

CORRECTIONS AND ISSUES REGARDING
CONDOMINIUM CONVERSION -- STAFF REPORT

The applicant submitted a letter to staff on July 10, 1984 indicating concerns over the staff report prepared for the May 31st Commission hearing. The following outline indicates the applicant's concerns and desired clarifications or corrections to the staff report. Staff has prepared a response to these concerns as shown below:

Applicant 1. On pg. 7 paragraph #6 the rental increase information is incorrect. Each property has not been represented. One application (84-038) states a 29% increase and all of the others state a 20% increase. Each property does not have the same rental increase history.

Staff Response The 29% rent increase noted in P84-038 was a typographical error and has been corrected in the amended staff report.

Applicant 2. The percentage of increase should not be calculated by using the "Current Rent". A better term for "Current Rent" is "Market Rent". That is the rent that a new tenant would pay today. The rent that all current tenants are paying is indicated by the last rental increase received. (8-01-83). At the time the application was made this was the last increase, therefore, what the tenants were paying.

Also, there is some question over the inferences Staff has drawn from the rental history which are presented in the Staff Report. The conclusion drawn by Staff is that eligible tenants may have been forced out by the "excessive" rent increases. However, in the tenant relocation benefits program, life-term lease and sales program the applicant's program contains no "eligible versus ineligible" tenant classification, except relocation benefits of \$600 cash or help in locating a new apartment. The applicant is offering life-term leases to ALL tenants residing in the project on the day the project is approved and is offering special sales incentives to ALL tenants residing in the project on the day the project is approved. Therefore, Staff considers that only 135 "eligible" tenants remain whereas ALL tenants living in the proposed condo conversion today are "eligible" tenants in the applicant's program. It does not make sense that the applicant is forcing-out tenants in order to decrease the number of eligible tenants.

Staff Response Part of the staff evaluation on these projects consisted of general comments regarding the applicant's program and the overall effect of the proposed conversions on these tenants. A general comment in paragraph 6 of the Staff Report indicated that rents were increased up to 20% on some of the units. This percentage of increase was developed from incomplete information provided by the applicant in the rental histories on these projects. The applicant has been unable to provide complete rental histories on most of the projects since detailed records are not available. The applicant is, however, in the process of compiling rental histories on a unit-by-unit basis for some of the larger complexes. This information will be evaluated by staff and updated information will be submitted for the Commission's review.

P84-038

The comments in paragraph 6 regarding the possibility of excessive or high rent increases forcing tenants to move was also based upon comments made by a number of the tenants in different projects. These comments were submitted to staff by the tenants in the tenant survey performed on these projects.

The applicant has indicated that no benefits would be gained by the applicant if the "eligible" tenant was forced to leave, since the proposed tenant program is to be extended to all tenants residing in the complex at the time of special permit approval. As proposed, the applicants tenant program will extend lifetime leases, the lease purchase plan and tenant discounts to all tenants residing in the complex when the special permit is approved by the City Council. The relocation assistance for "eligible" tenants along with the programs to be offered to qualified low- and moderate-income tenants as well as the assistance for special category tenants will not be available to tenants who moved into these projects since the Notice of Intent to Convert was submitted in November of 1983.

- Applicant
3. On pg. 7 Staff states its support of the applicant's special sales and lease provisions for tenants. On pg. 9 Staff recommends denial of the variance to waive the special sales and lease provisions and implementation of the applicant's proposed program. If Staff supports the applicant's program why does it recommend denial of the variance needed to implement the proposed program?

Staff Response The applicant has noted that Staff supported the applicant's alternative tenant benefit program in the staff evaluation and then denied the variance to use this program in the recommendation. This recommendation was necessary since Staff found the applicant's proposal to convert these projects contrary to other provisions in the ordinance. The tenant program would only be valid if the projects were to be approved.

- Applicant
4. In the Findings of Fact - Special Permit item A Staff states that the applicant "has not proposed any measures that will successfully mitigate the adverse effect on the rental housing stock..". Whether or not Staff feels the following measures are successful these measures have been proposed:

1. 32 Additional units at the renovated Biltmore Hotel at 1009½ J Street.

The applicant is actively seeking more rehab projects in downtown Sacramento.

2. Heritage Place Housing Development. The applicant acquired this 15 unit housing development and made the necessary repairs in order to put them on the rental housing project.

3. 18 Additional units at 2001 J Street rehab project which helps offset the impact upon the rental stock that occur when the 47 units approved for conversion last year are converted. Staff made no mention of last year's measures.
4. 100+ Units in Oak Park is a current proposal. These would be new apartments.
5. Staff does not mention that two approved projects from previous have been withdrawn, therefore, putting units back into the rental market.

Staff Response The proposal submitted by the applicant included a resume and progress report on other projects throughout the City for which the applicant has been involved. As proposed, the application did not indicate that these other housing projects were to be considered as mitigation measures to overcome concern over the effect of the proposed conversions on the loss of rental housing in the Central City. Had Staff reviewed these projects as comparable replacement housing for the proposed conversions in the Central City, Staff would not have found the proposed replacement housing to be comparable in that:

- a. Two of the proposed replacement housing projects are located in other Community Plan areas and would not be comparable housing for tenants wishing to rent in the Central City. In addition, the 100 unit project in the Oak Park Redevelopment Area was offered as replacement housing for the two conversion projects submitted by the applicant last year, and this replacement housing was rejected by Staff, the Planning Commission and the City Council.
- b. The 18 unit project at 20th and "J" Streets has been targeted as replacement housing for two projects approved last year, and therefore cannot be considered as replacement housing for the current applications.
- c. The applicant is also proposing that the recently renovated Biltmore Hotel be considered as replacement housing for the 26 proposed conversion projects. Since the Biltmore Hotel is a different housing type, Staff does not find these units to be comparable in size or amenities. The Biltmore is a residential hotel with common bath facilities.

The applicant's commitment to upgrade and develop new housing in the City is commendable, but unfortunately the new and upgraded housing is not comparable in either location or type to the proposed

- d. The applicant has questioned why Staff did not discuss the recent withdrawal of two conversion applications in the staff report. Actually there have been three conversion projects withdrawn in recent months. These projects were not mentioned since they are all located outside the Central City which is where the 26 new applications are located, and it is not relevant that projects outside of the Central City have been withdrawn. At the present time there have been 4 conversion projects approved within the Central City. Two of these projects have been sold as condominiums. The other two were approved last year, and it is expected that they will also be converted,