



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
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TOM BURNS, PLANNING DIRECTOR

November 1, 2006

AGENDA DATE: November 8, 2006

Item #: 13

Time: After 1:30 PM

APN: N/A, County Wide

Planning Commission
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

**SUBJECT: PUBLIC HEARING TO CONSIDER AMENDMENTS TO THE SUBDIVISION
AND ZONING REGULATIONS RELATING TO CONDOMINIUM AND
TOWNHOUSE CONVERSIONS**

Members of the Commission:

The matter before your Commission is the consideration of revisions to the applicable ordinances regarding Condominium and Townhouse Conversions.

HISTORY

In 1982, the County adopted Ordinance No. 3331 which established Chapter 14.02 – Condominium Conversion Regulations. That ordinance was adopted in response to increasing conversions of rental housing to ownership units and to preserve rental housing stock, implementing both the adopted General Plan and Housing Element policies and state law. One of the important provisions of Chapter 14.02 prohibited the conversion of existing rental housing unless the rental vacancy rate in Santa Cruz County is less than 3% as determined by the most recent survey issued by the Federal Home Loan Bank of San Francisco.

In early 2005, staff brought to the Board of Supervisor's attention the fact that the Federal Home Loan Bank of San Francisco no longer calculates a vacancy rate for Santa Cruz County, thus rendering this provision unenforceable. Staff recommended that an interim ordinance be adopted while staff investigated policy approaches to address condominium conversions. At that time, the Board of Supervisor's adopted Interim Ordinance No. 4784, effective for 45 days, and directed staff to return on June 7, 2005, with a time extension to the Interim Ordinance. On June 7, 2005, the Board of Supervisor's adopted Interim Ordinance No. 4794, which was in effect for 10 months and 15 days from the expiration date of the original ordinance. On March 7, 2006, the Board of Supervisors adopted Ordinance No. 4819, which extended the interim ordinance for an additional one year. The interim ordinance will expire on April 26, 2007.

PROVISIONS OF CURRENT INTERIM ORDINANCE

The interim ordinance deletes the provision regarding the vacancy rate and retains four exception criteria for the conversion to condominiums or townhouses. The four criteria allow the conversion to condominiums only if one of the following criteria is met:

1. One hundred (100) percent of the new units to be created by the conversion are enforceably restricted so as to be affordable to, and occupied solely by, average or below average income persons for a minimum of thirty (30) years; an example of this type of conversion would be a limited equity cooperative as defined by state law;
2. For conversions involving four or fewer units, no fewer than one-half of the units to be converted will be sold to persons who have resided in the project for a period of three years prior to the notification of intention to convert;
3. The conversion involves a single existing unit;
4. The conversion involves four or fewer existing units and occurs in connection with the construction of a new unit or units on the same parcel.

PROPOSED PERMANENT ORDINANCE

Staff has researched methods used in other communities to address condominium conversions. Those jurisdictions that use vacancy rates to trigger restrictions either rely on third party research, staff verification through extensive research, or representative sampling. No jurisdiction uses an established, published vacancy rate source and, therefore, staff recommends that the County seek other methods to preserve rental housing.

The Condominium Conversion regulations have been in effect since 1982. Because of low vacancy rates for the past two decades, conversions have mostly been allowed only if one of the four criteria listed above is met. This has proved to be effective in protecting existing rental housing. Since 2002, staff was able to find that only ten units have been converted.

Due to this success, we believe that the best permanent policy approach is one that strictly limits condominium conversions to narrow situations, and is not affected by vacancy rates, with this applicable to both existing and approved units. Such an approach would be similar to the interim ordinance.

The other significant revision proposed is having this ordinance apply to approved and not yet constructed dwellings. This will insure that approved rental projects will be constructed as rental units. Nearly half of approved (non-subsidized) rental housing approved since 2002 has been converted to Condominiums or townhouses prior to final inspection. Staff is of the opinion that this change will further the efforts by the County to retain rental housing in the County consistent with the Housing Element.

Finally, several minor changes are proposed to the ordinance. These include the following:

- The correction of reference citations of applicable state law. The adopted ordinance erroneously cited a section within the Health and Safety Code and failed to include all of the digits for the correct section.
- The inclusion of reference citations of various state laws that have become effective after 14.02 became effective in 1982.

- The inclusion of reference citations of various state laws that have become effective after 14.02 became effective in 1982.
- The formal inclusion of Townhouses under this ordinance to codify Planning Department practice.
- Deletion of the replacement housing provisions to be consistent with court actions and Santa Cruz County Code Chapter 12.06.
- The modification of sections of the ordinance to be consistent with other sections of the County Code. For example, the time frame a unit shall remain as an Inclusionary Housing unit and revisions to the enforcement section.
- Revisions to the definitions section to include a definition for Approved Dwelling and Townhouse.
- Inclusion of a severability section.

ENVIRONMENTAL REVIEW


The proposed ordinance changes are subject to the California Environmental Quality Act. The proposed revisions were reviewed and determined to not directly or indirectly lead to foreseeable physical changes that might impact the environment. Because of this fact, the proposed revisions are not subject to CEQA. The Notice of Exemption is attached as Exhibit C.

RECOMMENDATION

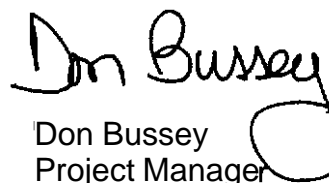
It is therefore RECOMMENDED that your Commission take the following actions:

1. Conduct a public hearing on the proposed Ordinance amendments;
2. Adopt the Resolution (attached as Exhibit A) recommending adoption of the proposed ordinance and certification of the CEQA Notice of Exemption to the Board of Supervisors.

