

# Condominium Conversion Restrictions

Jurisdictions may want to restrict condominium conversions to protect current tenants and existing rental stock, which generally serves a greater diversity of households than owner-occupied housing. Conversion restrictions can take the form of limiting the number of conversions that can be approved per year, prohibiting conversions depending on a vacancy metric, or outlining criteria for conversions that protect and support existing renters. Effective condominium conversion policies include restrictions on conversion, right to purchase protections and relocation assistance, and the promotion of affordable housing through comparable replacement units.

## Legal Context

### What Does State Law Require?

California's [Subdivision Map Act](#) requires developers to provide notices of condominium conversion to tenants at every stage of the process.

### How Can Jurisdictions Implement Programs That Go Beyond State Law?

Jurisdictions can adopt regulations to preserve affordability and protect impacted residents. Jurisdictions can require that property owners pay an affordable housing mitigation fee and/or provide replacement rental housing when units are converted to condominiums, with possible exceptions for units purchased by current long-term tenants or converted to permanently affordable housing. Local programs can provide education and support services for both property owners and residents, offer financial support and protections for tenants facing displacement, and incentives for property owners to protect affordability. Jurisdictions can connect residents with organizations and resources that assist with residents' right to purchase.

## At-A-Glance

### RELEVANT STATE LAWS

[CA Gov. Code Section 66410-66424.6](#)

### POTENTIAL FUNDING SOURCE

- General Funds
- PLHA Funds
- Conversion Program Fees

### COST

Low.

### ADMINISTRATIVE BURDEN

 Medium

Staff capacity needed for program design, leading public and legislative processes, and monitoring and enforcement.

### WHICH P?

Preservation

### POTENTIAL PARTNERS

- Nonprofit Service Providers
- Legal Aid Groups
- Tenant Advocacy Organizations

### OPTION FOR TOC POLICY COMPLIANCE?

Yes!

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## Program Design, Implementation and Evaluation Considerations

The callout box below labeled “TOC Policy Requirements” describes the policy features necessary for a jurisdiction to receive credit toward TOC Policy compliance. All other policy features discussed in this document represent details found in existing policies on the subject and a jurisdiction may want to consider them when adopting or implementing a policy, but nothing is required for TOC Policy compliance unless noted as a requirement in the “TOC Policy Requirements” callout box or the [TOC Policy Administrative Guidance](#).

### Elements of the Program

- Jurisdiction-wide limits and prerequisites for condominium conversion.
- Affordability requirements for new for-sale units.
- Opportunities for residents to purchase for-sale units or their building.
- Relocation assistance for temporarily- or permanently- displaced residents.
- Outreach, education and support for property owners, residents and community organizations.

### Program Design Considerations

Jurisdictions may want to consider the following:

**CONVERSION CRITERIA:** Setting jurisdiction-wide prerequisites for allowance of condominium conversions, such as:

- An absolute minimum number of rental units which must be maintained, e.g., 5% of the total jurisdiction-wide or neighborhood-wide housing supply.
- A yearly limit on the number of rental units that can be converted.
- Tying the number of units eligible for conversion to the number of new rental units produced, or to vacancy levels.

### MITIGATING IMPACTS TO RENTAL HOUSING STOCK:

Creating mitigation options that ensure long-term housing affordability, such as conversion fees that support local affordable housing. To the extent permitted by law, requiring property owners to provide replacement of converted units with

comparable rental units at similar affordability, particularly if original units were occupied by low-income residents. Programs may provide exemptions to mitigation requirements for conversion projects where condominiums are bought by existing tenants, or that support affordable homeownership either by achieving homeownership for existing lower-income residents or by deed restricting the sale of converted units at affordable levels for income-qualified buyers.

**ALIGN WITH EXISTING PROGRAMS:** Aligning conversion criteria and protections with other local affordability programs - this streamlines decision making for policy options and reduces the burden of re-training staff. This can include:

- Applying inclusionary housing requirements to converted units, ensuring that converted housing contributes to the affordable housing supply.
- Requiring inspections and reporting on property conditions and correction of code violations.
- Requiring building modifications such as water or power efficiency upgrades as part of a real estate transfer.

### EARLY NOTICE AND/OR TENANT CONSENT:

Requiring that property owners give tenants additional early notice beyond the requirements of the Subdivision Map Act, including a statement of tenant rights, information on tenant purchase options and relocation assistance, and other support programs. This allows adequate time for tenants to explore

options and seek assistance. Partnerships with local community organizations can provide culturally competent outreach to tenants.

**RIGHT TO REMAIN/RETURN:** Establishing that existing tenants have the right to remain as a renter or to return and renew tenancy at the same rent amount following conversion and sale, if replacement rental housing is being provided.

