

CITY PLANNING COMMISSION

927 10TH STREET, SUITE 300 - SACRAMENTO, CALIFORNIA 95814

APPLICANT	JTS Engineering, Inc. 811 J Street, Sacramento, CA 95814		
OWNER	Midtown Terrace, 2050 Pioneer Court #204, San Mateo, CA 94403		
PLANS BY	Applicant		
FILING DATE	1/31/84	50 DAY CPC ACTION DATE	5/31/84
REPORT BY:	SC		
NEGATIVE DEC.	15301(k)	EIR	ASSESSOR'S PCL NO. 007-332-01

- APPLICATION:**
1. Tentative Map to divide a 0.3± acre site, developed with 27 apartment units, into 27 airspace condominium units in the Light Density Multi-Family (R-3A) zone;
 2. Special Permit to convert 27 apartment units into condominium ;
 3. Variance to waive the special sales and lease provisions;
 4. Variance to waive the required pest control report and sound study;
 5. Variance to waive seven of 27 parking spaces;
 6. Variance to reduce the required parking maneuvering space from 26' to 19'

LOCATION: 2400 Q Street

SUMMARY: The Mid Town Terrace Apartments consist of a 27 unit apartment complex located in the Central City. The applicant is proposing to convert these units into individual ownership. The vacancy rate in the Central City is presently 5.2 percent, which is above the required minimum for allowing the conversion of rental housing into condominiums, however, these complexes represent 2.8% of rental housing stock in the Central City and if all the units were converted the vacancy would be reduced below that allowed.

PROJECT INFORMATION:

1974 General Plan Designation: Residential
1980 Central City Community
Plan Designation: Multiple Family Residential
Existing Zoning of Site: R-3A
Existing Land Use of Site: Apartment Complex (27 units)

Surrounding Land Use and Zoning:

North: Apartments; R-3A
South: Office; C-4
East: Apartments; R-3A
West: Apartments; R-3A

Parking Required: 27 spaces
Parking Provided: 20 spaces
Property Dimensions: 80' x 160'
Property Area: 0.29 acres
Density of Development: 93 units per acre
Square Footage of Units: 550 sq. ft. - 1,000 sq. ft.
Height of Structure: Two story; 34 ft.
Significant Features of Site: Existing apartment
Topography: Flat
Street Improvements/Utilities: Existing
Exterior Building Colors: Beige
Exterior Building Materials: Stucco

