



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Public Hearing
November 13, 2007

**Honorable Mayor and
Members of the City Council**

Title: Southwood Townhomes Condo Conversion (P06-038)

Location: 54 Quay Court; APNs: 030-0820-001 through 040 and 030-0830-001 through 064

Council District: Council District 4

Recommendation: Conduct a Public Hearing and upon conclusion 1) adopt a **Resolution** determining the project exempt from environmental review; and 2) adopt a **Resolution** approving a Special Permit to convert an existing 98-unit rental apartment complex into a 98-unit for-sale condominium complex in the Multi-Family (R-2A & R-2B) zone.

Contact: Elise Gumm, Assistant Planner, 808-1927; Mark Martin, Senior Planner, 808-5945

Presenters: Elise Gumm, Assistant Planner

Department: Development Services

Division: Planning

Organization No: 4885

Description/Analysis

Issue: The applicant proposes to convert an existing 98-unit rental apartment complex into a for-sale condominium complex in the Pocket Community Plan Area. Improvement and renovations to the units are proposed prior to selling the units; however, no change or expansion of square footage is proposed. The complex already has an approved final map identifying each unit on its own parcel plus eight (8) other parcels for common areas.

Southwood Townhomes Apartment Complex is located in the Pocket Community Plan Area at the southeast corner of Riverside Boulevard and Havenside Drive. There are 27 structures which contain 98 individual townhouse units. Of the 98 townhomes, 75 are two-bedroom, two bath units and 23 are three-bedroom, two

and one-half bath units. The two-bedroom units consist of 1,230 square feet, and the three-bedroom units of 1,441 square feet. There are 116 covered parking spaces available in this complex and 29 additional open on-site spaces are available for guests and tenants.

The complex is attractively arranged with landscaping and meandering walkways between the structures. It contains a tennis court, swimming pool and spa for the convenience of the residents. The complex is designed in a Mediterranean style, with tile roofs and rough textured stucco siding. The units are staggered in each building to create visual interest and variety. A fireplace and laundry facilities are within each unit.

This complex was constructed from 1979 to 1980 and became available for rent in April of 1980. On August 10, 1982, the City Council approved a special permit and tentative map for the conversion of the rental complex into Condominiums (P82-024). The final map was recorded on July 29, 1983. However, under provisions in the Condominium Conversion Ordinance, the Special Permit was only valid for a one-year period at which time the project must be completed by the sale of at least one unit. The conversion project was unable to be completed within the allotted time and was brought back to City Planning in August 1983 for a one-year extension. City Council approved the extension on October 11, 1983. Again, the conversion project was still unable to be completed within the one-year extension period. The project was brought back to City Planning for a Variance to waive the one-year time limit and one-year time extension requirement for the approved condominium conversion special permit (P84-265). The Variance was granted by the City Council on September 5, 1984. The Variance expired after 2 years of the granting; at that time, the complex was still not completed by the sale of at least one unit.

The complex was used as for-rent apartments for the last 20 years. The current applicant requested a pre-application meeting regarding the conversion of the Complex with the Planning Division in 2004. The actual application was submitted to the Planning Division on March 9, 2006. The application was initially deemed incomplete and all required documents were received on June 28, 2007.

Staff sent out a tenant survey to all tenants in December 2004 at the time when the applicant requested a pre-application meeting for the project. Staff received a total of 45 responses and 17 of them disapproved of the proposal due to the inconvenience of relocation and the units' lack of maintenance. Several community meetings were held by the applicant after the pre-application meeting. In addition, early notification of the project was sent out by the applicant in November 2005, which is more than 60 days prior to submitting the current application to the Planning Division and meets the requirement of the Condominium Conversion Ordinance. The responses from tenants regarding the notification were directly sent to the Planning Division in December 2005. Staff

received a total of 23 responses and 10 of them disapproved of the proposal because of the inconvenience of relocation and the units' lack of maintenance. Staff sent out another survey for the purpose of identifying low and moderate income tenants in February 2007. A total of 23 responses received and 11 tenants qualified as low and moderate income tenants.

The project was routed to the Lake Greenhaven Homeowner's Association after the application was submitted. Notification of the proposal was also sent out 10 days prior to the Planning Commission meeting on September 27, 2007.

As part of the Special Permit process to convert the units into condominiums, the following supplemental documents are required to be provided to the city for analysis: covenants, conditions and restrictions to be recorded, property report, building history report, noncompliance report, rental history report, relocation assistance report, report on the sales and lease program for qualified low and moderate income tenants, and a tenant survey. Furthermore, the applicant is required to publish a "notice of intent to convert" in order to protect tenants of the complex.

The City's ordinance for condominium conversion recognizes the hardship that can be placed upon existing tenants in the process of condominium conversion and therefore has included protection for existing rental tenants. Staff has reviewed the applicable documents including the CC&Rs, building history report, title report, building inspection report, relocation assistance report, report on the sales and lease program for qualified low and moderate income tenants, and tenant survey, and finds the information is acceptable for the condominium conversion.

In order to approve the Special Permit for condominium conversion, a set of development standards must be met, otherwise a Variance to deviate from the regulations must be granted. The development standards include the following: off-street parking, utilities, sound attenuation, ownership association, and current building code requirements for any proposed modification requiring a building permit. The proposed project does not require any entitlement to deviate from the standards.

According to Section 17.192.030 of the Zoning Code, condominium conversion projects require a public hearing by both the Planning Commission and City Council. The Planning Commission heard this project on September 27, 2007. At the hearing, a tenant opposed the project because his family had concerns that, without a requirement for a certain minimum percentage of owner-occupants in the CC&Rs, or a requirement that buyers must live in their condominium for a certain number of years, the units will not provide opportunities for low to moderate income homeownership. The Planning

Commission discussed this suggestion at the hearing and considered that since the City does not enforce CC&Rs, the owner occupancy requirement can be formed by the Home Owner Association at the time all units are sold to individual owners if it is considered desirable. Ultimately, the Planning Commission approved the staff's recommendation of approval of the project and to be forwarded to the City Council. This recommendation is based on the conclusion that the project will provide alternative ownership housing opportunities in an existing neighborhood and that the project is consistent with adopted applicable policies and goals of General Plan, Pocket Community Plan, and General Plan Update Vision and Guiding Principles.

