbee.com 2005 Sales and MLS listings and www.dinkytown.net Mortgage Calculator).

projects. Coupled with recent increases in construction and building material costs, condominiums remain a more difficult housing type to develop compared to detached single-family homes or apartments. Conversions may reduce the rental supply; however, they can increase the supply of condominiums. While condominiums can be a more difficult housing product to provide, it increasingly serves as a source of entry-level ownership housing for first-time homebuyers due to its generally lower sales price.

Based on the information identified above, staff has researched a number of options to consider for the ordinance. Some of these include: 1) streamlining the conversion process; 2) the possibility of applying the City's mixed-income ordinance to condominium conversions and increasing the amount of relocation assistance to tenants; 3) setting an annual limit by community plan area to ensure that there is sufficient supply of rental housing to serve current and future residents of all income levels throughout the city; and 4) requiring that projects are brought up to current code standards in order to ensure safe and well-maintained housing prior to conversion.

Financial Considerations:

There are no financial considerations associated with this Condominium Conversion Ordinance Workshop. However, preparation and approval of the ordinance amendments is anticipated to require additional staff time and funding. These are identified as part of the Housing Element update budget request.

Environmental Considerations:

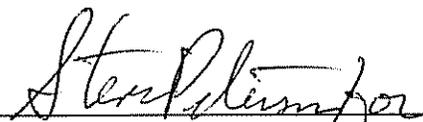
The workshop on the City's Condominium Conversion Ordinance (Chapter 17.192 of the City Municipal Code) is not a project under Section 21065 of CEQA and CEQA Guidelines Section 15378 (b)(2). These reports are therefore covered by the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment (CEQA Guidelines Section 15061(b)(3)).

Policy Considerations:

This workshop is consistent with Council's Strategic Plan, specifically by addressing the goal to increase housing opportunities for all Sacramento residents to live in safe and affordable housing. It is also consistent with the policies in the City's 2002-2007 Housing Element. Specifically, there are two policies in the Housing Element that relate to condominium conversions. Both are similar and relate to the need to monitor the conversion of condominiums in order to protect the rental housing supply. However, there are also recommendations to modify the existing Condominium Conversion Ordinance in order to allow the conversion of some rental housing projects. The focus is on the Central City Community Plan Area, given the high percentage of rental housing in this area (refer to Program 1.12 in the 2002-2007 Housing Element).

Emerging Small Business Development (ESBD):

No goods or services are being purchased under this report.

Approved by: 
Carol Shearly
Director of Planning

Recommendation Approved:

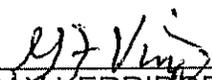

RAY KERRIDGE
City Manager

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Attachment 1

Overview of Condominium Conversion Process

The following provides a summary description of the condominium conversion process under Title 17.192 of the City's Municipal Code. The full text of the Condominium Conversion Ordinance is contained in Attachment 4.

When Does the Ordinance Apply?

A Special Permit for a condominium conversion is required when an owner wishes to convert an apartment project to a condominium, or it also applies to any townhome or condominium development where the entire complex has always been rented out by a single owner rather than units individually sold.

Basic Requirements of the Ordinance:

Condominium conversions must meet the following requirements:

- Must receive a Special Permit and also a Tentative Map (unless previously subdivided but never individually sold) approved after public hearing by the Planning Commission and City Council;
- Must meet development and building and housing code standards;
- Building must be constructed under building permit issued after 1952 Uniform Building Code;
- Must occur during a year when there is an adequate rental supply (must be greater than five percent vacancy rate [refer to Attachment 3 for 2004/2005 vacancy rates] in the community plan area or mitigated through other means);
- Owner must offer to all qualified low and moderate-income tenants units available for purchase at affordable level (i.e., 35% of annual income). Tenants have 90 days to accept offer of sale. Eligible tenants are low and moderate income tenants less than 110% of median income;
- If tenants choose not to purchase, elderly, handicapped and low and moderate-income tenants must be offered a three-year lease, with four successive options to renew the lease, maximum rental increase of seven percent annually; and
- Owner must provide relocation assistance and \$550-\$600 relocation fee to eligible tenants, and demonstrate adequate rental replacement housing for eligible low and moderate-income tenants.

Conversion Process:

1. *Owner Sends Out Notice of Intent to Convert*
Sent by owner to all tenants, City, and any project area committees at least 60 days before submitting an application.
2. *Application Submitted*
Requirements:

- Boundary map (site plan, easements, etc.);
- Proposed Organization Documents, including Covenants, Conditions, and Restrictions (CC&Rs) and Homeowners' Association (HOA) operations/funding;
- Property Report (prepared by licensed engineer and pest control operator) details conditions of all components of the building and improvements, condition of appliances within each unit, pest control report, and sound ratings;
- Building History Report listing date of construction, major repairs and renovations, owners;
- Noncompliance Report, identifying all characteristics that don't meet current building codes;
- Capital Contribution Statement, on any capital contribution to the association to be made by the owner for deferred maintenance;
- Rental History Report, with rents, vacancy, and evictions over the last three years;
- Affidavit for Failure to Submit Information, explaining why any information is missing or unavailable;
- Relocation Assistance Report, describing availability of replacement housing and relocation assistance for each eligible tenant;
- Report on Sales and Lease Program for Qualified Low and Moderate Income Tenants, describing how owner will meet the sales offer requirements or lease opportunities for eligible tenants;
- Tenant Survey, questionnaire submitted by the applicant for each tenant, to be mailed by and returned to City;
- Additional Information required by City;
- Special Permit Fee (\$9,298); and
- Tentative Map Submission and Fee (\$6,500 to \$7,500, depending on number of units).

3. *Evaluation and Building Inspection*

- City planning staff mails out and receives back tenant surveys and evaluates application materials; and
- City sends out building inspectors and makes information available regarding compliance with health and building codes. If building doesn't meet current code requirements, owner must provide performance bond to bring project into compliance.

4. *Planning Commission Hearing*

Noticed Planning Commission hearing. Takes action on Tentative Map and makes recommendations to City Council regarding Special Permit.

5. *City Council Hearing*

Noticed City Council hearing. Approves or denies Special Permit for conversion.

6. *Final Map*
Applicant submits necessary documents to City to final and record map.
7. *State Department of Real Estate (DRE)*
Submission to State Department of Real Estate for approval of condominium plan, homeowners' association bylaws, and CC&Rs.

ATTACHMENT 2 Condominium Conversion Ordinances Comparison

The following table provides an overview of the key provisions of condominium conversion ordinances in the following jurisdictions: the cities of San Francisco, San Jose, San Diego, Fresno, Roseville and Santa Monica as well as Sacramento County. These jurisdictions were chosen due to the features of their condominium conversion ordinance, their size, or their location. Staff tried to find a broad range of ordinances to compare with the City's own ordinance.

Each ordinance was assessed using four categories: 1) how their conversion process worked (e.g., permit, application process, hearings, fees); 2) the type of building requirements and development standards that would apply to conversions and whether there are any exemptions from those requirements; 3) what triggers there were which might affect whether the conversion process could proceed (e.g., vacancy rate limitation, limitation on amount of rental units converted, etc.); 4) the type of tenant and affordability protections that are required. Based on staff's review of those ordinances from other jurisdictions, the City of San Francisco appears to be the most restrictive ordinance with the greatest tenant protections, while the City of Roseville, despite the high fees charged, has the most streamlined process compared to the others reviewed.

Several of the condominium conversion ordinances include interesting features that are designed to address specific concerns raised in those jurisdictions. Some of these include:

- **Special Fees:** In addition to application, permitting and processing fees (e.g., special permit fee, tentative map fee, etc.), the City of Roseville requires a one-time community benefit fee of \$5,000 per unit. In addition, Roseville creates a community facilities district for the converted projects and applies an annual public safety services fee that ranges from \$186 to \$285 per unit.
- **Annual Limitation:** Both the cities of San Francisco and Fresno restrict conversions to certain times during the year. Fresno allows them to be processed semi-annually. San Francisco limits the number of units to be converted to 200 per year and holds a lottery once a year to determine which complexes that have applied may convert.
- **Rental Housing Stock Limitation:** Roseville's ordinance prohibits a conversion if that would reduce the rental housing stock below 15 percent of the total housing supply. San Francisco, as noted above, only allows 200 units to be converted each year.

- **Building Code Restrictions:** Both the City and County of Sacramento's ordinances do not allow the conversion of apartment buildings built before 1952. City staff has generally interpreted this to mean that pre-1952 complexes must be brought up to current building code requirements in order to proceed with conversion.
- **Vacancy Rate Restrictions:** Many of the jurisdictions surveyed prohibited conversions if the vacancy rate was below five percent, which is widely regarded as an indicator of a tight rental housing market. However, the City of San Diego uses a seven percent threshold.
- **Inclusionary Ordinance Provisions:** Many of the jurisdictions surveyed also applied their inclusionary ordinance to the converting project. For example, San Francisco, San Diego, and Roseville apply a 10% inclusionary requirement, while the County of Sacramento applies a 15% requirement. With the exception of the County of Sacramento, most of these inclusionary ordinances include not only a low-income component, but also the provision of moderate-income units.
- **Pre-Conversion Protections:** The City of San Jose, for example, has a number of pre-conversion protections in its ordinance that are designed to safeguard existing tenants. Their ordinance includes specific language that prohibits unjust evictions (i.e., evictions without just cause), limits on rent increases, right to continued tenancy, and protection against coercion and retaliation by the owner/landlord.

