

ATTACHMENT 2

ORDINANCE NUMBER O-_____ (New Series)

ADOPTED ON _____

AN ORDINANCE AMENDING CHAPTER 12, ARTICLE 5, DIVISION 4, OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTIONS 125.0430, 125.0431, AND 125.0444; AND AMENDING CHAPTER 14, ARTICLE 4, BY ADDING DIVISION 5, TITLED CONDOMINIUM CONVERSION REGULATIONS, AND BY ADDING SECTIONS 144.0501, 144.0502, 144.0503, 144.0504, AND 144.0505, ALL RELATING TO CONDOMINIUM CONVERSIONS.

WHEREAS, the Council of the City of San Diego has declared a State of Housing Emergency due to the lack of housing supply and affordable housing in the City; and

WHEREAS, the City Manager and Council of the City of San Diego established an Affordable Housing Task Force to recommend measures to respond to the shortage of housing supply and affordable housing in the City; and

WHEREAS, the Affordable Housing Task Force recommended specific regulations for condominium conversions to minimize negative impacts to tenants of units undergoing conversion and to ensure that conversions contribute to the supply of affordable housing in the City; and

WHEREAS, a large number of condominium conversions are occurring in the City of San Diego; and

WHEREAS, condominium conversions are resulting in economic hardship for many existing tenants of low and moderate incomes who are displaced; and

WHEREAS, the City has a critical ongoing need for to maintain a supply of housing affordable to low and moderate income families; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 12, Article 5, Division 4, of the San Diego Municipal Code is amended by amending sections 125.0430, 125.0431, and 125.0444, to read as follows:

§125.0430 Decision to Apply for a Tentative Map

- (a) An application for a *tentative map* may be approved, conditionally approved, or denied in accordance with Process Three for tentative *parcel maps* and Process Four for tentative final maps except for those *tentative maps* that include proposals for the vacation of *public rights-of-way* or the abandonment of *public service easements*, which shall be made in accordance with Process Five.

- (b) No application for a tentative map for *condominium conversion* for property for which a tentative map for condominium has been denied shall be accepted within twelve months of such denial.

§125.0431 Additional Notice for a Condominium Conversion Map

For a *tentative map* for a *condominium conversion* project, the following notice shall be provided in addition to the notice required in Chapter 11, Article 2, Division 3 (Notice):

- (a) through (c) [No change in text.]; and

(d) A summary of the tenant benefits provided pursuant to Section 144.0504.

125.0444 Findings for Tentative Maps for Condominium Conversion

The decision maker may approve a *tentative map* for a *condominium conversion* project, in accordance with the *Subdivision Map Act* section 66427.1, if the decision maker makes the following *findings*, in addition to those required in section 125.0440:

(a) The notices required by section 125.0431 have been given in the manner required;

(a)(b) The applicant has complied with all applicable tenant relocation requirements;

(a)(c) The project was not financed by funds obtained from a governmental agency to provide for elderly, disabled, or *low income* housing; and

(b)(d) For any project that was developed to provide housing for the elderly, disabled or to provide low income housing, provisions have been made to perpetuate the use for which the project was developed.

Section 2. That Chapter 14, Article 4, of the San Diego Municipal Code is amended by adding a new Division 5 titled “Condominium Conversion Regulations,” and adding new sections 144.0501, 144.0502, 144.0503, 144.0504, and 144.0505, to read as follows:

Division 5: Condominium Conversion Regulations

§144.0501 Purpose Of Condominium Conversion Regulations

The purpose of these regulations is to provide for the conversion of apartments to condominiums while, at the same time, protecting the interests of tenants by giving them notice of the proposal and assuring specified tenants that during times of tight rental markets there will be provided reasonable assistance in relocating their places of residence. It is also the intent of these regulations that tenants of condominium conversion projects be given adequate notice of any such proposals.

§144.0503 Fees And Deposits

In addition to the fees required by Chapter 11, Article 2, Division 2, Fees and Deposits, the applicant shall deposit with the City an amount equal to \$200 for each unit proposed to be converted which is occupied by a tenant eligible for relocation assistance from the San Diego Housing Commission. The funds shall be used by the City of San Diego to reimburse the Housing Commission for its costs incurred in providing relocation assistance to the tenant. If the costs incurred by the Housing Commission exceed the amount deposited by the applicant, an additional deposit shall be made by the applicant equal to the original deposit.

§144.0504 Tenant Benefits, Rights And Obligations

- (a) The applicant for a tentative map for condominium conversion shall provide the benefits specified in this section for persons who were tenants on the date of mailing of the notices of the hearing on the application for the tentative map and, were also tenants on the date that the applicant gave notice to vacate the premises for the purpose of converting the affected unit or units.

(b) The applicant shall provide a relocation assistance payment equivalent to three months' current rent to all tenants of the project whose income is less than 100% of area median income (as calculated by the U.S. Department of Housing and Urban Development for the San Diego Standard Metropolitan Statistical Area), which amount shall be paid to the tenants for the purpose of assisting them in relocating their places of residence. The relocation payment shall be paid no later than the day on which the applicant gives notice to the tenant to vacate the premises.

§144.0505 Vacancy Rate Determination and Suspension of Relocation Payment

- (a) On or before April 1, 2005, and each year thereafter, the Planning Commission shall determine that if the average vacancy rate for residential rental units exceeded seven percent on a City-wide basis for the previous calendar year, then the payment of relocation benefits pursuant to Section 144.0504(a) shall not apply to condominium conversions in the calendar year starting April 1 of that year.
- (b) Planning Department staff shall submit to the Planning Commission in March of each year a report identifying the vacancy rates for residential rental units in the City as of January 1 of that year, and July 1 of the preceding year. The report shall also include an annual average. The report is to be based on the results of a survey of rental apartments to be taken during the months of January and July of each year, plus any other

information regarding vacancy rates submitted to the Planning Commission by other governmental agencies and other interested parties.

Section 3. That Chapter 14, Article 2, Division 13, of the San Diego Municipal Code is amended by amending section 142.1303, 142.0306, 142.1310, to read as follows:

142.1303 Exemptions from the Affordable Housing Inclusionary Regulations

(a) through (c) [no change]

(d) [deleted]

143.0306 General Inclusionary Affordable Housing Requirements

(a) At least ten percent (10%) of the total dwelling units in the proposed *development* shall be affordable to *targeted rental households* or *targeted ownership households*. For any partial unit calculated, the *applicant* shall pay a prorated amount of the in lieu fee in accordance with Section 142.1310 or provide an additional affordable unit. Condominium conversion units offered for sale at 150% or less of area median income (as calculated by the U.S. Department of Housing and Urban Development for the San Diego Standard Metropolitan Statistical Area), pursuant to an agreement entered into with the San Diego Housing Commission shall not be included in the dwelling units total for purposes of applying the 10% inclusionary housing requirement.

(b) no change

142.1310 In Lieu Fee Regulations

In accordance with Section 142.1306(b)(4), an *applicant* may pay an in lieu fee subject to the following regulations and the Inclusionary Affordable Housing Implementation and Monitoring Procedures Manual:

(a) The rate of the in lieu fee shall be determined at the time the building permit application is filed. For tentative maps for *condominium conversion* projects pursuant to Chapter 12, Article 5, Division 4, the in lieu fee shall be determined on the date the tentative map application is *deemed complete*.

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