



Staff Report for City Council Committee from the Department of Regulatory Services

Date: January 26, 2007

To: Public Safety and & Regulatory Services Committee

Referral to:

Subject: Title 12, Chapter 250 of the Minneapolis Code of Ordinances relating to *Housing: Condominium Conversions*

Recommendation: No recommendation

Previous Directives: No previous directives

Prepared by: Lynn Ogren, Project Coordinator, Inspections Division

Approved by:

Henry Reimer, Director of Inspections

Presenters in Committee: Lynn Ogren, Project Coordinator, Inspections Division, Henry Reimer, Director of Inspections

Reviews

• Permanent Review Committee (PRC):	Approval ___ Date _____
• Policy Review Group (PRG):	Approval ___ Date _____

Financial Impact

- No financial impact

XXX Action requires an appropriation increase to the ___ Capital Budget
or ___XXX___ Operating Budget

XXX Action provides increased revenue for appropriation increase

- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other

Supporting Information

Staff Report

This ordinance looks at condo conversions and affordable housing. The ordinance requires an analysis of an application to convert apartments to condos to determine if they fall under an affordable housing category. Several conditions are to be addressed including relocation funds for tenants, affordable housing protections and the establishment of a reserve fund, and an approval and permitting process. Although the housing market has slowed in the past year, it is expected to be “normal” going into the future. Figures from CPED show that condo conversions have also slowed. There were more buildings converted in 2005 and 2006 compared to 2004, but fewer units were involved, indicating that the buildings now being converted tend to be smaller. By using the 2006 figures as a base-line, there will be about 300 units being converted per year. In order to implement this ordinance we would need three staff: an administrative analyst II and office support specialist II, and a code compliance officer I. The fees in the ordinance should cover personnel costs. Additionally, we would need office space, computers, land phones, along with a car, phone, laptop, etc. for the code compliance officer.

Currently, condo conversions are required to have available for potential buyers both a Truth in Sale of Housing (TISH) report and a Professional Opinion report of the common areas. The new web based TISH database that will be rolled out in just a few days will track and make public the TISH report and certificate of approval needed for closing. We currently have the evaluators determine only if there is a PO on-site, but we do not receive a copy of this report. The lack of the Professional Opinion is treated as an RR (required repair) and is tracked thusly.

With this ordinance, the TISH application will need to be re-configured to track the existence of the Professional Opinion, the affordability determination, relocation compliance, reserve fund compliance, application for conversion, permit issuance, and determine what items get tied to the certificate of approval to allow closing on the sale. Sale of the units and sales price will need to be tracked to verify compliance with the affordable housing protections and reserve fund. The sale of the final converted unit may take several months to over a year, thus requiring long-term tracking of the conversion to ensure compliance with the many components.

Staff would need a minimum of 6-12 months to develop the program, hire and train staff, and set up a conversion permit, RFS procedures and related processes in KIVA, and to make modifications to the yet-to-be released web based Truth in Housing application. Staff will need to work closely with BIS to determine the business rules necessary to define the technology changes needed for an efficient program. Staff will need to develop procedures for administrative citations.