Attachment 2

Condominium Conversion Ordinance Comparison

Requirements	City of Sacramento	Sacramento County	Fresno	Santa Monica	San Diego	San Francisco	San Jose	Roseville
Process								
Permit Required	Special Permit	Conditional Use Permit	Application Only	Design Compatibility Permit	Application Only	Application Only	Conditional Use Permit	Application Only
Public Hearing (CC, PC, BOS)	CC & PC	BOS & PC	CC & PC	CC & PC	PC	PC	CC & PC	CC & PC
Permit and Other Fees*	Y(\$9,298)	Y(\$9,631) ⁵	Y(\$2,750)	Y(\$7,812)	Y(\$200/unit to housing commission) ¹¹	Y(\$1,375 App Fee)	Y ¹⁷	Y(Application, CFD&CBF fees) ²²
Processing date restrictions	None	None	Semi-annual consideration	None	None	Yearly Lottery ¹⁴	None	None
Project size limits	N	N	N	N	< 4 units ¹²	N	Y	N
Development Standards /Building Requirements								
Restrictions	Pre-1952 buildings must be up to UBC	Pre-1952 buildings must be up to UBC	N	Y ⁹	N	No conversion will be approved unless 40% of tenants intend to purchase	N	Only in R3, Attached Housing, Residential Mixed Use and PD Districts
Economic hardship exceptions	Y ¹	N	N	N	N	N	Y ¹⁸	N
Contributions and/or warranties	Contributions not required.	1yr. warranty on each fixed appliance in unit (new or used)	N	1yr. warranty for maintenance costs	N	N	Y ¹⁹	N
Triggers								
Vacancy Rate	Y (> 5%)	Y (> 5%)	N	Y (> 5%) ¹⁰	Y (> 7%)	N (Lottery) ¹⁴	N	Y (> 5%) ²³
Protections for Multi-Family Rental Stock	N	N	N	N	N	N ¹⁵	N	Y (> 15%) ²⁴
Unit conversion limitation	N	N	N	N	N	Y (200/yr)	N	N

**Attachment 2
Condominium Conversion Ordinance Comparison**

Requirements	City of Sacramento	Sacramento County	Fresno	Santa Monica	San Diego	San Francisco	San Jose	Roseville
Tenant & Affordability Protections								
Notice of intent to convert	Y	Y	Y	Y	Y	Y	Y	Y
Pre-conversion protection	No unjust evictions or increases in rent ²	No unjust evictions and no rent increases more frequent than once every 6 mo.	No rent increases > 8%/yr from time of filing to relocation	N	N	With any discrimination against elderly or disabled or substantial rent increases, PC will disapprove application	No unjust evictions, limits on rent increases, right to continued tenancy, & protection against coercion/retaliation	N
Options to Purchase	Y	Y	Y	Y	Y	Y	Y	Y
Relocation Assistance	600/\$500 ³	\$300/\$200 ⁶	Equal to minimum of 2 mo. rent of vacated unit	N/A	Equal to 3 mo. current rent ¹³	Moving assistance and any costs for relocation	Displacement cost or equal to difference between preconversion rent and comparable replacement ²¹	Determined by Council or at minimum, 2 mo. rent + security deposit paid by tenant
Protections for low income, elderly, & disabled tenants	Y ⁴	Y ⁷	Y ⁸	N	N	Y ¹⁶	N	Y ²⁵
Ownership Incentives for low/moderate income tenants	Sales & Lease Program	N	N	N	Relocation payment may be used as downpayment assistance on converted unit	N	N	Min. assistance: incentives must be equal/greater than relocation assistance. ²⁸
Inclusionary Ordinance applied to conversion	N	Y (15%)	N	N	Y (10%)	Y (10%)	N	Y (10%) ²⁷

Attachment 2 Condominium Conversion Ordinance Comparison

Requirements	City of Sacramento	Sacramento County	Fresno	Santa Monica	San Diego	San Francisco	San Jose	Roseville
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Notes:

- CC = City Council
- PC = Planning Commission
- BOS = Board of Supervisors
- *Permit fees based on best available data from surveyed jurisdictions. Other fees or charges may be involved including application fees, processing fees, map fees, etc.

City of Sacramento

- ¹ Economic hardship - Council may grant a variance and special permit if complying to all developmental standards causes unreasonable economic hardship and the project, as conditioned, will be in substantial compliance with such development standards and incorporates mitigation features
- ² Preconversion protections- from date of giving notice to convert until relocation no tenant shall be unjustly evicted and no rent increases more frequently than once every 6 months or greater than fair market rent est. by HUD
- ³ Protection for elderly, disabled... - relocation special assistance (payment subsidies, refund of deposits, etc) and sales and lease programs
- ⁴ Relocation fee- payment of actual moving costs to relocate or in lieu of this, \$600 if relocating from unfurnished unit/\$500 if relocating from furnished unit

Sacramento County

- ⁵ Fees- \$9631 plus \$4.06 per tenant for staff report to tenant
- ⁶ Relocation fee - \$300 if tenant relocates from unfurnished unit and \$200 if tenant relocates from furnished unit
- ⁷ Protections- payment of 1st month's rent and all deposits or tenant may opt for refund of all deposits, payment of difference to new complex if fees surmount deposits/fees subsidy of difference if rent is higher at new complex for 1 yr. 59 yr lease if tenant is elderly or handicapped and qualifies as low income

Fresno

- ⁸ Protections- lifetime leases for elderly tenants and extended leases for students

Santa Monica

- ⁹ Restrictions- no conversion of rental units to market-rate condos or cooperatives permitted until rental units demolished or converted in 1978/79 are replaced
- ¹⁰ Vacancy rates must exceed 5% of total rental housing inventory for a period of 90 days prior to approval

San Diego

- ¹¹ Fees-\$200/unit to reimburse Housing Commission (HC) for monitoring compliance. If cost incurred by HC exceed deposit by applicant, an additional deposit of \$200/unit required
- ¹² Project size limits- conversion of projects of less than 4 units receive Map Waivers and exempt from CA Dept of Real Estate approval
- ¹³ Relocation fees- do not apply to condominium conversions if the vacancy rate exceeded 7% starting April 1 of that year

San Francisco

- ¹⁴ Restrictions- No applications will be accepted by Dept of Public Works during Jan. 1, 1994 through Dec. 31, 2006, inclusive, except that a maximum of 200 units as selected yearly by lottery.
- ¹⁵ Multi-family low/moderate income stock - Dept of City Planning will determine if any units to be converted are part of City's low/moderate income rental stock. If there are, then the price of the unit upon conversion shall not be such as to remove it effectively from said low/moderate income housing stock
- ¹⁶ Lifetime leases for elderly (62 years or older) and permanently disabled tenants, plus no rent increases greater than Bay Area cost of living index.

Attachment 2

Condominium Conversion Ordinance Comparison

Requirements	City of Sacramento	Sacramento County	Fresno	Santa Monica	San Diego	San Francisco	San Jose	Roseville
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San Jose

- ¹⁷ Fees - Plan Review \$170/hr
- ¹⁸ Economic Hardship- may be granted if the strict application of development standards create an unreasonable economic hardship. This is subject to conditions that will provide for substantial compliance with such development standards and incorporate mitigation features into the project
- ¹⁹ Contributions and Warranties - capital contribution for deferred maintenance of the common area, 1-year warranty (provided free of charge) for systems described in property report, 1-year warranty for units such as dishwashers, garbage disposals, stoves, refrigerators, etc..
- ²⁰ Noticing- noticing to tenants must be printed in both English and Spanish
- ²¹ Relocation assistance may be imposed by CC or PC

Roseville

- ²² Fees - Community Facilities District for Services(CFD) fees = \$285 annually for low/medium density or \$186 annually for high density units - per unit fee adjusted annually
Community Benefit Fee (CBF) - one time \$5,000 per unit
- ²³ Vacancy rate survey to be provided by applicant of multi-family rental complexes of at least 50 units or more located within City limits - Director shall determine City-wide vacancy rate
- ²⁴ No application permitted if multi-family rental units is at or below 15% of total number of housing units within the City or if the application will reduce the percentage below 15%
- ²⁵ Protections- leases with terms with no less than 12 months for disabled or low-income tenants. Elderly tenants (60 yrs or older) shall receive lifetime leases
- ²⁶ Incentives offered may include low-interest loans, reduced prices, application of percentage of rent payment toward downpayment or similar items approved by Commission
- ²⁷ Inclusionary requirements-Projects not already subject to affordable rental obligations shall be subject to the 10% affordable units

ATTACHMENT 3

City of Sacramento Multi-Family Vacancy Rate 2005

Community Plan Area	Total No. Properties	Average Vacancy Rate
North Natomas	10	13.1%
South Natomas	20	6.8%
Pocket ¹	22	7.7%
North Sacramento	4	9.0%
Arden Arcade	11	4.1%
Central City/East Sacramento	12	6.0%
South Area ²	10	6.7%
East Broadway	5	3.7%

Notes:

1) Due to the limited number of rental properties in the Land Park Community Plan area, this has been included in the Pocket area rate.

2) The new South Area Community Plan area includes the former Airport-Meadowview and the western portion of the South Sacramento Community Plan areas.

Source: CB Richard Ellis and Arroyo & Coats, October 2005.

ATTACHMENT 4

City of Sacramento

Chapter 17.192

CONDOMINIUM CONVERSION AND NEW CONSTRUCTION PROGRAM

17.192.010 Purpose.

The city council finds it necessary to establish requirements and procedures for the control and approval of residential condominium new construction and residential condominium conversions. By their unique character and requirements, condominium and condominium conversion projects differ specifically from other subdivisions and apartments. The unique status of such projects tend to magnify the effects associated with higher urban densities to the point where they may lead to conditions of mismanagement, neglect, and blight that impact upon the public health, safety, welfare and economic prosperity of the city. Such projects may conflict with the policies of the city to provide a reasonable balance of rental and ownership housing within the city and within the city's neighborhoods, to provide a variety of individual choice of tenure, type, price and location of housing, and to insure an adequate supply of rental housing for low and moderate income persons and families. It is also recognized, however, that such projects may benefit the city by providing a source of low and moderate income ownership housing. To insure that the problems are avoided in both the short and long term, while maximizing the benefits of such projects, it is the express intent of the city to treat such projects differently from the multiple-family dwellings or other structures which are not condominium new construction and condominium conversion projects in the city. This chapter is intended to apply only to residential condominium projects, both new construction and conversions, and to insure such projects are approved consistent with policies and objectives of the city, particularly the following:

- A. To make adequate provision for the housing needs of all economic segments of the community;
- B. To facilitate inhabitant ownership of residential units, while recognizing the need of providing for a reasonable balance of rental and ownership housing;
- C. To help mitigate the impact of eviction for residents of rental units as a result of their units being converted to condominiums;
- D. To inform existing tenants and prospective condominium purchasers of the construction or conversion applications, its overall impacts, and the physical conditions of the structure offered for purchase; and
- E. To insure that new units being constructed and rental units being converted to condominiums meet the reasonable physical standards as required by this chapter and all other provisions of this code. (Ord. 99-015 § 6-3-A)

17.192.020 Definitions.

The following definitions pertain to this chapter related to condominium conversions and new construction.