APPLC. NO. P84-038

MEETING DATE May 31, 1984

CPC ITEM NO. 2

PHYSICAL CHARACTERISTICS

	2400 G ST.	2206 V ST.	2617 D ST.	2216 T ST.	2608 O ST.	1630 P ST.	2116 13th ST.	300 25th ST.	615 23rd ST.	515 18th ST.	715 19th ST.	419 431 V ST.	2118 D ST.	2712 E ST.	2117 22nd ST.	2418 V ST.	2326 V ST.	2308 O ST.	2710 E ST.	2031 27th ST.	2212 19th ST.	2408 F ST.	2425 L ST.	1831 H ST.	700 28th ST.	414 23rd ST.	
1. No. of units	27	18	14	7	7	4	4	4	4	4	4	16	9	16	10	8	7	7	7	4	4	4	4	4	4	4	4
2. Parking provided	21	14	10	4	5	0	3	0	3	3	3	16	3	11	7	4	4	4	5	0	3	0	0	0	0	0	2
3. Type of construction (hour rating)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Date of construction	66	75	70	69	70	70	72	72	73	71	71	64	74	71	67	72	73	71	71	69	22	68	67	72	73	71	71
5. Type of structure(s) 1, 2, 3 story	3	2	2	2	2	2	2	2	2	2	2	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
6. Number of buildings	1	2	2	1	1	1	1	1	1	1	1	4	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
7. Number of laundry facilities	8	4	4	2	2	1	1	1	1	1	1	4	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
8. Hotwater supply:																											
Common	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Individual	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
9. Estimated monthly association fee	64	55	81	80	80	64	64	64	64	64	100	79	66	78	50	80	80	80	80	82	64	64	64	64	64	64	64
10. Condition of Common Area:																											
Good																											
Fair	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Poor				X																							
11. Amenities:																											
Pool	X	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fireplace (#)	0	0	1	4	7	7	0	4	4	4	4	4	0	0	8	0	4	7	0	7	0	4	4	4	4	4	4
Private Patio (#)	9	0	1	6	7	7	4	4	4	4	4	4	0	0	8	0	0	0	0	7	0	4	4	4	4	4	4
SOCIAL CHARACTERISTICS																											
1. Number of tenants	27	18	14	7	7	4	4	4	4	4	4	14	9	14	10	8	7	7	7	4	4	4	4	4	4	4	4
2. No. of qualified low/mod. tenants	9	2	2	0	0	0	1	0	1	0	0	0	3	3	1	0	3	0	0	1	0	1	0	1	0	1	0
3. No. of elderly	5	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0
4. No. of single parents or F/w children	1	0	4	0	0	1	0	1	0	1	0	6	3	0	0	2	1	2	1	0	1	1	0	2	1	1	1
5. No. of Section 8 assisted units	2	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
6. No. of eligible tenants as of 5/7/84	22	17	8	5	7	4	2	2	4	3	7	9	13	5	6	4	6	5	4	4	4	4	4	4	4	2	1
7. No. of tenants who wish to purchase	3	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0
8. No. of handicap tenants	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Rent Range of Units	235-275	133-154	134-154	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193	154-193
10. Sales Price of Units in (\$,000)	50-53	45-50	45-50	43-50	43-50	38-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43	43-43

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Studio	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sq. Footage of Units	550																										
Price/Sq. Ft.	91																										
One Bedroom	18	16	0	0	0	1	0	1	1	1	0	8	8	2	0	0	0	0	0	1	0	0	0	0	0	0	3
Sq. Footage of Units	840	495				650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650
Price/Sq. Foot	77	90				58	58	58	58	58	58	71	50	52						58							59
Two Bedroom	3	2	12	6	6	4	3	4	3	3	3	16	1	2	8				6	6	6	2	3	4	4	4	1
Sq. Footage of Units	1935	880	2880	2880	4584	5345	5245	5845	5845	5845	4093	3595	8066	8066	8066	8066	8066	8066	8066	8066	8066	8066	8066	8066	8066	8066	8066
Price/Sq. Foot	75	64	55	57	51	65	50	50	50	50	50	54	45	47	56				57	57	57	60	50	50	50	50	50
Three Bedroom	0	0	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sq. Footage of Unit			1212	1212																							
Price/Sq. Foot			50	63	50															42							

* Fireplace
No Fireplace

SUBDIVISION REVIEW COMMITTEE RECOMMENDATION: On April 18, 1984, by a vote of five ayes, three absent, one abstention, the Subdivision Review Committee recommended approval of this map, subject to the conditions attached in Exhibit A.

APPLICANTS' ALTERNATIVE RELOCATION AND SALES AND LEASE PLAN

RELOCATION PLAN

- Required** 1. A public hearing, as required by City Ordinance, shall be held
Sec.28-2(B) at a convenient location so the owners and tenants may fully discuss all aspects of this project.
- Not** 2. Each tenant should be given the opportunity to personally con-
Required sult with the owner or their agent as to all aspects of the project and how they apply specifically to that particular tenant.
- Not** 3. Upon approval of the condominium conversion permit and commence-
Required ment of sale of the units, the owners or their representatives shall be available to the tenants on a continuing basis until all have been properly relocated, have purchased their units, or executed long-term leases. The owners shall remain involved with the project through to its satisfactory conclusion for all concerned.
- Not** 4. If the conversion permit is approved, the owners agree to report
Required any written grievances they receive from any tenant to the City Planning Commission during the initial conversion process. The owners will also report any actions taken regarding these grievances, any necessary action taken to prevent recurrence of similar problems.
- Required** 5. Each eligible tenant has the right to receive relocation assis-
Sec.28-C-5(b) tance and relocation allowances from the applicant. Any tenant that holds a lifeterm lease in effect, is justly evicted, or terminates tenancy on his or her own accord is ineligible for all relocation assistance and allowances.

