



CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
RECEIVED
APR 9 1981

CITY PLANNING DEPARTMENT

725 "J" STREET

SACRAMENTO, CALIF. 95814
TELEPHONE (916) 449-5604

MARTY VAN DUYN
PLANNING DIRECTOR

March 23, 1981

APPROVED
BY THE CITY COUNCIL

APR 14 1981

OFFICE OF THE
CITY CLERK

*staff rec
adopted*

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Ordinance Amendment Providing a Minimum of 10 percent and a Maximum of 50 percent Low and Moderate Units in Condominium Conversion Projects (M-483).

SUMMARY

The 10 percent-50 percent retention program would provide a minimum of 10 percent of the units within a converted project to be set aside for low or moderate income households for ownership or lease opportunities. If a significant number of tenants in a converted project are low or moderate income the applicant will not be required to make long term lease or sales provisions to more than 50 percent of the total.

This item was presented to the City Council on December 9, 1980. After a brief discussion, the Council referred this item to the Planning and Community Development Committee with instructions that the Sacramento Housing and Redevelopment Agency was to provide detailed information on the Agency's costs to participate in this program. The program delegates Sacramento Housing and Redevelopment Agency the responsibility of providing a list of qualified low and moderate income households to participate in the sales or lease program when less than 10 percent of the eligible tenants are determined to be qualified by the City.

Based on the Agency's estimated costs and the limited number of units that would be available for this purpose, it does not appear that the proposed plan would be economically feasible at this time. Staff recommends that the City Council not approve the proposed draft ordinance.

BACKGROUND INFORMATION

On February 25, 1981, the Planning and Community Development Committee was presented with Sacramento Housing and Redevelopment Agency's cost analysis on the Agency's responsibility in implementing the 10 percent-50 percent ratio retention plan. The cost for the first year was estimated to be \$42,294 which will provide funds for surplus, office space and additional staff. The second year estimated costs are \$26,307. See Exhibit #A.

The Council has approved four projects since the Condominium Conversion Ordinance became effective on September 16, 1980. These projects represent a total of 465 units. Based on the number of units approved this year, there would be a maximum of 46 units affected by this program. Most of the complex's applying for conversion contain 10 percent low or moderate income tenants, therefore, a minimal number of units would be available for this program. The following list provides information on the number of units in each project approved by the City, along with the percentage of low or moderate income tenants in each of these projects.

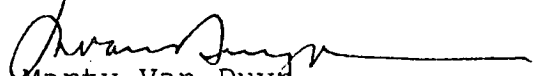
American River Village	#Units:175	Percent Low/Mod:	90%
South Lake Shores	46		11
Riverside Villa	180		10
Rivergreen Apartment	64		5

From these figures there would be a total of three units available to participate in this program. Given this ratio of cost to benefit, it would not be advisable to undertake such a program at this time. The Planning and Community Development Committee also expresses concern over the cost of this program in relationship to the limited benefits to be gained under the proposed draft ordinance amendment.

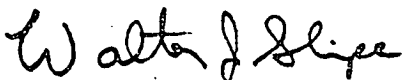
RECOMMENDATION

The staff recommends denial of the Draft Ordinance providing that a conversion project contain a minimum of 10 percent and a maximum of 50 percent low and moderate income housing.

Respectfully submitted,


Marty Van Duyen
Planning Director

RECOMMENDATION APPROVED:



Walter J. Slipes, City Manager

MVD:SC:jm
Attachments
M-483

April 14, 1981
All Districts

AN ORDINANCE AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SACRAMENTO, ORDINANCE NO. 2550, FOURTH SERIES, RELATING TO TENANT PROTECTION PROVISIONS AND CONDOMINIUM CONVERSION PROJECTS

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 22-A-60(t) is hereby added to the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, to read as follows:

t. Household. Household shall mean one or more individuals living as a single housekeeping unit.

SECTION 2.

Section 28-C-1-(j) of the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, is hereby amended to read as follows:

(j). A detailed report describing the methods by which the applicant shall comply with the provisions of subsection C-5-(a), Sales and Lease Program for Qualified Low and Moderate Income Tenants and Households. The description shall include, where applicable, the appraised apartment market value of the project, and each unit. This description shall be supported by an affidavit or declaration under penalty of perjury as to its truth and accuracy.

SECTION 3.

Section 28-C-5-(a) of the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, is hereby amended to read as follows:

(a) Sales and Lease Program for Qualified Low and Moderate Income Tenants and Households.

(i) Purpose. The primary purpose of the sales and lease program is to mitigate the special impact a conversion project has on the low and moderate income tenants living in the project before conversion. This special impact is the result of the conversion project displacing these tenants while at the same time reducing the number of rental units in the market. The displaced low and

moderate income tenants are more severely affected than other tenants and other individuals because of their inability, in most cases, to purchase the converted unit, their resulting immediate need to find replacement housing, and their lesser financial ability to compete for the remaining available rental units in the market. The proposed sales and lease program addresses this problem by providing ownership opportunities for low and moderate income tenants, thereby taking those tenants out of the rental market along with the converted unit, and by providing renewable leases for those tenants who cannot purchase, thereby retaining those units in the rental market for as long as the tenants are in need of them. An alternative program approved by the City Council under subsection C-5-(a)(vii) must specifically address the special impacts on the tenants in the project identified in this paragraph.

A secondary purpose of the sales and lease program is to use condominium conversion projects as a source of low and moderate income housing. Any alternative program approved by the City Council under subsection C-5-a(vii) shall provide ownership and lease opportunities to qualified low and moderate income households where feasible and consistent with the housing policies of the City of Sacramento.

(ii) Definitions.

a. A qualified low or moderate income tenant shall be a tenant who meets all of the following requirements:

i. The tenant is an eligible tenant.

ii. The tenant has an income of 110% or less of the median income as established annually by the U.S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area in which the proposed conversion project is located, adjusted for the number of members in the tenant's household.

iii. The tenant does not, at the time notice of intent to convert is given by the applicant and at the time the offer is made, own any residential real property.

iv. The tenant has not previously received assistance under this subsection C-5-(a).

v. The monthly payments of principal, interest, loan insurance fees, property taxes and assessments, fire and casualty insurance, property maintenance and repairs, utilities (excluding telephone service), and homeowner association fees and assessments associated with the unit if it were to be sold without restrictions, would exceed thirty-five (35) percent of the tenant's monthly income.

vi. The tenant's assets are not greater than the total of the amount necessary to pay the estimated closing costs and down payment on the unit, the amount necessary to pay six months of the monthly payments identified in v. immediately preceding, and \$5,000.

vii. The tenant has provided the City with the information requested under subsection C-5-(a)(iii)b. within the specified time, and has supported the information provided with an affidavit or declaration under penalty of perjury to its truth and accuracy.

viii. "Assets" shall mean the value of the tenant's savings and any equity in stocks, bonds, real property, or other forms of capital investment. "Assets" does not include items reasonably necessary for the personal use of the tenant, such as personal effects, furniture, appliances, and automobiles.

