

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: December 4, 2011
Reviewed by: BP

SUBJECT: Preparation of a Regulatory Agreement Requiring One Unit of the Completed Residential Project at 1100 Portland Avenue to comply with the City's Affordable Housing Ordinance.

REPORT BY: Jeff Bond, Community Development Director

STAFF RECOMMENDATION

Authorize the City Manager to prepare a regulatory agreement requiring one unit of the completed residential project at 1100 Portland Avenue to comply with the City's inclusionary housing ordinance.

BACKGROUND

Portland Gardens (1100 Portland) is 12-unit apartment building at the corner of Portland and San Pablo. In 2008, the Planning and Zoning Commission approved the condominium conversion of the property. As a condition of approval, the owners were required to comply with the City's inclusionary housing ordinance.

DISCUSSION

The property owners seek to complete the condominium conversion process as soon as possible. The owners, however, do not intend to sell units at this time, and thus existing rental tenants will not be displaced.

Because of a recent Court of Appeals ruling (Palmer/Sixth Street Properties v. City of Los Angeles 175 Cal. App. 4th 1396 (2009)), the City cannot impose an affordable housing requirement on rental housing. At the point in time that the owners sell individual units in the project, the establishment of an affordable housing unit will be required. In the event the sale of the units is phased over time, the property owners request that the 12th unit sold be established as the inclusionary unit. In addition, as an alternative to establishment of an affordable unit, the owners request the option, as provided for in the City's ordinance, for payment of an in-lieu fee.

The conditions of approval of the condominium conversion call for the Planning and Zoning Commission to make a recommendation to the City Council. The final agreement will be presented to the City Council at a meeting in the near future for formal approval.

FINANCIAL IMPACT

Completion of the condominium conversion itself is not expected to generate additional revenues to the City in the near term. Future sales of individual units are expected to generate real estate transfer tax revenues. Whether or not the assessed value of the units increase over time depends on real estate market conditions.

Attachments

Planning and Zoning Commission Staff Report and Notice of Action