



CITY OF LONG BEACH

THE CITY PLANNING COMMISSION

R-22

333 W. Ocean Boulevard Long Beach, California 90802 562-570-6194 FAX 562-570-6068

December 11, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Receive and file information provided in this report and at the public hearing;
2. Direct staff to implement the administrative procedural changes to the tenant notification and relocation benefit processes;
3. Request the Planning and Building Department and the City Attorney's office to prepare an ordinance that codifies administrative procedures, protects tenants rights, and provides relocation benefits to qualifying tenants earlier in the condominium conversion process; and
4. Consider whether to implement policy options for lifetime leases for existing tenants in lieu of relocation benefits, and provide direction to the Planning Commission. (Citywide)

DISCUSSION

On July 24, 2007, the City Council requested that the Planning Commission be directed to conduct a review of the current procedures used during the condominium conversion process related to tenant noticing and payment of relocation benefits (see attachment 1). Additionally, the Planning Commission was asked to review the impacts of condominium conversion on the City's vacancy rate and the impact of conversion upon displaced tenants. The Planning Commission was directed to conduct a public meeting to receive input, and then forward their findings and recommendations to the City Council for consideration.

In anticipation of the Planning Commission hearing, Planning Bureau and Housing Services Bureau staff met on several occasions, including two meetings with representatives of Housing Long Beach, represented by Legal Aid Foundation of Los Angeles (Legal Aid), and the Apartment Owners Association, to discuss possible revisions to the administrative procedures and municipal code sections regulating condominium conversions and the payment of relocation benefits.

On October 18, 2007, the Planning Commission held a public hearing on this subject. Based on the concerns heard about the existing process, staff reported (see attachment 2) the following:

- A series of administrative procedures could be implemented to improve tenant noticing including providing additional notices during the process, providing information in Spanish and Khmer and revisions to the notice content to provide more information about relocation benefits.
- That conditions of approval can be added to conversion requests to provide for the more timely payment of relocation benefits.

- That the Housing Services Bureau will take an active role in reviewing applications for conversion to determine whether tenants qualify for benefits, that qualifying tenants would be sent application information and be provided with information about currently available affordable housing and housing assistance.
- That amendments could be made to the municipal code to clarify the timing of the payment of relocation benefits as well as clarify and strengthen a number of sections, similar to the changes that the City Council approved to the Code Enforcement Relocations Ordinance.

Regarding the vacancy rate and tenant impact issue, staff reported the following:

- Long Beach has experienced a relatively low rental vacancy rate of between 4%-5% of the rental housing stock of approximately 91,000 rental units. This vacancy rate has remained relatively constant despite the increase in conversion activity that occurred in the years 2004-2006.
- The number of housing units given Tentative Map approval for conversion since 2000 equates to about 2.4% of the City's rental housing stock, and the number of units that have actually gone completely through the process and have received City Council approval of a Final Map equates to approximately ½ of one percent of the City's rental housing stock.
- The pace of condominium conversion has decreased significantly this year, likely due to the state of the housing market, changes to loan practices, and the availability of properties that meet the minimum conversion standards (particularly the parking requirement).
- Finally, staff reported that because condominium conversions are typically more affordable, they provide an opportunity for first-time buyers and home ownership, consistent with the goals of the Housing Element of the General Plan.

Several of the changes discussed would require revision to the Municipal Code. The Planning Commission recommended that these changes be completed as soon as possible, and not tied to other housing initiatives, such as the future consideration of the Housing Trust Fund.

Testimony provided by the public to the Planning Commission dealt with issues such as the lack of suitable and similarly affordable units to relocate into within the City, problems with notification, tenants not understanding or waiving their rights to relocation benefits, the need for relocation benefits to apply to more than just low income tenants, the need for tenants to receive the relocation benefits in a more timely manner, and other related issues.