Sincerely,



Glenda Hill AICP
Principal Planner



Don Bussey
Project Manager

Exhibits:

- A Resolution recommending adoption of proposed Ordinance Revisions
Attachment 1 Strikeout copy of proposed ordinance revisions
- B Clean Copy of the Ordinance
- C CEQA Determination
- D Copy of the Interim Ordinance

cc: California Coastal Commission

BEFORE THE PLANNING COMMISSION
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. _____

On the motion of Commissioner
duly seconded by Commissioner
the following is adopted:

PLANNING COMMISSION RESOLUTION RECOMMENDING ADOPTION OF
AN ORDINANCE AMENDING SECTIONS 13.03.050 (b) (2), ~~14.01.202~~(c) AND
CHAPTER 14.02 OF THE SANTA CRUZ COUNTY CODE RELATING TO THE
CONVERSION OF EXISTING STRUCTURES TO RESIDENTIAL CONDOMINIUMS,
COMMUNITY APARTMENT PROJECTS, STOCK COOPERATIVES, OR
TOWNHOUSES

WHEREAS, the Board of Supervisors directed that an ordinance amendment be developed to amend the Condominium Conversion regulations within Volume II of the Santa Cruz County Code; and

WHEREAS, the preservation of the existing rental housing stock and, particularly, rental housing for low and moderate income persons, is necessary for the public welfare and to implement the objectives and policies of the General Plan/Local Coastal Program Land Use Plan; and

WHEREAS, the proposed amendments implement General Plan/ LCP Housing Element Objective 3.7 concerning the retention of existing stock of rental units; and

WHEREAS, the proposed amendments implement General Plan/ LCP Housing Element Policy 3.1 and Policy 3.7 concerning the continuation of the Condominium Conversion Ordinance to protect existing stock of rental units; and

WHEREAS, one of the purposes of Chapter 14.02 Condominium Conversion Regulations is to provide a reasonable balance of rental and ownership housing within the county and prevent the reduction of the supply of rental housing for low and moderate income persons; and

WHEREAS, the Planning Commission has held a duly noticed public hearing and has considered the proposed amendments, and all testimony and evidence received at the public hearing; and

WHEREAS, the Planning Commission finds that the proposed amendments to the Santa Cruz County Code will be consistent with the policies of the General Plan and Local Coastal Program and other provisions of the County Code, and will contribute to the retention of existing rental housing stock; and

WHEREAS, the Environmental Coordinator issued a Categorical Exemption for these amendments and the Planning Commission has reviewed the environmental document and finds that the proposed amendments have been processed consistent with applicable provisions of the California Environmental Quality Act (CEQA) and the County of Santa Cruz environmental guidelines; and

WHEREAS, Chapter 13.03 and Chapter 14.02 of the County Code are implementing ordinances of the Local Coastal Program (LCP) and the proposed amendments to Chapter 13.03 and Chapter 14.02 constitute amendments to the Local Coastal Program; and

WHEREAS, the proposed amendments have been determined to be consistent with the California Coastal Act.

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission recommends the proposed amendments to County Code Sections 13.03.050 (b) (2), 14.01.202 (c) and Chapter 14.02 of the Santa Cruz County Code relating to the conversion of existing structures to residential condominiums, community apartment projects, stock cooperatives, or townhouses as set forth in Attachment 1 to this resolution and the California Environmental Quality Act Determination, incorporated herein by reference, be approved by the Board of Supervisors and submitted to the California Coastal Commission as part of the Local Coastal Program Update

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz, State of California, this _____ day of _____, 2006 by the following vote:

AYES: COMMISSIONERS
NOES: COMMISSIONERS
ABSENT: COMMISSIONERS
ABSTAIN: COMMISSIONERS

Chairperson

ATTEST:

Mark Deming AICP, Secretary

APPROVED AS TO FORM:



COUNTY COUNSEL

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 13.03.050 (b) (2), 14.01.202 (c) AND
CHAPTER 14.02 OF THE SANTA CRUZ COUNTY CODE RELATING TO THE
CONVERSION OF EXISTING STRUCTURES TO RESIDENTIAL
CONDOMINIUMS, COMMUNITY APARTMENT PROJECTS, STOCK
COOPERATIVES, OR TOWNHOUSES

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

Subsection (b) 2 of Section 13.03.050 of the Santa Cruz County Code *is* hereby amended for the reference to Chapter 14.02 to read as follows:

Chapter	Condominium <u>and Townhouse</u>
14.02	Conversion Regulations

SECTION II

Subsection (c) Section 14.01.202 of the Santa Cruz County Code is hereby amended to read as follows:

(c) General Provisions. No structure constructed as a multiple-family dwelling or group of dwellings shall be converted to a project pursuant to this chapter or the Subdivision Map Act within three years after construction was completed. ~~This restriction is enacted to provide that design considerations for a project be subjected to approval by the County at the earliest possible time in order to obtain the optimum use of land space and common areas.~~ (Ord. 2093, 2/25/75; 2213, 12/2/75; 2222, 12/16/75; 2443, 6/17/77; 2841, 1/15/80; 3114, 6/2/81; 3154, 9/1/81; 3436, 8/23/83; 4243, 3/23/93)

SECTION III

Chapter 14.02 of the Santa Cruz County Code **is** hereby revised in its entirety to read as follows:

Chapter **14.02**: Condominium and Townhouse Conversion Regulations

Sections:

14.02.010	Purpose
14.02.020	Amendment
14.02.030	Definitions
14.02.040	General Provisions
14.02.060	Enforcement
14.02.070	Appeals
<u>14.02.080</u>	<u>Severability</u>

14.02.010 Purpose.

The purpose of this Chapter is to establish requirements and procedures for the control and approval of conversions of approved or existing multiple-family rental housing to residential condominiums, community apartment projects, ~~and stock cooperatives and townhouses~~.

