

CITY PLANNING COMMISSION

915 "I" STREET - SACRAMENTO, CALIFORNIA 95814

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|-----------------|--|------------------------|--|---------------------|------------|
| APPLICANT | Christo D. Bardis, 8925 Folsom Blvd., Ste. N, Sacramento, CA 95826 | | | | |
| OWNER | Waynen and Bardis, 8925 Folsom Blvd., Ste. N, Sacramento, CA 95826 | | | | |
| PLANS BY | Spink Corp., P.O. Box 2511, Sacramento, CA 95811 | | | | |
| FILING DATE | 1-19-79 | 60 DAY CPC ACTION DATE | | REPORT BY | SC:bw |
| Map Dec Exempt: | 15101(a) | ERR | | ASSESSOR'S PCL. NO. | 274-110-32 |

APPLICATION:

1. Environmental Determination (exempt)
2. Special Permit to convert 175 apartment units to 175 Condominium units

LOCATION: Northwest corner Northview Drive and Garden Highway

PROJECT INFORMATION:

General Plan Designation: Shopping Center
1978 South Natomas Community
Plan Designation: Residential; 22-29 units/acre
Vacancy Rate: 4.6%
Existing Zoning of Site: SC
Existing Land Use of Site: 175 apartments

Surrounding Land Use and Zoning:

North: Vacant and park site; SC
South: Vacant; C-2(PC) and ARP-F
East: Vacant; Office; SC
West: Vacant and residential; R-3

Parking Required: 175 Parking Provided: 264
Ratio Required: 1:1 Ratio Provided: 1½:1
Property Dimensions: Irregular Area: 12.3+ acres
Density of Development: 14.2 units/acre
Square Footage of Buildings: 228,569 square feet
Street Improvements: Existing
School District: North Sacramento Unified

BACKGROUND INFORMATION: This project was first presented to the Planning Commission in 1979. The Planning Commission, under requirements of the original ordinance, recommended approval of the rezoning and tentative map on this project subject to conditions in August of 1979.

During the time this item was awaiting Council action, a moratorium was imposed on all condominium conversions in the City. This moratorium was imposed to allow time to modify requirements in the existing condominium conversion ordinance; however, the required Purchase Incentives Section of this ordinance was not determined when the ordinance was approved.

The proposed tenant provisions offered by the applicant, as originally reviewed by the City Planning Commission in 1979, relied heavily on Federal programs. The applicant successfully convinced the Council that time delays would jeopardize these programs, and this project was declared exempt from the Purchase Incentives Section of the ordinance and was allowed to move ahead of the normal schedule as approved on April 29, 1980.

APPLIC. NO. P-8503 MEETING DATE SEP 11 1980 REPORT NO. 18

001501

Physical Characteristics

American River Village Apartments are located in the South National Community Plan area. There are 50 buildings on this site which contain a total of 175 individual dwelling units. The units are in 3, 4 and 5 bedroom configurations. Each building complex is equipped with separate sewer service and gas and electric service is individually metered in each unit. The water piping is common to the building; however, separate shut-off valves are not provided. Hot water is provided by a common boiler serving 20 units each.

The present condition of this complex is substandard by codes when applied to condominium conversions. Inadequate fire protection, sound transmission levels and numerous minor deficiencies along with general deterioration has contributed to this substandard condition. The applicant has, however, prepared a prototypical model to demonstrate how these units will be converted after extensive renovation is accomplished. This model meets most requirements of the building codes and those that are not met will be corrected to comply with the building code. Both the interior and exterior of this model were a dramatic improvement over the existing structure. This model was equipped with a laundry room, but if the laundry room is to be a standard feature, the present electrical system will not be adequate as determined during an inspection completed by the Building Department. The applicant has not yet determined whether it would be economically feasible to include separate laundry facilities to each unit.

Social Characteristics

At least 75 percent of the respondents who completed the tenant survey indicated that they were low or moderate income households as determined by 1979 HUD standards; however, 1980 guidelines may increase this percentage (see Appendix 1 and 2). Based on information obtained from a report submitted by the applicant, and statements the applicant has made on rental history, 100 percent of the tenants are special category tenants. The report states that 46 percent of the tenants in this complex are single head of household; of these 80 percent are female head of household. There are from one to five children in each of these households.

The response rate on the tenant survey completed by American River Village tenants was 53 percent. It is from this response that the following observations have been made. Over 50 percent of the tenants have lived in this complex three or more years, but many were uncertain as to how long they would be able to remain due to the proposed conversion plans. Only eight percent of tenants believed that they could find comparable replacement housing in the area. At a price range of \$38,000 to \$47,000 as indicated by the applicants, 42 percent of the tenants said they would be interested in purchasing their unit (see Appendix 3 & 4).