The impact on prevailing vacancy rates for rental units was discussed. There is currently no provision in the Long Beach Municipal Code related to vacancy rates. It was suggested during the public testimony that a limitation on condominium conversions be imposed when vacancy rates for rental units fall below a certain level, such as five percent (5%). Other cities use this type of provision to limit or prohibit condominium conversion projects because of reduced availability of affordable units, or rental units within the community. Rental vacancy rates in Long Beach fluctuate over time, but generally have been in the range of 3.5 to 4.7 percent since 1990. If such a provision were imposed at 5%, as suggested by Legal Aid, no condominium conversions would currently be allowed in the City, and it is uncertain when conversion activity could recommence.

The Planning Commission did not recommend an amendment to the Municipal Code to relate condominium conversions to vacancy rates.

The Planning Commission discussed a recommendation from Legal Aid to include a provision for lifetime leases to existing senior, disabled, or low-income tenants in lieu of relocation benefits. Under such a program, qualifying existing tenants would be allowed to live in their units at current rents, with limited reasonable rent increases in the future. Rather than take a specific action on this issue, the Planning Commission asked the City Council to consider this matter, and ideally to provide additional direction.

The Planning Commission recommended that the City Council direct the Planning and Building Department and the City Attorney's office work with Legal Aid to craft an ordinance that codifies the administrative changes and provides more timely payment of relocation benefits to qualifying tenants.

This Council letter was reviewed by Assistant City Attorney Michael J. Mais and by Budget Management Officer Victoria Bell on December 3, 2007.

TIMING CONSIDERATIONS

No specific timeframes for consideration of changes to the relocation benefits is mandated. City Council direction on the approach and timing for implementing the various suggested changes is requested.

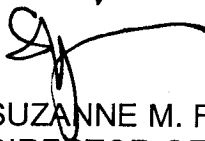
FISCAL IMPACT

There are no direct fiscal impacts to consideration of policy changes. Any revisions to policy will be reflected in relocation benefits paid by condominium conversion applicants and given to qualifying tenants as required in the existing or revised future ordinance, as applicable.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



SUZANNE M. FRICK
DIRECTOR OF PLANNING AND BUILDING

SF:GC:SLG

Attachments:

1. City Council Item NB-35, July 24, 2007
2. Planning Commission Staff Report of October 18, 2007
3. Response to October 18, 2007, Planning Commission Staff Report from Housing Long Beach



City of Long Beach
Working Together to Serve

ATTACHMENT 1

Memorandum

~~NB-35~~

Date: July 24, 2007
To: HONORABLE MAYOR AND CITY COUNCIL
From: Bonnie Lowenthal, Vice Mayor *BL*
Subject: **Condominium Conversion Relocation and Notification**

BACKGROUND:

There has been significant activity in recent years related to conversion of existing apartment buildings to condominiums. One of the effects of conversion activity is displacement of existing tenants, including persons and families with limited incomes. The City's Subdivision and Zoning Regulations currently provide measures for tenant notification and payment of relocation benefits from the person requesting the conversion to displaced tenants who are within certain income levels.

The Planning Commission recently received an updated report on the status of condominium conversion activity. Issues were raised in the staff report, as well as by persons providing testimony, related to the effectiveness of the procedures for tenant notification and payment of relocation benefits.

RECOMMENDATION:

In order to review these procedures and have a public discussion of this matter, I am requesting that the Planning Commission be directed to conduct a review of the current procedures related to tenant noticing and payment of relocation benefits and conduct a public meeting to receive public input on these issues. The Planning Commission would then forward their findings and recommendations to the City Council for consideration.

ATTACHMENT 2

AGENDA ITEM No. Relocation Benefits for Condominium Conversions



CITY OF LONG BEACH

DEPARTMENT OF PLANNING & BUILDING

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (562) 570-6194 FAX (562) 570-6068

#5

ADVANCED PLANNING DIVISION

October 18, 2007

CHAIRMAN AND PLANNING COMMISSIONERS
City of Long Beach
California

SUBJECT: Review of Procedures Related to Tenant Noticing and Payment of Relocation Benefits for Condominium Conversions and the Impact of Condominium Conversions on the City's Vacancy Rate

LOCATION: Citywide

BACKGROUND

This report is a follow-up to the annual update to the Planning Commission on condominium conversions presented July 19, 2007, and July 24, 2007, City Council request (see attached City Council item) for the Planning Commission to discuss issues related to relocation benefits and the policy related to rental vacancy rates and condominium conversions.

