



City of Long Beach
Working Together to Serve

Memorandum

Date: September 14, 2006

To: Larry Herrera, City Clerk

From: Michael J. Mais, Assistant City Attorney, Ext. 82230

Subject: Condominium Conversion Ordinance
Item 2 - September 19, 2006 Agenda

Resolution Submitting Ordinances to the Coastal Commission
Item 5 - September 19, 2006 Agenda

The subject documents are transmitted for placement on the City Council agenda of September 19, 2006.

A redlined version of Item 2 is attached.

If you have any questions, please do not hesitate to contact me.

MJM:kjm

Encls.

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#06-04576

conversion.

B. The disclosure document shall also disclose that the prospective tenant will not be entitled to benefits or rights as required by these regulations. However, any tenant who does not receive such notification shall be entitled to these benefits.

C. Regardless of each prospective tenant being informed of the proposed conversion prior to finalization of any rent or lease agreement, a notice of such intended conversion shall be posted and maintained at all times in a highly visible location on the site. (Ord. C-5975 § 1 (part), 1983).

20.32.240 Parking.

A. A minimum number of parking spaces shall be in compliance with the parking standards as required at the time when the existing use was established, but shall not be less than one space per thousand square feet of gross usable floor area.

B. If the proposed use is different than the existing one, additional parking spaces may be required as determined from the standards of Section 21.41.203 of the zoning regulations.

C. Parking spaces shall be designed and constructed in conformance with standards set forth in the zoning regulations.

D. No conversion shall be permitted if the required parking spaces will be provided by a lease agreement unless the lease period is for at least thirty years. (Ord. C-6686 § 5, 1990: Ord. C-5975 § 1 (part), 1983).

20.32.250 Building code compliance.

The owner seeking conversion shall file a request with the Bureau of Building and Safety for a special code compliance inspection. The report from such inspection of all units to be converted must be received by the Bureau of Planning before an application for a tentative map for a conversion is considered complete. Such report shall list all violations relating to the applicable building, plumbing, fire, housing, electrical, earthquake, and property maintenance codes which may cause health or safety hazards.

The subdivider shall correct all listed violations prior to approval of the final map.

Such fees as are established by City Council resolution shall be paid for the inspection and for any subsequent inspection as is necessary to ensure that corrections have been completed. (Ord. C-5975 § 1 (part), 1983).

20.32.260 Major system corrections.

The owner shall submit with the application for tentative map approval for conversion inspection reports from State licensed contractors for the heating and plumbing systems of the project, as well as reports for an inspection of the roof and an inspection for termites. All such inspections shall have been conducted within three months prior to the submittal of the tentative map. Any corrections or repairs recommended as reasonably necessary within the next five years shall be provided for prior to approval of the final map. (Ord. C-5975 § 1 (part), 1983).

Article 4 Reserved

Article 4. Affordable Housing Conversion Fee

20.32.410 Definitions.

A. For the purposes of this Article, the term "conversion project" means a proposed change in the type of ownership of a parcel or parcels of land, together with the attached structures, from existing residential rental units into condominiums, community apartment projects, or stock cooperatives, regardless of whether substantial improvements have or will be made to such structures. Whenever a permit has been issued by the City for a multifamily dwelling which has been occupied as such, any attempt thereafter to make

the project a condominium, community apartment, or stock cooperative shall constitute a conversion.

B. For the purposes of this Article, the term "dwelling unit" means one or more rooms designed, occupied or intended for occupancy as separate, self-contained, permanent living quarters. Separate housing units are those in which occupants live and eat separately from any other person in the building. Each dwelling unit has direct access from outside the building or through a common hall. Any area with a direct exterior access, a bathtub or shower, and a room other than the bathroom, which can together be locked off from the remainder of the building, will be considered a dwelling unit.

20.32.420 Administration.

The administration of this Article is delegated to the Housing Services Bureau of the Department of Community Development. The Bureau shall adopt appropriate guidelines for administration consistent with the intent of this Article. In addition to the affordable Housing Fee established by this Article, the Bureau may charge applicants, developers, and owners for the administration of this program as reasonably necessary to recover full costs of such administration. A schedule of hourly and other administrative fees shall be adopted by resolution of the City Council.

