



CITY OF EAST PALO ALTO

Planning Division

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DATE: July 11, 2005

TO: Honorable Mayor and Members of the East Palo Alto City Council

VIA: Alvin James, City Manager

FROM: Michael Lawson, City Attorney
Maria Banico, City Planning Manager
Wilbert Lee, Housing Services Director

SUBJECT: Public Hearing and Consideration of a Proposed Ordinance to Regulate the Conversion of Existing Multi-Family Residential Apartments to Condominiums

RECOMMENDATION:

Staff recommends that the City Council:

1. **AFFIRM** that this ordinance is statutorily exempt from environmental review pursuant to the California Environmental Quality Act (CEQA); and
2. **APPROVE** the first reading of an Ordinance found in Attachment A:
 - **Regulating** the Conversion of Existing Multi-Family Residential Apartments to Condominiums;
 - **Amending** Ordinance No. 145 to delete the exclusion of existing apartments that are more than five (5) years old from the payment of park-in-lieu fees;
 - **Amending** the Subdivision Regulations to delete Chapter 7, Conversion to Condominiums.

BACKGROUND:

The City Council and the Planning Commission, at their joint meeting of May 9, 2005, received a staff report and recommendations on features of a proposed ordinance regarding condominium conversions. (A copy of the May 9, 2005 staff report is enclosed as Attachment B.) The City Council and Planning Commission received public testimony on the proposed features and the Council referred the matter to the Planning Commission for further study and the formulation of a draft ordinance.

Staff prepared a draft ordinance that was distributed to the Planning Commission at its regular meeting of June 27, 2005. The Planning Commission held a duly noticed public hearing on July 6, 2005 where the Commission reviewed a revised draft ordinance, considered staff's proposal and took public testimony on the draft ordinance. During staff's presentation to the Commission, staff referred to the features proposed on the May 9, 2005 staff report and identified where these features were addressed in the ordinance. (See Attachment C for the draft ordinance distributed at the July 6, 2005 Planning Commission meeting.)

The Planning Commission proposed changes to the proposed ordinance as follows:

- Revise the Vacancy Rate factor to use the California Department of Finance published rate for the City of East Palo Alto and allow conversions only when the DOF vacancy rate exceeds 5%.
- Provide lifetime leases to Senior Citizens.
- Allow a longer period of time for Senior Citizen tenants to relocate, if they choose to relocate.
- Corporate tenants would not be entitled to relocation assistance.

The changes made by the Planning Commission are shown using underlines and ~~strikethroughs~~ in Attachment A.

The Planning Commission also stated that the Area Median Income (AMI) used for the calculation of BMR prices or rents is much higher than the median income of residents of East Palo Alto. The Commission directed staff to forward this information to the City Council, so that the Council might deliberate on changes to the AMI to be used for BMR units for condominium conversion applications. In compliance with this request, staff referred to the Housing Element income information, which contains the following table:

Table HE-6
Mean Household Income
In Constant 1995 Dollars

Year	East Palo Alto (EPA)	San Mateo County	EPA as a % of County
1990	\$43,900	\$72,900	60.2%
1995	\$48,300	\$77,400	62.4%
2000	\$57,700	\$88,700	65.1%
2005	\$63,700	\$95,200	66.9%
2010	\$66,000	\$100,100	65.9%
2015	\$71,800	\$104,800	68.5%
2020	\$74,900	\$109,100	58.6%

Source: ABAG, *Projections 2000, 1999*

Staff has used this table because the current published AMI for the County for the year 2005 is \$95,000, which means the projections have proven reliable. Given the information in the above table, if the Council chooses to adopt the Planning

Commission's recommendation to amend the AMI or the percentage of income (80% or 90%) of the County AMI, the conversion fraction would be to use 66.9% of the AMI or 66.9% of the required income levels of 80% and 90%, which would be 53.52% and 60.21% respectively.

The Minutes of the Planning Commission meeting of July 6, 2005 are enclosed as Attachment D.

ENVIRONMENTAL DETERMINATION:

The actions recommended to be taken are statutorily exempt from environmental review because these actions do not constitute a "project", as such term is defined in the California Environmental Quality Act (CEQA), Public Resources Code, Division 13, Section 21065 as an "activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment."

ATTACHMENTS:

- A Proposed Ordinance
- B Staff Report to the City Council & Planning Commission dated May 9, 2005
- C Draft Ordinance distributed at the July 6, 2005 Planning Commission Special Meeting
- D Draft Minutes of the July 6, 2005 Planning Commission Special Meeting