The purpose of the report is to review the administrative procedures related to notification and processing of relocation benefits for qualifying tenants of condominium conversion projects and identify changes to improve the process.

The City Council also asked the Planning Commission to investigate the impact of low vacancy on affordability for displaced tenants related to condominium conversions.

EXISTING REGULATIONS

The current condominium conversion regulations (Section 20.32 of the Subdivision Regulations) have been in existence since 1983, with modifications in 1990. The regulations are based in part on the requirements of the State Subdivision Map Act requiring a series of notices to existing tenants of the proposed conversion building. The city ordinance requires additional noticing and more detailed information than State law.

Unlike the single notice required for other discretionary review projects, the conversion regulations require notification to existing tenants on the intent to convert, their rights to relocation assistance if they qualify as low- or very low-income, and their right of first refusal to purchase their units upon conversion.

Notices are required to existing tenants 60 days prior to submittal of the application to the Planning Bureau, prior the Planning Commission hearing, 18 months before the tenants are supposed to vacate the units, and upon approval of the Final Map and State Department of Real Estate that the conversion is complete.

CONCERNS WITH THE EXISTING NOTIFICATION PROCESS

Concerns have been raised since last year's report to the Planning Commission regarding the noticing and ensuring tenants that are entitled to relocation benefits receive them in an effective and timely manner.

Relocation benefits are paid at the conclusion of the process as a condition of approval in order to process the Final Map. The concern is that this often does not coincide with the time the tenants seeking a new apartment need the relocation benefit. There is a related concern that tenants may be unfairly asked to sign waivers relinquishing their rights to relocation benefits, or accept lesser payments because they are not fully aware of the benefits they are entitled to.

To address these concerns, Planning and Housing Services staff met several times to discuss the existing process and ways to improve it. On September 11 and October 5, staff met with the Apartment Association and Legal Aide representatives. The proposed procedural changes and amendments are discussed in the following sections of this report.

REVISIONS TO THE ADMINISTRATIVE PROCEDURES

Within the provisions of the municipal code that regulate condominium conversions, a set of administrative procedures has been used to ensure that all projects are handled consistently. Upon review of the existing procedures, several important improvements to the process and applications materials were identified and are being updated, as follows:

- **Update the Notices to Tenants** – Planning Bureau and Housing Services Bureau staff are updating the notices that go to tenants during the conversion process. The updating includes language changes to include appropriate provisions of State and local regulation. The notices are being re-written to use plain language. Each of the notices and Form B, which summarizes tenant rights during the conversion process are all being translated into Spanish and Khmer. Form B will be provided as an attachment to all notices to increase the likelihood that potentially qualifying tenants will become aware of their rights and apply to take advantage of relocation benefits. Form B will include contact information to appropriate City staff for prospective tenants to use in the completion of their applications for relocation benefit. A simple cover sheet will be created in the three languages to clearly identify that the conversion is being undertaken and make it known that relocation benefits are available to qualifying tenants.
- **Increase Noticing to Tenants** – In addition to notices required per the existing ordinance, the application packet is being amended to include tenants in the notification radius list so that all project notices will also be sent to existing tenants. Housing Services Bureau has begun to send an application packet to all existing tenants following Planning Commission approval of the Tentative Map to provide an additional opportunity for tenants to apply for relocation benefits. This

notice will be sent directly to the tenants by city staff, not from applicants as are other required notices.