"Affected community plan area" means the community plan area within which a building proposed for conversion is located and other community plan area the boundary of which is located within a quarter mile of the building proposed for conversion.

"Applicant" means the owner(s) or subdivider(s) with a controlling interest in the proposed project, and any successors in interest.

"Association" means the organization created to own, lease, manage, maintain, preserve and control the lots, parcels or areas of a project, or any portions thereof or interests therein owned in common by the owners of the separately owned condominium units.

Building of Similar Size. All residential buildings with two, three or four dwelling units shall be deemed to be of similar size. All residential buildings with five or more dwelling units shall be deemed to be of similar size.

"Common area" means an entire condominium project excepting all units therein.

"Comparable housing" means housing as described in Section 17.192.050(R)(1)(c) of this chapter.

"Condominium" means and includes:

1. "Condominium" as defined by Section 783 of the Civil Code;
2. "Community apartment project" as defined by Section 11004 of the Business and Professions Code;
3. "Stock cooperative" as defined by Section 11003.2 of the Business and Professions Code; and
4. "Planned development" as defined by Section 11003 of the Business and Professions Code.

The term "condominium" specifically includes, but is not limited to, the conversion of any existing structure for sale pursuant to a method described in subsections (1) through (4) of this definition.

"Condominium conversion" or "conversion" means a change in the ownership of a parcel or parcels of property, together with structures thereon, whereby the parcel or parcels and structures previously used as rental units are changed to condominium ownership.

"Condominium project" or "project" includes the real property and any structures thereon, or any structures to be constructed thereon, which are to be divided into condominium ownership.

"Condominium unit" or "units" means the individual spaces within a condominium project owned as individual estates.

"Eligible tenant" means any tenant who was a resident of the project proposed for conversion on the date notice of intent to convert is given, pursuant to Section 17.192.050(B)(1) of this chapter and on the date of approval of the special permit and tentative map for the condominium conversion.

"Low income," when used by itself or as a modifier of person or household or other term, means eighty (80) percent or less of the median income as established annually by the U.S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area within which the proposed conversion project is located as adjusted for the number of members of the household.

"Moderate income," when used by itself or as a modifier of person or household or other term, means eighty-one (81) percent to one hundred twenty (120) percent of the median income as established annually by the U.S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area within which the proposed conversion project is located as adjusted for the number of members of the household.

"Organization documents" means declaration of covenants, conditions and restrictions, title of incorporation, by-laws, and any contracts for the maintenance, management, or operation of all or any part of a project.

"Residential condominium project" means residential condominium project intended for residential occupancy, the conversion of a building used for multiple-family rental housing to condominium ownership intended for residential or nonresidential occupancy, and the conversion of a nonresidential building to condominium ownership intended for residential occupancy.

"Special category" refers to persons or tenants who fall within one or more of the following categories:

1. "Elderly" means individuals sixty-two (62) years of age or older;

2. "Handicapped" or "disabled" is defined in Section 50072 of the California Health and Safety Code or Section 223 of the United States Social Security Act, 42 USC 423;

3. "Low income" is defined in this section;

4. "Moderate income" is defined in this section;

5. "Single heads of households" means residing with one or more minor children.

"Unjust eviction" means an eviction for other than one or more of the following reasons:

1. The tenant has failed to pay the rent to which the landlord is entitled.

2. The tenant has violated an obligation or covenant of the tenancy other than the obligation to surrender possession upon proper notice and has failed to cure such violation after receiving written notice thereof from the landlord.

3. The tenant is committing or permitting to exist a nuisance in or is causing damage to, the rental unit or to the appurtenance thereof, or to the common areas of the property containing the rental unit, or is creating an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents of the same or any adjacent building.

4. The tenant is using or permitting a rental unit to be used for any illegal purpose.

5. The tenant who had a written lease or rental agreement which terminated on or after the effective date of this provision, has refused, after written request or demand by the landlord, to execute a written extension or renewal thereof for a further term of like duration with similar provisions and in such terms as are not inconsistent with or violative of the provision of this subsection.

6. The tenant has refused the landlord reasonable access to the unit for the purpose of making repairs or improvements, or for the purpose of inspection as permitted or required by the lease or by law, or for the purpose of showing the rental unit to any prospective purchaser or mortgagee.

7. The person in possession of the rental unit at the end of a lease term is a subtenant not approved by the landlord.

"Unreasonable economic hardship" means a hardship which renders the project economically infeasible and incapable of being accomplished in a successful manner within a reasonable period of time.

“Unreasonable rent increase” means increases in rent that substantially exceed the housing component of the Consumer Price Index on an annualized basis and which cannot otherwise be justified by costs of physical improvements to the building or site, repairs for damage, taxes, or other expenses attributable to the operation of the building, or by changes in the market demand for rental housing. (Ord. 2005-040 § 1; Ord. 99-015 § 6-3-B)

17.192.030 General requirements.

A. Special Permit Required. No condominium conversion and no new condominium construction shall be permitted in any zoning district unless the same is permitted in such district pursuant to the provisions of Chapter 17.24 of this title and until a special permit therefore has been applied for and issued in accordance with the provisions of this chapter and Chapter 17.212 of this title.

The provisions of Chapter 17.212 of this title shall apply to applications for special permits for condominium conversions and new condominium construction, and the provisions set forth in this chapter, including without limitation, those relating to notice requirements, applications, development standards, and findings, shall apply in addition to the provisions of Chapter 17.212; provided, that if a provision of this chapter directly conflicts with a provision of Chapter 17.212 of this title, the provision of this chapter shall prevail.

B. Hearing. Notwithstanding the provisions of Section 17.212.030(A) of this title, at least one public hearing shall be held on application for a special permit for a condominium conversion under Section 17.192.050 of this chapter by each of the planning commission and city council. The hearing by the city council shall be noticed and held in accordance with all applicable requirements of this chapter and Chapter 17.212 of this title which govern the planning commission’s consideration of the special permit.

C. Expiration of Special Permit for Failure to Establish Use. The expiration of a special permit issued under this chapter shall be governed by the provisions of Section 17.212.100(B) of this title, provided that a condominium conversion project shall be deemed established when one unit in the project has been sold to an individual purchaser other than the owner or applicant.

D. Determination of Vacancy Rate. The planning director shall determine and make public, on an annual basis, on the first of March of each year, the average rental vacancy rate in each community plan area in accordance with accepted industry reporting methods. The vacancy rates shall be calculated on the basis of multiple family rental vacancy by community plan area. The applicable city-determined vacancy rates shall be submitted to and considered by the city planning commission and city council in connection with the review of applications for special permits for condominium

conversion projects under this chapter; provided, that at any hearing wherein such an application is considered, the applicant or any other person may present evidence concerning the accuracy of the vacancy rate as determined by the city, or as contended by the applicant, and the city planning commission and city council may consider, but shall not be bound by, such evidence when considering the application.

E. Exception: Condominium Conversions of Certain Buildings Located in the Central City. Notwithstanding the provisions of this section and Section 17.192.050, the conversion to condominiums of buildings located within the central city that were constructed pursuant to building permits issued on or after January 1, 1999, and on or before December 31, 2002, shall be governed by this section; provided that the application for conversion is filed on or before January 1, 2010 and thereafter pursued diligently to completion. (Ord. 2003-005 § 1; Ord. 99-015 § 6-3-C)

17.192.040 Condominium new construction.

A. Applications. A special permit shall be required for all new condominium construction as provided in Section 17.192.030 of this chapter. The application procedure for a special permit for condominium new construction shall be governed by the provisions of Chapter 17.212 of this title.

B. Development Standards. The following development standards shall apply to all applications for a special permit for new condominium construction:

1. Off-Street Parking. Notwithstanding the provisions of Chapter 17.64 of this title, off-street parking shall be provided at a ratio of not less than one parking space per dwelling unit. The dimensions, location, and use of such parking shall be subject to the provisions of Chapter 17.64 of this title.

2. Utilities.

a. Sewer. Each condominium unit shall have a separate sewer service hookup; provided, that the planning commission may permit the use of common sewer lines that are oversized by one size or more, or which are hydraulically designed with the concurrence of the city engineer, finds the common sewer lines can adequately service the condominiums and that separate service hookups would not be feasible.

b. Water. Each condominium unit shall have a separate water service hookup or shutoff; provided, that the planning commission may permit a single water system to service more than one condominium unit where shutoffs are provided wherever practicable and where the planning commission, with the concurrence of the city engineer, finds that the single water system can adequately service the condominiums and separate service hookups or shutoffs are not feasible.

c. Gas. Each condominium unit shall have a separate gas service where gas is a necessary utility.

d. Electricity. Each condominium unit shall have a separate electrical service, with separate meters and disconnects and ground fault interrupters where and as required by the Building Code.

3. Sound Attenuation. Each condominium unit shall comply with the state of California's Noise Insulation Standards (California Amended Code Section 1092).

4. Deleted.

5. Ownership Organization. All condominium projects shall provide an ownership association responsible for the care and maintenance of all common areas and common improvements and any other interest common to the condominium owners. Complete and true copies of all covenants, conditions and restrictions, articles of incorporation and by-laws shall be subject to review and approval by the city prior to occupancy as a condominium unit. The city may be made a third party beneficiary to all or any portion of the covenants, conditions and restrictions as deemed appropriate.

6. Building Code Requirements. Each unit of a condominium project, and all commonly owned portions of a condominium building shall comply with all applicable building code standards. Nothing herein shall be construed to prevent or prohibit the applicant or the city from providing or requiring building standards greater than those set forth in the Building Code where the greater standards are found to be necessary to carry out the purposes and objectives of this chapter. (Ord. 2003-005 § 2; Ord. 99-015 § 6-3-D)

17.192.050 Condominium conversions.

A. Special Permit Application. Recognizing that the conversion of existing structures which have been previously occupied and constructed as rental units presents unique problems to present tenants and future buyers, the application for a special permit for a condominium conversion project shall include the following information in addition to that required by Chapter 17.212 of this title.

1. A boundary map drawn to scale showing the location of all existing easements, structures, existing trees and other improvements on the property.