20.32.430 Affordable housing fee requirement.

A. Any conversion project involving the conversion of a rental dwelling unit pursuant to this Article shall be subject to the payment of an affordable housing fee. The requirement to pay said fee shall be made a part of any entitlements or approvals granted in connection with a conversion project.

B. The affordable housing fee shall be 1.5 percent of the gross sales price of each converted dwelling unit, or the fair market value of said dwelling unit at the time of initial sale, transfer or conveyance, whichever amount is higher. If the converted dwelling unit is sold, transferred or conveyed at less than fair market value, the seller or transferor of said unit shall be responsible for paying a fee based upon the full fair market value of the unit at the time of sale, transfer or conveyance, as determined by a licensed residential real estate appraiser selected by the City.

C. The affordable Housing Fee established by this Article shall be paid upon close of escrow or within thirty (30) days of sale, transfer or conveyance, whichever is sooner. All fees due pursuant to this Article shall be paid no later than eighteen (18) months after recordation of the final map, whether or not individual units have actually been sold, transferred or conveyed. In the event that units are not sold, transferred or conveyed within said eighteen (18) month period, the fee due shall be based upon the fair market value of the unit or units as determined by a licensed residential real estate appraiser selected by the City.

D. An appropriate document or documents, in a form approved by the City, indicating that an affordable housing fee is owed to the City, shall be executed and recorded with the County Recorder. Such document or documents shall include a covenant running with the land, and shall indicate an indebtedness and lien in favor of the City in an amount equal to 1.5 percent of the gross sales price of each converted dwelling unit, or the fair market value of said dwelling unit if the unit is not sold within 18 months of recording the final map, or if the converted dwelling unit is sold, transferred or conveyed at less than fair market value. A release of the lien shall be filed by the City with respect to each unit for which the appropriate fee has been paid.

E. All of the sums collected pursuant to this Article shall be placed in the Housing Trust Fund of the City and shall be used solely for the purposes for which said fund has been established.

20.32.440 Exemptions.

For the purposes of this Article, the term "conversion project" shall not apply to:

A. Any conversion for which an application was deemed complete on or before July 20, 2006;

- B. Applications involving proposed or newly constructed buildings that contain units not previously rented or leased;
- C. Buildings lawfully designed and used for other than residential purposes, including live/work occupancies established in accordance with Title 18.
- D. The conversion of properties which have already been subdivided into condominiums, stock cooperatives or community apartments, which seek to be converted into a different type of subdivision or;
- E. Any converted dwelling unit that will remain affordable to low or very low income households by deed restrictions, satisfactory to the Housing Services Bureau for at least thirty (30) years.

20.32.450 Fraud prohibited.

It shall be unlawful to offer for sale, to offer to purchase, to agree to sell or buy, to sell or buy, or to assist in the sale or purchase of any converted condominium, community apartment or stock cooperative dwelling unit, if the affordable housing fee established herein is not paid to the city within the time limits established by this Article. Any such transaction is hereby declared to be contrary to public policy, and null and void.

20.32.460 Remedies.

A. The City Attorney may bring an action on behalf of the City of Long Beach seeking damages or injunctive relief to restrain or enjoin any violation of this Article. In any such action all relief which may redress a violation of this Article may be awarded including, but not limited to, the amount of the affordable housing fee, costs, attorneys fees and interest. In addition, in any such action, a civil penalty in the amount of ten thousand dollars (\$10,000) for each unit sold or offered for sale in violation of this Article shall be assessed against any seller, and against any person who assists a seller, including any buyer or real estate broker, who knowingly violates the provisions of this Article.

B. The remedies provided by this section shall be in addition to any other remedies provided by law.

Article 5 Reserved

Article 6 Mixed Use Conversions, Exceptions and Special Requirements

20.32.510 Conversions.

In any project in which conversion to mixed residential unit use and commercial/industrial use is proposed, the applicable provisions of Articles 2 and 3, as determined by the City shall apply to the use proposed for each of the individual units. (Ord. C-5975 § 1 (part), 1983).

20.32.520 Exceptions.

Generally, exceptions to any of the requirements of this Chapter 20.32 may be granted, provided that the exception will not be inconsistent with the intent of this Chapter 20.32 or the intent of specific provisions being exempted. (Ord. C-5975 § 1 (part), 1983).