- **Additional Conditions of Approval** – The Planning Bureau is drafting new standard conditions of approval required of all future projects to complete the relocation benefits process and for applicants to submit documentation of their efforts before the Final Map will be scheduled for approval by the City Council. A condition of approval requiring regular updates on the status of the physical improvements and relocation benefits to ensure that tenants are not subject to unnecessary burdens during construction and are given adequate time to find a new home before they are required to vacate the converted units by keeping Planning and Housing Bureau staffs better informed on the status of the conversion.
- **Earlier Payment of Benefits** – Housing Services Bureau reviewing applications for relocation benefits earlier in the conversion process to determine if there are qualifying tenants. If there are, the HSB is requesting relocation benefits payments prior to review of the Final Map that is the last step in the City approval process.
- **Available Unit Information** – The Housing Services Bureau will provide relocation benefit tenants with a listing of currently available affordable housing properties from other affordable housing programs and services offered within the City.

REVISIONS TO THE CONDOMINIUM CONVERSION ORDINANCE

No specific amendments are necessary to implement the steps listed above. Review of the overall ordinance during the process of making the administrative procedural changes listed above lead to a series of potential amendments for future consideration. These amendments need to be formalized and will include clarification for the administrative changes that are being implemented. The types of ordinance changes that will be considered after the review of the relocation benefits procedure and the consideration of the Housing Trust Fund later this Fall will include the following:

- Municipal Code Chapter 21.60 requires applicants pay special relocation assistance benefits to qualified low-income households that are permanently displaced due to a condominium conversion. However, there is no provision that requires applicants to pay these benefits to tenants prior to or at the time tenants vacate their home. Tenants often receive a 30 or 60-day notice to vacate without any assurance that they will receive their relocation assistance before they move. In many cases, tenants receive their relocation assistance weeks or months after they have moved. Many of these qualifying low-income households do not have the financial reserve to pay the first months rent and security deposit on a new apartment. They are left with few housing options, which often result in tenants moving in with friends or relatives, or borrowing money to pay for a new apartment until they receive their relocation assistance benefits. This could be remedied by making every effort available to qualifying tenants in time for the

benefit to assist the tenants in finding a new residence. Provisions of the ordinance to tighten up the requirements and trigger the payment of relocation benefits directly to tenants by applicants early enough in the process to meet that goal, with proof of payment provided to the Housing Services Bureau. This would save considerable administrative processing time.

- The ordinance is not clear that notices to vacate must also include notice of the availability of relocation benefit. In some instances, tenants move without knowing that they are entitled to relocation benefits. The ordinance should prohibit this potential practice. A similar provision has been added to the Code Enforcement Relocation Ordinance. Similarly, a waiver of payment of relocation benefits provision was removed from the Code Enforcement Relocation Ordinance and should be removed from the Condominium Conversion Ordinance.
- Provisions to include appeals to contest decisions of the Housing Services Bureau, to provide tenants with a private right of action, temporary displacement provision and other legal terms and concepts should be considered. The changes made several years ago to the Code Enforcement Relocation Ordinance are a useful model of the types of changes needed to ensure tenant rights are maintained.

VACANCY RATES

Concerns that have been raised that a low level of vacancy in Long Beach makes it difficult for tenants being relocated due to a condominium conversion to find a comparable unit at a comparable rent.

Vacancy can be an important factor in moderating the cost of housing. If vacancy rates are too low, the demand for housing drives up prices for both rental units and for homeownership. SCAG, the regional government agency, in its Regional Housing Needs Assessment (RHNA) and other housing policy documents, considers the optimal vacancy rate to range from 1.5 to 2% for single-family homes, and 5-6% for multi-family units. This level of vacancy is needed to allow for fluidity in the marketplace. If the vacancy rate is lower, then prospective tenants cannot find suitable rental units when they try to move.

According to the 2000 US Census, rental vacancy in Long Beach was 4.2%. Estimates from the American Community Survey indicate a vacancy of 4.6% in 2005 and 3.7% in 2006. The most recent estimate available is from the State Department of Finance, indicating a rental vacancy rate of 4.98% for early 2007.

The vacancy rates in Long Beach are generally lower than those in other communities with similar percentages of rental units in their overall housing stock. In part this is due to the higher level of affordability and greater demand for housing in the Long Beach area.

