

MOTION

Converting rental apartments to condominiums is a long-standing methodology employed by property owners to improve their financial return from owning multi-family properties. In heated real estate markets, the number of conversions trends higher, while during cooler markets (such as the Great Recession) the number of conversion applications drops. As the markets in certain Los Angeles neighborhoods have rebounded in the last several years, the number of such applications has begun to rise.

When these applications involve units subject to the City's Rent Stabilization Ordinance (RSO) they, along with other actions, can contribute to a significant cumulative effect on the availability of rental housing for senior, working class and low income tenants in the city who may never be able to afford to purchase or rent other housing in the area they call home.

While the Department of City Planning recently noted that the number of condominium conversion applications in the last several years has been modest, the number of RSO units lost to Ellis Act evictions for conversions as well as demolitions and related reasons has surpassed 1000 per year each year since 2014 (more than 3,250 Angelenos suffered evictions in 2016). Many of those units could be considered affordable and, depending upon which Ellis-related procedure was implemented to vacate them, were not replaced with any rental or for-sale units of comparable affordability.

Several recent condominium conversion cases have exposed flaws in the City's requirements and standards for processing such cases which have led to approvals that run counter to policies in the General Plan and various community plans to preserve existing affordable housing, and which also conflict with policies meant to encourage new development of rental housing. The City Council took action in 2017 to make the process for making the required finding of a 5% community plan area vacancy rate more rigorous.

But required findings regarding cumulative effect of conversions on the rental housing market have typically been construed so narrowly that the "cumulative" aspect tends to be downplayed by ignoring the full palate of reasons RSO units are lost. Los Angeles Municipal Code (LAMC) Section 12.95.2.F.6 should be amended to make sure that condominium conversion decisions are based on a more realistic assessment of cumulative effect.

I THEREFORE MOVE that LAMC Section 12.95.2.F.6 be amended to require:

- a. That the City Planning Department's Advisory Agency may not approve a tentative map or preliminary parcel map for a residential or residential to commercial/industrial conversion unless a finding can be made that the vacancy rate of the planning area in which the property is located exceeds five percent, and a finding that the cumulative effect of such a conversion on the rental housing market in either the planning area or



within a 1,000-foot radius around the property is not significant in the context of all actions removing RSO units from the rental market within those specified areas.

- b. That the list of factors determining cumulative effect be amended as follows:
1. Add: (e) the number of Rent Stabilized units which would be eliminated in case conversion occurred;
 2. Add: (f) the number of Rent Stabilized units eliminated within a 1,000 foot radius of the site for any reason within 15 years of the date of the application;
 3. Add: (g) the number of Rent Stabilized units eliminated for any reason within the planning area within 15 years of the date of the application;
 4. Re-identify the existing (e) as (h).
 5. Add: "Significant cumulative effect" shall refer to a) the elimination of at least 100 Rent Stabilized units within a radius of 1,000-feet within 15 years of the date of the application; b) the elimination of at least 1,000 Rent Stabilized units within the planning area within 15 years of the date of the application; c) the elimination of at least 1,500 total rental units within the planning area within 15 years of the date of the application; d) the prospect, based on any permit or conversion activity within the most recent five years prior to the application date, that at least 5% of the Rent Stabilized units within a radius of 1,000 feet of the site may be at risk; (e) the prospect, based on any permit or conversion data within the most recent five years prior to the application date, that at least 20% of all rental units in the planning area may be at risk.
- c. That any calculation of the vacancy rate not include units vacant as a result of implementation of the Ellis Act, since such units are by definition no longer on the rental market.

PRESENTED BY: _____

PAUL KORETZ, Councilmember, Fifth District

SECONDED BY: _____

APR 20 2018