



Date: January 17, 2020

To: Thomas B. Modica, Acting City Manager *TBM*

From: Linda F. Tatum, Director of Development Services *LT*

For: Mayor and Members of the City Council

Subject: **Update to Condominium Conversion Ordinance**

At its May 21, 2017 meeting, the City Council adopted 29 policies presented in the *Report on Revenue Tools and Incentives for the Production of Affordable and Workforce Housing* (Housing Report). Policy 2.4 directs staff to: (1) review and update the Condominium Conversion Ordinance in Chapter 20.32 of the Long Beach Municipal Code (LBMC), (2) include a first-right or opportunity to purchase, (3) limit conversions when vacancy rates are low, and (4) consider directing resulting fees into the Housing Trust Fund. This item was also included in the City's Certified Housing Element 2013-2021 Work Plan under Program 4.4, Affordable Housing Funding Opportunities. This memorandum provides an update of staff's efforts to update LBMC 20.32.

Staff thoroughly reviewed LBMC 20.32, analyzed the trends in condominium conversions citywide, and found the following information:

- Existing law (LBMC 20.32.050) already provides a tenant in a rental unit that is to be converted to a condominium unit an exclusive right to contract for the purchase of an occupied unit, or other available units in the building upon the same terms and conditions that such units will be initially offered to the general public or on terms more favorable to the tenant.
- Condominium conversions were frequent in the mid-2000s due to low interest rates, easy availability of credit, and high demand for entry-level homeownership opportunities. However, conversions tapered off in 2008 due to the Great Recession, and have been infrequent since then. There was a total of four conversions in 2010 and 2011, and six in 2012. Between 2013 and 2017, only one conversion occurred each year. There have been no conversions since July 2017.
- There are no fees collected for condominium conversions other than planning and building permit fees to cover the costs of permit processing. As a result, there is no revenue stream related to condominium conversions that can be directed to the Housing Trust Fund.

The current volume of condominium conversions taking place in the City does not have a significant negative impact on the rental housing stock. Furthermore, condominium conversion provides an option to create entry-level homeownership opportunities in a

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housing market where home ownership is becoming increasingly difficult. Accordingly, staff recommends that no changes be made to LBMC 20.32 at this time.

If you have questions or require additional information regarding this matter, please contact Patrick Ure, Housing and Neighborhood Services Bureau Manager, at (562) 570-6026 or at Patrick.ure@longbeach.gov.

PU:MJ

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MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #17-0324)