The survey also provided information regarding necessary improvements that would have to be made before these tenants would consider purchasing a unit. These improvements ranged from the need for general repairs to better sound proofing, and a desire for separate laundry facilities in each unit. This information was based on a consensus of all comments regarding needed improvements.

Due to the significant number of low and moderate income households and the inability of the applicant to locate comparable replacement housing, coupled with a low vacancy rate of 4.6 percent in the community plan area, the applicant has proposed the following program in an effort to mitigate these concerns:

1. According to the applicant, FHA has set aside 25 units of 265 funding which is a federally insured low interest loan program. The interest rates on these loans may be as low as 4½ percent.
2. The applicant has proposed using Section 8 money that is currently available through the Sacramento Housing and Redevelopment Agency under a moderate rehabilitation program. This program will assist the applicant in recovering renovation costs of the units proposed for the program, while at the same time make these units available to low income households at reduced rates. The applicant proposes to offer 20 units under this program and once these units are enrolled under this program, they must remain as low income rental housing for 15 years. As indicated by the applicant, these units will be offered to existing tenants.
3. The applicant has also indicated that he will sell up to 30 units to qualified low and moderate income tenants at market value, but will carry a second deed of trust for the difference between apartment value and market value at an interest rate no greater than 5 percent, which will be due in full at time of sale. The applicant plans to recertify income on a yearly basis to determine if payment should be increased where income of the tenant has increased over the amount at time of purchase.
4. All elderly and handicapped tenants will be given lifetime leases. (Note: there are three qualified elderly households in this complex and one known handicapped tenant.) (See attached Appendix #5.)

STAFF EVALUATION: The applicants' proposed tenant protection provisions rely on Federal assistance and these programs are not guaranteed. The precarious nature of this plan regarding Federal action should be evaluated as it relates to the potential social impact on this project. If these programs are not approved, the applicant will not be able to offer the federally insured low interest loans. The Section 8 lease plan may also be lost.

This represents a 57 percent reduction of units offered under the applicant's program to mitigate relocation concerns. The applicant also stated that under the reduced cost sales program, the purchaser would be recertified yearly to establish whether increases in monthly payments are warranted. The applicant does not state whether increases in income would be compared against the cost of living increases or in the case of decreased income if the payment would be adjusted accordingly.

The fictive leases offered to the elderly and handicapped do not state the conditions of the lease such as, at what rate will this lease be offered, and what provisions for increases will be used. The applicant has by choice allowed 10 units to become vacant and has made no attempt to rent those units. There are currently 125 occupied units and six units are occupied by tenants who rented after the notice to convert was completed. There are 60 qualified households that are eligible for relocation assistance and may be eligible for the reduced cost sales program(s).

If the applicants' proposed tenant provision was offered to those tenants, 60 households would still not be covered except for the relocation assistance required by the ordinance. Because the applicant has not been able to find comparable replacement housing, these 60 households would be left without adequate housing.

Based on a 1979 vacancy study, the South National Community Plan shows a vacancy rate for multi-family units of 4.6 percent. This vacancy rate is less than the required maximum of 5 percent. Section 28 C-6-(a)(ii) of the

Condo Conversion Ordinance states "that the average rental vacancy rate in the affected community plan areas during the 12 months preceding the date the City determined a building vacant shall be used pursuant to the provisions of this Section, unless provided, that a special provision may be applied where the said vacancy rate is equal to or less than 5% if the applicant has proposed measures which the Council finds would effectively mitigate the displacement of tenants and any adverse effects upon the rental housing stock in the affected community plan areas which would be caused by the proposed conversion."

The applicants' tenant provisions do not successfully mitigate the adverse effect on the housing stock in this area since 60 households will be left with no comparable replacement housing. Comparable replacement housing is as follows: Section C-6-a (iii):

(iii) That there exists adequate comparable replacement housing for each eligible tenant in the building proposed for conversion. In determining whether the housing to which the applicant proposed for relocation is "comparable" the Council must find that the housing is decent, safe, and sanitary, and in compliance with all local and state housing codes; and, that the housing is open to all persons regardless of race, creed, national origin, ancestry, religion, marital status, or gender. In addition, the Planning Commission and Council shall consider the following factors in determining whether the relocation housing is comparable:

Whether the housing is provided with facilities comparable to those provided by the landlord in the dwelling unit in which the tenant then resides in regard to each of the following: 1) apartment size including number of rooms; 2) rent range; 3) major kitchen and bathroom facilities; 4) special facilities for the handicapped, infirmed or senior citizens; 5) willingness to accept families with children;

Whether the housing is located in an area not less desirable than the area in which the tenant then resides in regard to 1) accessibility to the tenants' place of employment; 2) accessibility to community and commercial facilities; 3) accessibility to schools; and 4) accessibility to transportation.