The level of conversion activity represents a very small percentage of the available housing stock. The units that have actually converted to date, represent While conversion does contribute to the loss of affordable rental units, these conversions are often a source of attainable homeownership for first-time buyers.

HOME OWNERSHIP

It has been a underlying assumption of the condominium conversion policy that Long Beach has a large pool of available apartments, that there is a benefit to a more equal balance or rental to ownership housing, and that condominium conversion provides one mechanism to reduce the number of apartments while providing a source of relatively affordable homeownership opportunities within the City, particularly for first-time buyers. In Long Beach, most ownership units are priced in excess of \$300,000, with the largest group priced from \$500,000 to \$999,999. The median price of a ownership unit in Long Beach is \$575,100. Because condominiums are typically more affordable than other types of housing, they provide a path for first time homebuyers into the ownership housing market.

RENTAL MARKET

There were 91,612 rental units in Long Beach, according to the 2006 American Community Survey. Applications for 149 projects for condominium conversions, including 2,174 units, have been filed since 2000. Of those, nearly 1900 have received approval from the Planning Commission for the Tentative Map. Of those approved by the Planning Commission, 482 units (22% of the total originally applied for) have received Final Map approval from the City Council making them available for sale. Of those 482, less than 250 converted rental units have been sold as condominiums. This equates to less than 1% of available rental stock being depleted. Based on these numbers, Long Beach continues to have a higher percentage of rental units, with over 57% of all dwelling units occupied by renters.

Rents for the units have remained relatively stable compared to increases in purchase price for condominiums. For example, rents for two-bedroom units range from \$725 to \$1,100 in 2000, \$795 to \$1,195 in 2005 throughout the City. During that same period, sales prices have increased approximately twenty percent (20%) per year. Condominiums that sold for \$150,000 in 2000 now are selling for nearly \$375,000. With the downturn in the real estate market over the last year, prices have held steady or dropped in certain areas.

CONDOMINIUM CONVERSIONS IN OTHER CITIES

In some cases, adjacent communities have sought to limit or prohibit condominium conversions. The primary reason is that their rental pool is relatively small and the local vacancy rate remains low. A survey of other adjacent communities indicates that Long Beach is one of the few communities with an active program for condominium conversions. This is a function of the higher percentage of available apartment buildings in Long Beach that meet the City's straightforward existing regulations as discussed above. Other cities allow conversions, and either limit the number or have more

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stringent requirements that limit the potential of converting existing buildings. The survey included Pasadena, Signal Hill, Anaheim, San Diego, Redondo Beach, Lakewood, Seal Beach and Carson. Examples of other Southern California coastal cities, that resemble Long Beach in regards to vacancy rate and home ownership rental ratio are described below, based on the American Community Survey from the US Census, 2006.

The relationship between vacancy and condominium conversions is formalized in a few communities, with Redondo Beach as the only local example. In Redondo Beach, the condominium ordinance requires that the rental vacancy rate exceed six percent (6%) in order for the city to accept any applications for condominium conversions. In order to ascertain the vacancy rate, the city sends out a vacancy response card with the business license renewals each year and gets approximately 60 percent of the cards back. The latest vacancy survey shows that only 2 percent of the rental units were vacant per the survey. Condominium conversions have not been allowed in Redondo Beach for more than 18 years based on this vacancy requirement. Redondo Beach has a total of 30,478 dwelling units, 50.5% of which are rental units. The overall vacancy rate in Redondo Beach is 4.3%.

In San Diego, condominium conversions have taken place on a large scale. Between 1999 and January 2004, applications for 2,275 conversions were submitted. From February 2004 to March 2005, applications for 6,364 units were submitted, nearly tripling the total from the previous four years. This number does not include large, more recently built apartment complexes that were built with individual ownership condominium maps approved at the time of original approval that can be converted to condominiums without additional city approvals. San Diego created an affordable housing task force in 2003 to look into the many issues associated with affordable housing. The task force made recommendations that lead the City Council to amend the ordinance in March 2004 to require relocation benefits to low income tenants when the rental vacancy rate is less than seven percent (7%). San Diego has 502,964 dwelling units, with 49.5% rentals. The overall vacancy rate is 7.9%.