**FIRST RIGHT TO PURCHASE (RIGHT OF FIRST REFUSAL):** Establishing that existing tenants have the right to purchase either a unit at the same price offered to the general public before the unit is listed publicly, or the right to buy the building if the property owner plans to sell it prior to conversion. Buildings may be purchased collectively by a group of residents, by a nonprofit organization or by the jurisdiction.

**JURISDICTION SUPPORT FOR RESIDENT PURCHASE:** Providing technical or financial support for tenants interested in purchasing the building from their landlord. This is often necessary to make the right to purchase a meaningful option. In some jurisdictions, nonprofit organizations can work with tenants to help them exercise their purchase rights. Jurisdictions can assist by providing match funds through a secured funding source, housing subsidy support, legal and technical assistance, training and information on local regulations, and connection to resources.

**RELOCATION ASSISTANCE:** Requiring property owners to provide relocation assistance for any tenants that are temporarily or permanently displaced due to conversion. Relocation assistance can include protections, financial support, financial compensation, and technical assistance. Relocation benefits can vary depending on household income and other factors. Special needs populations, such as seniors, people with disabilities or families with children, may need greater support. Jurisdictions should require property owners

to create Relocation Assistance Plans outlining tenant protections, benefits, and financial compensation for both temporarily and permanently displaced residents.

## Program Implementation, Administration and Enforcement

Community partners can reduce the burden on staff capacity and department budgets while improving program reach and accessibility. Organizations that assist tenants with purchasing their building can assist with program design, resource creation and outreach, especially to vulnerable populations.

Jurisdictions can ensure a robust outreach and education effort for both property owners and residents, providing clear information outlining local law, program requirements and support services. Information can be made accessible through city websites, template forms and both digital and paper materials in multiple languages.



**TOC Policy Requirements:** To comply with TOC policy, jurisdictions must adopt all of the following:

- **Required 1:1 replacement** of existing units with comparable rental units, when permitted by law. May allow or require replacement units be provided through payment of a fee sufficient to mitigate the loss of rental housing resulting from condo conversion. May allow the following exemptions to providing replacement units and/or paying the fee:
  - Conversions where at least 90% of condo units are purchased by current rental tenants.
  - Affordability restriction of 120% AMI or lower for all newly created condo units.
- **Provide existing tenants the first right to purchase** a unit at the same price offered to the general public consistent with the Subdivision Map Act.

- **Require applicants to produce a Tenant Relocation Assistance Plan** at the time of application for conversion that outlines tenant protections, benefits and required relocation payments for anyone temporarily or permanently displaced.

## Program Evaluation

In evaluating Condominium Conversion restrictions, jurisdictions can analyze whether residents experience increased housing stability, whether property owners understand how to partner with the city to protect the rights of residents, and whether residents understand opportunities for remaining in place, purchasing their unit or receiving relocation assistance.

## Complementary Policies

### TENANT OR COMMUNITY OPPORTUNITY PURCHASE ACT:

Gives tenants, community organizations and/or local governments the first right to purchase a multi-family property for sale under certain circumstances.

**TENANT RELOCATION ASSISTANCE:** Provides relocation assistance (financial and/or other services) to tenants displaced through redevelopment, rehabilitation, or unit conversion. Can be implemented jurisdiction-wide or for particularly vulnerable communities.

**LEGAL ASSISTANCE FOR TENANTS:** Ensures tenants have legal support to address displacement risks and advocate for their tenancy rights.

*This document is intended to provide general information and does not constitute legal advice. Additional facts, facts specific to a particular situation, or future developments may affect the subjects discussed in this document. Seek the advice of your jurisdiction's legal counsel before acting or relying upon this information. For specific questions regarding TOC compliance, please reach out to [TOCpolicy@bayareametro.gov](mailto:TOCpolicy@bayareametro.gov).*

## Other Resources

### EXAMPLES\*

[City of East Palo Alto - Condo Conversion Ordinance](#)

[City of Berkeley - Municipal Code Chapter 21.28](#)

[City of Berkeley - Residential Condominium Conversion Packet](#)

[City of Oakland - Just Cause for Eviction Ordinance](#)

[City of Oakland - Rent Adjustment Ordinance](#)

[City of Walnut Creek - Municipal Code](#)

### OTHER RESOURCES

[California Center for Cooperative Development](#)

[Northern California Land Trust](#)

[National Association of Housing Cooperatives](#)

[Report from Bakker, et.al., "Condominium Conversions: They're Back"](#)

[Local Housing Solutions - Demolition Taxes and Condominium Conversion Fees](#)

[Metropolitan Transportation Commission - Preservation Policy 4: Condo Conversion Restrictions](#)

*\*Note that examples have not been vetted for full TOC Compliance.*