A unit is not comparable if it is located in a building for which a notice of intent to convert has been given, pursuant to subsection C-2-a of this section, except where the rental units of the building will not be offered for sale as condominium units within two years.

This complex "represents a unique and needed rental housing resource in the community plan area" since no comparable complex with four and five bedroom units with rent ranges of from \$106 to \$223 is presently available. This has also caused a large percentage of low and moderate income tenants to locate in this complex which has created a situation that makes this a valuable rental resource in the community. "The Council shall not approve a special permit pursuant to this section where it finds the apartment building or residential complex proposed for conversion represents a unique and needed rental housing resource in the City or in the neighborhood. Taking into consideration such factors as the need for a balanced rental-owner housing supply, current rental rates, the unavailability of comparable housing and extraordinary tenant displacement problems which would result from conversion, in spite of the relocation assistance and mitigation measures offered by the applicant." Section 23 C-6-(b).

Although the applicant has offered plans for low and moderate income tenants to enter the housing market and the relocation plan will enhance the living environment of the complex, this should not be a major consideration in determining whether this complex should be converted to condominiums. The primary consideration should be to evaluate whether the applicant can successfully mitigate the concerns over relocation problems and whether the plan can successfully provide affordable home-ownership opportunities to these tenants.

If the Commission does, however, decide to approve the conversion of this project, it could be advisable to allow staff time to prepare a list of conditions that would be necessary in an effort to address the mitigating concerns as much as possible.

Items from other departments:

- Requires two-hour firewalls to comply with code.
- Requires installation of smoke detectors.

Water and Sewer Division

Requires separate shutoff valves for water lines at each building and inside each unit.

Traffic Engineering

Requires driveways to be reconstructed to comply with code, existing at time of original construction.

Building Inspection

1. Roofs should be replaced in near future.
2. Heating and air conditioning units should be replaced in near future.
3. All condensate drains are currently combined into a single piping system on each building. These drains should be separated and provided with individual termination points.
4. The water heater flues on the common boilers do not terminate a minimum of five feet above the draft hood as required by code. It is also recommended that these units be housed in a shed with closable doors. They are currently exposed to the elements.
5. There are no ground fault protected receptacles within the complex except in prototypical model and at the swimming pool.
6. There are no outdoor electrical receptacles at the rear yard location of each apartment as required by code.
7. All electrical receptacles and switches that are very out should be replaced.
8. Each unit is served with a 70 ampere service which would be inadequate if clothes dryers or heat pumps were installed.

STAFF RECOMMENDATION

Staff recommends denial of special permit to convert 175 apartment units to 175 condominium units based on the following findings.

Findings of Fact

1. The proposed conversion is not consistent with the General Plan and Housing Element as required by Section 28-C-6-a (i) of the Comprehensive Zoning Ordinance.
 - a. This conversion would worsen the existing imbalance of rental and ownership housing in this community as shown by the low vacancy rate of 4.6%.
 - b. Tenant dislocation would occur and insufficient mitigating measures have been provided by the applicant.
 - c. This project does not meet the applicable development and building standards contained in the Comprehensive Zoning Ordinance and the City Building Code.
2. The vacancy rate of the South Hattomas Community Plan area is 4.6% which is less than the required minimum of 5%, Section 28-C-6-a (ii).
 - a. There is currently an unhealthy vacancy rate in this community and this conversion will only exacerbate this situation.
 - b. The conversion will create an adverse impact on the total available rental stock.
 - (i) a vacancy rate of 4.6% indicates that the supply of rental housing is not adequate to meet the demand for this type of housing.
 - c. The applicant has proposed no mitigating measures to address the impact that this project would have on the housing stock in the area.
3. Comparable replacement housing is not available.
 - a. The applicant has not successfully proposed measures which would mitigate tenant displacement. (Section 28-C-6-a (iii)).
 - (i) it has been determined that under the applicant's plan at least 50 households would not be covered.
 - b. Most of these tenants are large families with low or moderate incomes, as determined by HUD. These households will require replacement units with three or more bedrooms at a price which is affordable.
4. The applicant has not complied with all the sections of the Comprehensive Zoning Ordinance pertaining to condominium conversions, that relate to the application procedure. Subsection C-3-a (iv).