CALL TO ORDER:

Mayor Luna called the meeting to order at 7:00 p.m.

ROLL CALL:

Present: Council Members Béraud, Clay, O'Malley, Brennler, and Mayor Luna

Commissioners Heatherington, Jack, Marks, O'Grady, Slane, Fonzi, and Chairperson O'Keefe

Absent: None

Others Present: City Clerk / Assistant to City Manager Marcia McClure Torgerson, Deputy City Clerk Grace Pucci

Staff Present: City Manager Wade McKinney, Community Development Director Warren Frace, Public Works Director Steve Kahn, Associate Planner Kerry Margason, and City Attorney Patrick Enright.

JOINT STUDY SESSION:

1. PLN 2006-1111: Condominium Conversions
Community Development Director Warren Frace gave the staff report and introduced Barbara Kautz.

Barbara Kautz of Goldfarb and Lipman reviewed the issues and options individually, with Director Frace answered questions, public comment was taken, and then Council and Commissioners discussed the options and gave direction to staff.

A1. Reduction in Rate of Conversion

PUBLIC COMMENT

Ken Trigeros, Project Manager Peoples Self Help Housing, stated their concern is the difficulty in replacing rental apartments based on the construction costs at the time. Mr. Trigeros answered questions of Council.

Joanne Main asked if someone wanted to convert an apartment to condominiums could the city require that individual to provide the property for another developer to build apartments.

Mike Jackson asked if there were a minimum number of apartments that would be exempt, and explained that there are a large number of rental units in town that are not apartments, and the city must look at the number of rental units that are owner-occupied in the town and how this affects the rental market.

Mayor Luna closed the Public Comment period.

Vice Chairperson Fonzi expressed concern that this does not speak to older apartments, which tend to become blighted and she would like there to be a way to bring them up to date to keep the housing stock decent.

Commissioner O'Grady stated that Option #3 appeals to him because of the difficulty in complying with the differing rules in the various municipalities so if San Luis Obispo County and City have enacted #3 there would be a benefit for Atascadero to do the same thing. Additionally Option #3 would help with maintaining and enhancing the affordable housing stock.

Council Member Béraud indicated she supports Option #3, and would like to follow the county's lead and have the number be one-fourth.

Council Member Clay commented that if the city goes with Option #3 it should not include the condo map on new construction, because that is not truly a rental property. He also indicated that he favors the 5 units or more if Option #3 is decided upon.

Chairperson O'Keefe stated she supports Option #3 as she has a problem with basing it on the vacancy rate because determining that rate is very difficult.
Mayor Luna commented that he supports Option #3 and going with the county at one-fourth.

Council Member O’Malley stated it would be better to look at incentives for expanding apartment construction rather than trying to work against the market. He agreed that it would be wise to match with the Department of Real Estate’s figure of 5 or more and exempt smaller numbers.

Commissioner Heatherington agreed with Option #3.

Mayor Pro Tem Brennler stated he was comfortable with the San Luis Obispo County model as indicated in Option #3.

Council Member Béraud expressed concern with exempting projects of 5 units or less as there are a lot of smaller projects because a lot of land has recently been rezoned to multifamily from SFR, and she is concerned that the city might be missing out with this exemption.

Commissioner O’Grady agreed that there needs to be a different criteria for smaller units, but is uncomfortable with a blanket exemption because the impact on affordable housing is unknown at this time.

Commissioner Heatherington suggested an inventory of the number of units that are at four or less and then look at a mechanism to keep them from converting.

There was Council and Commission consensus to go with Option #3 at 25%, that the only rental units that will count are those where condo maps were not recorded and that tentatively there is a desire to exempt from the ordinance units of four or less pending a review of what percentage of the city’s rental housing stock that is.

A2. Inclusionary Requirement or Retention of Existing Affordability.

PUBLIC COMMENT

Mike Jackson commented that this was sounding socialistic with high fees and high management costs at the expense of owners and tenants. He stated that those who want to own the homes need the ability realize some appreciation out of their home. He indicated that if owners cannot recoup their investment or borrow on the home’s equity they will not be able to keep the property up and it will go downhill.

Mayor Luna closed the Public Comment period.
Commissioner O’Grady commented that a different approach should be applied to the smaller units.

Council Member O’Malley stated he would like to include some consideration for natural disasters so a homeowner can borrow against their equity.

Council Member Clay stated he was not in favor of 10% for the very low income category as it cannot be reached; the 10% should be low and moderate.

Chairperson O’Keefe stated she would prefer to make it a combination of low and very low income housing.

Council Member Béraud stated she wants to see a significant number of affordable units as the city currently has a lot of moderate category, but none in the low and very low categories.