20.32.530 Exceptions. Conversions to limited equity cooperatives.

Conversion of a residential rental project to limited equity cooperatives may be excepted from the requirements of Sections 20.32.110, 20.32.130, 20.32.140, 20.32.150, 20.32.160.D, 20.32.160.E, 20.32.180, 20.32.440, 20.32.460, 20.32.470, 20.32.480, 20.32.490.D and 20.32.490.E. Sections

1 set forth in the Housing Element of the City's General Plan; and

2 WHEREAS, the City Council finds that there is a cause and effect
3 relationship between the condominium, community apartment project, and stock
4 cooperative conversions permitted by Chapter 20.32 of the Municipal Code and the
5 diminution in the supply of rental housing affordable to extremely low, very low, low, and
6 moderate income households; and

7 WHEREAS, the City Council finds that the conversion of existing
8 residential rental units into condominiums, community apartment projects, and stock
9 cooperatives, will create undue hardships for extremely low, very low, low, and
10 moderate income households, and will otherwise adversely affect the availability and
11 cost of housing affordable to lower and moderate income families throughout the City;
12 and

13 WHEREAS, the City Council finds that an affordable housing fee imposed
14 on the conversion of existing residential rental units into condominiums, community
15 apartment projects, and stock cooperatives, is necessary, and that such fee will be
16 used to compensate for the diminution in the supply of rental housing by funding the
17 preservation and development of affordable rental housing for residents in Long Beach;
18 and

19 WHEREAS, the City Council has previously adopted Chapter 3.2 of the
20 Municipal Code and has thereby authorized the creation of a Housing Trust Fund as a
21 source of revenue to meet, in part, the housing needs of the City's extremely low and
22 moderate income households; and

23 WHEREAS, the City Council finds and declares that it would not continue
24 to permit the unchecked conversion of rental housing property into condominiums,
25 community apartment projects, and stock cooperatives, but for the fact that the
26 adverse effects of such conversions on low-income households will be partially
27 mitigated by the affordable housing fee established and described herein.

28 NOW, THEREFORE, the City Council of the City of Long Beach resolves

1 as follows:

2 Section 1. The Long Beach Municipal Code is amended by adding
3 Article 4 to Chapter 20.32, as follows:

4 Article 4. Affordable Housing Conversion Fee

5 20.32.410 Definitions.

6 A. For the purposes of this Article, the term “conversion project”
7 means a proposed change in the type of ownership of a parcel or parcels
8 of land, together with the attached structures, from existing residential
9 rental units into condominiums, community apartment projects, or stock
10 cooperatives, regardless of whether substantial improvements have or will
11 be made to such structures. Whenever a permit has been issued by the
12 City for a multifamily dwelling which has been occupied as such, any
13 attempt thereafter to make the project a condominium, community
14 apartment, or stock cooperative shall constitute a conversion.

15 B. For the purposes of this Article, the term “dwelling unit” means
16 one or more rooms designed, occupied or intended for occupancy as
17 separate, self-contained, permanent living quarters. Separate housing
18 units are those in which occupants live and eat separately from any other
19 person in the building. Each dwelling unit has direct access from outside
20 the building or through a common hall. Any area with a direct exterior
21 access, a bathtub or shower, and a room other than the bathroom, which
22 can together be locked off from the remainder of the building, will be
23 considered a dwelling unit.

24
25 20.32.420 Administration.

26 The administration of this Article is delegated to the Housing
27 Services Bureau of the Department of Community Development. The
28 Bureau shall adopt appropriate guidelines for administration consistent

1 with the intent of this Article. In addition to the affordable Housing Fee
2 established by this Article, the Bureau may charge applicants, developers,
3 and owners for the administration of this program as reasonably
4 necessary to recover full costs of such administration. A schedule of
5 hourly and other administrative fees shall be adopted by resolution of the
6 City Council.

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8 20.32.430 Affordable housing fee requirement.

9 A. Any conversion project involving the conversion of a rental
10 dwelling unit pursuant to this Article shall be subject to the payment of an
11 affordable housing fee. The requirement to pay said fee shall be made a
12 part of any entitlements or approvals granted in connection with a
13 conversion project.