The City Council has final authority for project approval subject to the provision of the Zoning Code, Section 17.192.050. The project was notified to all tenants within the project and property owners within a 500 foot radius of the project 10 days prior to the City Council hearing. The staff report will be delivered to all tenants within the project 3 days prior to the City Council hearing per the provisions of the Condominium Conversion Ordinance.

Policy Considerations: The project is consistent with General Plan and Pocket Community Plan policies to develop residential land uses in a manner, which support home ownership among low and moderate income household and include a mix of housing types within neighborhoods to promote a diversity of household types and housing choices for residents of all ages and income levels. The project supports the goal to encourage the conservation and rehabilitation of sound housing stock and provide opportunities for additional housing stock to meet various housing needs within the Pocket area.

Committee/Commission Action: On September 27, 2007, the City of Sacramento Planning Commission heard and considered evidence regarding the project. One eligible tenant of the Southwood Townhome testified against the project due to the lack of property maintenance of the complex. Planning Commission ultimately recommended approval of the project entitlements to be forwarded to City Council, by a vote of 6-ayes to 1-noes.

Environmental Considerations: The City of Sacramento's Environmental Planning Services (EPS) has determined that the proposed project is exempt from the provisions of the California Environmental Quality Act (CEQA Section 15301 (K)) because it is existing multiple-family residences converted into common-interest ownership, where no physical changes occur.


Rationale for Recommendation: Planning Commission approved the project based on the grounds that the project will create ownership opportunities for alternative housing in the Pocket Community Plan area and the proposal supports numerous policies contained within the Housing Element of the General Plan, South Pocket Community Plan, General Plan Update Vision and Guiding Principles. This staff report reflects this decision and the resolution contains

findings for approval of project entitlements.


Financial Considerations: This project has no fiscal considerations.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Respectfully Submitted by: _____
David Kwong
Planning Manager

Approved by:  _____
William Thomas
Director of Development Services

Recommendation Approved:



Ray Kerridge
City Manager

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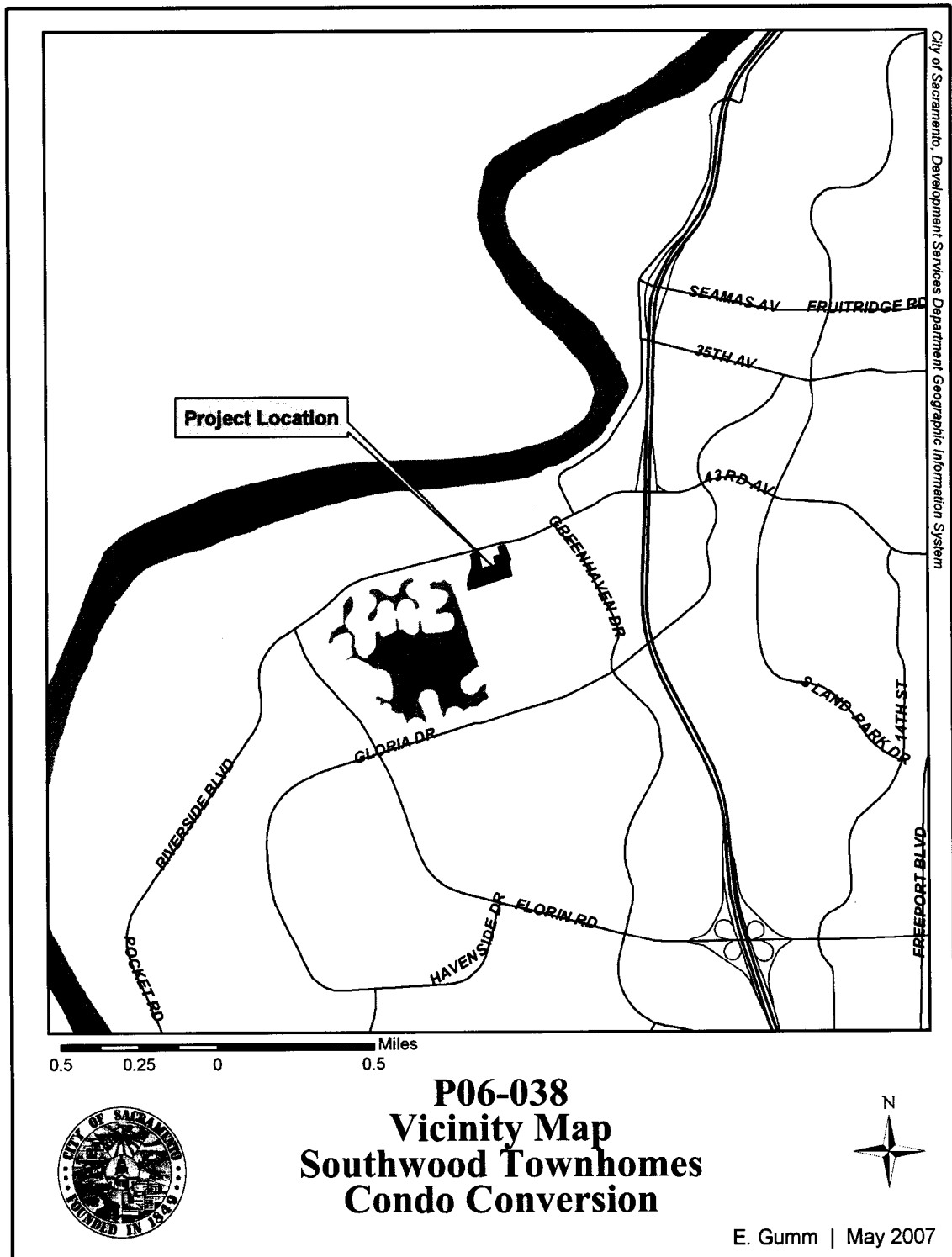
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Attachment 1: Background

The findings of fact for a special permit for condominium conversion are different than other special permits. See the attached recommended resolutions for staff discussion of each required finding.