2. Proposed organizational documents, including the covenants, conditions and restrictions to be recorded pursuant to Section 1350 et seq. of the Civil Code. The organizational documents shall provide for the following:

a. Transfer of title to each unit;

- b. Assignment of parking for each owner;
- c. The management of common areas within the projects and minimum maintenance requirements for continued compliance with applicable health and safety standards as established by the city;
- d. A proposed annual operating budget, including a report disclosing the amount of deposit to be provided by the developer and the manner in which it was calculated, to defray expenses of the association in replacing and maintaining major mechanical and electrical equipment;
- e. The FHA regulatory agreement, if any; and
- f. The anti-discrimination provisions set forth in subsection J of this section.

3. Property Report. The property report shall describe the condition and estimate the remaining useful life of each of the following elements of each structure situated within the project proposed for conversion: roofs, foundations, exterior paint, paved surfaces, mechanical systems, electrical systems, plumbing systems, sewage systems, sprinkler systems for landscaping, utility delivery systems, central or community heating and air conditioning systems, fire protection systems including any automatic sprinkler systems, alarm systems, or standpipe systems, and structural elements. The property report shall include a structural pest control report.

The property owner shall state what the sound transmission class and sound impact class of the existing floor-to-ceiling and wall-to-wall assemblies of each unit are. The report shall also explain, in lay terms, what the class ratings mean and state what measure, if any, the applicant will take to improve sound attenuation between units.

The property report shall list each such appliance to be contained in each or any unit offered for sale and shall state whether the appliance is or will be new or used when the unit is first offered for sale. The report shall also state the terms and nature of the warranty offered by the applicant on each such appliance.

Each portion of the property report shall be prepared by an appropriately licensed engineer, except that the structural pest control portion of the property report shall be prepared by a licensed structural pest control operator in compliance with Chapter 14 of Division 13 of the California Business and Professions Code.

- 4. A building history report including the following:
 - a. The date of construction of all elements of the project;
 - b. A statement of the major uses of the project since construction;

c. The date and description of each major repair of any element since the date of construction. A "major repair" is any repair requiring an expenditure of one thousand dollars (\$1,000.00) or more;

d. The date and description of each major renovation of any element since the date of construction. A "major renovation" is any renovation requiring an expenditure of one thousand dollars (\$1,000.00) or more; and

e. The name and address of the current owner(s) of all improvements and the underlying land.

5. Noncompliance Report. A report identifying all characteristics of the building not in compliance with this title or applicable building or housing codes.

6. Capital Contribution Statement. A statement as to whether the applicant will provide any capital contribution to the association for deferred maintenance of the common areas, the sum of the contribution, and date on which the association will receive the sum.

7. A rental history report detailing the size, in square footage, of the building or buildings and each unit; the current or last rental rate; the name and address of each present tenant; the monthly rental rate for the preceding three years for each unit; the average monthly vacancy over the preceding three years; the number of evictions over the preceding three years; and the number and type of special category tenants for each unit presently residing in the project and over the preceding three years.

8. Affidavit for Failure to Submit Information. Failure to provide any information required by subsections (A)(3), (4), (5), (6) and (7) of this section, shall be accompanied by an affidavit or declaration given under penalty of perjury, setting forth in detail all efforts undertaken to discover the information and all reasons why the information could not be obtained.

9. Relocation Assistance Report. A detailed report describing the relocation assistance to be given to each eligible tenant and the availability of comparable replacement housing for each eligible tenant. Comparable replacement housing shall be as defined in subsection (R)(1)(c) of this section.

10. Report on the Sales and Lease Program for Qualified Low and Moderate Income Tenants. A detailed report describing the methods by which the applicant shall comply with the provisions of subsections F and I of this section, sales and lease program for qualified low and moderate income tenants. The description shall include, where applicable, the appraised apartment market value of the project and each unit. This description shall be supported by an affidavit or declaration under penalty of perjury as to its truth and accuracy.

11. Tenant Survey. A survey of all the tenants in the conversion project indicating how long each tenant had been a resident of the project, why each tenant moved into the project, how long each tenant had planned to live in the project, whether or not each tenant would be interested in purchasing a unit within the price range estimated for the project, where each tenant would relocate if the conversion took place and the tenant did not purchase a unit, and the extent of tenant approval in principle of the conversion. To comply with this provision the applicant shall provide a questionnaire, in a form approved by city, to each tenant with an envelope, postage prepaid, addressed to the city planning department. The questionnaire shall direct the tenant to return the completed form directly to the city planning department.

12. Additional Information—If Necessary. In addition to the information required in subsections (A)(1) through (11) of this section, the city council, planning commission, or planning director may require additional information necessary to evaluate the conversion project in order to make proper findings in accordance with the purposes and objectives set forth in Section 17.192.010 of this chapter, and as required by subsection R of this section, the adopted city general plan, or any specific or community plan or element thereof in effect at the time of such application. Such information may include, but shall not be limited to:

- a. An economic report comparing the units in the conversion project, as both rentals and owners units, with housing available within the community plan areas affected by the project;
- b. An economic report on proposed project unit costs, monthly association costs, and comparative rates city-wide;
- c. An economic report on availability of comparable rental units at similar rental rates remaining within the affected community plan areas, including vacancy rate information;
- d. A report outlining the available low and moderate income housing units (rental and sales housing) within the affected community plan areas;
- e. A report on the feasibility of providing all or a portion of the conversion units for sale to low and moderate income individuals or families;
- f. A report on the feasibility of not converting a portion of the total units in order to retain them for rental occupancy; and
- g. Any additional information considered reasonable in determining housing needs, housing availability, costs and housing impacts of the proposed conversion.

13. Special Permit Application and Fee. The application for a special permit made pursuant to this section shall be accompanied by a fee as established by resolution of the city council.

B. Notices.

1. Notice of Intent to Convert. At least sixty (60) days prior to filing an application for a special permit for a condominium conversion pursuant to this chapter or for a tentative subdivision map to convert an existing residential building into condominium ownership, the applicant shall notify all the tenants of the project, the city, and the local project area committees, if any, of the intended conversion. The notice must be written in nontechnical language comprehensible to all tenants of the building. The notice shall include the following:

- a. A general description of the proposed project;
- b. The name of the current owner and applicant and where such person or persons can be contacted;
- c. The anticipated schedule of approval and conversion;
- d. A detailed description of the applicant's plans for relocation of tenants, relocation assistance, compliance with the sales and lease program for qualified low and moderate income tenants, and limitations on rent increases;
- e. Notification of the tenant's rights to receive notice of hearings in the following form:

NOTICE

To the occupants of: _____

The owner(s) of this building, at _____
(address)

plans to file a Tentative Map with the City of Sacramento to convert this building to a condominium. You shall be given notice of each hearing for which notice is required

Handwritten initials/signature

pursuant to Sections 66451.3 and 66452.2 of the Government Code, and you have the right to appear and the right to be heard at such hearing.

Signature of owners or owner's agent

(Date)

f. Notification of the tenants' right to purchase the unit they are renting; to receive notice of intention to convert prior to termination of tenancy due to the conversion, and to receive notice of final approval of the application within ten (10) days of approval of the final map;

g. Notification that the tenants will be given ten (10) days written notice that an application for a public report has been or will be submitted to the department of real estate and that such report will be available on request.

2. Notice of Hearings on Special Permit. In addition to the notice provisions of Chapter 17.212 of this title, notice of the time, date and place that the special permit is to be heard by the planning commission and city council shall be mailed by the planning director to the tenant of each unit proposed to be converted to condominium ownership. The notice shall be provided at least ten (10) but no greater than thirty (30) days before the hearing date, and the notice shall include the following information:

- a. The time, date and place of the hearing on the application;
- b. A general description of the proposed project in nontechnical language;
- c. The location and time at which tenants and other interested persons may review the planning department staff report on the application and the materials submitted with the application pursuant to subsection A of this section; and
- d. That the tenants shall have the right to appear at the hearing and be heard.

3. Application to be Made Available for Inspection. The applicant shall make available for public inspection the materials submitted with the application for the special permit pursuant to subsection A of this section and the tentative map at the

Sacramento Central Library and branch library nearest to the project site and on the project site itself, in the project manager's office or the central office.

4. Staff Report to be Made Available for Inspection. The planning director shall serve on the applicant and each tenant of the subject property a copy of staff's report and recommendation on the application at least three days prior to the hearing or action on the application by the commission.

C. Development Standards. The following development standards shall apply to all applications for a special permit for a condominium conversion:

1. Off-Street Parking. Notwithstanding the provisions of Chapter 17.64 of this title, off-street parking shall be provided at a ratio of not less than one parking space per dwelling unit. The dimensions, location and use of such parking shall be subject to provisions of Chapter 17.64 of this title.

2. Utilities.

a. Sewer. Each condominium unit shall have a separate sewer service hookup; provided, that the city council may permit the use of common sewer lines that are oversized by one size or more, or which are hydraulically designed with a one hundred (100) percent safety factor, where the council, with the concurrence of the city engineer, finds the common sewer lines can adequately service the condominiums.

b. Water. Each condominium unit shall have a separate water service hookup or shutoff; provided, that the city council may permit a single water system to service more than one condominium unit where shutoffs are provided wherever practical and where the council, with the concurrence of the city engineer, finds the single water system can adequately service the condominiums.

c. Gas. Each condominium unit shall have a separate gas service where gas is a necessary utility.

d. Electricity. Each condominium unit shall have a separate electrical service, with separate meters and disconnects, and ground fault interrupters where ground fault interrupters are required by present building codes.

3. Sound Attenuation. Floor-to-ceiling and wall-to-wall assemblies between each condominium unit must meet sound transmission and sound impact classes of fifty (50) lab test, or forty-five (45) field test, as prescribed in the Uniform Building Code for new construction.

4. Deleted.

5. Ownership Association. All condominium conversion projects shall provide an ownership association responsible for the care and maintenance of all

common areas and common improvements and any other interest common to the condominium owners. Complete and true copies of all covenants, conditions and restrictions, articles of incorporation, and by-laws shall be subject to review and approval by the city prior to occupancy as a condominium project. The city may be made a third party beneficiary to all or any portion of the covenants, conditions, and restrictions, as deemed appropriate.