Relocation assistance and allowances will include the following:

- A. Rental housing availability reports of comparable units within the area.
- B. Transportation, if necessary, will be provided at the expense of the owner to any of the comparable units listed in the report.
- C. A relocation allowance of \$600 or the payment of all moving expenses, unless the tenant moves more than 50 miles away from the subject property. A move of more than 50 miles makes the tenant ineligible for relocation allowances.

The ordinance requires that the applicant pay a relocation fee of \$600 or \$500 if the unit is furnished, or the actual moving costs for all eligible tenants who wish to relocate. The tenants who are moving outside of the SMSA (Sacramento Metropolitan Statistical Area) are to be provided the relocation fee of \$500 or \$600 only.

D. Low income, elderly, handicapped and single parents with a minor child at home will be provided with the following:

1. payment of the last month's rent in the new unit;
2. transfer of all deposits, minus damages to the new unit, at the option of the tenant;
- e. payment of any rental difference of up to \$100 per month for a period of one year.

**Not
Required**

6. Unless it places an unreasonable economic burden on the owner, they shall make units within the project available and affordable to eligible low and moderate income tenants in the same ratio as they now exist (as of January 31, 1984) in the complex.

**Required
Sec.28-C-5(f)**

7. No tenant will be unjustly evicted and no tenant's rent will be increased (1) more frequently than once every six months or (2) in an amount greater than the increase in fair market rents as established by HUD for assisted units on an annualized basis. This does not apply, however, if a tenant's existing lease already calls for a rent increase or if his or her relocation has not been completed by January 31, 1986.

**Required
Sec.28-C-5(d)**

8. Leases for special eligible tenants will be unconditionally offered to each eligible tenant who is elderly, or handicapped, and to each qualified low and moderate income tenant who does not purchase a unit under the sales program, a written lease for a term of three (3) years on the unit in which the tenant resides at the time the special permit is approved or a comparable unit within the project. Each such lease shall provide that the tenant shall have four (4) successive options to renew the lease upon the terms and conditions of each original lease. The rental paid for the first year of the original lease shall be the rental paid by the tenant on the date that the notice of intent to convert was filed. Thereafter, the rental may be increased annually on the anniversary date of the lease, commencing with the first anniversary date; provided, however, that the annual percentage increase in rent shall not exceed 7%.

**Not
Required**

9. All tenants who are tenants at the time the special permit is approved are eligible for a lifetime lease. The holder of this lifetime lease is not entitled to receive any relocation assistance or benefits or execute the three (3) year lease for special eligible tenants, detailed in #4 above. This lifeterm lease includes a lease-option plan, and rent control provisions.

The maximum rent outlined in the rental agreement submitted by the applicant will be no more frequent than every six months nor in an amount to exceed the consumer price index for the same period.

APPLICANTS' PURCHASE INCENTIVES FOR LOW AND MODERATE INCOME TENANTS

In addition to a higher level of maintenance and repair, residents of the condominiums will receive the equity build-up, appreciation, and substantial tax advantage inherent in home ownership. For many of the tenants in this project, the conversion may be a meaningful opportunity to purchase a home.

**Not
Required**

1. All current tenants, at the time the units are offered for sale, will be given special purchase incentives that will help make the purchase of a home affordable. The following discounts will be offered to all tenants:
 - A. A minimum 4% discount from the initial selling price of the unit to the general public;
 - B. * A minimum 7% discount from the initial selling price of the unit to general public purchasers will be given to all tenants 62 years of age or older, handicapped or disabled;
 - C. A \$1,000 to \$1,500 additional discount off of the purchase price to all buyers who purchase a unit in an "as is" condition, excluding any City required renovations.