14 B. The affordable housing fee shall be 1.5 percent of the gross
15 sales price of each converted dwelling unit, or the fair market value of said
16 dwelling unit at the time of initial sale, transfer or conveyance, whichever
17 amount is higher. If the converted dwelling unit is sold, transferred or
18 conveyed at less than fair market value, the seller or transferor of said unit
19 shall be responsible for paying a fee based upon the full fair market value
20 of the unit at the time of sale, transfer or conveyance, as determined by a
21 licensed residential real estate appraiser selected by the City.

22 C. The affordable Housing Fee established by this Article shall be
23 paid upon close of escrow or within thirty (30) days of sale, transfer or
24 conveyance, whichever is sooner. All fees due pursuant to this Article
25 shall be paid no later than eighteen (18) months after recordation of the
26 final map, whether or not individual units have actually been sold,
27 transferred or conveyed. In the event that units are not sold, transferred
28 or conveyed within said eighteen (18) month period, the fee due shall be

1 based upon the fair market value of the unit or units as determined by a
2 licensed residential real estate appraiser selected by the City.

3 D. An appropriate document or documents, in a form approved by
4 the City, indicating that an affordable housing fee is owed to the City, shall
5 be executed and recorded with the County Recorder. Such document or
6 documents shall include a covenant running with the land, and shall
7 indicate an indebtedness and lien in favor of the City in an amount equal
8 to 1.5 percent of the gross sales price of each converted dwelling unit, or
9 the fair market value of said dwelling unit if the unit is not sold within 18
10 months of recording the final map, or if the converted dwelling unit is sold,
11 transferred or conveyed at less than fair market value. A release of the
12 lien shall be filed by the City with respect to each unit for which the
13 appropriate fee has been paid.

14 E. All of the sums collected pursuant to this Article shall be placed
15 in the Housing Trust Fund of the City and shall be used solely for the
16 purposes for which said fund has been established.

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18 20.32.440 Exemptions.

19 For the purposes of this Article, the term "conversion project" shall
20 not apply to:

21 A. Any conversion for which an application was deemed
22 complete on or before July 20, 2006;

23 B. Applications involving proposed or newly constructed
24 buildings that contain units not previously rented or leased;

25 C. Buildings lawfully designed and used for other than
26 residential purposes, including live/work occupancies established in
27 accordance with Title 18.

28 D. The conversion of properties which have already been

1 subdivided into condominiums, stock cooperatives or community
2 apartments, which seek to be converted into a different type of subdivision
3 or;

4 E. Any converted dwelling unit that will remain affordable to
5 low or very low income households by deed restrictions, satisfactory to the
6 Housing Services Bureau for at least thirty (30) years.

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8 20.32.450 Fraud prohibited.

9 It shall be unlawful to offer for sale, to offer to purchase, to agree to
10 sell or buy, to sell or buy, or to assist in the sale or purchase of any
11 converted condominium, community apartment or stock cooperative
12 dwelling unit, if the affordable housing fee established herein is not paid to
13 the city within the time limits established by this Article. Any such
14 transaction is hereby declared to be contrary to public policy, and null and
15 void.

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17 20.32.460 Remedies.

18 A. The City Attorney may bring an action on behalf of the City of
19 Long Beach seeking damages or injunctive relief to restrain or enjoin any
20 violation of this Article. In any such action all relief which may redress a
21 violation of this Article may be awarded including, but not limited to, the
22 amount of the affordable housing fee, costs, attorneys fees and interest.
23 In addition, in any such action, a civil penalty in the amount of ten
24 thousand dollars (\$10,000) for each unit sold or offered for sale in
25 violation of this Article shall be assessed against any seller, and against
26 any person who assists a seller, including any buyer or real estate broker,
27 who knowingly violates the provisions of this Article.

28 B. The remedies provided by this section shall be in

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addition to any other remedies provided by law.

Sec. 2. The City Clerk shall certify to the passage of this ordinance by the City Council and cause it to be posted in three conspicuous places in the City of Long Beach, and it shall take effect on the thirty-first day after it is approved by the Mayor.

I hereby certify that the foregoing ordinance was adopted by the City Council of the City of Long Beach at its meeting of _____, 2006, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____

Mayor