



Office of the City Manager

ACTION CALENDAR

November 6, 2007

To: Honorable Mayor and Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Renelda Mary, Interim Director, Housing Department

Subject: Revision of the Condominium Conversion Ordinance (BMC Chapter 21.28)

RECOMMENDATION

Provide direction to staff regarding recommendations for revision of the condominium conversion ordinance, BMC Chapter 21.28, as contained in the report for the Council Workshop Session tonight.

CURRENT SITUATION AND ITS EFFECTS

The Condominium Conversion Ordinance (CCO) has been amended nine times since June 2005. The CCO calls for applicants to pay affordable housing mitigation fees to mitigate loss of comparatively affordable rental units resulting from conversion to condominiums. The central strategy in Berkeley's CCO for inducing converters to choose condominium over tenancy-in-common (TIC) conversion is to have mitigation fee reductions enlist property owner/converters in protecting tenants (sitting tenants as well as tenants newly renting units in the property prior to conversion and sale).

Fee revenues accrue to the City's Housing Trust Fund Program, where they must be used solely to finance construction of permanently affordable rental housing in Berkeley. Since the contemporary CCO went into effect in June 2005, no mitigation fee revenue has yet accrued to the Housing Trust Fund. The fee was set high in 1997 so as to discourage condominium conversions at a time when the City could legally ban tenancy-in-common ownership of properties of four units or more. But approximately 150 units are moving through the process at this time, with the first projects receiving approvals in September.

Cumulatively, previous amendments have created an incentive structure for condominium conversion to compete with unregulated TIC conversions. However, they have also made the CCO challenging for the City departments to administer. Applicants seeking to convert units have found it difficult to interpret the CCO and plan their projects accordingly. The CCO's requirement for local law compliance has also caused delays to applicants.

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BACKGROUND

Staff presented a workshop to Council on the Condominium Conversion Ordinance earlier this evening. Staff seeks direction from Council regarding how the ordinance ought to be revised.

CONTACT PERSON

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