**Not
Required**

2. The following lease-option purchase plan will be available to all tenants who hold a lifetime lease:
 - A. The tenant is granted the option of selling back the lifetime lease to the owners for 25% of all rent paid from the date of execution of the lease. The value will not be less than 25% of ten (10) months rent, or more than 25% of eighteen (18) months rent. This sum will be credited exclusively towards the cash downpayment when the tenant has completed contract to purchase a unit. The owner is obligated to buy the lifetime lease at the time the tenant has completed contract to purchase a unit. The contract purchase shall be at the market rate minus discounts. If tenant has not executed a contract to purchase within 30 days from notification of the commencement date of unit sales, then the owner is no longer obligated to purchase the lifetime lease.

**Not
Required**

3. The owner shall offer for sale to all qualified low and moderate income tenants the unit in which they live at the time the special permit for the conversion project is approved, or a comparable unit within the project, at terms that are affordable to the tenant. The applicant will use FHA single family purchase programs or any other programs available.

The terms shall be at which the tenant can qualify for financing, through an established financial institution, for the unit for a minimum of thirty (30) years and for which the total monthly housing costs would not exceed 35% of the tenant's monthly income.

Whenever a unit is sold to a qualified tenant, the unit shall be encumbered by a second deed of trust securing an obligation in an amount equal to the difference between the amount of the note secured by the first deed of trust plus the downpayment and the sale price. The beneficiary under the second deed of trust shall be the owner.

The second deed of trust shall provide for the following:

- A. Simple interest on the amount secured shall accrue at a rate not exceeding 5% per annum;
- B. Neither principal nor interest shall be payable until the obligation secured by the second deed of trust has matured. The obligation shall mature when the unit is conveyed, transferred, leased, rented or otherwise alienated by the tenant.

If, at the time the offer for sale at affordable terms is made the assets of the qualified tenant are not sufficient to cover the downpayment and closing costs on the unit required by the financing on the unit, the owner shall pay all or a portion of the amount secured by the second deed of trust on the unit.

The qualified tenant shall have 90 days from the date the offer is made to accept the offer of sale.

STAFF EVALUATION: Staff has the following comments regarding this request:

1. Currently the multiple family rental housing vacancy rate in the Central City is 5.2%. This vacancy rate was determined from a survey of 7,227 units located in the Central City. This project is one of 26 proposed condominium conversion applications within the Central City this year. These 26 applications represent 205 units or 2.8% of the rental housing stock within the Central City. If all of these projects were to be approved for conversion to condominiums, the rental vacancy rate would be reduced to 2.4% which is below the minimum vacancy rate allowed for conversion of 5% or greater. It is, therefore, only possible to approve, at the very most, 14 of these units or 0.19% of the housing stock before the vacancy rate will be reduced below the allowable level for conversion.
2. In addition to these 26 proposed projects, the City Council approved two condominium conversion projects within the Central City in 1983. The two projects approved for conversion in 1983 represented 47 units or 0.6% of the rental housing stock. These units have not yet converted, however, when they do convert it is expected that the vacancy rate will further decline.