6. Building Code Requirements. A building proposed for conversion, and each unit within the building, shall comply at a minimum with all applicable building code standards in effect at the time of the last alteration, repair, relocation, or reconstruction of the building, necessitating compliance with the building code, or, if none, at the time of first construction; and shall comply with current provisions of the city housing code, Chapter 8.100 of this code. Nothing herein shall be construed to prevent or prohibit the applicant or the city from providing or requiring building standards greater than those set forth in the building code where the greater standards are found to be necessary to carry out the purposes and objectives of this chapter.

7. Other Standards. Any other standards the council may adopt by resolution.

8. Building Code Compliance. No building shall be permitted to be converted to condominium ownership unless the building was constructed and subject to a building permit issued under the provisions of the 1952 Uniform Building Code, or subsequently adopted Uniform Building Code.

9. Full Compliance After Effective Date of Title. No building constructed after January 15, 1980, (the effective date of Ordinance No. 4305, Fourth Series), shall be permitted to be converted to condominium ownership unless the building was constructed in full compliance with all applicable building codes and the development standards contained in subsection C of this section, applicable to new condominium construction, in effect at the time of the last alteration, repair, relocation or reconstruction of the building, or, if none, at the time of first construction.

D. Building Inspection.

1. After reviewing the property report required pursuant to subsection (A)(3) of this section and after inspecting the structure within the project when deemed necessary, the building official shall identify and make available to the planning commission and city council all items evidenced by such reports or inspection to be in noncompliance with applicable building and housing codes or to be hazardous to the life, health or safety of an occupant of the units within the project or the general public. A special permit for a conversion shall require all such items to be corrected to the satisfaction of the building official.

2. If the proposed project does not comply with the provisions of subsection (C)(2), (3) or (6) of this section relating to utilities, sound attenuation, and

building code compliance, or if the building official identifies items to be corrected as provided in subsection (D)(1) of this section, any special permit issued pursuant to this part shall require the developer to furnish a performance bond, in an amount to be determined by the building official to be the reasonable estimated cost to bring the project into compliance with the codes and to make all necessary repairs. Such bond shall run in favor of individual purchasers andp the association. Such bond shall provide for reasonable attorney's fees in the event of default by the principal.

E. Tenant and Buyer Protection Provisions. In addition to the tenant protection provisions set out in Sections 66427.1 and 66452.9 of the Subdivision Map Act, Government Code Section 66410 et seq., the applicant shall comply with the provisions of subsections F through and including P of this section as a condition of any special permit for a condominium conversion project approved pursuant to this section.

F. Sales Program for Qualified Low and Moderate Income Tenants.

1. Purpose of the Program. The primary purpose of the sales and lease program is to mitigate the special impact a conversion project has on the low and moderate income tenants living in the project before conversion. This special impact is the result of the conversion project displacing these tenants while at the same time reducing the number of rental housing units in the market. The displaced low and moderate income tenants are more severely affected than other tenants and other individuals because of their inability, in most cases, to purchase the converted unit, their resulting immediate need to find replacement housing, and their lesser financial ability to compete for the remaining available rental units in the market. The proposed sales and lease program addresses the problem by providing ownership opportunities for low and moderate income tenants, thereby taking those tenants out of the rental market along with the converted unit, and by providing renewable leases for those tenants who cannot purchase, thereby retaining those units in the rental market for as long as the tenants are in need of them. Any alternative program approved by the city council under subsection (F)(8) of this section must specifically address the special impacts identified in this paragraph.

A secondary purpose of the sales and lease program is to use condominium conversion projects as a source of low and moderate income ownership housing. Any alternative program approved by the city council under subsection (F)(8) of this section should provide ownership opportunities to qualified low and moderate income tenants where feasible and consistent with the housing policies of the city.

2. Program. The applicant shall offer for sale to all qualified low and moderate income tenants the unit in which each tenant resides at the time the special permit for the conversion project is approved, or a comparable unit within the project, at a price which is affordable to the tenant. A "comparable unit" shall be a unit with the same floor plan, same amount of floor area (as measured in square feet) and the same amenities as the unit in which the tenant resides at the time the special permit is approved. The offer shall be made before or concurrent with the grant of the exclusive

right to contract for the purchase of the unit provided for in Section 66427.1(d) of the Government Code and shall remain open for ninety (90) days.

3. Definition—Qualified Low or Moderate Tenant. A qualified low or moderate income tenant shall be a tenant who meets all of the following requirements:

a. The tenant is an eligible tenant.

b. The tenant has an income of one hundred ten (110) percent or less of the median income as established annually by the U.S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area in which the proposed conversion project is located, adjusted for the number of members in the tenant's household.

c. The tenant does not, at the time notice of intent to convert is given by the applicant and at the time the offer is made, own any residential real property.

d. The tenant has not previously received assistance under this subsection F.

e. The monthly payments of principal, interest, loan insurance fees, property taxes and assessments, fire and casualty insurance, property maintenance and repairs, utilities (excluding telephone service), and homeowner association fees and assessments associated with the unit if it were to be sold without restrictions would exceed thirty-five (35) percent of the tenant's monthly income.

f. The tenant's assets are not greater than the total of the amount necessary to pay the estimated closing costs and down payment on the unit, the amount necessary to pay six months of the monthly payments identified in subsection (F)(3)(e) of this section, and five thousand dollars (\$5,000.00).

g. The tenant has provided the city with the information requested under subsection (F)(7) of this section within the specified time, and has supported the information provided with an affidavit or declaration to its truth and accuracy.

h. "Assets" means the value of the tenant's savings and any equity in stocks, bonds, real property, or other forms of capital investment. "Assets" do not include items reasonably necessary for the personal use of the tenant, such as personal effects, furniture, appliances and automobiles.

i. References to the qualified tenant's assets and income shall include the assets and income of those persons eighteen (18) years of age and older who are living with the tenant as a single housekeeping unit.

4. Definitions—Price.

a. A price which is "affordable to the tenant" shall be the maximum at which the tenant can qualify for financing for the unit for a minimum of thirty (30) years and for which the total monthly housing costs described in subsection (F)(3)(e) of this section would not exceed thirty-five (35) percent of the tenant's monthly income; provided, that in no event shall the applicant be required to sell the unit under this sales program at a price below the apartment market value of the unit at the time the application for a special permit under this section is filed.

b. "Apartment market value" shall be the value of the unit as an apartment and shall be determined by either a single appraisal or, at the option of the applicant, by averaging the results of two independent appraisals. The appraisal(s) shall be submitted to the planning director not less than thirty (30) days prior to the first public hearing on the special permit. The appraisal(s) shall be made by appraiser(s) selected randomly by the planning director from a pool of names of no less than five qualified appraisers. A "qualified appraiser" shall be an appraiser experienced in appraising multiple-family residential property and who is an active MAI member in good standing of the American Institute of Real Estate Appraisers, an active SREA or SRPA member in good standing of the Society of Real Estate Appraisers, an active ASA (urban real estate) member in good standing of the American Society of Appraisers, or a similarly qualified appraiser in good standing in a nationally recognized real estate appraisal institute or society. The names of qualified appraisers for the pool shall be selected by the city manager or his or her designee. The value determined by the appraisal(s) shall be binding on the city and the applicant. The applicant shall pay the fee(s) of the appraiser(s).

c. If, at the time the offer for sale at an affordable price is made under this subsection, the assets of the qualified tenant, as defined in subsection (F)(3)(h) of this section, are not sufficient to cover the down payment and closing costs on the unit required by the financing institution to qualify for financing on the unit, the applicant shall pay all or a portion of the down payment and closing costs, as necessary, in an amount not to exceed two thousand dollars (\$2,000.00). The amount paid by the applicant under this subsection shall be added to the amount secured by the second deed of trust on the unit under subsection (F)(6) of this section.

5. The qualified tenant shall have ninety (90) days from the date the offer is made to accept the offer of sale under this subsection. If the tenant does not accept the offer within that time period or fails to secure the necessary financing, the applicant may offer the unit for sale without restriction under this subsection. The tenant shall be entitled to the renewable lease provisions set forth in subsection (I)(1) of this section and to all other protections provided in this section.

6. Whenever a unit is sold to a qualified tenant under the provisions of this subsection, the unit shall be encumbered by a second deed of trust securing an obligation in an amount equal to the difference between the sales price paid by the qualified tenant and the price at which the unit would have sold without the

requirements imposed by this subsection. The beneficiary under the second deed of trust shall be the applicant. The second deed of trust shall provide for the following:

a. Simple interest on the amount secured shall accrue at a rate not exceeding five percent per year.

b. Neither principal nor interest shall be payable until the obligation secured by the second deed of trust has matured. The obligation shall mature when the unit is conveyed, transferred, leased, rented or otherwise alienated by the tenant; provided, that "conveyed, transferred, leased, rented or otherwise alienated" shall not include changes of ownership described in Sections 62, 63, and 63.1 of the Revenue and Taxation Code.

7. Qualification Determined by City.

a. To determine which tenants qualify for assistance under this subsection, the city, using the names and addresses of all the tenants in the proposed conversion project provided by the applicant in the completed application, shall notify the tenants of the provisions of this subsection by mailing a notice to each on a form approved by the city council. The notice shall request all information necessary to determine which tenants qualify for assistance. The notice shall instruct the tenants to return to the city planning department within fifteen (15) days the information requested, supported by affidavit or declaration under penalty of perjury as to its truth and accuracy. Based on the information received, the planning director shall determine which tenants qualify for assistance, shall notify those tenants, and shall submit their names to the applicant.

b. Notwithstanding the provisions of Chapter 17.200 of this title, the decision of the planning director shall be appealable directly to the city council and shall be governed by the provisions of Chapter 1.24 of this code.

c. Unless an appeal of the decision of the planning director is filed, and except for name and address, the information supplied by a tenant to the city under subsection (F)(7) of this section shall be held in confidence and shall not be disclosed to the public without the express written consent of the tenant. In the event an appeal is filed, the information shall be disclosed to the extent necessary to fully apprise all parties to the appeal of the facts supporting the planning director's decision.

d. Failure of any tenant to receive the notice advising of the sales program under this subsection shall not invalidate any proceedings conducted hereunder.