Note: Supplemental documents for the project (CC&Rs, building history report, title report, building inspection report, relocation assistance report, report on the sales and lease program for qualified low and moderate income tenants, etc.) can be reviewed on the Department of Development Services public website, under Planning Commission September 27 meeting agenda, <http://www.cityofsacramento.org/dsd/meetings/commissions/planning/2007/CPC-09-27-07-Agenda.cfm>; or on the City of Sacramento public website, under City Council meeting agenda, http://sacramento.granicus.com/ViewPublisher.php?view_id=7 , 5 days prior to the scheduled City Council Meeting.

Attachment 2: Vicinity Map



P06-038
Land Use Map
Southwood Townhomes
Condo Conversion

0 240 480 Feet

N

E. Gumm | May 2007

Attachment 4: Resolution – Environmental Exemption

RESOLUTION NO. 2007

Adopted by the Sacramento City Council

**DETERMINING PROJECT EXEMPT FROM REVIEW UNDER THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT (P06-038)
(APN: 030-0820-001 THROUGH 040 & 030-0830-001 THROUGH 064)**

BACKGROUND

- A. On September 27, 2007, the City Planning Commission conducted a public hearing on, and forwarded to the City Council a recommendation to approve with conditions the Southwood Townhomes Condo Conversion, a 98-unit rental apartment complex to a for-sale condominium complex located at 54 Quay Court.
- B. On November 20, 2007, the City Council conducted a public hearing, for which notice was given pursuant to Sacramento City Code Sections 17.192.050, 17.212.035, and 17.200.010(C)(2)(b) and (c) (posting and mail 500'), and received and considered evidence concerning the Southwood Townhomes Condo Conversion.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

This project consists of a request to convert an existing 98-unit rental apartment complex into a 98-unit for-sale condominium complex.

- Section 1. Based on the determination and recommendation of the City's Environmental Planning Services Manager and the oral and documentary evidence received at the hearing on the Project, the City Council finds that the Project is exempt from review under Section **15301 (k)** (Existing Facilities) of the California Environmental Quality Act Guidelines as follows:

The proposed project consists of the division of existing multiple family residences into common-interest ownership, where no physical changes occur which are not otherwise exempt.

Attachment 5: Resolution – Special Permit

RESOLUTION NO. 2007-

Adopted by the Sacramento City Council

**APPROVING THE SPECIAL PERMIT FOR
THE SOUTHWOOD TOWNHOMES CONDOMINIUM CONVERSION PROJECT
(P06-038)
(APN: 030-0820-001 THROUGH 040 & 030-0830-001 THROUGH 064)**

BACKGROUND

- A. On September 27, 2007, the City Planning Commission conducted a public hearing on, and forwarded to the City Council a recommendation to approve with conditions the Southwood Townhomes Condo Conversion, a 98-unit rental apartment complex to a 98-unit for-sale condominium complex located at 54 Quay Court;
- B. On November 20, 2007, the City Council conducted a public hearing, for which notice was given pursuant to Sacramento City Code Sections 17.192.050, 17.212.035 and 17.200.010(C)(2)(b) and (c) (posting and mail 500'), and received and considered evidence concerning the Southwood Townhomes Condo Conversion.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Based on the verbal and documentary evidence received at the hearing on the Southwood Condominium Conversion Project, the City Council approves the Project Special Permit based on the findings of fact and subject to the conditions of approval as set forth below.
- Section 2: The City Council approves the Project Special Permit based on the following findings of fact:
 - A. **Environmental Determination:** The determination of the Project's exemption from CEQA has been made by Resolution No. ____.

B. The **Special Permit** for condominium conversion to convert a 98-unit rental apartment complex to a 98-unit for-sale condominium complex is hereby approved based upon the following findings of fact:

1. The proposed conversion is consistent with the General Plan and Housing Element in that:
 - a. The vacancy rate in the Pocket Community Plan area is in excess of the required minimum for conversion to condominium and it is not expected to have an adverse impact on the rental housing stock or create tenant displacement problems as conditioned;
 - b. Ownership opportunities for low and moderate income tenants will be provided with this condominium conversion.
2. The proposed condominium conversion project is located in the Pocket Community Plan Area where the rental vacancy rate is 7.1%, which is in excess of that required for condominium conversion. Tenant relocation and displacement problems should not occur with this proposed conversion.
3. Adequate comparable replacement housing shall be made available to all tenants in the form of extended leases, relocation assistance and purchase incentives.
4. The applicant has complied with all of the requirements of Chapter 17.192 of the Sacramento City Code pertaining to condominium conversion as they relate to application procedure.
5. The proposed conversion project as conditioned shall comply with all development standards set forth in Chapter 17.192 of the Sacramento City Code.
6. The proposed conversion project is not a unique and needed rental housing resource in the City or this community in that tenant displacement problems should not occur with this conversion.

Section 3. The City Council approves the Project Special Permit subject to the following conditions of approval:

1. The applicant/owner shall provide all tenant benefits described in Section 17.192.050(F) through (P) of the Sacramento City Code except conditions otherwise provided below.
2. All eligible tenants shall be provided a copy of the relocation assistance report and the report on the sales and lease program for qualified low and moderate income tenants.

3. All eligible tenants shall be provided relocation assistance at the time they are requested to vacate their unit or when renovation, due to the conversion, affects the unit in which the tenant resides. This assistance shall also be provided when conversion activity on the site affects the tenant's living environment.
4. All eligible tenants shall be given a minimum one-year lease to stay and all qualified tenants shall be given a minimum three-year lease to stay, effective from the day the special permit is approved.
5. The applicant/owner shall provide notice to all prospective tenants that the apartment has been approved for conversion to condominium. This shall be accomplished through a written notice, in a form acceptable to the City, which indicates that due to the conversion the tenant may be asked to move for rehabilitation purposes or sale of their unit. In addition, the notice shall inform the tenant that, as a condition of renting in this complex, the prospective tenants must waive all provision of the tenant protection section of the ordinance unless otherwise stated. Any benefits or provisions that will be made available to these tenants shall be included in the notice.
6. The applicant/owner shall prepare for the Planning Director review and approval a notice to all tenants informing them of any rights or benefits due them as a result of this special permit approval.
 - a. The notice shall be clear and concise and must be submitted to the Planning Director within 60 days from the special permit approval.
 - b. The notice shall be sent to each tenant by the applicant/owner after approval by the Planning Director.
 - c. The applicant/owner shall provide the Planning Director the proof of service of the notice to each tenant residing in the Complex.
7. The applicant shall obtain all necessary building and/or encroachment permits prior to commencing the improvements to the units.
8. The applicant/owner shall sell at least one unit in order to activate the Special Permit within three years of the final approval or submit a time extension application pursuant to the section of 17.212.100.

