

### Rental Vacancy Rate Protection Language

Applications for condominium conversions will be accepted only when the City's vacancy rate has been above 5% for the past 12 months. The City's vacancy rate will be determined by American Community Survey (ACS) vacancy rate census data. The Planning Department shall make a determination by September 31<sup>st</sup> of each year regarding the City's vacancy rate for the past 12 months.

If the City's vacancy rate has been 5% or less for the past 12 months, a condominium converter may appeal denial of its conversion application to the City Council. On appeal, the City Council may accept an application for conversion if the converter proves, with substantial evidence, both (1) and (2) below. Substantial evidence is evidence that is credible and of solid value. Substantial evidence can be outweighed by contrary evidence.

- (1) The conversion will substantially improve the character of the community planning area based upon the following factors. At least 3 of these factors must be proven with substantial evidence.
  - a. Average home ownership rates in the community planning area have been below 50% for the last 5 years.
  - b. Residential crime rates in the community planning area have been higher than the city-wide average for the last 12 months.
  - c. No more than 25 rental units have been converted to condominiums, or demolished and rebuilt as condominiums, in the same community planning area over the last 12 months.
  - d. Tenants displaced as a result of the conversion are likely to find comparable replacement housing in the same community planning area. Comparable replacement housing must be comparable in terms of rent, number and size of bedrooms and bathrooms, unit size, unit location and amenities.
  - e. At least 50% of existing tenants certify that they can afford to purchase their converted units.
  - f. 15% of the converted units will be set aside for low income households (earning 80% or less of area median income) for a minimum of 30 years.
  
- (2) The condominium conversion will not have a cumulative adverse impact on the rental housing stock in the community planning area.



# 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. Marquerite Lovett*

*MHA Village*

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Legal Aid Foundation  
of Los Angeles*

**Technical Assistance**

*Mary Brooks,  
Center for Community Change*

**Response to City Staff Report for 12-11-07 City Council Hearing Re:  
Agenda Item #22: Review of Relocation and Condominium Conversions  
Ordinances (December 7, 2007)**

Housing LB agrees with Staff's recommendations regarding proposed changes to the City's Relocation Administrative Procedures and Ordinance.

We disagree, however, with Staff's recommendation not to adopt a policy to limit condominium conversions when our rental housing vacancy rate has been below 5% for the past 12 months. (5% is considered a healthy rental housing vacancy rate.)

The Staff report relies on a number of inaccurate statements to reach the faulty conclusion that the City should not adopt a 5% vacancy rate protection:

1. The Staff Report incorrectly alleges that because only a small percent of conversions approved by the Planning Commission have obtained other required approvals from the county and the state, that conversions are not depleting our rental housing stock. This conclusion is faulty for two reasons.
  - A. First, Conversions take up to 3 years to obtain all of their needed approvals. Many of the units referred to in the Staff Report are still in the process of obtaining their approvals. (1,073 units were approved for conversion by the Planning Commission in 2006.) As soon as these units obtain their remaining approvals, they will be permanently depleted from our rental stock.
  - B. Second, and more importantly, based on our experience working closely with tenants in converted buildings, converters typically force tenants out of their units very early on in the conversion process, usually around the time they obtain their tentative map from the City. This means that rental units are actually removed from our rental housing stock long before they are converted.
  
2. The Staff Report incorrectly states that the City's vacancy rate has remained relatively constant despite the increase in conversion activity that occurred in 2004-2006. This is false.
  - A. According to the American Community Survey census data, the City's vacancy rate dropped from 5.2% in 2003 to 3.2% in 2007.
  - B. These numbers indicate that conversions have negatively impacted our rental vacancy rate.

3. The Staff Report alleges that conversions should be permitted at all costs because they provide affordable home ownership opportunities.
  - A. While a converted unit may be affordable when compared to the price of a single family home, condominiums are typically not affordable to the tenants who are permanently displaced from their units when their apartment building is converted.
  - B. Many converted units are purchased as speculative investment properties and are not owner occupied once purchased. As a result, many converted units end up back on the rental market as high end rentals, unaffordable to the tenants who were displaced.
  
4. The Staff report incorrectly states that rental vacancy rates in LB have generally been in the range of 3.5% to 4.7% since 1990. Planning Staff relies on this inaccurate statement to conclude that a 5% vacancy rate protection would result in no condominium conversion activity in the City.
  - A. Contrary to the Staff report's statements, the City's vacancy rate has fluctuated a great deal since 1990. A vacancy rate protection, therefore, would merely act to limit conversions when our vacancy rate is below 5%.
  - B. The City's vacancy rate has fluctuated as follows:
    - 1990: Decennial Census: 7.5% vacancy rate in LB
    - 1995: American Community Survey: 11.3% vacancy rate for LA/LB
    - 1999: American Community Survey: 6.3% vacancy rate for LA/LB
    - 2000: Decennial Census: 4.4% vacancy rate in LB
    - 2003: American Community Survey: 5.2% for LA/LB
    - 2005: American Community Survey: 4.6% for LB
    - 2006: American Community Survey: 3.7% for LB
    - 2007: Marcus and Millichap: estimates 3.2% for LB

### **Conclusion**

To respond to the negative impacts that conversions are having on our rental housing stock and displaced tenants (2,200 units have been approved for conversion in LB over the last 5 years), Long Beach should adopt a policy that allows condominium conversions only when the City's rental vacancy rate has been above 5% for the past twelve months. The City should rely upon American Community Survey Census Data for determining the vacancy rate.

Housing LB's proposed vacancy rate protection (see attached) is not a hard and fast rule, however, because it allows the City Council to approve condominium conversions even when the City's rental vacancy rate has been below 5% if the condominium conversion would substantially improve the character of the community planning area.

Housing LB asks that you support its vacancy rate protection because it fairly balances the interests of both tenants and converters.

The following California cities have adopted a 5% vacancy rate protection: Sacramento, Los Angeles, South San Francisco, San Leandro, Redondo Beach, Roseville, and Santa Monica.