8. Alternative Program.

a. Upon request of the applicant, and in lieu of the requirements of this subsection, the city council may approve, or approve with conditions, an alternative program for providing housing opportunities to the low and moderate income tenants in the proposed conversion project upon a finding that the alternative program is the

substantial equivalent of the program provided by this subsection. Alternative programs may include, but need not be limited to, use of FHA single-family purchase programs and the Home Ownership and Community Development Act (25 Cal. Adm. Code Section 79 et seq.).

b. Upon request of the applicant the city council may waive, or waive with conditions, in whole or in part, the requirements of this subsection upon a finding that compliance would be inconsistent with or not in furtherance of the purposes set forth in Section 17.192.010 of this chapter and subsection (F)(1) of this section or the goals and policies of the housing element of the city general plan.

c. A request by the applicant pursuant to subsection (F)(8)(a) or (b) of this section immediately preceding shall be made within fifteen (15) days after the determination of the planning director made pursuant to subsection (F)(7)(a) of this section has been forwarded to the applicant. The city shall give notice of the request in the same manner as it gives notice of the hearing on the special permit, and a hearing shall be conducted on the request concurrently with the hearing on the special permit.

d. The applicant shall, within ten (10) days from the date of submitting the request to city, notify in writing all the eligible tenants in the project that a request for approval of an alternative program or a waiver under subsection (F)(8) of this section has been made and shall describe in detail the elements of the alternative program or the reasons for the waiver.

G. Tenant and Buyer Protection Provisions—Relocation Assistance. The applicant shall provide the following relocation assistance to each eligible tenant:

1. Assistance in Locating Comparable Replacement Housing. Assistance in locating comparable replacement housing, as defined in subsection R(1)(c) of this section, which shall include, but not be limited to, providing a report on the availability of comparable housing units and providing transportation for eligible tenants, where necessary, in connection with the relocation.

2. Payment of a Relocation Fee to each Eligible Tenant. The relocation fee shall consist of the payment of actual moving costs to relocate the tenant's personal property including the following specific costs: insurance, boxes, packing, transportation and unpacking. In lieu of this requirement, the eligible tenant may, at his or her option, accept a cash payment of six hundred dollars (\$600.00) if the tenant is relocating from an unfurnished housing unit or five hundred dollars (\$500.00) if the tenant is relocating from a furnished housing unit. If the eligible tenant is relocating to an area outside the Sacramento standard metropolitan statistical area, the tenant shall be entitled only to the cash payment of six hundred dollars (\$600.00) or five hundred dollars (\$500.00) whichever is applicable. An eligible tenant is not entitled to a relocation fee pursuant to this subsection if the tenant has been evicted for just cause.

3. Special Assistance. In case of eligible tenants who are elderly, handicapped, low-income, or single heads of households living with one or more minor children, relocation assistance shall include the following additional measures:

a. The payment of last month's rent for the new housing unit, if required upon moving in;

b. The transfer of all key, utility, pet, cleaning, and security deposits, minus damages, to the new housing unit or the refund of all or a part of such deposits, minus damages, to the eligible tenant, at the option of the tenant;

c. The payment of the difference, if any, between the amount of all deposits and fees required upon moving in to the new housing unit and the amounts transferred for or refunded to the eligible tenant pursuant to this subsection, plus damages;

d. The payment of a rent subsidy for a period of one year in the amount of the difference, if any, between the rent of the new housing unit and the rent for the unit occupied by the eligible tenant; provided that the applicant shall not be required to pay more than one hundred dollars (\$100.00) per month for the rent subsidy;

e. The right of each tenant not to be unjustly evicted, as defined in Section 17.192.020 of this chapter, and not to have the rent for the unit unreasonably increased until the tenant is actually relocated to a comparable housing unit.

4. In the case of tenants who did not receive the notice required to be given under subsection P of this section, relocation assistance shall include the following measures:

a. First month's rent on the new housing unit, if any, immediately after moving from the subject property, but not to exceed five hundred dollars (\$500.00);

b. The assistance described in subsections (G)(1) and (2) of this section; and

c. In the case of these tenants who are elderly, handicapped, low-income, or single heads of households living with one or more minor children, the assistance described in subsection (G)(3) of this section.

H. Reports. The applicant shall provide each tenant with a copy of the reports required by subsections (A)(9) and (10) of this section detailing all relocation and moving assistance information and purchase incentives to be provided by the applicant.

I. Lease Program for Eligible Elderly or Handicapped Tenants and Qualified Low and Moderate Income Tenants. The applicant shall unconditionally offer each eligible tenant who is elderly or handicapped and to each qualified low and moderate income tenant who does not purchase a unit under the sales program provided in subsection F of this section a written lease for a term of three years on the unit in which the tenant resides at the time the special permit is approved or a comparable unit within the project. A "comparable unit" shall be a unit with the same floor plan, same amount of floor area (as measured in square feet) and the same amenities as the unit in which the tenant resides at the time the special permit is approved. Each such lease shall provide that the tenant shall have four successive options to renew the lease upon the terms and conditions as each original lease required by this subsection. The rental for the first year of the original lease shall be the rental paid by the tenant on the date that the notice specified in subsection (B)(1) of this section is given; thereafter, the rental may be increased annually on the anniversary date of the lease, commencing with the first anniversary date; provided, however, that the annual percentage increase in rent shall not exceed seven percent.

Each such lease shall further provide that the tenant shall have no power or right to assign the lease, or to rent or sublease the premises or any portion thereof, and that upon the death of the tenant, the lease shall terminate. Any lease provision which violates the provisions of this subsection shall be void, and the balance of the lease shall be valid and enforceable. To the extent that such lease shall not expressly contain the provisions required by this sub-section, said provisions shall be deemed to be incorporated in full therein. Any tenant who has paid rent in excess of the maximum rental specified by this subsection shall be entitled to a refund in the amount of the excess payment. Such tenants may elect to deduct the amount of the refund due them from future rent payments, provided notice of the intention to do so is given in advance.

J. Anti-Discrimination.

1. The applicant or owner of any condominium unit within a project shall not directly or indirectly discriminate in the sale, or in the terms and conditions of sale, of any dwelling unit against any person who is or was a tenant or lessee of any such dwelling unit prior to the granting of the special permit, because such person opposed, in any manner, the conversion of the unit or building into a condominium. No tenant who has been so discriminated against may be unjustly evicted, and the provisions of subsection Q of this section shall apply to such tenant.

2. The conditions, covenants, and restrictions for a project to be recorded pursuant to Section 1350 et seq. of the Civil Code shall contain the provisions set forth in this subsection and shall bind all successors in interest to the project.

K. Preconversion Protection. From the date of giving notice of intent to convert pursuant to subsection (B)(1) of this section until relocation takes place or the application is denied or withdrawn, but in no event for more than two years, no tenant shall be unjustly evicted and no tenant's rent shall be increased (1) more frequently

than once every six months nor (2) in an amount greater than the increase in fair market rents as established by the Department of Housing and Urban Development for assisted units, on an annualized basis, for the same period. This limitation shall not apply if rent increases are expressly provided for in leases or contracts in existence prior to the filing date of the special permit. A tenant who has paid rent in excess of the maximum rental payment specified by this subsection shall be entitled to a refund in the amount of the refund due them from future rent payments, provided notice of the intention to do so is given in advance to the landlord.

L. Documents to be Provided to City. Prior to offering for sale to the public any unit within a condominium conversion project for which a special permit has been issued pursuant to this section, the applicant shall submit to city a copy of each of the following documents relating to the proposed project: the completed application for issuance of a final public report for the project proposed for conversion, including all attachments and exhibits thereto; the completed statement of compliance relating to operating and maintenance funds during start up, and the completed supplemental questionnaire for apartments converted to condominium projects, including all attachments and exhibits.

M. Appliance Warranties. The applicant shall provide free of charge to the first individual purchaser of each unit a one-year warranty on each fixed appliance contained in the unit, whether new or used.

N. Copy of Reports. The applicant shall provide each condominium unit purchaser with a copy of the reports required by subsections (A)(2), (3), (4), (5) and (6) of this section.

O. Notice in CC&Rs. The covenants, conditions and restrictions (CC&Rs), or equivalent document, shall contain, or shall be amended to contain, on the first page thereof, in type as large as any type used in the CC&Rs, a notification in substantially the following terms:

NOTICE

THE TERMS OF THIS DOCUMENT ARE LEGALLY BINDING. READ IT CAREFULLY. A REAL ESTATE BROKER IS QUALIFIED TO ADVISE YOU ON REAL ESTATE MATTERS. IF YOU DESIRE LEGAL ADVICE, CONSULT AN ATTORNEY.

P. Notice to Prospective Tenants. After notice of intent to convert is given pursuant to subsection (B)(1) of this section, any prospective tenant shall be notified in

writing of the intent to convert prior to leasing or renting any unit and shall not be subject to the provisions of subsection K of this section. Any tenant who is not so notified shall be deemed to be an eligible tenant entitled to relocation benefits pursuant to subsection G of this section.

1. After notice of intent to convert is given pursuant to subsection (B)(1) of this section, the applicant shall give notice of the intent to convert in the form set forth below to each person applying after such date for rental or lease of a unit of the subject property immediately prior to acceptance of any rent or deposit from the prospective tenant:

To the prospective occupant(s) of _____ :
(address)

The owner(s) of this building, at (address), has filed or plans to file a tentative map with the City of Sacramento to convert this building to a condominium. No units may be sold in this building unless the conversion is approved by the City of Sacramento and until after a public report is issued by the Department of Real Estate. If you become a tenant of this building, you shall be given notice of each hearing for which notice is required pursuant to Sections 66451.3 and 66452.5 of the Government Code, and you have the right to appear and the right to be heard at any such hearing.

(Signature of owner or owner's agent)

(Dated)

I have received this notice on _____
(Date)

(Prospective tenant's signature)

Prospective tenants who receive this notice prior to renting or leasing a unit shall not be subject to the provisions in subsection K of this section.

2. Failure by an applicant to give the above described notice shall not be grounds to deny the application for a special permit or tentative map. Each prospective tenant who becomes a tenant, who was entitled to but was not given the notice, and who does not purchase a unit shall be deemed an eligible tenant for purposes of, and shall receive the relocation assistance provided by subsection (G)(4) of this section.

Q. Remedies.

1. In addition to any other remedy specified in this section, and cumulative with any other remedy available to tenants at law or in equity, any tenant who is a defendant in an action to recover possession, and who is otherwise entitled to the benefits of this section, shall be entitled to defend such action upon the ground of a violation by the applicant or the owner or landlord of the provisions of subsections F through and including P of this section.