BUILDING:

9. Potential buyers of the condominium unit shall be given the Property Condition Assessment and Code Compliance Survey completed by ATC Associates Inc. Completed on March 18, 2005.

DEVELOPMENT ENGINEERING:

10. Construct standard improvements as noted in these conditions pursuant to section 16.48.110 of the City Code. Improvements shall be designed and constructed to City standards in place at the time that the Building Permit is issued. All improvements shall be designed and constructed to the satisfaction of the Development Engineering Division. Any public improvement not specifically noted in these conditions shall be designed and constructed to City Standards. This shall include the repair or replacement/reconstruction of any existing deteriorated curb, gutter and sidewalk per City standards to the satisfaction of the Development Engineering Division.
11. All new driveways shall be designed and constructed to City Standards to the satisfaction of the Development Engineering Division. Any existing site driveways shall be redesigned and reconstructed, if necessary, to the satisfaction of the Development Engineering Division.

UTILITIES:

12. An ownership association shall be formed and C.C. & R's shall be approved by the City and recorded assuring maintenance of private sanitary sewer, water and storm drainage facilities within the condominium project. The onsite water and storm drainage systems shall be private systems maintained by the association.
13. Prior to the initiation of any water, sanitary sewer or storm drainage services to the condominium project, the owner(s) and ownership association shall enter into a Utility Service Agreement with the City to receive such utility services at points of service designated by the Department of Utilities. Such agreement shall provide, among other requirements, for payment of all charges for the condominium project's water, sanitary sewer and storm drainage services, shall authorize discontinuance of utility services at the City's point(s) of service in the event that all or any portion of such charges are not paid when and as required, shall require compliance with all relevant utility billing and maintenance requirements of the City, the Association will sub-meter in the future if required to do so by any law or regulation, and shall be in a form approved by the City Attorney.

PG&E:

14. Dedicate the Private Drives and the Common Areas as a public utility easement for underground facilities and such underground and aboveground appurtenances and additional areas as required within the Common Areas as required to provide service as a public utility easement for underground facilities and appurtenances except for those areas where structures or pool is located.

ADVISORY NOTES:

- A. The applicant shall apply for a Driveway Variance Permit for any site driveway that cannot meet City standards.
- B. The site plan shall conform to A.D.A. requirements in all respects. This shall include the replacement of any curb ramp that does not meet current A.D.A. standards.
- C. The applicant shall enter into a reciprocal access easement agreement for the shared use of the driveways.
- D. The site plan shall conform to the parking requirements set forth in chapter 17 of City Code (Zoning Ordinance).
- E. Form a Homeowner's Association (unless already existing). The Homeowner's Association shall maintain all private streets/drives, common areas, lights, sewers, drains and water systems.
- F. The design of walls fences and signage near intersections and driveways shall allow stopping sight distance per Caltrans standards and comply with City Code Section 12.28.010 (25' sight triangle). Walls shall be set back 3' behind the sight line needed for stopping sight distance to allow sufficient room for pilasters. Landscaping in the area required for adequate stopping sight distance shall be limited 3.5' in height at maturity. The area of exclusion shall be determined by the Development Engineering Division.

DEFINITIONS:

- ❖ Eligible Tenant - means any tenant who was a resident of the project proposed for conversion on the date notice of intent to convert is given, pursuant to Section 17.192.050(B)(1) of the condominium conversion ordinance and on the date of approval of the special permit for the condominium conversion.
- ❖ Qualified Tenants – means any tenant who is an eligible tenant also who is elderly, handicapped, and/or qualified low and moderate income tenant. “Elderly” is defined that individuals sixty-two (62) years of age or older; “Handicapped” or “disabled” is defined in Section 50072 of the California Health and Safety Code or Section 223 of the United States Social Security Act, 42 USC 423; “Low income” is defined when used by itself or as a modifier of person or household or other term, means eighty (80) percent 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 within which the proposed conversion project is located as adjusted for the number of members of the household; and “Moderate income” is defined when used by itself or as a modifier of person or household or other term, means eighty-one (81) percent to one hundred twenty (120) percent of the median income as established annually by the U.S. Department of Housing and Urban

Development for the Standard Metropolitan Statistical Area within which the proposed conversion project is located as adjusted for the number of members of the household.

- ❖ Prospective Tenants – means any tenant who becomes a resident of the project on or after the date of approval of the special permit for the condominium conversion.
- ❖ All Tenants – means eligible tenants and prospective tenants of the project.