Because there exists a limited amount of rental housing in the county, the conversion of approved or existing rental housing to residential condominiums, community apartment projects, ~~and stock cooperatives and townhouses~~ may conflict with the policy of the county to provide a reasonable balance of rental and ownership housing for low and moderate income persons. This Chapter is intended to implement the policies of the County General Plan and Local Coastal Program Land Use Plan. (Ord. 3331, 11/23/82).

14.02.020 Amendment.

This chapter implements policies of the Local Coastal Program Land Use Plan adopted and certified in compliance with the Coastal Act of the State of California. Amendments to this chapter are subject to approval by the State Coastal Commission when they affect the administration of the certified Local Coastal Program, and such amendments must be processed following the hearing and notice procedure of Chapter 13.03 of the Santa Cruz County Code pertaining to Local Coastal Program Administration. (Ord. 3331, 11/23/82)

14.02.030 Definitions.

Approved Dwellings. A housing project which has received all land use approvals and has not been constructed or if constructed, has not obtained all clearances for occupancy.

Conversion. A change in the type of ownership of a parcel or parcels of land, together with the approved or existing attached structures, to that defined for a condominium project or townhouse project regardless of the present or prior use of such land and structures and whether substantial improvements have been made or are to be made to such structures.

Dwelling. A structure for human habitation providing complete independent living facilities for one or more persons.

Limited-equity housing cooperative. A corporation which meets the criteria of Section 11003.2 or any successor provisions of the Business and Professions Code and Section 33007.5 or any successor provisions of the Health and Safety Code.

Low and Moderate Income. Those income levels as defined in the Housing Element of the County General Plan and as updated to reflect current estimates of median household income limits as prepared from time to time by U.S. Department of Housing and Urban Development.

Multiple-Family Dwelling. A structure containing more than one dwelling unit and designed for permanent occupancy or occupied by more than one family.

Project. Community apartments, condominiums, stock cooperatives, limited-equity cooperatives, and townhouses

Stock Cooperative. A corporation holding title to improve real property where substantially all of the shareholders of such corporation receive a right of exclusive occupancy in a portion of the real property as further defined in Section 11003.2 of the Business and Professions Code.

Townhouse. A real estate development consisting of separately owned lots, parcels, or areas, with one or more additional contiguous or non-contiguous lots, parcels or areas owned in common by the owners of the separate lots, parcels, or areas: as defined in Business and Professions Code. Section 11003.

(Ord. 2093, 2/25/75; 2213, 12/2/75; 2222, 12/16/75; 2443, 6/7/77; 2841, 1/15/80; 3114, 6/2/81; 3154, 9/1/81; 3331, 11/23/82; 4496-C, 8/4/98)

14.02.040 General provisions.

(a) No structure constructed as a multiple-family dwelling or group of dwellings shall be converted to a project pursuant to this chapter or the Subdivision Map Act within three years after construction is completed. ~~This restriction is enacted to provide that design~~

~~considerations for a project be subjected to approval by the County at the earliest possible time in order to obtain the optimum use of land space and common areas.~~

(b) The conversion of existing occupied residential real property or property capable of being occupied into a project shall not be approved unless all the following findings can be made:

~~1. The rental vacancy rate in Santa Cruz County is three percent or higher and will not fall below three percent as a result of the proposed conversion. The County shall estimate that the rental vacancy rate in the county is equivalent to the overall vacancy rate (excluding housing units under construction) for Santa Cruz County (SMSA), as listed in the most recent survey issued by the Federal Home Loan Bank of San Francisco.~~

1.2. Each of the tenants of the proposed project has or will have received all applicable notices and rights now or hereafter required by the state Subdivision Map Act, including written notice of intention to convert, at least sixty (60) days prior to the filing of a tentative map pursuant to Section 66452.9 of the Government Code; ten (10) days' written notification that an application for a public report will be or has been submitted to the Department of Real Estate, and that such report will be available upon request pursuant to Section 66427.1(a) of the Government Code; written notice of public hearing and of the tenant's right to appear and to be heard on the proposed conversion pursuant to Section 66451.3 of the Government Code; and copies of the staff report on the tentative map at least three days prior to any hearing or action on such map pursuant to Section 66452.3 of the Government Code.

2. ~~3.~~ At the time of issuance of the written notice of intention to convert, the applicant has informed the tenants that a tenants' association has the right to negotiate for the purchase of the structure as a cooperative.

3.4. Each of the tenants of the proposed project has been, or will be, given written notification within ten (10) days of approval of a final map for the proposed conversion.

4. ~~5.~~ Each of the tenants of the proposed project has been or will be given one hundred eighty (180) days written notice of intention to convert prior to ~~termination~~ of tenancy due to conversion or proposed conversion. Tenants aged sixty-two (62) or older or persons with disabilities or with minor children have or will be given an additional one hundred twenty (120) days in which to find suitable replacement housing. The provisions hereof shall not alter or ~~abridge~~ the rights or obligations of the parties in performance of their covenants, including but not limited to the provision of services, payment of rent or the obligations imposed by Sections 1941, 1941.1, 1941.2, 1941.3 and 1941.4 of the California Civil Code.

5. ~~6.~~ Each of the tenants of the proposed project has or will be given the right to cancel any existing lease following receipt of the written notice of public hearing by providing written notice to the landlord.