2. In addition to any other remedy specified in this section, and cumulative with any other remedy available at law or in equity, any person aggrieved by a violation of subsections G, H, J, M, N, and O of this section shall have a cause of action against the applicant for all actual damages suffered by such person as a direct consequence of any such violation.

3. In addition to any other remedy available to it in law or equity, the city shall have the remedies specified in Section 17.212.080(B) and (C) and Section 17.232.040 of this title. Additionally, the provisions of Section 17.232.050 of this title shall be applicable.

R. Decision—Findings.

1. The city council shall not approve a special permit under this chapter unless it finds:

a. That the proposed conversion is consistent with the general plan and applicable community and specific plans in effect at the time of the special permit application, especially with the objectives, policies, and programs of the housing element of the general plan designed to provide affordable housing to all economic segments of the population.

b. That the average rental vacancy rate in the affected community plan areas during the twelve (12) months preceding the date the city-determined rental vacancy rates are issued pursuant to Section 17.192.030(D) of this chapter is greater than five percent; provided that a special permit may be approved where such vacancy

rate is equal to or less than five percent if the applicant has proposed measures which the council finds would effectively mitigate the displacement of tenants and any adverse effects upon the rental housing stock in the affected community plan areas which would be caused by the proposed conversion.

In evaluating the average rental vacancy rate in the affected community plan areas and in the building proposed for conversion, the city planning commission and city council shall consider the rental history of the building, including the number of evictions and increases in rent over the preceding three years. Notwithstanding any other provision of this subsection, the city council may deny a special permit under this section if it finds that a substantial number of vacancies in the building have been created by unjust evictions and unreasonable rent increases in order to qualify a project for conversion under this subsection or that the applicant has intentionally created or maintained a substantial number of vacancies to reduce the number of eligible and eligible special category tenants in the project who would be entitled to the tenant protection provision set forth in this section.

The requirements of this subsection (R)(1)(b) shall not apply to condominium conversion projects comprised of the conversion of a nonresidential building into condominium ownership intended for residential occupancy.

The requirements of this subsection (R)(1)(b) shall not apply to the conversion of residential buildings or space in the central city community plan area created through the issuance of building permits between January 1, 1999, and December 31, 2002.

c. That there exists adequate comparable replacement housing for each eligible tenant in the building proposed for conversion. In determining whether the housing to which the applicant proposed for relocation is "comparable," the council must find that the housing is decent, safe, and sanitary, and in compliance with all local and state housing codes; and that the housing is open to all persons regardless of race, creed, national origin, ancestry, religion, marital status, or gender. In addition, the planning commission and council shall consider the following factors in determining whether the relocation housing is comparable:

i. Whether the housing is provided with facilities equivalent to that provided by the landlord in the dwelling unit in which the tenant then resides in regard to each of the following: (a) apartment size including number of rooms; (b) rent range; (c) major kitchen and bathroom facilities; (d) special facilities for the handicapped, infirmed, or senior citizens; (e) willingness to accept families with children;

ii. Whether the housing is located in an area not less desirable than the area in which the tenant then resides in regard to (a) accessibility to the tenant's place of employment; (b) accessibility to community and commercial facilities; (c) accessibility to schools; and (d) accessibility to transportation. A unit is not comparable if it is located in a building for which a notice of intent to convert has been given, pursuant to

subsection (B)(1) of this section, except where the rental units of the building will not be offered for sale as condominium units within two years.

d. That the applicant has complied with all of the provisions of this section relating to the application procedure and submittal of required information (subsection A); payment of the application fee (subsection (A)(13)); required notices to tenants and other interested person (subsection B); building inspection (subsection D); and tenant and buyer protection (subsections F through and including P).

e. That the proposed conversion complies with all development standards set forth in subsection C of this section.

2. The council shall not approve a special permit pursuant to this chapter where it finds the apartment building or residential complex proposed for conversion represents a unique and needed rental housing resource in the city or in the neighborhood, taking into consideration such factors as the need for a balanced rental-owner housing supply, current rental rates, the unavailability of comparable housing, and extraordinary tenant displacement problems which would result from conversion, in spite of the relocation assistance and mitigation measures offered by the applicant. In evaluating a project for purposes of this subsection, the city planning commission and city council shall consider the rental history of the building, including the number and types of special category tenants over the preceding three years, the number of unjust evictions, and the number of unreasonable rent increases.

3. In evaluating an application for a special permit pursuant to this section, the city planning commission and city council shall consider the results of the tenant survey required by subsection (A)(11) of this section. If the planning commission or council finds that less than a significant number of tenants have indicated their approval in principle to the proposed conversion, the planning commission or council shall consider the nature and extent of tenant disapproval and shall reexamine the application with respect to the criteria for review and all other provisions of this chapter to insure the proposed project complies.

4. In approving a special permit for a condominium conversion under the provisions of this section, the city council may impose such conditions as may be necessary to carry out the intent, purpose, and objectives of this section, the general plan, and applicable community and specific plans and elements thereof, or to protect the public health, safety or welfare.

S. No Vested Rights in Tenants. No eligible or qualified tenant shall, by virtue of the provisions of this chapter, have a vested right from the city to any of the benefits, projections, or other interest provided for herein. Notwithstanding the provisions of Section 17.208.010 of this title, the city council may amend or repeal by the adoption of an ordinance, the provisions of this chapter from time to time as it determines. (Ord. 2005-040 § 2; Ord. 2003-005 § 3; Ord. 99-015 § 6-3-E)

17.192.055 Conversion of certain buildings located in the central city.

A. General. Conversions of buildings located in the central city and constructed pursuant to building permits issued on or after January 1, 1999 and December 31, 2002, shall be subject to the requirements of this section, and to the extent of any conflict between this section and other sections of this chapter, including Sections 17.192.030 and 17.192.050, the provisions of this section shall prevail; provided that this section shall apply only to applications for conversion of such buildings if they are filed on or before January 1, 2010, and thereafter pursued diligently to completion. Applications filed after that date shall be subject to the general provisions governing condominium conversions, as they may be amended from time to time.

B. Special Permit Required. No condominium conversion of a building located in the central city and constructed pursuant to building permits issued on or after January 1, 1999, and on or before December 31, 2002, shall be permitted in any zoning district unless the same is permitted in such district pursuant to the provisions of Chapter 17.24 of this title and until a special permit has been applied for and approved in accordance with this section and Chapter 17.212 of this title.

C. Special Permit Application. The application for a condominium conversion subject to this section shall include the information required by subsections (A)(1) through (A)(4) of Section 17.192.050. The information otherwise required by the remaining provisions of Section 17.192.050 shall not be required.

D. Development Standards. The development standards set forth in subsection C of Section 17.192.050 shall apply to applications for a special permit for a condominium conversion under this section.

E. Building Inspection. The building inspection requirements of subsection D of Section 17.192.050 shall apply to applications for a special permit for a condominium conversion under this section.

F. Decision, Findings. The city council shall not approve a special permit under this chapter unless, in addition to the findings required by Chapter 17.212, it makes the following findings:

a. That the proposed conversion is consistent with the general plan and applicable community and specific plans in effect at the time of the special permit application, especially with the objectives, policies and programs of the housing element of the general plan;

b. That the applicant has complied with all of the provisions of this section relating to the application procedure, submittal of required information and building inspection; and

c. That the proposed conversion complies with all development standards set forth in subsection D of this section.

In approving a special permit for a condominium conversion under the provisions of this section, the city council may impose such conditions as may be necessary to carry out the intent, purpose and objectives of this section, the general plan and applicable community and specific plans and elements thereof, or to protect the public health, safety or welfare. (Ord. 2005-040 § 3; Ord. 2003-005 § 4)

17.192.060 Variances relating to condominium conversions.

Notwithstanding the provisions of Chapter 17.216 of this title, variances from the provisions of Section 17.192.050 of this chapter relating to condominium conversions shall be governed by the following provisions:

A. Hearing. At least one public hearing shall be held on a request for a variance from the provisions of this section relating to condominium conversions by each the planning commission and the city council.

B. Notice. Notice of the hearings on said variances by both the planning commission and the city council shall be given as provided in Chapter 17.216 of this title and to the tenants of the building proposed for conversion to whom notices are sent pursuant to Section 17.192.050(B) of this chapter.

C. All other provisions of Chapter 17.216 of this title which do not directly conflict with the provisions set forth herein shall apply to the hearing and review of variance requests, except as provided below.

D. Decision, Findings. For purposes of granting variances to the development standards for condominium conversions set forth in Section 17.192.050(C) of this chapter, the provisions of this paragraph relating to the circumstances for which a variance shall be granted, and the findings on which the grant of a variance must be based, shall govern to the exclusion of the provisions of Chapter 17.216 of this title.

The city council may grant a variance and approve a special permit for a condominium conversion project which does not comply with all of the development standards contained in Section 17.192.050(C) of this chapter, if the city council finds that:

1. Because of the circumstances applicable to the subject property, or to the structures situated thereon, including but not limited to the size, shape, location or surroundings of the subject property or the buildings thereon, the strict application of the development standards would create an unreasonable economic hardship; and

2. The project, as conditioned, will be in substantial compliance with such development standards; and, will incorporate mitigating features into the project which tend to further the purpose of this chapter. (Ord. 99-015 § 6-3-F)

17.192.070 City council to adopt regulations.

Regulations governing the implementation of any provision of this chapter may be adopted from time to time by the city council. (Ord. 99-015 § 6-3-G)

Attachment A

RESOLUTION NO. 80-177

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF MARCH 25, 1980

A RESOLUTION ADOPTING REGULATIONS REGARDING THE CALCULATION OF VACANCY RATES AND THE SCHEDULING OF HEARING DATES FOR CONDOMINIUM CONVERSION APPLICATION

WHEREAS, the City Council has adopted an Ordinance regulating residential condominium conversions; and

WHEREAS, said Ordinance provides for the adoption by resolution of the City Council of special application and procedure regulations and of a method of determining vacancy rates.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1

That the City Council of the City of Sacramento hereby adopts the following regulations establishing the method to be used by City staff in determining vacancy rates in each community plan area of the City and establishing procedures for accepting, processing, and reviewing Special Permit and tentative map applications for residential condominium conversions.