3. The 26 applications being considered for conversion this year have been submitted by the same applicant and group of owners. These same individuals represented the two projects approved in the Central City last year. Most of these projects were constructed within the last 10-15 years and provide similar housing opportunities and rents with very few exceptions. Since these projects alone consist of 3% of the total rental housing stock in the Central City and they represent a large portion of the newer rental housing, it is expected that adequate comparable rental housing will not be available if all these projects are approved.
4. In submitting these 26 applications the applicant requested that the City waive the required pest control reports and sound studies which are used in evaluating condominium conversion projects. These reports are valuable in determining the suitability of a project for conversion purposes by providing information on the physical condition of the structure and the measures that will be necessary to meet required code if possible. Due to the large number of applications received this year, the information provided by these studies would have proved valuable in deciding which project, or projects, should be approved since it is not possible to approve all of the requests in light of the concern over the vacancy rate.
5. The applicant has also requested a variance to waive the special sales and lease provisions outlined in the ordinance in lieu of an alternative program. The applicant is, however, proposing to offer the relocation assistance required by the ordinance. In addition, the applicant is offering a lifetime lease to all eligible tenants. Staff has reviewed the lease to be used and has no objections to this proposal especially since the long term lease outlined in the ordinance is also available at the option of the tenant. The most significant feature of the applicant's alternative sales and lease program is the use of a lease option plan which will allow a portion of the tenants' monthly rent to be applied to the downpayment on the unit if the tenant elects to purchase. The applicant's special sales program for qualified low and moderate income tenants is similar to that required by the ordinance in that the applicant will offer the unit to the tenant at an affordable price and carry a second deed of trust for the difference between the sales price and the market price. The main difference between the applicant's plan and the ordinance is that the applicant will be offering the unit to the qualified tenant at a price for which the tenant is able to secure a loan instead of the apartment market price as set forth in the ordinance. This provision will aid in providing ownership opportunities for tenants with lower incomes since the purchase price of the unit is determined by the tenants' income and ability to pay for the unit. Staff, therefore, supports the applicant's request to use an alternative program for the special sales and lease provisions.
6. In reviewing the rental history of these projects, staff noted concern over the number and percentage of rent increases in recent months. Some units have had rental increases of up to 29% in the last year. These excessive rent increases may have forced a number of the tenants out of the complex prior to application and subsequently reduced the number of eligible tenants who could possibly benefit from the tenant

provisions offered by the applicant. Of the 205 households residing in the 26 projects proposed for conversion, only 135 tenants are considered eligible since the remainder have moved into the complex subsequent to the applicant's notice of intent to convert.

7. At the present time, none of the 26 projects being considered for conversion to condominium comply with the required development standards. None of the complexes provide the parking required by the ordinance. The required two hour fire separation is not provided and it will be necessary to construct a two hour fire wall or provide approved fire sprinklers in the units. Since a sound study was not performed on these projects, it is impossible to determine what modifications will be necessary to meet the minimum sound impact and transmission levels required by the ordinance. In addition to these deficiencies, the City Building Inspections Division indicated a number of code violations which were present in these projects. The Building Division found the following code deficiencies in this complex
 - a. The Building Division noted a number of exterior electrical code violations;
 - b. Drainage was found to be deficient;
 - c. The insulation on air conditioner refrigerant lines was found to be defective; and
 - d. A number of minor code violations were found on the site.
8. This project is a three story, 27 unit apartment complex with subterranean parking. The units consist of studio, one and two bedroom apartments. Only some of the units are provided with a small balcony. Laundry facilities are provided on each floor of the complex. The most significant feature of this complex is the swimming pool, which is located on the west side of the site. There is also restricted access to the building which is provided through a security system at the main entrance.

The on-site parking is deficient by seven spaces in this complex and staff is concerned that parking problems will result for future homeowners if this complex is approved for conversion. On-street parking is limited due to office uses and other multiple family development in this area.

Of the 27 apartments in this complex, 24 are the studio and one bedroom units, which are less suitable for condominium ownership because of the limited living area in these units. In light of this concern, along with the parking deficiency and the fact that the vacancy rate would drop below the minimum allowed for conversion, staff is recommending denial of this request.

ENVIRONMENTAL DETERMINATION: The proposed project is exempt from environmental review, pursuant to State CEQA Guidelines (Sec. 15301(k)).

STAFF RECOMMENDATION: Staff recommends the following:

1. Denial of the Tentative Map;