Mayor Luna stated this must be tied to the existing affordability, and suggested tying the 20% to what the existing rents are, and if that is low it should stay low and if it is moderate it should stay moderate.

Director Frace cautioned that this approach, though it makes sense in theory, could take months for staff and the applicant to determine.

Vice Chairperson Fonzi suggested going with Option #4 rather than #3, and keeping with the current city inclusionary zoning regulations.

*There was Council and Commission consensus to go with Option #4, and include workforce housing. Any multifamily building that converts to condominiums would meet the city’s existing inclusionary requirements which apply to 20% of the total units and of that 20%, 20% is affordable to very low, 37% to low and 43% to moderate income households. In-lieu fees would apply to units of 4 or less.*

**A3. Additional Protections for Existing Tenants.**

Ms. Kautz suggested 1) adding a relocation payment of two or three months (A3-1.C) it could be disclosed to the tenant that they are entitled to three months rent and then the tenant could elect to get an alternative payment, 2) allowing some additional time to move for seniors and disabled people i.e. allowing a year for those over 62 or disabled (A3-2.B), and 3) to allow those with children to stay until the end of the school year (A3-2.C).

**PUBLIC COMMENT – None**
There was Council and Commission consensus that in addition to what the city now has the following would be added: Option #A3-1.C with the option that the owner and tenant can negotiate, and Options #A3-2B, and C.

A4. Development Standards

Commissioner O’Grady suggested exempting the disability requirement from older buildings on a case by case basis.

Council Member O’Malley stated that Option #8 should be required and that he would like to get the opinion of Police Chief and Fire Chief on this when it is reviewed.

Commissioner Heatherington recommended adding some of the “Cool Cities” ideas for energy efficiency in the standards.

Chairperson O’Keefe explained that there are currently no standards for new condominiums where there is an existing house, and the Commissions’ hands are often tied. She would suggest adding standards for those through a Conditional Use Permit which would lead to a better project and improved neighborhood.

Director Frace stated the city would have more leverage if it required a CUP for development and design review process on this type of hybrid development.

Mayor Luna expressed concern regarding feedback from the Police and Fire Departments and the controversy regarding fire sprinklers, as he would not want this to come back with the Fire Chief requiring sprinklering the entire existing building.

PUBLIC COMMENT

Mike Jackson explained that the reasons the units are being started and then applying for a condo map is because the builders can start construction right away, and that wait time is bankrupting the builders/homeowners. He stated that if the city puts regulations and more controls on builders then it must give something on the other side and move ahead quickly on projects.

Mayor Luna closed the Public Comment period.

Mayor Luna stated that the city must have the ability to have some conditions and more standards, and if that requires a CUP, than that would be acceptable.

Council Member Clay commented that the standards could be increased but without the use of a CUP which takes too long.
Barbara Kautz explained that with condo conversions it really is necessary to have a CUP to have control over the conversions; this would be distinct from the hybrid projects referred to earlier.

Director Frace stated that updating appearance review and zoning standards are expensive and not budgeted at this time. He suggested that in the interim staff can look at the options for the potential of a CUP for infill hybrids. There was Council and Commission agreement for staff to proceed in this direction.

_There was Council and Commission consensus to have an inspection by the building inspector and Fire Marshall and the opinion of the Police and Fire Chiefs, particularly in terms of fire sprinklers, to require energy efficient lighting, and to require a CUP for condominium conversions, but excluding hybrid developments at this time._

A5. **CC&R Requirements.**

**PUBLIC COMMENT** – None

_There was Council and Commission consensus to adopt Options #A5-1, 2, 3 and 5._

_Mayor Luna recessed the hearing at 9:23 p.m._

_Mayor Luna called the meeting back to order at 9:28 p.m._

2. **PLN 2006-1140: Site Condominium Moratorium**

Community Development Director Warren Frace gave the staff report and with City Attorney Patrick Enright answered questions of Council and the Commission.

**PUBLIC COMMENT** – None

_There was Council and Commission consensus to choose Option #2 including conditions in Option #3._

City Attorney Patrick Enright reported that the current moratorium on apartment condominiums is good for one year, and will be coming back to the Council in March for extension. He also commented that there are several new members on the Planning Commission and Parks and Recreation Commission and he is working with staff to set up a seminar on Brown Act conflicts, which they hope to present in March or April.
ADJOURNMENT:

Mayor Luna adjourned the meeting at 9:46 p.m. The City Council adjourned to their next regularly scheduled meeting on February 27, 2007. The Planning Commission adjourned to their next regularly scheduled meeting on March 6, 2007.

MINUTES PREPARED BY:

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Grace Pucci, Deputy City Clerk