Huntington Beach allows condominium conversions, but requires each project to prepare a citywide vacancy rate analysis for multiple-family rental units for the past year. The effect of the conversion on the city's low-income housing supply is a consideration required of the Planning Commission or Zoning Administrator specified by the code. The City gives density bonuses for including low-income units in the conversion. Huntington Beach has 77,285 dwelling units, 37.6 percent of which are rentals. The overall vacancy rate is 5.5%.

The Long Beach home ownership to rental ratio is 43.4% to 56.6%. Compared to nearby cities such as Huntington Beach and Redondo Beach, Long Beach has a higher rental to ownership ratio and a higher vacancy rate. In addition, Long Beach home ownership is lower than Los Angeles County, by approximately 5%. There are 91,612 rental units (56.6% of the total) in Long Beach. The overall vacancy rate is 7.5%, per the American Community Survey for 2006. Because the Long Beach vacancy rate is greater than 5%, and because Long Beach has a large supply of rental housing, there are more units available than would typically be absorbed based on supply and

demand. This means that condominium conversion in Long Beach does not negatively affect displaced tenants from readily finding rental housing.

CONCLUSIONS

There are several conclusions that can be drawn from the above analysis.

- **Administrative Procedures** – There are several key improvements to the process that can be implemented immediately as clarifications or changes to the administrative procedures. These changes will improve the outreach and information provided to tenants who potentially qualify for relocation assistance.
- **Changes to the Ordinance** – The ordinance regulating condominium conversions would benefit from an amendment to clarify the process, further define administrative procedures, and ensure key tenant and applicants rights are maintained through the process. Because there are other pending discussions of affordable housing programs, it makes sense for those discussions to conclude before any ordinance changes are considered so that the revisions can be more comprehensive.
- **Vacancy Restrictions** -- Regarding restriction of conversions based on vacancy rates, staff does not believe that the reduced rate of conversion activity necessitates a policy change at this point in time. Staff will continue to monitor conversion activities and the overall production of new housing developments to ensure that an adequate supply of housing units at all socio-economic levels are provided in Long Beach.

IT IS RECOMMENDED THAT THE PLANNING COMMISSION:

Receive and file the information presented in this staff report and made available during the discussion of the issue.

Direct staff to:

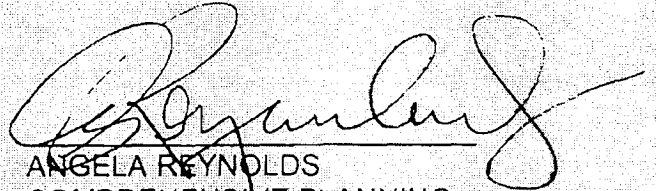
- continue to review and improve the administrative process for tenant relocation,
- review the existing regulations of the municipal code and consider recommendations for amending the code based on input from the Planning Commission and City Council with a goal of ensuring that relocation benefits are available to qualifying tenants prior to being required to move.
- continue to work with the Housing Services Bureau to review and improve the process for evaluating low- and very low-income tenants of conversion projects and providing relocation benefits as soon as possible during the conversion process,
- continue to work with the Housing Services Bureau and other organizations to promote awareness of tenant rights,
- return to the Planning Commission with an update on condominium conversions, including tenant relocation procedures, in Fall 2008, and,
- report to the City Council.

