

DATE ISSUED: September 23, 2004 **REPORT NO. PC-04-154**

ATTENTION: **Planning Commission, Agenda of September 30, 2004**

SUBJECT: **SOUTHGATE CONDOMINIUM CONVERSION - PROJECT NO. 32312. PROCESS 4**

REFERENCE: Planning Commission Report No. P-03-340 and City Managers Report No. 04-010 dated February 3, 2004 (Attachments 14 and 15)

**OWNER/
APPLICANT:** Ralph Bwy (Attachment 7)

SUMMARY

Issue(s): Should the Planning Commission approve an application for a Tentative Map to convert 188 apartments to condominiums?

Staff Recommendation: APPROVE Tentative Map No. 106415.

Community Planning Group Recommendation: On July 14, 2004, the Otay Mesa-Nestor Community Planning Board voted 8-6-0 to recommend approval of the project with no conditions.

Environmental Review: The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Article 19, 15301(k), Existing Facilities.

Fiscal Impact: All costs associated with the processing of this application are paid for by the applicant.

Code Enforcement Impact: None.

Housing Impact Statement: The proposed project is the conversion of 188 existing apartment units to condominiums. There would be a loss of 188 rental units and a gain of 188 for-sale units. This condominium conversion project is required to comply with the inclusionary housing and tenant relocation assistance program, which are conditions of the proposed Tentative Maps for Condominium Conversions (Attachment 6).

BACKGROUND

The developed 12.9-acre site is located at 850 Beyer Way in the RM-1-1 Zone of the Otay Mesa-Nestor Community Plan. The surrounding area is developed with a variety of mixed uses including low density detached single family dwellings to the west and south, commercial uses comprised of retail establishments to the north, mixed commercial establishments, multi-family attached dwellings units and Howard Pence Elementary School to the east. The Otay Mesa-Nestor Community Plan land use designation for the site is residential, the density is low to medium (10 - 15 du/ac) (Attachment 1).

The site is currently developed with an apartment complex consisting of 12 separate buildings in which 94 of the units are one-bedroom apartments, 93 are two-bedroom apartments, and one is a three-bedroom apartment. These existing buildings were designed and constructed for condominiums in 1978 and were in conformance with the development codes at that time.

DISCUSSION

Project Description

The project proposes to convert the existing 188 apartments to 188 condominiums. The project is consistent with the residential land use designation of low to medium density in effect for the site (Attachment 2). There are no zoning or non-conforming land use issues, or code violations associated with the property. The existing development complies fully with the current requirements of the RM-1-1 Zone.

The project consists of one and two-bedroom dwelling units and one three-bedroom unit each having one enclosed and one uncovered parking space and balcony. There is an existing pool and green belt area with grass and an array of ornamental trees. The owner of the development plans on gradually phasing the apartments to condominiums in six phases over a period of 24 months minimizing tenant displacement. In addition, the owner plans on completely refurbishing each unit to include but not limited to the following improvements: stacked, interior washer/dryer hook-ups, all new kitchens and baths, natural maple wood cabinetry, all new kitchen appliances, plumbing fixtures, lighting fixtures, heating, flooring and carpet. The acoustical ceilings will be removed and each unit will be painted. The exterior trim will also be painted and the landscaping upgraded. According to the owner, these refurbishing costs will exceed \$5.0 million dollars.

The Subdivision Board on November 11, 1981, approved Tentative Map 01-300-01 for 188 condominiums (Attachment 11). However, because of high interest rates and poor market conditions for condominiums in the early 1980's, the owner decided to rent out the units on a monthly basis and postponed finalizing the Tentative Map. Tentative Map 01-300-01 expired on November 11, 1984.

On March 13, 2003 an application for a Tentative Map to convert 188-unit apartments to condominiums was submitted through the Development Services Department for review. On November 13, 2003 the project was approved by the Planning Commission by a vote of 6-0.

An appeal was filed by an opponent based on inadequate noticing of the project and scheduled before the City Council on February 3, 2004. The appeal was upheld and the project denied based on a noticing error. The Notice of Public Hearing failed to include language informing the tenants that if the Tentative Map is approved then they may have to vacate the premises. Specifically, the notice should have included the following language in accordance to San Diego Municipal Code section 125.0431 as indicated in attachment 16,

Should the condominium conversion project be approved, tenants may be required to vacate the premises.

Subsequent to the City Council hearing, the applicant re-applied for the Tentative Map. The project has been properly noticed and is now scheduled to go before the Planning Commission on September 30, 2004. The changes that have occurred for this project between the Planning Commission Public Hearing on November 13, 2003 and this latest hearing of September 30, 2004 is that the Inclusionary Housing Ordinance applies (SDMC section 144.0503). The ordinance will require the owner to provide relocation assistance to those existing tenants that qualify. In addition the owner must either provide ten percent of his condominiums as affordable housing or pay an in-lieu fee which will go to the Housing Commission and set aside for the development of affordable housing in the community. The owner has opted to provide the in-lieu fee for this project.

Project Related Issues:

The proposed condominium conversion will represent a change in ownership of each unit. The applicant has certified that the required 60-day Notice of Intent to Convert to Condominiums was provided to the tenants on February 11, 2004.

All condominium conversion projects Deemed Complete on or after February 7, 2004, must conform to the new regulations regarding inclusionary housing and tenant relocation benefits adopted by the City Council on March 15, 2004. Conditions Nos. 10 and 11 in the draft Tentative Map resolution require compliance with this ordinance (Attachment 6).

Community Plan Analysis:

The exiting Southgate apartments are within the Residential Land Use designation of low-medium density (10-<15 dwelling units per net acre). The apartment complex is currently within the allowable density range and also meets current zoning requirements. On July 14, 2004 the Otay Mesa-Nestor Community Planning Board voted 8-6-0 to recommend approval of the project without conditions (Attachment 8).

Conclusion:

A “Tentative Map for a Condominium Conversion” is a Process Four, Planning Commission decision per San Diego Municipal Code Section 125.0430. A Tentative Map for Condominium Conversion may be approved if the decision maker finds that the proposed division of land complies with the requirements of the Subdivision Map Act and the San Diego Municipal Code. Staff has reviewed the proposed condominium conversion and found it to be in conformance with the applicable sections of the San Diego Municipal Code regulating Tentative Maps and land use policies. Staff has determined that the required findings can be made as the project meets the applicable San Diego Municipal Code regulations and requirements. Staff recommends approval of the project as proposed.

ALTERNATIVES

1. Approve Tentative Map No. 106415, with modifications.
2. Deny Tentative Map No. 106415, if the findings required to approve the project cannot be affirmed.

Respectfully submitted,

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Attachments:

1. Aerial Photograph Community Plan Land Use Map
2. Community Plan Land Use Map
3. Project Location Map
4. Project Data Sheet
5. Tentative Map
6. Draft Tentative Map Conditions
7. Ownership Disclosure Statement
8. July 14, 2004 Otay Mesa-Nestor Community Planning Board vote
9. Project Chronology
10. City Council Resolution to deny the Condominium Conversion February 3, 2004
11. Tentative Map 01-300-1
12. 60-day Notice sample

13. 180-day Notice sample
14. Commission's Report No. P-03-340 November 13, 2003
15. City Manager's Report No. 04-010 February 3, 2004
16. Notice of Public Hearing
17. City Attorney's response for Community Planning Groups noticing persons affected by a Development Project