6.Z: Each of the tenants of the proposed project has been or will be given notice of an exclusive right to contract for the purchase of his or her respective unit, or in the case of a cooperative the share controlling the dwelling unit then occupied by the tenant (or any other dwelling unit in the project not claimed by the tenant) upon the same terms and conditions that such unit will be initially offered to the general public or terms more favorable to the tenant. The right shall run for a period of not less than ninety (90) days from the date of issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code, or approval of the application by the County if a subdivision public report is not required, unless the tenant gives prior written notice of his or her intention not to exercise the right.

~~7-8.~~ Each of the tenants of the proposed project who resided in the project at the time of the issuance of the notification of intention to convert has or will be offered moving and relocation assistance amounting to one and one-half times the tenant's monthly rent, except when the tenant has given notice of his or her intent to move prior to issuance of the notification of intention to convert.

(c) Conversions may be permitted only if:

~~Notwithstanding the provisions of subsection (b)(1) above, C~~conversions of approved dwellings or existing multiple-family dwellings or groups of dwellings may be permitted Only if:

1. One hundred (100) percent of the ~~new converted units to be created by the conversion~~ are enforceably restricted so as to be affordable to, and occupied solely by, low or moderate average or below average income persons for the life of the unit a minimum of thirty (30) years; an example of this type of conversion would be a limited equity cooperative as defined by state law; or
2. For conversions involving four or fewer existing units, no fewer than one-half of the units to be converted ~~will~~ must be sold to persons who have resided in the project for a period of three years prior to the notification of intention to convert in order for the conversion to be approved. In determining the number of residential conversion units, any decimal fraction less than or equal to 0.50 shall be disregarded, and any decimal fraction greater than 0.50 shall be construed as requiring one unit; or
3. The conversion involves a single existing unit or the conversion involves four or fewer existing units equaling 20% or greater of the total project and occurs in connection with the construction of a new unit or units on the same parcel with a minimum of 20% of the total project being affordable to low and moderate persons for the life of the unit.

~~4. The conversion involves four or fewer existing units and occurs in connection with the construction of a new unit or units on the same parcel.~~

(d) Rents will not be increased from the time of filing of the application for conversion until relocation takes place or until the application is denied or withdrawn, unless first approved by the Planning Commission. The Planning Commission shall allow for reasonable increases in rent due to documented increases in utilities and taxes.

(e) Each of the tenants of the proposed project who first resided in the project after the notification of intention to convert shall be provided with a written notice stating that the unit is planned for conversion and may be subject to future sale. Such tenants shall also be given copies of all notices required by this section which have been issued for their units.

(f) The applicant for conversion of an existing structure to a project shall provide the following information:

(1) A building and zoning history, to the extent available, detailing the date of construction, major uses since construction and the dates, nature, and scope of major repairs and alterations since construction.

(2) A property report detailing the condition and useful life of the roof, foundation, mechanical, electrical, plumbing and structural elements of all existing buildings and structures, prepared by a certified engineer. (A copy of this report shall be furnished to each prospective purchaser by applicant prior to sale of the unit.)

(3) A structural pest report prepared by a licensed structural pest control operator.

(4) A preliminary set of plans for the structure(s) to be converted.

(5) A statement of the number of units, the size of units, the number of tenants, and a listing of the names and addresses of all tenants.

(6) A statement certifying that all present tenants have been notified in writing of the intent to apply for conversion, and of all of their rights and responsibilities as outlined in this section.

(7) A statement of the repairs and improvements which will be done prior to sale of the units.

(8) A description of the condition of the common areas, including landscaping, recreational features, and facilities within the project area.

(9) A description of the provisions for management and maintenance of common areas and facilities within the project.

(g) A permanent record of the notices required to be provided by the terms of this section shall be kept by the applicant for a period of one year thereafter; such record to include:

(1) A copy of each notice showing the date of which it was delivered or mailed; and

(2) Proof of the giving of the notice consisting of:

(A) If delivered, the signature of the person to whom it was delivered acknowledging such delivery; or

(B) If mailed, proof of mailing, and the return receipt if a receipt was

returned by the recipient of the notice.

(h) ~~Provision of Replacement Housing.~~

~~(1) The applicant shall provide a replacement housing unit for each converted unless one of the following conditions can be met:~~

~~(A) The unit to be converted is not occupied by an individual or household of low and moderate income;~~

~~(B) The residential structure to be converted contains two or fewer dwelling units;~~

~~(C) The group of residential structures to be converted contains ten (10) or fewer dwelling units;~~

~~(D) The conversion is being requested to convert the use of the parcel to one which is "coastal dependant" or "coastal related" in conformance with the parcel's designation in the Land Use Element of the General Plan.~~

~~(2) The following standards shall apply to the required replacement housing:~~

~~(A) Location. The replacement dwelling units shall be located on the site of the structure if feasible. If the structure to be converted is located within the coastal zone, and on-site replacement housing is not feasible, replacement housing shall be located elsewhere within the coastal zone, or if this is not feasible, within three miles of the coastal zone.~~

~~(B) Timing and Bonding. The replacement dwelling units shall be provided and available for occupancy within three years from the date of the recording of the project's final map. The applicant shall provide a bond in the amount of ten thousand dollars (\$10,000.00) for each replacement unit required. At the applicant's option, or if the replacement units are not provided within the three-year period, the bond shall be forfeited to the County and used to assist in the provision of affordable housing.~~