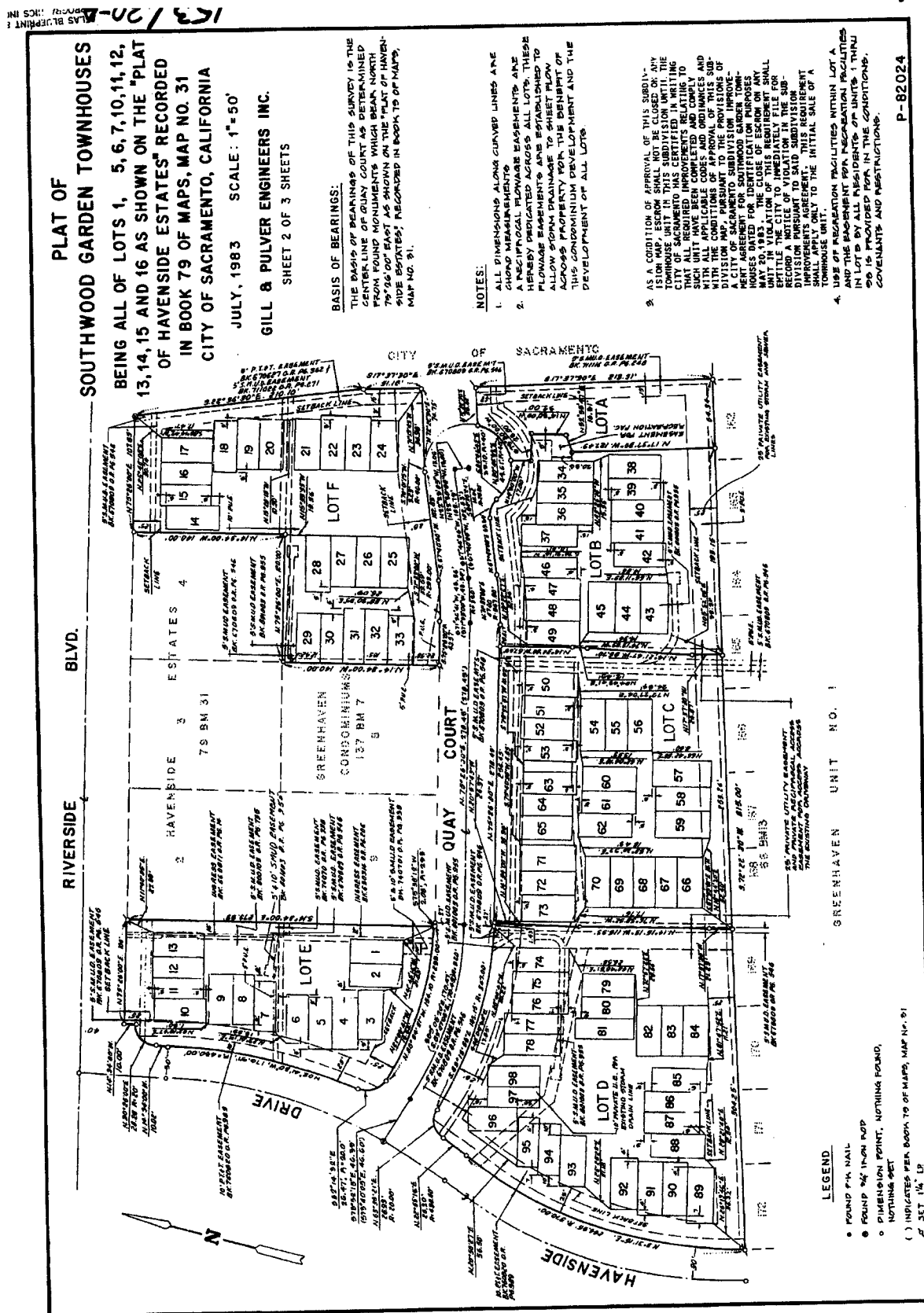


Exhibit B Site Plan

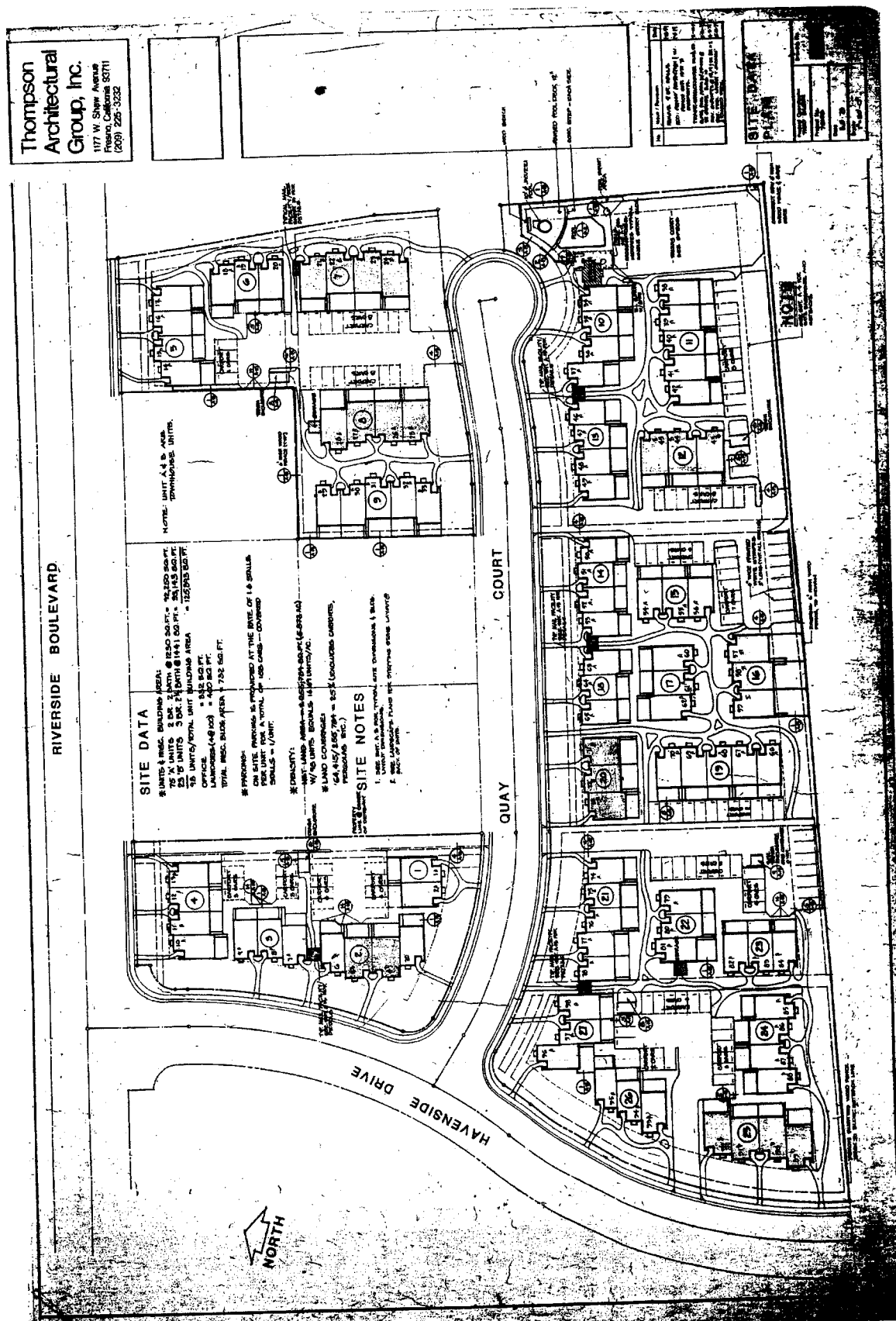


Exhibit C Phase Plan

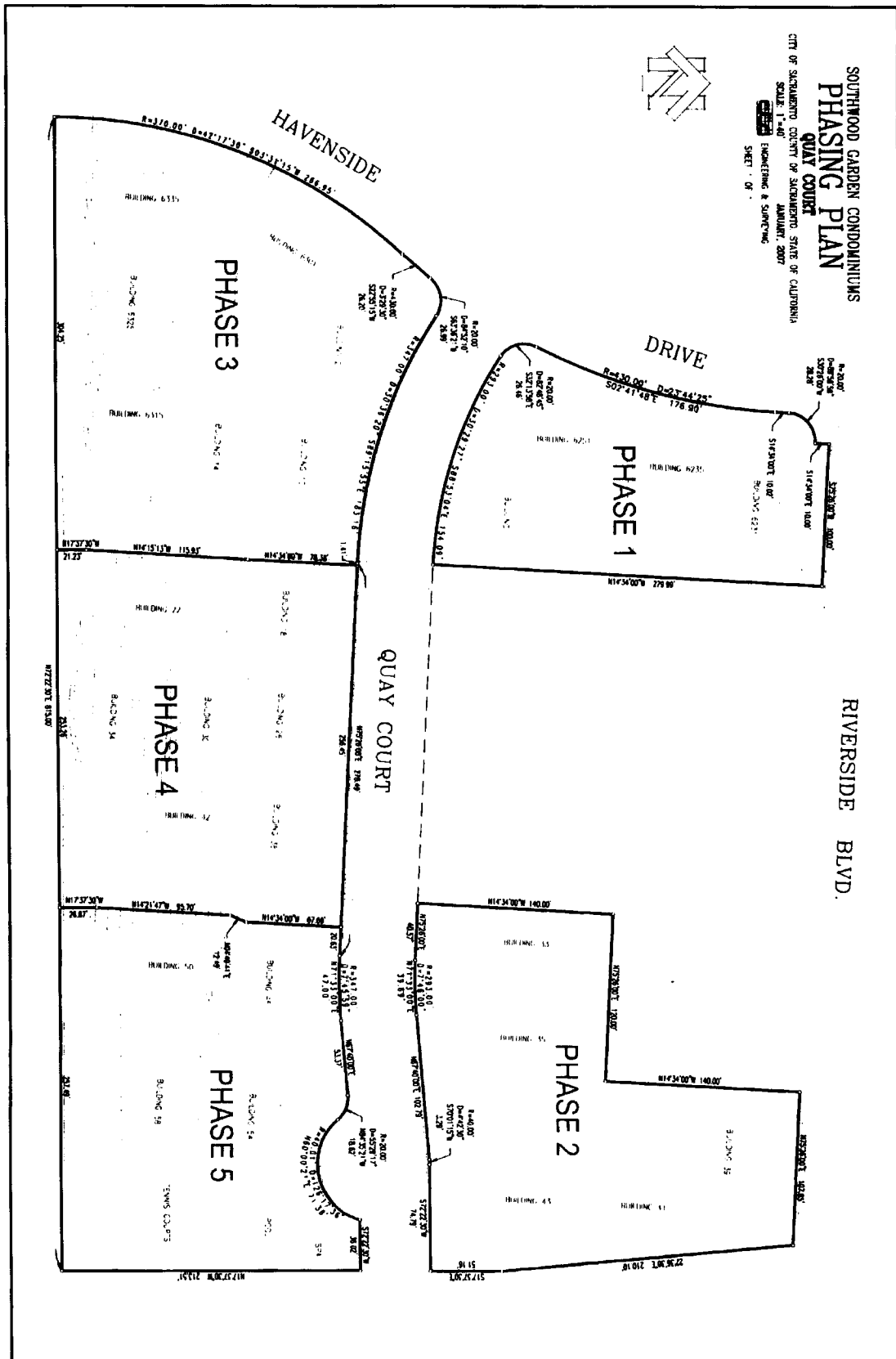


Exhibit D Floor Plans