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Respectfully submitted,

SUSANNE FRICK,
DIRECTOR OF PLANNING AND BUILDING

for 
By _____
STEVE GERHARDT
COMMUNITY PLANNER

Approved: 

ANGELA REYNOLDS
COMPREHENSIVE PLANNING
OFFICER

Attachment: July 24, 2007 Council Agenda Item (NB-35)



HOUSING LONG BEACH

Steering Committee

Century Housing

The Children's Clinic

Community Partners Council

Disabled Resources Center

Fair Housing Foundation

*First Congregational Church
of Long Beach*

*Long Beach Alliance
for Children with Asthma*

*Long Beach Coalition
for the Homeless*

*Long Beach Community
Action Network*

*National Mental Health Assc.
of Greater Los Angeles*

South Coast Interfaith Council

*Southern California Assc.
of Non-Profit Housing*

*Unitarian Universalist Church
of Long Beach,
Social Action Committee*

*Western Center
on Law & Poverty*

Supporting Members

Alameda Corridor Jobs Coalition

Gateway Affordable Housing

*Greater Long Beach Interfaith
Community Organization*

*Los Angeles Coalition to End
Hunger and Homelessness*

Rev. Marguerite Lovett

MHA Village

Legal Counsel

Susanne Browne,

*Legal Aid Foundation
of Los Angeles*

Technical Assistance

Mary Brooks,

Center for Community Change

**Response to City Staff's Report for 10-18-07 Planning Commission Hearing
Re: Agenda Item #5: Review of Relocation and Condominium Conversion
Ordinances (10-16-07)**

Housing LB agrees with Staff's recommended changes to the Relocation Administrative Procedures for tenants who are displaced as a result of condominium conversions.

Housing LB disagrees, however, with the following analysis, conclusions and recommendations contained in the City's Staff Report:

1. There is no reason to delay adoption of the proposed Relocation Assistance Ordinance code amendments. The Commission should recommend that the Council adopt the proposed Relocation code amendments.

The Staff Report recommends that the Commission delay the adoption of the proposed code amendments to the City's Relocation Ordinance until after the Council reviews the Housing Trust Fund (HTF). Housing LB strongly disagrees with this recommendation and urges the Commission to move forward with the code amendments at the present time. The code amendments to the Relocation Ordinance should not be delayed for the following reasons:

- (A) The HTF Ordinance and the Relocation Ordinance are entirely separate Ordinances. The Relocation Ordinance provides relocation assistance to those displaced as a result of condominium conversions. The HTF Ordinance is an affordable housing production program. There is no legislative tie between these Ordinances. Irrespective of what happens with the HTF, the Relocation Ordinance needs to be updated and amended because it is not working properly.
- (B) The HTF, which is quite complicated, has no clear date for Council review. The Consultant undertaking the HTF Study has yet to release the Study.
- (C) At the request of Planning Staff, Legal Aid drafted code amendment language for the agreed upon amendments to the Relocation Ordinance. Legal Aid completed the drafting of these amendments and submitted them to the City in time for inclusion in the Staff Report;
- (D) The proposed code amendments are long overdue. The City has two relocation Ordinances – one for those displaced as a result of code enforcement and another for those displaced as a result of condominium conversions. Very similar code amendments

were made in 2005 to the Code Enforcement Relocation Ordinance with the intent that the Conversion Relocation Ordinance would be similarly amended. Unfortunately, the changes to the Conversion Relocation Ordinance have not yet happened. Therefore, for the most part, the recommended changes are clean up changes that should have been made some time ago.

- (E) The City Council directed the Planning Commission to consider and forward its findings and recommendations regarding Conversion Relocation Assistance. Such findings and recommendations include code amendments.

2. The Staff Report inaccurately concludes that conversions do not have a negative impact on our rental housing stock.

The Staff Report alleges that because only a small percent of conversions approved by the Planning Commission have also obtained needed approvals from the County and Department of Real Estate, conversions are not depleting our rental housing stock nor are they negatively impacting our vacancy rate. The City's conclusion is faulty for a number of reasons. First, conversions can take up to 3 years to obtain all of the needed approvals from the City, County and State Department of Real Estate (DRE). Many of the units referred to in the City's Staff Report are still in the process of obtaining their approvals. (1,073 units were approved for conversion by the City in 2006.) As soon as these units obtain their remaining approvals, they will be depleted from our rental stock, thereby lowering our vacancy rate.