~~(C) Affordability. The replacement dwelling units shall be affordable housing units, as defined in Chapter 17.10, and shall be subject to the provisions of (Ord. 2093, 2/25/75; 2213, 12/2/75; 2222, 12/16/75; 2443, 6/7/77; 2841, 1/15/80; 3114, 6/2/81; 3154, 9/1/81; 3331, 11/23/82; 3481, 11/22/83; 4642 § 5, 11/6/01; Ord. 4784 §§ 2, 3, 4/26/05; Ord. 4794 §§ 2, 3, 6/7/05; Ord. 4819 §§ 2, 3, 3/7/06)~~

14.02.060 **Enforcement.**

~~The Planning Director, pursuant to the provisions of Section 836.5 of the Penal Code of the State of California, is hereby authorized to arrest a person without a warrant whenever he has reasonable cause to believe that the person has committed an infraction in their present which is a violation of any of the provisions of this chapter. Upon making such an arrest, the Planning Director shall prepare a citation and release the person arrested pursuant to Section 853.6 of the Penal Code of the State of California, the provisions of which are hereby adopted by reference as part of this section. (Ord. 3331, 11/23/82)~~

(a) The provisions of this chapter and Chapter 19 of the County Code shall apply to all agents, successors and assigns of an applicant. No building permit or occupancy permit shall be issued, nor any development approval be granted which does not meet the requirements of this chapter. The County shall suspend or revoke any building permit or development approval upon finding a violation of any provision of this chapter.

(b) Any person, firm, or corporation, whether as principal, agent, employee or otherwise, violating or causing the violation of any of the provisions of this chapter, shall be guilty of a misdemeanor, and upon conviction thereof shall be punishable for each offense by a fine of not less than five hundred dollars (\$500.00) for each day in which such violation occurs, or by imprisonment in the county jail for a term not exceeding six months, or by both fine and imprisonment. Such person, firm, or corporation shall be deemed to be guilty of a separate offense for each and every day during any portion of which any violation of this chapter is commenced, continued, or permitted by such person, firm, or corporation, and shall be punishable as herein provided.

(c) The County may institute injunction, mandamus, or any appropriate legal actions or proceedings for the enforcement of this chapter.

14.02.070 Appeals.

All appeals of actions taken pursuant to the provisions of this chapter shall be made in conformance with the procedures in Chapter 18.10; provided, however, that code enforcement actions and decisions are not subject to administrative appeal except for appeals of revocation of permits pursuant to Section 18.10.136(c). (Ord. 4391A, 4/2/96; 3331, 11/23/82)

14.02.080 Severability

If any provision of this chapter or application thereof to any person or circumstances is held invalid, this invalidity shall not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are declared to be severable. This chapter shall be liberally construed to achieve the purposes of this chapter and to preserve its validity.

SECTION IV

This ordinance shall become effective upon certification by the California Coastal Commission.


PASSED AND ADOPTED this _____ day of _____ 2006 by the Board of Supervisors **of** the County of Santa Cruz by the following vote:

AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS
ABSTAIN: SUPERVISORS

Chairman of the Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:



County Counsel

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 13.03.050 (b) (2), 14.01.202 (c) AND
CHAPTER 14.02 OF THE SANTA CRUZ COUNTY CODE RELATING TO THE
CONVERSION OF EXISTING STRUCTURES TO RESIDENTIAL
CONDOMINIUMS, COMMUNITY APARTMENT PROJECTS, STOCK
COOPERATIVES. OR TOWNHOUSES

The Board of Supervisors ~~of~~ the County of Santa Cruz ordains as follows:

SECTION I

Subsection (b) **2** of Section 13.03.050 of the Santa Cruz County Code is hereby amended for the reference to Chapter 14.02 to read as follows:

Chapter	Condominium and Townhouse
14.02	Conversion Regulations

SECTION II

Subsection (c) Section 14.01.202 of the Santa Cruz County Code is hereby amended to read as follows:

(c) General Provisions. No structure constructed as a multiple-family dwelling or group of dwellings shall be converted to a project pursuant to this chapter or the Subdivision Map Act within three years after construction was completed.

SECTION III

Chapter 14.02 of the Santa Cruz County Code is hereby revised in its entirety to read as follows:

Chapter **14.02**: Condominium and Townhouse Conversion Regulations

Sections:

14.02.010	Purpose
14.02.020	Amendment
14.02.030	Definitions
14.02.040	General Provisions
14.02.060	Enforcement

EXHIBIT B

14.02.070	Appeals
14.02.080	Severability

14.02.010 Purpose.

The purpose of this Chapter is to establish requirements and procedures for the control and approval of conversions of approved or existing multiple-family rental housing to residential condominiums, community apartment projects, stock cooperatives and townhouses.

Because there exists a limited amount of rental housing in the county, the conversion of approved or-existing rental housing to residential condominiums, community apartment projects, stock cooperatives and townhouses may conflict with the policy of the county to provide a reasonable balance of rental and ownership housing for low and moderate income persons. This Chapter is intended to implement the policies of the County General Plan and Local Coastal Program Land Use Plan.

14.02.020 Amendment.

This chapter implements policies of the Local Coastal Program Land Use Plan adopted and certified in compliance with the Coastal Act of the State of California. Amendments to this chapter are subject to approval by the State Coastal Commission when they affect the administration of the certified Local Coastal Program, and such amendments must be processed following the hearing and notice procedure of Chapter 13.03 of the Santa Cruz County Code pertaining to Local Coastal Program Administration.

14.02.030 Definitions.

Approved Dwellings. A housing project which has received all land use approvals and has not been constructed or if constructed, has not obtained all clearances for occupancy.

Conversion. A change in the type of ownership of a parcel or parcels of land, together with the approved or existing attached structures, to that defined for a condominium project or townhouse project regardless of the present or prior use of such land and structures and whether substantial improvements have been made or are to be made to such structures.

Dwelling. A structure for human habitation providing complete independent living facilities for one or more persons.

Limited-equity housing cooperative. A corporation which meets the criteria of Section 11003.2 or any successor provisions of the

EXHIBIT B 1

Business and Professions Code and Section 33007.5 or any successor provisions of the Health and Safety Code.

Low and Moderate Income. Those income levels as defined in the Housing Element of the County General Plan and as updated to reflect current estimates of median household income limits as prepared from time to time by U.S. Department of Housing and Urban Development.

Multiple-Family Dwelling. A structure containing more than one dwelling unit and designed for permanent occupancy or occupied by more than one family.

Project. Community apartments, condominiums, stock cooperatives, limited-equity cooperatives, and townhouses

Stock Cooperative. A corporation holding title to improve real property where substantially all of the shareholders of such corporation receive a right of exclusive occupancy in a portion of the real property as further defined in Section 11003.2 of the Business and Professions Code.

Townhouse. A real estate development consisting of separately owned lots, parcels, or areas, with one or more additional contiguous or non-contiguous lots, parcels or areas owned in common by the owners of the separate lots, parcels, or areas; as defined in Business and Professions Code, Section 11003.

14.02.040 General provisions.

- (a) No structure constructed as a multiple-family dwelling or group of dwellings shall be converted to a project pursuant to this chapter or the Subdivision Map Act within three years after construction is completed.
- (b) The conversion of existing occupied residential real property or property capable of being occupied into a project shall not be approved unless all the following findings can be made:
 - 1. Each of the tenants of the proposed project has or will have received all applicable notices and rights now or hereafter required by the state Subdivision Map Act, including written notice of intention to convert, at least sixty (60) days prior to the filing of a tentative map pursuant to Section 66452.9 of the Government Code; ten (10) days' written notification that an application for a public report will be or has been submitted to the Department of Real Estate, and that such report will be available upon request pursuant to Section 66427.1(a) of the Government Code; written notice of public hearing and of the tenant's right to appear and to be heard on the proposed conversion pursuant to Section 66451.3 of the Government Code; and copies of the staff report on the tentative map at least three days prior to any hearing or action on such map pursuant to Section 66452.3 of the Government Code.

EXHIBIT B

2. At the time of issuance of the written notice of intention to convert, the applicant has informed the tenants that a tenants' association has the right to negotiate for the purchase of the structure as a cooperative.

3. Each of the tenants of the proposed project has been, or will be, given written notification within ten (10) days of approval of a final map for the proposed conversion.

4. Each of the tenants of the proposed project has been or will be given one hundred eighty (180) days written notice of intention to convert prior to termination of tenancy due to conversion or proposed conversion. Tenants aged sixty-two (62) or older or persons with disabilities or with minor children have or will be given an additional one hundred twenty (120) days in which to find suitable replacement housing. The provisions hereof shall not alter or abridge the rights or obligations of the parties in performance of their covenants, including but not limited to the provision of services, payment of rent or the obligations imposed by Sections 1941.1, 1941.2, 1941.3 and 1941.4 of the California Civil Code.

5. Each of the tenants of the proposed project has or will be given the right to cancel any existing lease following receipt of the written notice of public hearing by providing written notice to the landlord.

6. Each of the tenants of the proposed project has been or will be given notice of an exclusive right to contract for the purchase of his or her respective unit, or in the case of a cooperative the share controlling the dwelling unit then occupied by the tenant (or any other dwelling unit in the project not claimed by the tenant) upon the same terms and conditions that such unit will be initially offered to the general public or terms more favorable to the tenant. The right shall run for a period of not less than ninety (90) days from the date of issuance of the subdivision public report pursuant to Section 11018.2 of the Business and Professions Code, or approval of the application by the County if a subdivision public report is not required, unless the tenant gives prior written notice of his or her intention not to exercise the right.

7. Each of the tenants of the proposed project who resided in the project at the time of the issuance of the notification of intention to convert has or will be offered moving and relocation assistance amounting to one and one-half times the tenant's monthly rent, except when the tenant has given notice of his or her intent to move prior to issuance of the notification of intention to convert.

(c) Conversions may be permitted only if:

Conversions of approved dwellings or existing multiple-family dwellings or groups of dwellings may be permitted only if:

1. One hundred (100) percent of the converted units are enforceably restricted so as to be affordable to, and occupied solely by, low or moderate income persons for the life of the unit; or

EXHIBIT B

2. For conversions involving four or fewer existing units, no fewer than one-half of the units to be converted must be sold to persons who have resided in the project for a period of three years prior to the notification of intention to convert in order for the conversion to be approved. In determining the number of residential conversion units, any decimal fraction less than or equal to 0.50 shall be disregarded, and any decimal fraction greater than 0.50 shall be construed as requiring one unit; or
 3. The conversion involves a single existing unit or the conversion involves four or fewer existing units equaling 20% or greater of the total project and occurs in connection with the construction of a new unit or units on the same parcel with a minimum of 20% of the total project being affordable to low and moderate persons for the life of the unit.
- (d) Rents will not be increased from the time of filing of the application for conversion until relocation takes place or until the application is denied or withdrawn, unless first approved by the Planning Commission. The Planning Commission shall allow for reasonable increases in rent due to documented increases in utilities and taxes.
- (e) Each of the tenants of the proposed project who first resided in the project after the notification of intention to convert shall be provided with a written notice stating that the unit is planned for conversion and may be subject to future sale. Such tenants shall also be given copies of all notices required by this section which have been issued for their units.
- (f) The applicant for conversion of an existing structure to a project shall provide the following information:
- (1) A building and zoning history, to the extent available, detailing the date of construction, major uses since construction and the dates, nature, and scope of major repairs and alterations since construction.
 - (2) A property report detailing the condition and useful life of the roof, foundation, mechanical, electrical, plumbing and structural elements of all existing buildings and structures, prepared by a certified engineer. (A copy of this report shall be furnished to each prospective purchaser by applicant prior to sale of the unit.)
 - (3) A structural pest report prepared by a licensed structural pest control operator.
 - (4) A preliminary set of plans for the structure(s) to be converted.
 - (5) A statement of the number of units, the size of units, the number of tenants, and a listing of the names and addresses of all tenants.
 - (6) A statement certifying that all present tenants have been notified in writing of the intent to apply for conversion, and of all of their rights and responsibilities as outlined in this section.
 - (7) A statement of the repairs and improvements which will be done prior to sale of the units.
 - (8) A description of the condition of the common areas, including landscaping, recreational features, and facilities within the project area.

- (9) A description of the provisions for management and maintenance of common areas and facilities within the project.
- (g) A permanent record of the notices required to be provided by the terms of this section shall be kept by the applicant for a period of one year thereafter; such record to include:
 - (1) A copy of each notice showing the date of which it was delivered or mailed; and
 - (2) Proof of the giving of the notice consisting of:
 - (A) If delivered, the signature of the person to whom it was delivered acknowledging such delivery; or
 - (B) If mailed, proof of mailing, and the return receipt if a receipt was returned by the recipient of the notice.

14.02.060 Enforcement.

- (a) The provisions of this chapter and Chapter 19 of the County Code shall apply to all agents, successors and assigns of an applicant. No building permit or occupancy permit shall be issued, nor any development approval be granted which does not meet the requirements of this chapter. The County shall suspend or revoke any building permit or development approval upon finding a violation of any provision of this chapter.
- (b) Any person, firm, or corporation, whether as principal, agent, employee or otherwise, violating or causing the violation of any of the provisions of this chapter, shall be guilty of a misdemeanor, and upon conviction thereof shall be punishable for each offense by a fine of not less than five hundred dollars (\$500.00) for each day in which such violation occurs, or by imprisonment in the county jail for a term not exceeding six months, or by both fine and imprisonment. Such person, firm, or corporation shall be deemed to be guilty of a separate offense for each and every day during any portion of which any violation of this chapter is commenced, continued, or permitted by such person, firm, or corporation, and shall be punishable as herein provided.
- (c) The County may institute injunction, mandamus, or any appropriate legal actions or proceedings for the enforcement of this chapter.

14.02.070 Appeals.

All appeals of actions taken pursuant to the provisions of this chapter shall be made in conformance with the procedures in Chapter 18.10; provided, however, that code enforcement actions and decisions are not subject to administrative appeal except for appeals of revocation of permits pursuant to Section 18.10.136(c). (Ord. 4391A, 4/2/96; 3331, 11/23/82)

14.02.080 Severability

If any provision of this chapter or application thereof to any person or circumstances is held invalid, this invalidity shall not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are declared to be severable. This chapter shall be liberally construed to achieve the purposes of this chapter and to preserve its validity.

SECTION IV

This ordinance shall become effective upon certification by the California Coastal Commission.

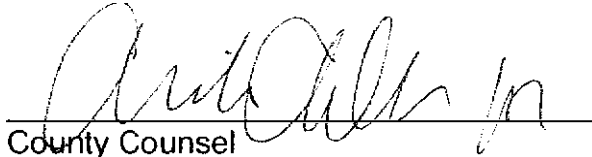
PASSED AND ADOPTED this _____ day of _____ 2006 by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS
ABSTAIN: SUPERVISORS

Chairman of the Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:



County Counsel

CALIFORNIA ENVIRONMENTAL QUALITY ACT

NOTICE OF EXEMPTION

The Santa Cruz County Planning Department has reviewed the project described below and has determined that it is exempt from the provisions of CEQA as specified in Sections 15061 - 15332 of CEQA for the reason(s) which have been specified in this document.

Project Location: Countywide

Project Description: An ordinance amending sections 13.03.050(b)(2), 14.02.010, 14.02.030, 14.02.040(a), 14.02.040(b)1, 14.02.040(b), 14.02.040(c), 14.02.040(h)2ii, 14.02.060, and establishing section 14.02.080 of the Santa Cruz County Code relating to the conversion of existing structures to residential condominiums, community apartment projects, stock cooperatives, or townhouses.

Agency Proposing Project: County of Santa Cruz

- A. ☐ The proposed activity is not a project under CEQA Guidelines Section 15378.
- B. ☒ The proposed activity is not subject to CEQA as specified under CEQA Guidelines Section 15060 (c).
- C. ☐ **Ministerial Project** involving only the use of fixed standards or objective measurements without personal judgment.
- D. ☐ **Statutory Exemption** other than a Ministerial Project (CEQA Guidelines Section 15260 to 15285).

Specify type:

- E. ☐ **Categorical Exemption**

F. Reasons why the project is exempt:

Revisions to Regulations; The ordinance changes to assure the protection of the rental housing stock do not directly or indirectly lead to foreseeable physical changes that might negatively impact the environment.

To staffs knowledge, none of the conditions described in Section 15300.2 apply to this project.

Don Bussey, Project Planner

Date: _____

ORDINANCENO. 4819

AN ORDINANCE OF THE COUNTY OF SANTA CRUZ ESTABLISHING INTERIM
ZONING REGULATIONS RELATING TO THE CONVERSION OF EXISTING
STRUCTURES TO RESIDENTIAL CONDOMINIUMS, TOWNHOUSES,
COMMUNITY APARTMENT PROJECTS, OR STOCK COOPERATIVES

The Board of Supervisorsof the County of Santa Cruz ordains as follows:

SECTION I

The Board of Supervisorsof the County of Santa Cruz makes the following findings:

1. Objective 3.7 of the General Plan/Local Coastal Program Land Use Plan requires the preservation of the County's existing stock of rental units;
2. Policy 3.1 of the General Plan/Local Coastal Program Land Use Plan requires the continuation of the County Planning and Redevelopment Agency Condominium Conversion Ordinance and Redevelopment funding programs;
3. Program 3.8 of the General Plan/Local Coastal Program Land Use Plan requires the Condominium Conversion Ordinance be carried out to protect the rental housing stock;
4. One of the purposes of Chapter 14.02 Condominium Conversion Regulations is to provide a reasonable balance of rental and ownership housing within the county and prevent the reduction of the supply of rental housing for low and moderate income persons;
5. Preservation of the existing stock of rental units is found in a provision of the Condominium Conversion Regulations that limits conversions when the vacancy rate falls below 3% as listed in the most recent survey issued by the Federal Home Bank of San Francisco. The Federal Home Bank of San Francisco no longer calculates a vacancy rate for Santa Cruz County;
6. Calculation of a vacancy rate is required for the administration of the Condominium Conversion Regulations, as currently written.
7. There is no currently identified vacancy rate source that tracks all rental housing in the unincorporated area;
8. Staff is in the process of reviewing the Condominium Conversion Regulations to determine the best methods to protect and preserve existing housing stock;
9. The preservation of the existing rental housing stock and, particularly, rental housing for low and moderate income persons, is necessary for the public welfare and to implement the objectives and policies of the General Plan/Local Coastal Program Land Use Plan;
10. Without adopted regulations to preserve existing rental stock and, particularly, rental housing for low and moderate income persons, there exists a current and immediate threat to the public welfare.

Section II

Section 14.02.040(b) of the Santa Cruz County Code is hereby repealed.

EXHIBIT D
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Section III

Section 14.02.040(c) of the Santa Cruz County Code is hereby amended to read as follows:

(c) Conversions may be permitted only if:

1. One hundred (100) percent of the new units to be created by the conversion are enforceably restricted so as to be affordable to, and occupied solely by, average or below average income persons for a minimum of thirty (30) years; an example of this type of conversion would be a limited equity cooperative as defined by state law;
2. For conversions involving four or fewer units, no fewer than one-half of the units to be converted will be sold to persons who have resided in the project for a period of three years prior to the notification of intention to convert;
3. The conversion involves a single existing unit;
4. The conversion involves four or fewer existing units and occurs in connection with the construction of a new unit or units on the same parcel.

Section IV

This ordinance shall take effect immediately based on the findings by the Board of Supervisors that this ordinance is adopted pursuant to Government Code Section 65858, and is necessary for the protection of the public health, safety and welfare. The facts constituting the need for this ordinance are set forth in the findings contained in Section I of this ordinance. Pursuant to Government Code Section 65858, this ordinance shall be in full force and effect for 12 months from the expiration of Ordinance No. 4794 or the adoption and certification of a permanent ordinance, whichever occurs first.

PASSED AND ADOPTED this 7th day of March 2006 by the Board of Supervisors of the County of Santa Cruz by the following vote:

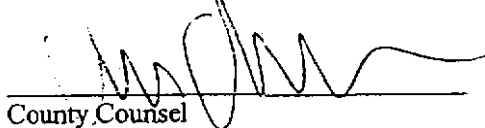
AYES:	SUPERVISORS	Pirie, Wormhoudt, Beautz and campos
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	Stone
ABSTAIN:	SUPERVISORS	None

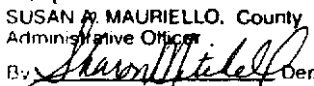
JANET K. BEAUTZ

Vice Chairman of the Board of Supervisors

Attest: GAIL T. BORKOWSKI
Clerk of the Board

APPROVED AS TO FORM:


County Counsel

STATE OF CALIFORNIA)
COUNTY OF SANTA CRUZ)
I, SUSANA MAURIELO, County Administrative Officer and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California, do hereby certify that the foregoing is a true and correct copy of the resolution passed and adopted by and entered in the minutes of the said board. In witness whereof, I have hereunto set my hand and the seal of the said Board on <u>20th</u> day of <u>March</u> 2006.	
SUSANA MAURIELLO, County Administrative Officer	
By 	Deputy

SANTA CRUZ COUNTY
BOARD OF SUPERVISORS INDEX SHEET

Creation Date: 3/1/06
Source Code: PLANN
Agenda Date: 3/7/06
INVENUM: 57427

Resolution(s):

Ordinance(s): 4819

Contract(s):

Continue Date(s):

Index: --Letter of the Planning Director of February 23, 2006
--Proposed Interim Ordinance
--Copy of Interim **Ordinance** No. 4794

- Item: 32. Public hearing held to consider extending interim ordinance relating to condominium conversions;
- (1) closed public hearing;
 - (2) adopted ORDINANCE NO. 4819 Establishing Interim Zoning Regulations relating to the Conversion of Existing Structures to Residential Condominiums, Townhouses, Community Apartment Projects, or Stock Cooperatives (Attachment 1) and
 - (3) directed Planning Staff to continue processing a permanent ordinance amendment to Chapter 14.02 as described in the letter of the Planning Director of February 23, 2006

EXHIBIT D -