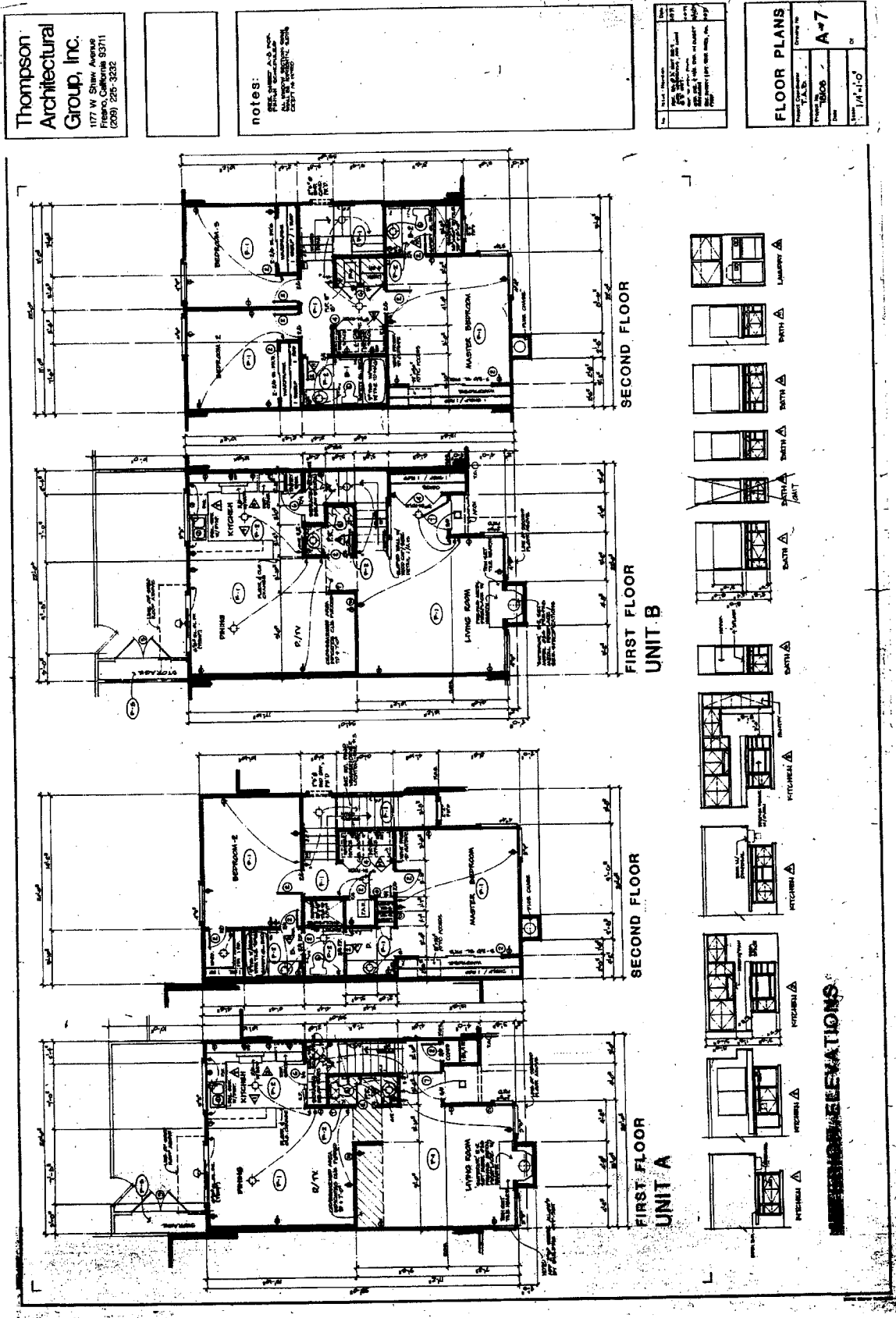
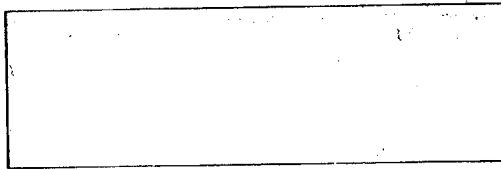
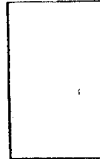


Exhibit E Elevations

Thompson
Architectural
Group, Inc.
1177 W. Shaw Avenue
Portland, Oregon 97219
(503) 225-3323



NO.	DATE	REVISION
1	11/13/07	REVISED ELEVATIONS

PROJECT	Southwood
DATE	11/13/07
BY	THOMPSON ARCHITECTURAL GROUP, INC.
SCALE	1/8" = 1'-0"