Second, based on our experience working closely with tenants in converted buildings, converters typically force tenants to move out of their units early on in the conversion process. Tenants are typically forced to move out before the converter obtains his or her tentative map from the City. This means that these rental units are actually removed from the rental market well before they are officially converted.

Finally, if an upgraded converted unit ends up back in the rental market (because it is not sold at a price agreeable to the seller or because it has not obtained final approvals from the County or DRE), the rent for this unit will reflect the upgrades it was required to make during the conversion process and it will not be affordable to those who were displaced from the units.

3. Long Beach should adopt a balanced policy that allows condominium conversions when the rental vacancy rate in the City has been above 5% for the past twelve months. The Staff Report fails to discuss a number of cities that have adopted such policies.

Long Beach should adopt a policy that allows for balanced development with respect to conversions, taking into account the interests of converters, tenants, the City's rental housing stock and the City's vacancy rate (a healthy vacancy rate is 5%). Many Cities have adopted policies to address these interests. Cities have adopted moratoriums on conversions, caps on the number of conversions allowed per year, condominium conversion fees, affordable housing set asides in converted buildings, one for one

replacement of converted units and life time leases in converted buildings for seniors, disabled and low income households.

Long Beach should adopt a balanced policy that permits conversions when the vacancy rate has been above 5% for the past 12 months. The following California cities have adopted such vacancy rate protections:

- Sacramento: conversions allowed only when the vacancy rate has been above 5% for the past 12 months
- City of Los Angeles: grants discretion to deny condominium conversions if the vacancy rate is below 5% and there would be a negative cumulative impact by allowing the conversion
- South San Francisco: conversions allowed only when vacancy rate is above 5%
- San Leandro: conversions allowed only when vacancy rate is above 5%
- Roseville: conversions allowed only when the vacancy rate is 5% or greater
- Santa Monica: conversions allowed only when the vacancy rate is above 5%
- Redondo Beach: conversions allowed only when the vacancy rate is above 6%

The City of Long Beach would be in good company if it adopts a 5% vacancy rate protection, as many other jurisdictions have done so.

4. The Staff Report relies upon inaccurate vacancy rate data to reach flawed conclusions. The American Community Survey Census Data revealed that the City's vacancy rate was at 3.7% in 2006. This is an unhealthy vacancy rate.

The Staff Report incorrectly states that the American Community Survey (ACS) census data reports the vacancy rate in Long Beach in 2006 at 7.5%. This is not accurate, as the ACS reported Long Beach's 2006 vacancy rate at 3.7%. Housing LB has brought this error to Staff's attention and we hope that this error will be rectified at the Commission hearing. Unfortunately, Staff relies upon this inflated, inaccurate vacancy rate data to conclude that the City does not need to adopt a policy to protect its vacancy rate.

Housing LB has two responses to this:

- First, the City's vacancy rate for 2006 was 3.7%, which is well below a healthy vacancy rate of 5%.
- Second, irrespective of the vacancy rate, the City should adopt a sound policy to protect its vacancy rate from current and future waves of condominium conversions that will deplete its rental housing stock.

5. Long Beach should consider adopting an additional protection for senior and disabled tenants in converted buildings.

Many cities have adopted policies to protect senior, disabled and low income tenants in converted buildings by requiring converters provide life time leases in converted buildings. The following cities have adopted such policies and Long Beach should consider doing so as well:

- Sacramento
- Berkeley
- San Leandro

- Hayward
- San Francisco
- Oakland

Housing LB recommends that the Planning Commission take the following actions:

1. Adopt the proposed administrative changes to the City's Relocation Assistance Procedures;
2. Recommend that the City Council adopt the proposed code amendments to the City's Conversion Relocation Assistance Ordinance;
3. Recommend that the City Council adopt a policy to allow condominium conversions when the City's vacancy rate has been above 5% for the past 12 months, relying upon American Community Survey vacancy rate data; and
4. Recommend that the City Council consider requiring life-time leases, with reasonable rent increases, for seniors, disabled and low income tenants in converted buildings