ix. References to the qualified tenant's assets and income shall include the assets and income of those persons eighteen (18) years of age and older who are living with the tenant as a single housekeeping unit.

b. A qualified low or moderate income household shall be a household which meets all of the following requirements:

i. The household has an income of 110% or less of the median income as established annually by the U. S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area in which the proposed conversion project is located, adjusted for the number of members in the household.

ii. The household does not, at the time the offer for sale or lease is made by the applicant, own any residential real property.

iii. The household has not previously received assistance under this subsection C-5-(a).

iv. The monthly payments of principal, interest, loan insurance fees, property taxes and assessments, fire and casualty insurance, property maintenance and repairs, utilities (excluding telephone service), and homeowner association fees and assessments associated with the unit if it were to be sold without restrictions would exceed thirty-five (35) percent of the household's monthly income.

v. The household's assets are not greater than the total of the amount necessary to pay the estimated closing costs and down payment on the unit, the amount necessary to pay six months of the monthly payments identified in iv. immediately preceding, and \$5,000.

~~vi.~~ "Assets" shall mean the value of the household's savings and any equity in stocks, bonds, real property, or other forms of capital investment. "Assets" does not include items reasonably necessary for the personal use of household, such as personal effects, furniture, appliances, and automobiles.

vii. References to the qualified household's assets and income shall include the assets and income of those persons eighteen (18) years of age and older who are living within the household as a single housekeeping unit.

c. i. A price which is "affordable" to the tenant or household shall be the maximum price at which the tenant or household can qualify for financing for the unit for a minimum of thirty (30) years and for which the total monthly housing costs described in subsection C-5-(a)(ii) a. v. and b. iv. would not exceed 35% of the tenant's or household's monthly income; provided, that in no event shall the applicant be required to sell the unit under this sales program at a price below the apartment market value of the unit at the time the application for a special permit under this Section is filed.

ii. "Apartment market value" shall be the value of the unit as an apartment and shall be determined by either a single appraisal or, at the option of the applicant, by averaging the results of two independent appraisals. The appraisal(s) shall be made by appraiser(s) selected randomly by the Planning Director from a pool of names of no less than five (5) qualified appraisers. A "qualified appraiser" shall be an appraiser experienced in appraising multiple family residential property and who is an active MAI member in good standing of the American Institute of Real Estate Appraisers, an active SREA or SRPA member in good standing of the Society of Real Estate Appraisers, an active ASA (urban real estate) member in good standing of the American Society of Appraisers, or a similarly qualified appraiser in good standing in a nationally recognized real estate appraisal institute or society. The names of qualified appraisers for the pool shall be selected by the City Manager or his/her designee. The value determined by the appraisal(s) shall be binding on the City and the applicant. The applicant shall pay the fee(s) of the appraiser(s).

(iii) Offer of Sale or Lease to Qualified Tenants;
Planning Director to Qualify Tenants.

a. Subject to the provisions and limitations set forth in subsection C-5-(a)(iii)b., the applicant shall offer for sale to qualified low and moderate income tenants the unit in which each tenant resides at the time the special permit for the conversion project is approved, or a comparable unit within the project, at a price which is affordable to the tenant. A "comparable unit" shall be a unit with the same floor plan, same amount of floor area (as measured in square feet) and the same amenities as the unit in which the tenant resides at the time the special permit is approved. The offer shall be made before or concurrent with the grant of the exclusive right to contract for the purchase of the unit provided for in Section 66427.1(b) of the Government Code. The qualified tenant shall have 90 days from

the date the offer is made to accept the offer of sale under this subsection C-5-(a). If the tenant does not accept the offer within that time period or fails to secure the necessary financing within that time period the tenant shall be entitled to the renewable lease provisions set forth in subsection C-5-(d) and to all other protections provided in this Section.

b. i. To determine which tenants qualify for assistance under this subsection C-5-(a), the Planning Director, using the names and addresses of all the tenants in the proposed conversion project provided by the applicant in the completed application, shall notify the tenants of the provisions of this subsection C-5-(a) by mailing a notice to each on a form approved by the City Council. The notice shall request all information necessary to determine which tenants qualify for assistance. The notice shall instruct the tenants to return to the City Planning Department within 15 days the information requested, supported by affidavit or declaration under penalty of perjury as to its truth and accuracy. Based on the information received, the Planning Director shall determine which tenants are qualified tenants, shall notify those tenants, and shall submit their names to the applicant.

ii. The applicant shall make an offer for sale or lease pursuant to this subsection C-5-(a)(iii) to each qualified tenant whose name has been submitted to the applicant by the Planning Director; provided, that in no event shall the applicant be required to sell or lease more than fifty (50) percent of the units in the project to qualified tenants. In the event the number of qualified tenants whose names have been submitted to the applicant by the Planning Director exceeds fifty (50) percent of the number of units in the project; the applicant shall make offers for sale or lease pursuant to this subsection C-5-(a)(iii) in the manner set forth in the subsection immediately following, C-5-(a)(iii)b.iii.

iii. In the event the Planning Director determines that the number of qualified tenants in the project exceeds fifty (50) percent of the number of units in the project, he/she shall, at the time of determining which tenants are qualified tenants, list at random the names of all qualified tenants, shall notify each qualified tenant of his/her place on the list, and shall submit the list to the applicant. The applicant shall make offers for sale or lease pursuant to this subsection C-5-(a)(iii) to the qualified tenants in the order that they appear on the list so that offers are made on fifty (50) percent of the units in the project. If a qualified tenant who receives an offer for sale or lease pursuant to this subsection C-5-(a)(iii) does not purchase or lease the unit, the applicant shall, immediately after receiving notice thereof, make an offer for sale or lease pursuant to this subsection C-5-(a)(iii) to the qualified tenant next on the list; provided, that in no event shall the applicant be required to hold a unit for sale or lease pursuant to this subsection C-5-(a)(iii) for more than twelve (12) months after issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code.

iv. Notwithstanding the provisions of Section 18 of this ordinance, the decision of the Planning Director as to which tenants qualify for assistance under this subsection C-5-(a) shall be appealable directly to the City Council and shall be governed by the provisions of Article XIX of Chapter 2 of the Sacramento City Code.

v. Unless an appeal of the decision of the Planning Director is filed, and except for name and address, the information supplied by a tenant to the City under this subsection C-5-(a)(iii) shall be held in confidence and shall not be disclosed to the public without the express written consent of the tenant. In the event an appeal is filed, the information shall be disclosed to the extent necessary to fully apprise all parties to the appeal of the facts supporting the Planning Director's decision.

vi. Failure of any tenant to receive the notice advising of the sales program under this subsection shall not invalidate any proceedings conducted hereunder.

(iv) Offer of Sale or Lease to Qualified Households

a. In the event less than ten (10) percent of units within the project are purchased or leased by qualified tenants under the sales and lease program set forth in subsection C-5-(a)(iii), the applicant shall offer units within the project to qualified low and moderate income households. The offer shall be for sale at an affordable price or, if the household does not purchase, for lease pursuant to subsection C-5-(d). The applicant shall make offers to enough qualified household so that at least ten (10) percent of the units within the project are purchased or leased by qualified low or moderate income tenants or households; provided, that in no event shall an applicant be required to hold a unit for sale or lease under this subsection C-5-(a)(vi) for more than twelve (12) months after issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code.

b. The Sacramento Housing and Redevelopment Agency shall qualify low and moderate income households for participation in the sales and lease program under this subsection C-5-(a)(iv). Within ten (10) days of determining the applicability of this subsection C-5-(a)(iv) and the requirement to offer units for sale or lease to qualified households, the applicant shall notify the Sacramento Housing and Redevelopment Agency of the availability of units for qualified low and moderate income households and request the names of qualified households. Upon such notice by the applicant, the Agency shall submit to the applicant the names of qualified households. In selecting qualified households to participate in

in the sales and lease program in a particular project, the Agency shall match the size of the available unit to the size of the qualified household.

c. Offers for sale or lease made pursuant to this subsection C-5-(a)(iv) shall be made as soon as is practicable after issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code, after compliance with subsection C-5-(a)(iii) of this Section, if necessary, and after compliance with Section 66427.1(b) of the Government Code. The offer for sale shall remain open for 90 days.

d. Units offered for sale or lease to qualified households under this subsection C-5-(a)(iv) shall be varied in size and geographically dispersed throughout the project.

e. Compliance with the provisions of this subsection C-5-(a)(iv) shall be subordinate to the requirements of Section 66427.1(b) of the Government Code.

(v) Applicant to Pay Downpayments, Closing Costs Where Necessary

If, at the time the offer for sale at an affordable price is made under this subsection C-5-(a), the assets of the qualified household or tenant, as defined in subsections C-5-(a)(ii) a.viii and b. vi are not sufficient to cover the down payment and closing costs on the unit required by the financing institution to qualify for financing on the unit, the applicant shall pay all or a portion of the down payment and closing costs, as necessary, in an amount not to exceed \$2,000. The amount paid by the applicant under this subsection shall be added to the amount secured by the second deed of trust on the unit under subsection C-5-(a)(vi).

(vi) Antispeculation Control

Whenever a unit is sold to a qualified tenant or household under the provisions of this subsection C-5-(a), the unit shall be encumbered by a second deed of trust securing an obligation in an amount equal to the difference between the sales price paid by the qualified tenant or household and the price at which the unit would have sold without the requirements imposed by this subsection C-5-(a). The beneficiary under the second deed of trust shall be the applicant. 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; provided, that "conveyed, transferred, leased, rented or otherwise alienated"

shall not include changes of ownership described in Sections 62 and 63 of the Revenue and Taxation Code.

(vii) Alternative Programs; Waivers

a. Upon the request of the applicant, and in lieu of the requirements of this subsection C-5-(a), the City Council may approve, or approve with conditions, an alternative program for providing housing opportunities to the low and moderate income tenants and households in the proposed conversion project, upon a finding that the alternative program is the substantial equivalent of the program provided by this subsection. Alternative programs may include, but need not be limited to, use of FHA single family purchase programs and the Homeownership Assistance Program administered by the State Department of Housing and Community Development (25 Cal. Adm. Code Sec. 7900 et seq.).

b. Upon request of the applicant the City Council may waive, or waive with conditions, in whole or in part, the requirements of this subsection C-5-(a) upon a finding that compliance would be inconsistent with or not in furtherance of the purposes set forth in subsection A and C-5-a(i) of this section or the goals and policies of the Housing Element of the City General Plan.

c. A request by the applicant pursuant to paragraph a. or b. immediately preceding shall be made within fifteen (15) days after the determination of the Planning Director made pursuant to subsection C-5-(a)(iii) b. has been forwarded to the applicant. The City shall give notice of the request in the same manner as it gives notice of the hearing on the special permit, and a hearing shall be conducted on the request concurrently with the hearing on the special permit.

d. The applicant shall, within ten (10) days from the date of submitting the request to City, notify in writing all the eligible tenants in the project that a request for approval of an alternative program or a waiver under this subsection C-5-a(vii) has been made and shall describe in detail the elements of the alternative program or the reasons for the waiver.

SECTION 4.

Section 28-C-5-(d) of the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, is hereby amended to read as follows:

(d) Leases - Eligible Elderly or Handicapped Tenants, Qualified Low and Moderate Income Tenants.

(i) The applicant shall unconditionally offer each eligible tenant who is elderly or handicapped and each qualified low and moderate income tenant who does not accept an offer of sale on a unit under the sales program provided in subsection C-5-(a), 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. A "comparable unit" shall be a unit with the same floor plan, same amount of floor area (as measured in square feet) and the same amenities as the unit in which the tenant resides at the time the special permit is approved.

(ii) The applicant shall unconditionally offer each qualified low and moderate income household who does not accept an offer of sale on a unit under the sales program provided in subsection C-5-(a) a written lease for a term of three (3) years on the unit which was the subject of the offer of sale.

(iii) Each such lease shall provide that the lessee shall have four (4) successive options to renew the lease upon the terms and conditions as the original lease required by this subsection.

(iv) In the case of lessees who are qualified tenants, the rental of the first year of the original lease shall be the rental paid by the tenant on the date that the notice specified in subsection C-2-(a) was given. Thereafter, the rental may be increased annually on the anniversary date of the lease, commencing with the first anniversary date; provided, that the annual percentage increase in rent shall not exceed seven percent (7%). In the case of lessees who are qualified households, the rental for the first year of the original lease shall be the average of rentals paid for the unit and all comparable units on the date that the notice specified in subsection C-2-(a) was given. Thereafter, the rental may be increased annually on the anniversary date of the lease, commencing with the first anniversary date; provided, that the annual percentage increase in rent shall not exceed seven percent (7%).

(v) Each such lease shall further provide that the lessee shall have no power or right to assign the lease, or to rent or sublease the premises or any portion thereof, and that upon the death of the lessee the lease shall terminate. Any lease provision which violates the provisions of this subsection shall be void, and the balance of the lease shall be valid and enforceable. To the extent that such lease shall not expressly contain the provisions required by this subsection, said provisions shall be deemed to be incorporated in full therein. Any lessee who has paid rent in excess

of the maximum rental specified by this subsection shall be entitled to a refund in the amount of the excess payment. Such lessees may elect to deduct the amount of the refund due them from future rent payments, provided notice is given in advance as to the intention to do so.

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

CITY MANAGER'S OFFICE
RECEIVED
JAN 14 1981

January 8, 1981

City Council
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Report on Agency's Participation and Costs
Related to Implementation of a Portion of the
Proposed City Condominium Conversion Ordinance
M-483) As Amended

SUMMARY

The draft Conversion Ordinance referred to this Agency by the City Council in December requires this organization to perform outreach and eligibility determination services for private developers (under certain conditions) who are contemplating a condominium conversion. The first year would require a full-time Tenant Services Clerk and four temporary Clerk-Typists for six weeks, under supervision, to interview the expected homeowners, determine income eligibility and establish a master list. The total estimated cost for the first year is \$42,294 or a per housing unit cost to a condominium conversion developer of \$282. (Based on the Planning Department estimate of 150 units per year). The second year cost estimate is \$26,307 or a per unit cost of \$175.

BACKGROUND

The proposed City of Sacramento Condominium Conversion Ordinance requires SHRA to seek out and qualify eligible low and moderate income families and individuals to conversion applicants in the event less than 10% of the units are purchased or leased by qualified tenants. This procedure (outreach and qualification) is somewhat similar to the Section 8 program now being administered by the Agency, except for specific program differences, e.g. homeownership vs. rental, income limits, service to private developers vs. administration of a Federal subsidy program..

CITY GOVERNING BOARD

Phillip L. Isenberg, Mayor
Lloyd Connelly
Lynn Roble
Blaine H. Fisher
Thomas R. Hoeber
Douglas N. Pope
John Roberts
Anne Rudin
Daniel E. Thompson

COUNTY GOVERNING BOARD

Illa Collin
C. Tobias (Toby) Johnson
Joseph E. (Ted) Shoady
Sandra R. Smoley
Fred G. Wade

EXECUTIVE DIRECTOR

William G. Seline

P.O. Box 1834
Sacramento, CA 95809
630 I Street
Sacramento, CA 95814
(916) 444-9210

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council
Page Two

January 8, 1981

PROPOSED STAFFING AND RESPONSIBILITIES

There are no local models or experience available to analyze the impact of an outreach program City-wide to qualify potential low and moderate income families and individuals for homeownership at an "affordable price". However, based on the Agency's experience with Section 8 and the proposed conversion program we would expect a substantial number of respondents to an outreach program. Based on 2,000 respondents (similar to Section 8) the following staffing is recommended:

1. One lead person (Tenant Services Clerk, full-time, permanent new position. Responsible for a portion of workload, ongoing monitoring and maintenance of list and servicing of requests for names.
2. Up to four temporary Clerk-Typists (from a temporary service agency such as Kelley, etc.). The temporary positions will be for a total of six weeks to initially process and qualify families and individuals.
3. Supervision - Supervision and training will be provided on a part-time basis through an existing experienced Supervisor currently in charge of the Section 8 program.

The above staffing is based on the assumption that the public would respond as projected, the conversion applicants would prefer to obtain a listing of qualified families and individuals in a relatively short period of time and it would be in the public interest to reduce unnecessary anxiety and waiting on behalf of existing tenants as to their future.

ESTIMATED COSTS FOR FIRST YEAR

1. Direct Costs

- | | |
|---|----------|
| a. One new permanent Tenant Services Clerk I -
\$10,388 (including step increase and 9%
cost-of-living) + 31% fringe benefits = | \$13,608 |
| b. Four temporary Clerk-Typists -
\$6.25/hour x 6 weeks = | 6,000 |
| c. Part-time Supervisor (2 hours/day including
9% cost-of-living - \$7,953 + 31% fringe benefits) = | 10,418 |
| d. Supplies, reproduction, stamps, etc. | 700 |
| e. Advertisement in local newspapers (2 major,
2 minority) | 1,000 |

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council
Page Three

January 8, 1981

f. Rental of space at Ping Yuen

(1)	600 sq.ft. x \$.55/sq.ft. for 1.5 months	\$ 495
(2)	120 sq.ft. x \$.55/sq.ft. for 10.5 months	693

(Note: Phones and desks and chairs available
at no cost)

\$32,914

2. Indirect Costs

\$32,914 x 28.5% = 9,380

TOTAL PROGRAM COST \$42,294

ESTIMATED COST FOR SECOND YEAR

1. Direct Costs

a.	Tenant Services Clerk I (assumed step increase to C scale and 9% cost-of-living = \$12,703 + 31% fringe benefit) =	\$16,641
b.	Part-time Supervisor (1/2 hour per day including 9% cost-of-living = \$2,167 and 31% fringe benefit) =	2,839
c.	Supplies, reproduction, stamps, etc.	200
d.	Rental of space at Ping Yuen 120 sq.ft. @ \$.55/sq.ft. =	792
		\$20,472

2. Indirect Costs

\$20,472 x 28.5% 5,835

TOTAL PROGRAM COST \$26,307

PROCEDURE

1. Hire and train staff, establish detailed qualification guidelines and procedures.
2. Prepare and initial outreach program (advertisement in two major newspapers and minority newspapers, information sent to various

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council
Page Four

January 8, 1981

groups such as apartment owners and tenant associations, realtors, etc.)

3. Intake - Set up interviews and verify income, assets, etc. to determine eligibility.
4. Establish master eligibility list by family, elderly, individuals by bedroom size and date and time of application.
5. In order to remain on the list, eligible persons are to contact SHRA at least every thirty days.
6. Conversion applicant to contact Agency in writing with request for a number of persons by certain characteristics such as bedroom size, etc.
7. SHRA staff to service request and send names, addresses and telephone number to conversion applicant in order of date and time of application.
8. The conversion applicant will let SHRA know if the names submitted have been accepted or rejected. If rejected, an explanation will be required. SHRA to submit additional names by date and time of application.
9. If problems occur under normal monitoring of this program SHRA staff will attempt to correct them. If need be, recommendation for policy changes will be requested from City Council to correct problems.
10. A yearly program evaluation report will be prepared for Commission and City Council review.

FINANCIAL DATA

The Agency does not have a separate fund to perform the service requested in the draft Conversion Ordinance. The initial cost for each year should be borne by the City General Fund and then paid back through user fees to the City from each conversion applicant based on actual costs. The Agency under contract would perform this service and bill the City for services rendered.

The initial start up year is estimated at \$42,294 and the second year is \$26,307. According to the Planning Director's memo of December 2, 1980 to City Council he estimates there may be a maximum of 150 units needed for non-tenant qualified households to serve the present application pool (1,500 units). Assuming 150 units, the cost per unit to a conversion applicant is estimated to be \$282 ($\$42,294 \div 150$) in the first year and \$175 ($\$26,307 \div 150$) in the second year. Any funding shortfall would have to be made up the following year by the General Fund.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council
Page Five

January 8, 1981

ALTERNATIVE

For comparison purposes in Sacramento County model, the developer is required to "set aside" special lease arrangements for existing tenants and the Agency then certifies the tenants for \$25.00 per unit fee. If the current tenant does not want the unit, the developer must advertise and the Agency again certifies the tenant for a \$25.00 fee.

RECOMMENDATIONS

1. Receive and file this report.
2. Upon approval of a Conversion Ordinance which includes the Agency performing an outreach and eligibility service as presently outlined, a report will be forwarded to City Council recommending approval of a staffing and financing plan and procedure.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slupe
WALTER J. SLUPE
City Manager

Contact Person: Leo T. Goto



CITY OF SACRAMENTO

CITY PLANNING DEPARTMENT

725 "J" STREET

SACRAMENTO, CALIF. 95814

TELEPHONE (916) 449-5604

MARTY VAN DUYN

PLANNING DIRECTOR

December 2, 1980

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Condominium Conversion Ordinance (M-483) Amendments
Relating to:

- A. Required Findings for Approval of a Condominium Conversion Project
- B. Tenant Protection Provisions and Condominium Conversion Projects

SUMMARY

On September 16, 1980, the City Council adopted amendments to the Condominium Conversion Ordinance relating to tenant protection provisions. At that meeting, the Council directed staff to prepare two additional amendments for Planning Commission and City Council discussion. Attached are draft ordinances relating to 1) findings for denial of conversion permits if a substantial number of unwarranted vacancies exist in the building prior to conversion; and 2) an ordinance providing that condominium conversion projects contain a minimum of 10 percent and a maximum of 50 percent low and moderate income housing. If adopted, these ordinances will not apply to current applications filed for conversion special permits.

The Planning Commission approved staff's recommendation to approve Exhibit A, a draft ordinance relating to amending the findings on determinations of substantial vacancies, and denial of Exhibit B, a draft ordinance providing that a conversion project contain a minimum of 10 percent and a maximum of 50 percent low and moderate income housing.

BACKGROUND INFORMATION

On September 16, 1980, the City Council adopted revised tenant protection provisions to the Condominium Conversion Ordinance. The Council considered several possible amendments to the ordinance and much discussion occurred on the merits of a ratio retention program for conversion projects. The Council requested staff to prepare amendments to the ordinance which are discussed below.

1. Findings regarding vacancies in a conversion project.

The Council expressed a desire to use excessive or unusual project vacancies as a determinant in evaluating the approval of a conversion permit. The attached draft ordinance (Exhibit A) gives the Council the ability to deny a special permit "if it finds that a substantial number of vacancies in the building has been created by unjust evictions or unreasonable rent increases in order to qualify a project for conversion."

Evaluation: Staff has no problem with such an amendment. These provisions should discourage premature eviction and provide additional tenant protection.

2. Ordinance amendment providing that condominium conversion projects contain a minimum of 10 percent and a maximum of 50 percent low and moderate income housing.

This ordinance (Exhibit B) addresses the Council's interest in providing a "ratio retention" element in conversion projects. The 10 percent minimum and 50 percent maximum requirements used in this amendment were suggested by the Council.

This amendment would limit the number of units available for sale or lease to qualified tenants to no more than 50 percent of the total units. In the event that the number of tenants in the project exceeds 50 percent of the number of units in the project, the Planning Director shall list at random the names of all qualified tenants and shall submit the list to the applicant (converter).

In addition, this ordinance would provide that in the event less than 10 percent of the units within the project are purchased or leased by qualified tenants under the sales and lease program, the applicant shall offer units within the project to qualified low and moderate income households. The applicant shall make offers to enough qualified households so that at least 10 percent of the units within the project are purchased or leased by qualified low and moderate income tenants or households. The Sacramento Housing and Redevelopment Agency is responsible, under the draft ordinance, to qualify low and moderate income households for participation in this section of the program.

Evaluation:

a. This program returns the "ratio retention" provisions eliminated in earlier discussions for converted units. In addition, the Council intends to exempt the current applications from these requirements (some 1,500+ units). This raises a question on actual units to be gained from such a proposal.

b. The average project submitted to date contains approximately ten to fifteen percent special category tenants (includes handicapped and elderly).

c. Implementation of this program may not produce a substantial number of units to justify its administrative costs and time commitment.

i. Very few "outside" units will be available considering the average number of units indicating special category tenants. Available units for non-tenant low and moderate households are offered after existing tenants have been provided for.

ii. SHRA will have to provide a service which does not exist. The Agency does not qualify individuals for ownership opportunities at the present. They have indicated that they will charge each applicant for such service and be required to extend a significant advertisement campaign for ownership interest.

iii. SHRA does not qualify individuals under the same terms as the ordinance. The limitations provided are generally inconsistent with normal subsidy program qualifications. The Agency deals with low and very low income households only.

iv. SHRA does not qualify households nor distinguish between non-children and children unit availability. (Many conversion projects prohibit families with children.)

v. SHRA will require "up front" funds sufficient to cover costs of advertising and staffing such an effort.

vi. The number of units provided under this program will vary with applications approved. If all present applications were approved (1,500+ units), the program may yield 150 maximum units to non-tenant qualified households. It is likely that only a portion of these units may actually be available.

vii. Under State law, all tenants must be offered first rights of refusal to purchase. This requirement may conflict with ability to meet minimum requirements of the program.

d. The program does not provide any resale controls, therefore eliminating the ability to retain long term low-moderate housing units.

e. Qualifying households through SHRA create a timing and processing problem. The qualifying function will not be controlled by the processing department.

f. Staff has been advised that some lenders and most FHA requirements demand a substantial percentage of condominium units be kept in owner-occupied status. This requirement may be as high as 70 percent.

g. Interest in conversion units is presently high (1,500+ units). Whether conversion activity will increase in the near future is unknown. In time, however, such applications will be few and far between given the commensurate decline in apartment unit construction.

h. Available units for such a program must also reflect the total approved projects. Unit yields will depend on successful conversion permits, not on applications.

i. Amendments as proposed create additional incentives for potential applicants to "structure" unit occupancies prior to conversion in order to avoid potential problems.

In summary, it appears to staff that the ordinance amendments are going to provide additional administration to the condominium conversion permit review. The units to be gained by the ratio retention alternates do not appear to be justified compared to the necessary costs and unknowns associated with the implementation. The present regulations, which are extensive, have not been tested and remain for the most part an unproven attempt at addressing tenant protection only. We have not been able to prove the effectiveness of the low-moderate sales/lease program for the tenants' protection, and therefore feel skeptical in expanding the ordinance to attract non-tenant participants. The value of such an effort may be warranted, but staff would prefer to defer such a program until such evaluation of present applications and any approvals are made. In addition, staff looks forward to the ability of addressing current applications in process with the present ordinance and elimination of any further condominium conversion ordinance amendments.

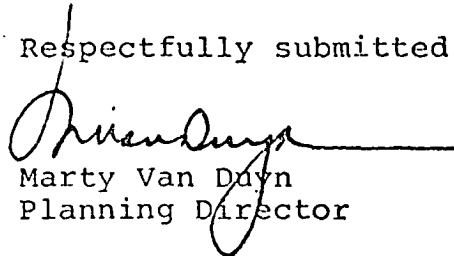
VOTE OF COMMISSION

The Planning Commission, on November 6, 1980, voted six ayes, two absent, one vacancy, to recommend approval of Exhibit A and to recommend denial of Exhibit B.

RECOMMENDATION

The staff and Planning Commission recommend that the City Council approve and adopt Exhibit A, the ordinance relating to amending the findings on determinations of substantial vacancies. The staff and Planning Commission recommend denial of Exhibit B, the ordinance providing that a conversion project contain a minimum of 10 percent and a maximum of 50 percent low and moderate income housing.

Respectfully submitted,



Marty Van Durn
Planning Director

FOR CITY COUNCIL INFORMATION
WALTER J. SLIPE
CITY MANAGER

MVD: jm
Attachments
M-483

December 9, 1980
All Districts



CITY OF SACRAMENTO

2

CITY PLANNING DEPARTMENT

725 "J" STREET

SACRAMENTO, CALIF. 95814
TELEPHONE (916) 449-5604

MARTY VAN DUYN
PLANNING DIRECTOR

April 1, 1981

City Council
Sacramento, California

APPROVED
BY THE CITY COUNCIL

PPF
Cont 4-14-81

APR 7 1981

OFFICE OF THE
CITY CLERK

Honorable Members in Session:

SUBJECT: An Ordinance Amending the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, Relating to Tenant Protection Provisions and Condominium Conversion Projects (M-483)

SUMMARY

This item is presented at this time for approval of publication of title pursuant to City Charter, Section 38.

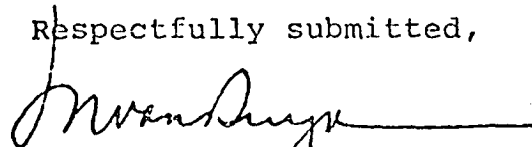
BACKGROUND

Prior to publication of an item in a local paper to meet legal advertising requirements, the City Council must first pass the item for publication. The City Clerk then transmits the title of the item to the paper for publication and for advertising the meeting date.

RECOMMENDATION

It is recommended that the item be passed for publication of title and continued to April 14, 1981.

Respectfully submitted,


Marty Van Duyn
Planning Director

FOR CITY COUNCIL INFORMATION
WALTER J. SLIPE
CITY MANAGER

jm
Attachment
M-483

April 7, 1981
All Districts

AN ORDINANCE AMENDING THE COMPREHENSIVE ZONING
ORDINANCE OF THE CITY OF SACRAMENTO, ORDINANCE
NO. 2550, FOURTH SERIES, RELATING TO TENANT
PROTECTION PROVISIONS AND CONDOMINIUM CONVERSION
PROJECTS

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 22-A-60(t) is hereby added to the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, to read as follows:

t. Household. Household shall mean one or more individuals living as a single housekeeping unit.

SECTION 2.

Section 28-C-1-(j) of the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, is hereby amended to read as follows:

(j). A detailed report describing the methods by which the applicant shall comply with the provisions of subsection C-5-(a), Sales and Lease Program for Qualified Low and Moderate Income Tenants and Households. The description shall include, where applicable, the appraised apartment market value of the project, and each unit. This description shall be supported by an affidavit or declaration under penalty of perjury as to its truth and accuracy.

SECTION 3.

Section 28-C-5-(a) of the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, is hereby amended to read as follows:

(a) Sales and Lease Program for Qualified Low and Moderate Income Tenants and Households.

(i) Purpose. The primary purpose of the sales and lease program is to mitigate the special impact a conversion project has on the low and moderate income tenants living in the project before conversion. This special impact is the result of the conversion project displacing these tenants while at the same time reducing the number of rental units in the market. The displaced low and

moderate income tenants are more severely affected than other tenants and other individuals because of their inability, in most cases, to purchase the converted unit, their resulting immediate need to find replacement housing, and their lesser financial ability to compete for the remaining available rental units in the market. The proposed sales and lease program addresses this problem by providing ownership opportunities for low and moderate income tenants, thereby taking those tenants out of the rental market along with the converted unit, and by providing renewable leases for those tenants who cannot purchase, thereby retaining those units in the rental market for as long as the tenants are in need of them. An alternative program approved by the City Council under subsection C-5-(a)(vii) must specifically address the special impacts on the tenants in the project identified in this paragraph.

A secondary purpose of the sales and lease program is to use condominium conversion projects as a source of low and moderate income housing. Any alternative program approved by the City Council under subsection C-5-a(vii) shall provide ownership and lease opportunities to qualified low and moderate income households where feasible and consistent with the housing policies of the City of Sacramento.

(ii) Definitions.

a. A qualified low or moderate income tenant shall be a tenant who meets all of the following requirements:

i. The tenant is an eligible tenant.

ii. The tenant has an income of 110% or less of the median income as established annually by the U.S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area in which the proposed conversion project is located, adjusted for the number of members in the tenant's household.

iii. The tenant does not, at the time notice of intent to convert is given by the applicant and at the time the offer is made, own any residential real property.

iv. The tenant has not previously received assistance under this subsection C-5-(a).

v. The monthly payments of principal, interest, loan insurance fees, property taxes and assessments, fire and casualty insurance, property maintenance and repairs, utilities (excluding telephone service), and homeowner association fees and assessments associated with the unit if it were to be sold without restrictions, would exceed thirty-five (35) percent of the tenant's monthly income.

vi. The tenant's assets are not greater than the total of the amount necessary to pay the estimated closing costs and down payment on the unit, the amount necessary to pay six months of the monthly payments identified in v. immediately preceding, and \$5,000.

vii. The tenant has provided the City with the information requested under subsection C-5-(a)(iii)b. within the specified time, and has supported the information provided with an affidavit or declaration under penalty of perjury to its truth and accuracy.

viii. "Assets" shall mean the value of the tenant's savings and any equity in stocks, bonds, real property, or other forms of capital investment. "Assets" does not include items reasonably necessary for the personal use of the tenant, such as personal effects, furniture, appliances, and automobiles.

ix. References to the qualified tenant's assets and income shall include the assets and income of those persons eighteen (18) years of age and older who are living with the tenant as a single housekeeping unit.

b. A qualified low or moderate income household shall be a household which meets all of the following requirements:

i. The household has an income of 110% or less of the median income as established annually by the U. S. Department of Housing and Urban Development for the Standard Metropolitan Statistical Area in which the proposed conversion project is located, adjusted for the number of members in the household.

ii. The household does not, at the time the offer for sale or lease is made by the applicant, own any residential real property.

iii. The household has not previously received assistance under this subsection C-5-(a).

iv. The monthly payments of principal, interest, loan insurance fees, property taxes and assessments, fire and casualty insurance, property maintenance and repairs, utilities (excluding telephone service), and homeowner association fees and assessments associated with the unit if it were to be sold without restrictions would exceed thirty-five (35) percent of the household's monthly income.

v. The household's assets are not greater than the total of the amount necessary to pay the estimated closing costs and down payment on the unit, the amount necessary to pay six months of the monthly payments identified in iv. immediately preceding, and \$5,000.

vi. "Assets" shall mean the value of the household's savings and any equity in stocks, bonds, real property, or other forms of capital investment. "Assets" does not include items reasonably necessary for the personal use of household, such as personal effects, furniture, appliances, and automobiles.

vii. References to the qualified household's assets and income shall include the assets and income of those persons eighteen (18) years of age and older who are living within the household as a single housekeeping unit.

c. i. A price which is "affordable" to the tenant or household shall be the maximum price at which the tenant or household can qualify for financing for the unit for a minimum of thirty (30) years and for which the total monthly housing costs described in subsection C-5-(a)(ii) a. v. and b. iv. would not exceed 35% of the tenant's or household's monthly income; provided, that in no event shall the applicant be required to sell the unit under this sales program at a price below the apartment market value of the unit at the time the application for a special permit under this Section is filed.

ii. "Apartment market value" shall be the value of the unit as an apartment and shall be determined by either a single appraisal or, at the option of the applicant, by averaging the results of two independent appraisals. The appraisal(s) shall be made by appraiser(s) selected randomly by the Planning Director from a pool of names of no less than five (5) qualified appraisers. A "qualified appraiser" shall be an appraiser experienced in appraising multiple family residential property and who is an active MAI member in good standing of the American Institute of Real Estate Appraisers; an active SREA or SRPA member in good standing of the Society of Real Estate Appraisers, an active ASA (urban real estate) member in good standing of the American Society of Appraisers, or a similarly qualified appraiser in good standing in a nationally recognized real estate appraisal institute or society. The names of qualified appraisers for the pool shall be selected by the City Manager or his/her designee. The value determined by the appraisal(s) shall be binding on the City and the applicant. The applicant shall pay the fee(s) of the appraiser(s).

(iii) Offer of Sale or Lease to Qualified Tenants;
Planning Director to Qualify Tenants.

a. Subject to the provisions and limitations set forth in subsection C-5-(a)(iii)b., the applicant shall offer for sale to qualified low and moderate income tenants the unit in which each tenant resides at the time the special permit for the conversion project is approved, or a comparable unit within the project, at a price which is affordable to the tenant. A "comparable unit" shall be a unit with the same floor plan, same amount of floor area (as measured in square feet) and the same amenities as the unit in which the tenant resides at the time the special permit is approved. The offer shall be made before or concurrent with the grant of the exclusive right to contract for the purchase of the unit provided for in Section 66427.1(b) of the Government Code. The qualified tenant shall have 90 days from

the date the offer is made to accept the offer of sale under this subsection C-5-(a). If the tenant does not accept the offer within that time period or fails to secure the necessary financing within that time period the tenant shall be entitled to the renewable lease provisions set forth in subsection C-5-(d) and to all other protections provided in this Section.

b. i. To determine which tenants qualify for assistance under this subsection C-5-(a), the Planning Director, using the names and addresses of all the tenants in the proposed conversion project provided by the applicant in the completed application, shall notify the tenants of the provisions of this subsection C-5-(a) by mailing a notice to each on a form approved by the City Council. The notice shall request all information necessary to determine which tenants qualify for assistance. The notice shall instruct the tenants to return to the City Planning Department within 15 days the information requested, supported by affidavit or declaration under penalty of perjury as to its truth and accuracy. Based on the information received, the Planning Director shall determine which tenants are qualified tenants, shall notify those tenants, and shall submit their names to the applicant.

ii. The applicant shall make an offer for sale or lease pursuant to this subsection C-5-(a)(iii) to each qualified tenant whose name has been submitted to the applicant by the Planning Director; provided, that in no event shall the applicant be required to sell or lease more than fifty (50) percent of the units in the project to qualified tenants. In the event the number of qualified tenants whose names have been submitted to the applicant by the Planning Director exceeds fifty (50) percent of the number of units in the project, the applicant shall make offers for sale or lease pursuant to this subsection C-5-(a)(iii) in the manner set forth in the subsection immediately following, C-5-(a)(iii)b.iii.

iii. In the event the Planning Director determines that the number of qualified tenants in the project exceeds fifty (50) percent of the number of units in the project, he/she shall, at the time of determining which tenants are qualified tenants, list at random the names of all qualified tenants, shall notify each qualified tenant of his/her place on the list, and shall submit the list to the applicant. The applicant shall make offers for sale or lease pursuant to this subsection C-5-(a)(iii) to the qualified tenants in the order that they appear on the list so that offers are made on fifty (50) percent of the units in the project. If a qualified tenant who receives an offer for sale or lease pursuant to this subsection C-5-(a)(iii) does not purchase or lease the unit, the applicant shall, immediately after receiving notice thereof, make an offer for sale or lease pursuant to this subsection C-5-(a)(iii) to the qualified tenant next on the list; provided, that in no event shall the applicant be required to hold a unit for sale or lease pursuant to this subsection C-5-(a)(iii) for more than twelve (12) months after issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code.

iv. Notwithstanding the provisions of Section 18 of this ordinance, the decision of the Planning Director as to which tenants qualify for assistance under this subsection C-5-(a) shall be appealable directly to the City Council and shall be governed by the provisions of Article XIX of Chapter 2 of the Sacramento City Code.

v. Unless an appeal of the decision of the Planning Director is filed, and except for name and address, the information supplied by a tenant to the City under this subsection C-5-(a)(iii) shall be held in confidence and shall not be disclosed to the public without the express written consent of the tenant. In the event an appeal is filed, the information shall be disclosed to the extent necessary to fully apprise all parties to the appeal of the facts supporting the Planning Director's decision.

vi. Failure of any tenant to receive the notice advising of the sales program under this subsection shall not invalidate any proceedings conducted hereunder.

(iv) Offer of Sale or Lease to Qualified Households

a. In the event less than ten (10) percent of units within the project are purchased or leased by qualified tenants under the sales and lease program set forth in subsection C-5-(a)(iii), the applicant shall offer units within the project to qualified low and moderate income households. The offer shall be for sale at an affordable price or, if the household does not purchase, for lease pursuant to subsection C-5-(d). The applicant shall make offers to enough qualified household so that at least ten (10) percent of the units within the project are purchased or leased by qualified low or moderate income tenants or households; provided, that in no event shall an applicant be required to hold a unit for sale or lease under this subsection C-5-(a)(vi) for more than twelve (12) months after issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code.

b. The Sacramento Housing and Redevelopment Agency shall qualify low and moderate income households for participation in the sales and lease program under this subsection C-5-(a)(iv). Within ten (10) days of determining the applicability of this subsection C-5-(a)(iv) and the requirement to offer units for sale or lease to qualified households, the applicant shall notify the Sacramento Housing and Redevelopment Agency of the availability of units for qualified low and moderate income households and request the names of qualified households. Upon such notice by the applicant, the Agency shall submit to the applicant the names of qualified households. In selecting qualified households to participate in

in the sales and lease program in a particular project, the Agency shall match the size of the available unit to the size of the qualified household.

c. Offers for sale or lease made pursuant to this subsection C-5-(a)(iv) shall be made as soon as is practicable after issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code, after compliance with subsection C-5-(a)(iii) of this Section, if necessary, and after compliance with Section 66427.1(b) of the Government Code. The offer for sale shall remain open for 90 days.

d. Units offered for sale or lease to qualified households under this subsection C-5-(a)(iv) shall be varied in size and geographically dispersed throughout the project.

e. Compliance with the provisions of this subsection C-5-(a)(iv) shall be subordinate to the requirements of Section 66427.1(b) of the Government Code.

(v) Applicant to Pay Downpayments, Closing Costs Where Necessary

If, at the time the offer for sale at an affordable price is made under this subsection C-5-(a), the assets of the qualified household or tenant, as defined in subsections C-5-(a)(ii) a.viii and b. vi are not sufficient to cover the down payment and closing costs on the unit required by the financing institution to qualify for financing on the unit, the applicant shall pay all or a portion of the down payment and closing costs, as necessary, in an amount not to exceed \$2,000. The amount paid by the applicant under this subsection shall be added to the amount secured by the second deed of trust on the unit under subsection C-5-(a)(vi).

(vi) Antispeculation Control

Whenever a unit is sold to a qualified tenant or household under the provisions of this subsection C-5-(a), the unit shall be encumbered by a second deed of trust securing an obligation in an amount equal to the difference between the sales price paid by the qualified tenant or household and the price at which the unit would have sold without the requirements imposed by this subsection C-5-(a). The beneficiary under the second deed of trust shall be the applicant. 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; provided, that "conveyed,, transferred, leased, rented or otherwise alienated"

shall not include changes of ownership described in Sections 62 and 63 of the Revenue and Taxation Code.

(vii) Alternative Programs; Waivers

a. Upon the request of the applicant, and in lieu of the requirements of this subsection C-5-(a), the City Council may approve, or approve with conditions, an alternative program for providing housing opportunities to the low and moderate income tenants and households in the proposed conversion project, upon a finding that the alternative program is the substantial equivalent of the program provided by this subsection. Alternative programs may include, but need not be limited to, use of FHA single family purchase programs and the Homeownership Assistance Program administered by the State Department of Housing and Community Development (25 Cal. Adm. Code Sec. 7900 et seq.).

b. Upon request of the applicant the City Council may waive, or waive with conditions, in whole or in part, the requirements of this subsection C-5-(a) upon a finding that compliance would be inconsistent with or not in furtherance of the purposes set forth in subsection A and C-5-a(i) of this section or the goals and policies of the Housing Element of the City General Plan.

c. A request by the applicant pursuant to paragraph a. or b. immediately preceding shall be made within fifteen (15) days after the determination of the Planning Director made pursuant to subsection C-5-(a)(iii) b. has been forwarded to the applicant. The City shall give notice of the request in the same manner as it gives notice of the hearing on the special permit, and a hearing shall be conducted on the request concurrently with the hearing on the special permit.

d. The applicant shall, within ten (10) days from the date of submitting the request to City, notify in writing all the eligible tenants in the project that a request for approval of an alternative program or a waiver under this subsection C-5-a(vii) has been made and shall describe in detail the elements of the alternative program or the reasons for the waiver.

SECTION 4.

Section 28-C-5-(d) of the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, is hereby amended to read as follows:

(d) Leases - Eligible Elderly or Handicapped Tenants, Qualified Low and Moderate Income Tenants.

(i) The applicant shall unconditionally offer each eligible tenant who is elderly or handicapped and each qualified low and moderate income tenant who does not accept an offer of sale on a unit under the sales program provided in subsection C-5-(a); 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. A "comparable unit" shall be a unit with the same floor plan, same amount of floor area (as measured in square feet) and the same amenities as the unit in which the tenant resides at the time the special permit is approved.

(ii) The applicant shall unconditionally offer each qualified low and moderate income household who does not accept an offer of sale on a unit under the sales program provided in subsection C-5-(a) a written lease for a term of three (3) years on the unit which was the subject of the offer of sale.

(iii) Each such lease shall provide that the lessee shall have four (4) successive options to renew the lease upon the terms and conditions as the original lease required by this subsection.

(iv) In the case of lessees who are qualified tenants, the rental of the first year of the original lease shall be the rental paid by the tenant on the date that the notice specified in subsection C-2-(a) was given. Thereafter, the rental may be increased annually on the anniversary date of the lease, commencing with the first anniversary date; provided, that the annual percentage increase in rent shall not exceed seven percent (7%). In the case of lessees who are qualified households, the rental for the first year of the original lease shall be the average of rentals paid for the unit and all comparable units on the date that the notice specified in subsection C-2-(a) was given. Thereafter, the rental may be increased annually on the anniversary date of the lease, commencing with the first anniversary date; provided, that the annual percentage increase in rent shall not exceed seven percent (7%).

(v) Each such lease shall further provide that the lessee shall have no power or right to assign the lease, or to rent or sublease the premises or any portion thereof, and that upon the death of the lessee the lease shall terminate. Any lease provision which violates the provisions of this subsection shall be void, and the balance of the lease shall be valid and enforceable. To the extent that such lease shall not expressly contain the provisions required by this subsection, said provisions shall be deemed to be incorporated in full therein. Any lessee who has paid rent in excess

of the maximum rental specified by this subsection shall be entitled to a refund in the amount of the excess payment. Such lessees may elect to deduct the amount of the refund due them from future rent payments, provided notice is given in advance as to the intention to do so.

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

M-483



CITY OF SACRAMENTO

RECEIVED
CITY CLERK'S OFFICE
CITY OF SACRAMENTO

MAR 19 8 58 AM '81

JM

CITY PLANNING DEPARTMENT

725 "J" STREET

SACRAMENTO, CALIF. 95814
TELEPHONE (916) 449-5604

MARTY VAN DUYN
PLANNING DIRECTOR

March 17, 1981

PPF: 4-7-81
Hrg: 4-14-81

cc: Van Duyn
Carstens
Miller
Yee

MEMORANDUM

TO: Lorraine Magana
FROM: Jan Mirrione
SUBJECT: Request to set Public Hearing

The following item was considered and recommended for approval by the Planning Commission on March 12, 1981:

1. Various requests for property located on one-half block bounded by 35th and 36th Streets and 5th Avenue. (P-9295) (D5)
 - a. Amend Community Plan from Shopping-Commercial to Light Density Multiple Family.
 - b. Rezone 3+ acres from C-2 to R-2B-R.

Would you also please schedule the following Ordinance Amendment for public hearing. Notification list is attached.

2. Ordinance Amendment providing a minimum of 10 percent and a maximum of 50 percent low and moderate units in condominium conversion projects. (M-483) (All Districts)

bw.

Attachments