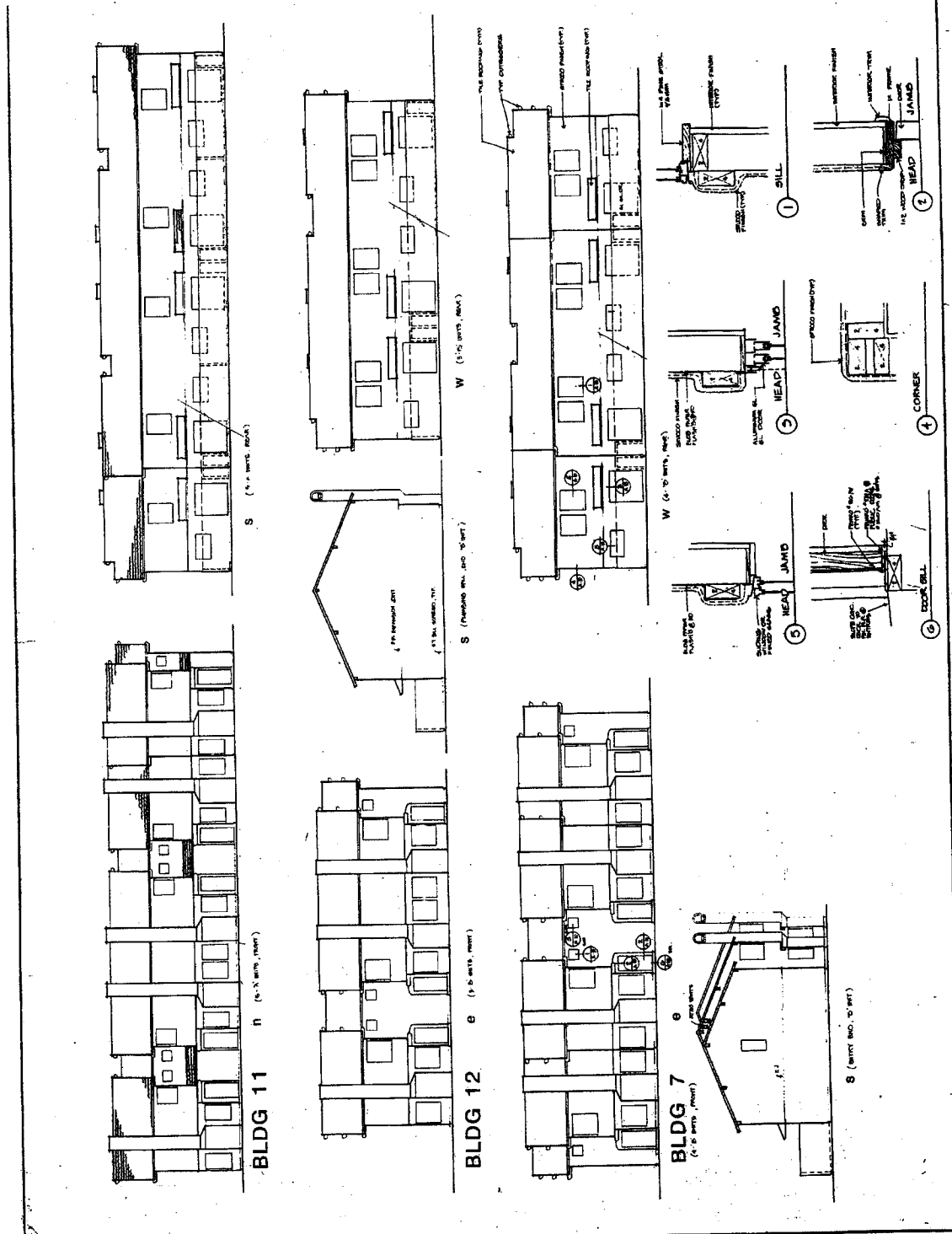
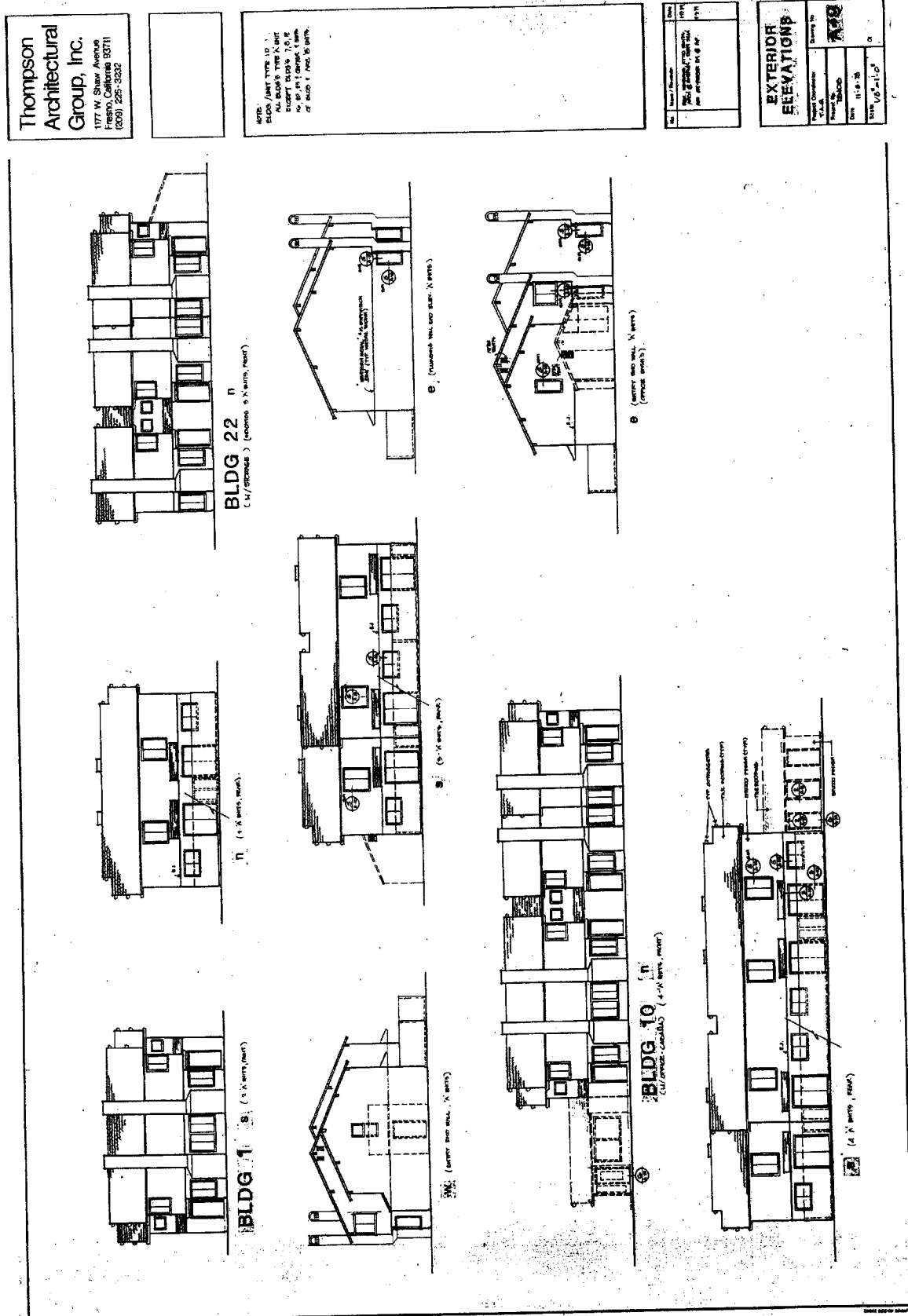


Exhibit E Elevations



**Attachment 6: Average Apartment Vacancy Rate of 2006
Reporting of vacancy data pursuant to ordinance 17.192.030 of the Sacramento
City Code.**

Community Plan Areas	Average Vacancy Rate	Multi-Family Rental Units Surveyed¹	Total Number of Multi-Family Units by Area²	Sample Size %³
Central City/ East Sacramento	9.6%	3,087	20,141	15.3%
South Natomas	5.9%	5,441	7,299	74.5%
Arden/Arcade	5.5%	1,925	2,913	66.1%
North Natomas	5.8%	2960	2,333	N/A ⁴
North Sacramento	5.2%	639	4,454	14.3%
Pocket/Land Park ⁵	7.1%	3,690	8,627	42.8%
South Area	8.2%	2,045	7,173	28.5%
East Broadway	6.3%	848	3,510	24.2%

Source: CB Richard Ellis, Inc. First Quarter through Fourth Quarter of the 2006 Multi-Family Housing Vacancy/Rental Survey.

Notes:

1. Based on units surveyed by CB Richard Ellis; does not represent all multi-family units in Community Plan Area.
2. Total Number of Multi-Family Units are those identified in the 2003 Population and Housing Report with additional 2004 & 2005 data from the City Permits Plus and SACOG data.
3. Sample Size represents the percentage of units sampled by CB Richard Ellis compared to the total apartment units in the Community Plan Areas.
4. The total number of units in the updated 2003 Population and Housing Report (which has supplemental 2005 data) for North Natomas area is less than total number of units sampled. The lower City multi-family unit total stems from recent construction in 2006, which is not yet reflected in City records.
5. Pocket area includes neighboring Land Park area due to the limited number of units in the Land Park Community Plan Area.