Vacancy Rate Determination

1. City vacancy rate information shall be provided for each community plan area, on an annual basis on or about October 31st of each year.

2. The following method will be used by the City in compiling the annual vacancy rate: City Planning Department staff will establish its annual vacancy rate by using the Federal Home Loan Bank, Sacramento SMSA Housing Vacancy Survey. City

- Section 3. Investigate ways of ensuring that low-income and other "special category" (e.g., persons with disabilities, elderly, etc.) tenants are not adversely affected;
- Section 4. City staff will assess the feasibility of requiring that units that are converted are brought up to current code standards;
- Section 5. City staff will investigate the use of annual limits or other mechanisms to ensure that there is a sufficient supply of rental housing;
- Section 6. City staff will work with housing advocates, the Downtown Partnership, and the development community prior to soliciting input on possible revisions to the ordinance; and
- Section 7. Finally, staff will return to Council within six months to a year with amendments to the ordinance.

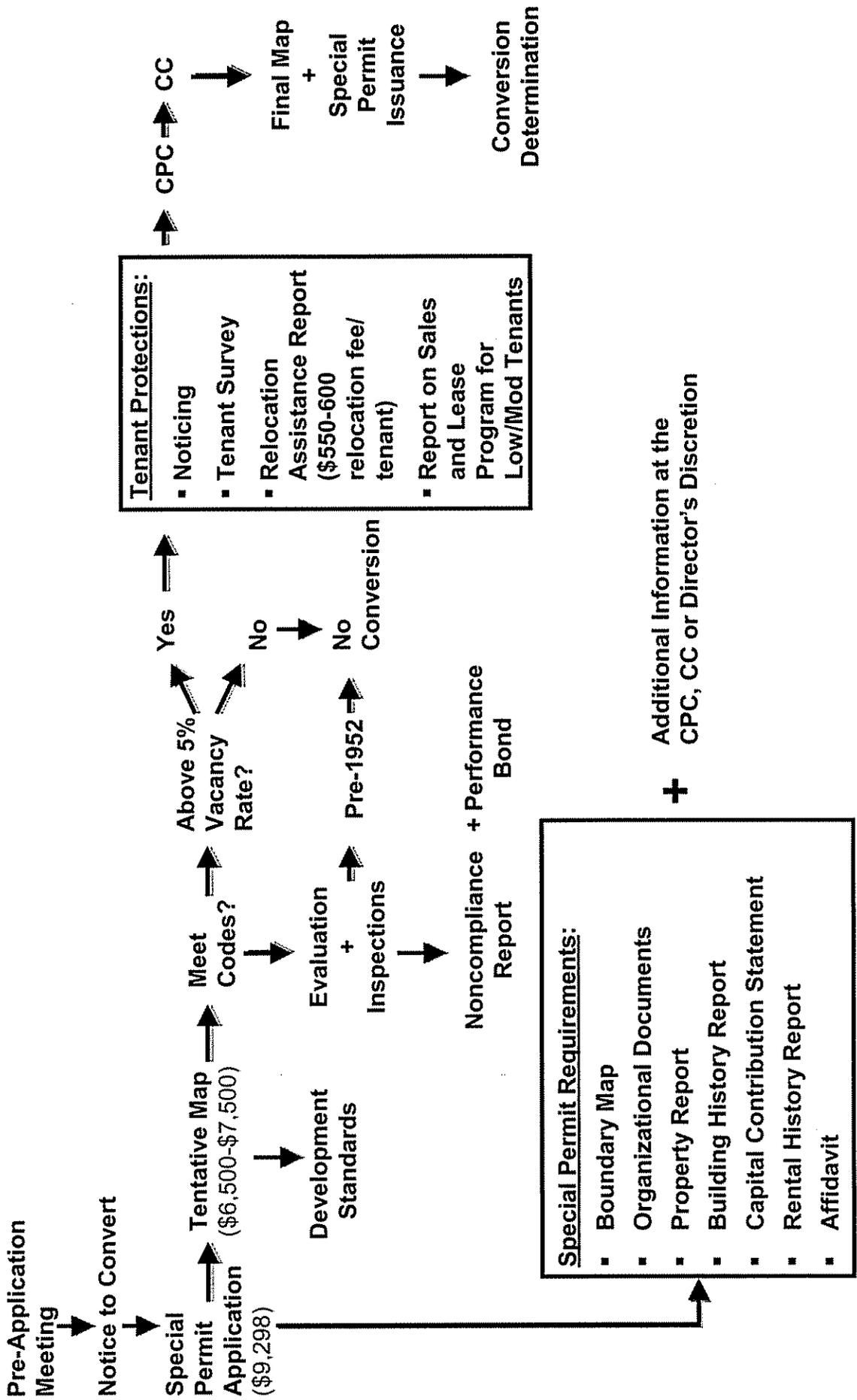
Adopted by the City of Sacramento City Council on date by the following vote:

Attachment 5:
Condominium Conversion
Ordinance Overview

Chapter 17.192
City of Sacramento
Municipal Code

Condo Conversion Ordinance Process

(Chapter 17.192 – Sacramento City Code)



**Condo Conversion Ordinance (cont.)
Special Permit Application Requirements**

- Additional Information that May Be Requested from Applicant:**
- Economic Report on Housing Availability
 - Economic Report on Project Unit Costs
 - Economic Report on Availability of Rental Units plus Vacancy Info

**Condo Conversion Ordinance (cont.)
Special Permit Application Requirements**

**Additional Information that May Be
Requested from Applicant: (cont.)**

- Report Identifying Low/Mod Units in Area
- Report on Feasibility of Not Converting Some Units
- Any Additional Info to Determine Housing Needs, Availability, Costs, and Impacts of the Conversion

Condo Conversion Ordinance (cont.)
Existing Tenant & Affordability Protections

- **Noticing:**
 - 60-day Notice to Convert
 - Special Permit Hearings Notice
 - 10-Day Notice of DRE Application
 - Notice of Application/Notice of Staff Report
 - Notice of Right to Purchase
 - Notice to Potential Tenants

Condo Conversion Ordinance (cont.)
Existing Tenant & Affordability Protections

- **Special Category Tenants:**
 - Low and Moderate Income
 - Elderly (62+ yrs)
 - Disabled
 - Single Heads of Households
- **Pre-Conversion Protections:**
 - No Unjust Evictions
 - Rental Increase Restrictions

Condo Conversion Ordinance (cont.) Existing Tenant & Affordability Protections

Affordable Ownership Provisions:

- Applicant Must Offer Units at Affordable Price to Low/mod Tenants
- Applicant May Pay All/portion of Down-payment and Closing Costs
- 90-day Right of Refusal for Tenant
- Anti-Discrimination Provisions

Condo Conversion Ordinance (cont.) Existing Tenant & Affordability Protections

Relocation/Rental Assistance:

- Assistance in Locating Comparable Replacement Housing
- Payment of Relocation Fee to Each Eligible Tenant
- Special Assistance (Rent Subsidies, etc.)
- Lease Program for Elderly, Disabled or Low/Mod Tenants
 - 3-year Lease
 - Plus 4 Renewals
 - Rent Increase Restriction (No More than 7%)

Condo Conversion Ordinance (cont.) Existing Ordinance Goals

Section 17.192.020 & Reso. 80 - 617:

- Insure Balance of Rental and Ownership Housing
- Facilitate Tenant Homeownership
- Mitigate Impact of Tenant Dislocation/eviction Due to Conversion
- Insure Converted Units Meet City Standards
- Insure Rental or Ownership Opportunities Provided to Low/mod Tenants in Conversions
- Inform Tenants and Purchasers of Conversion Applications, Impacts, and Condition of Building

Condo Conversion Ordinance (cont.)
2002 Housing Goals, Policies & Goals

- *Policies 1J and 6E:* Identify Need to Monitor Conversions in Order to Protect Rental Supply
- *Program 1.12:* Consider Modifications to Condominium Conversion Ordinance to Allow Some Conversions in the Central City Area

Condo Conversion Ordinance (cont.) Additional Policy Issues

- **Balance between affordable rental needs and desire to create new homeownership opportunities**
- **Creating more streamlined process**
- **Maintaining adequate rental supply**
- **Rental rates versus condo prices**
- **Investor issues**
- **Difficulties with current ordinance**

RESOLUTION NO.

Adopted by the Sacramento City Council

April 18, 2006

CONDOMINIUM CONVERSION ORDINANCE WORKSHOP (M05-087)

BACKGROUND

- A. Providing safe and affordable housing for Sacramento workers and residents is an important goal of the City;
- B. Maintaining a reasonable balance of rental and ownership housing while facilitating ownership of residential units by all economic segments of the community remains an important goal of the City's Condominium Conversion Ordinance;
- C. Creating entry-level home ownership opportunities is vital to giving more residents a stake in the community;
- D. Mitigating the impact of dislocation and eviction on residents of rental units as a result of condominium conversions remains a major aim of the Condominium Conversion Ordinance;
- E. Ensuring that residential rental units that are converted to condominiums meet adequate physical construction standards is critical to maintaining an adequate and safe supply of housing;
- F. Ensuring housing opportunities for low-income tenants in converted rental projects remains essential to maintaining a mix of housing choices for residents of all income levels;
- G. Furthermore, evaluating the City's Condominium Conversion Ordinance as part of the City's overall housing strategy is vital to ensuring that condominium conversions do not adversely affect the City's Housing Element goals and other affordable housing objectives.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Evaluate the Condominium Conversion Ordinance and any changes to that ordinance in the context of City's Housing Element and the City's housing goals, including:
- Section 2. City staff will develop ways of streamlining the current Condominium Conversion Ordinance;

- Section 3. Investigate ways of ensuring that low-income and other "special category" (e.g., persons with disabilities, elderly, etc.) tenants are not adversely affected;
- Section 4. City staff will assess the feasibility of requiring that units that are converted are brought up to current code standards;
- Section 5. City staff will investigate the use of annual limits or other mechanisms to ensure that there is a sufficient supply of rental housing;
- Section 6. City staff will work with housing advocates, the Downtown Partnership, and the development community prior to soliciting input on possible revisions to the ordinance; and
- Section 7. Finally, staff will return to Council within six months to a year with amendments to the ordinance.

Adopted by the City of Sacramento City Council on date by the following vote: