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OFFICE OF THE CITY CLERK **Item # 28**
CITY OF BERKELEY
Summary of Revisions to Demolition Ordinance

The proposed Ordinance amends Berkeley Municipal Code Chapter 23C.08 to improve rules around demolition of residential units. Current regulations, initially adopted in 1984, make it nearly impossible to demolish a controlled rental unit. The Zoning Ordinance defines a "controlled rental unit" as a unit subject to the Rent Stabilization Ordinance.

Over the past eight years, numerous projects have been proposed, and some approved, which would demolish or eliminate controlled rental units. Many of these projects involved demolishing a lower density building to create more dwelling units. In a housing crisis, streamlining regulations to allow the construction of more housing is something the city should encourage. The City has permitted these projects but not without controversy and disagreement between the Planning Department and Rent Board over the interpretation of the Demolition Ordinance. The main obstacle to these projects was outdated language which made it prohibitive to approve these projects because required findings could not be made. In cases where compromises were reached, the letter of the law still made it impossible to approve a project.

The proposed Ordinance is a result of three years of discussion by the Council 4x4 Committee, the Rent Board, Planning Department, Planning Commission and City Attorney's office. It would update rules to allow demolition only if existing tenants are protected and the loss of housing affordability is mitigated. The ordinance strikes a balance between encouraging higher density housing, and protecting affordability.

Demolition Section (23C.08.020)

Mitigation Requirements

Buildings containing a single unit or built after 1980 would not be subject to the mitigation fee requirements, but must comply with the tenant protection and eviction conditions 23C.08.020.B, C, and D.

The Ordinance would allow demolition of buildings containing **two or more dwelling units constructed before 1980** (date in which Rent Ordinance took effect) subject to the following requirements:

Demolition is necessary to permit a project with at least the same number of dwelling units and subject to the following conditions:

1. Payment of a fee for each demolished unit to mitigate the loss of affordable housing in the City.

This ordinance does not set a fee level, but would allow Council by future resolution to establish an appropriate mitigation fee.

2. In lieu of paying the mitigation fee, an applicant can elect to provide a dedicated unit in the project at a below market rate rent.

This ordinance does not specify the level of affordability for the below market rate units, but allows Council to set the BMR level by future resolution.

Exceptions. These demolitions are exempt from paying an impact fee for each unit demolished.

- The building is hazardous or unusable and is infeasible to repair
- The building would be moved to a different location in the city with no loss in units or affordability
- The demolition is necessary to permit special needs housing facilities, such as child care centers or affordable housing developments

Eviction Restrictions

No application to demolish residential units would be permitted if an Ellis Act occurred within the preceding 5 years or there are cases of verified harassment or threatened or actual illegal eviction within the immediately preceding three years.

Tenant Protections

A building to be demolished would be subject to the following tenant protections:

Notice to tenants about the demolition application at the time of filing with the City

Assistance with moving expenses equivalent to the requirements of the Relocation Ordinance (BMC Chapter 13.84)

A rent differential for a comparable unit, until the new units are ready for occupancy

Displaced tenants have a right to occupy the below market rate units at a rent comparable to the rent paid prior to demolition. Once the displaced tenant moves out the BMR unit would be rented at whatever affordability level set by the City.

Elimination Section (23C.08.030)

The Ordinance would permit the elimination of a residential unit through combination with another dwelling unit for occupancy by a single household under the following conditions:

One of the units to be combined has been the owner's principal place of residence for no less than two years prior to the date of the application and none of the units to be combined are occupied by a tenant.

No elimination will be allowed if the units were removed under the Ellis Act within the preceding 5 years or there are verified cases of harassment or threatened or actual illegal eviction within the immediately preceding three years.

In the event the unit to be eliminated is not occupied the applicant for at least two years before the date of the application, the affected unit must be restored to separate status. This requirement will be implemented by a Condition of Approval and Notice of Limitation on the property requiring restoration of the separate unit or payment of a fee of \$75,000 to the Housing Trust Fund.

Measure Y protections would remain if elimination would reduce the number of units to less than five on a property.

Some eliminations would be exempt from the tenant protection requirements, such as applications which would bring the building closer to the original number of units at the time of construction.

REPEALING AND REENACTING BERKELEY MUNICIPAL CODE SECTIONS 23C.08.010, 23C.08.020 AND 23C.08.030, AND ADDING SECTION 23C.08.035 REGULATING DEMOLITION AND ELIMINATION OF DWELLING UNITS

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That Section 23C.08.010 of the Berkeley Municipal Code is repealed and reenacted to read as follows:

23C.08.010 Demolition or Elimination of Dwelling Units--General Requirement

A. No Dwelling Unit or units may be eliminated or demolished except as authorized by the provisions of this chapter.

B. The Board may approve a Use Permit for the elimination or demolition of dwelling units only if, in addition to any other findings required by this Ordinance, it finds that the elimination of the dwelling units would not be materially detrimental to the housing needs and public interest of the affected neighborhood and the City.

C. Demolition of buildings containing a single dwelling unit and buildings constructed after June 1980 shall not be subject to the findings set forth in Section 23C.08.020.A. but shall be subject to subdivisions B, C, and D of Section 23C.08.020.

Section 24. That Section 23C.08.020 of the Berkeley Municipal Code is repealed and reenacted to read as follows:

23C.08.020 Elimination of Dwelling Units through Demolition

A. The Board may approve a Use Permit to demolish a building constructed prior to June 1980 on a property containing two or more dwelling units if it makes the findings required by the foregoing section, and either:

- 1. The building containing the units is hazardous or unusable and is infeasible to repair; or
- 2. The building containing the units will be moved to a different location within the City of Berkeley with no net loss of units and no change in the affordability levels of the units; or

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3. The demolition is necessary to permit construction of special housing needs facilities such as, but not limited to, childcare centers and affordable housing developments that serve the greater good of the entire community; or

4. The demolition is necessary to permit construction approved pursuant to this Chapter of at least the same number of dwelling units.

When a project is approved under this paragraph, the project applicant shall be required to pay a fee for each unit demolished to mitigate the impact of the loss of affordable housing in the City of Berkeley. The amount of the fee shall be set by resolution of the City Council.

In the case of a unit with a tenant at the time of demolition, the provisions of Section 23C.08.020.C apply and the impact fee is due when that tenant vacates the unit.

In lieu of paying the impact fee, the project applicant may provide a designated unit in the new project at a below market rate to a qualifying household in perpetuity. The affordability level of the below market rent and the income level of the qualifying household shall be set by resolution of the City Council. The project applicant shall enter a regulatory agreement with the City of Berkeley to provide for the provision of any such in lieu units.

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B. Notwithstanding Subdivision (A), demolition will not be allowed if the building was removed from the rental market under the Ellis Act during the preceding five (5) years or there have been verified cases of harassment or threatened or actual illegal eviction during the immediately preceding three years.

Where allegations of harassment or threatened or actual illegal eviction are in dispute, either party may request a hearing before a Rent Board Hearing Examiner, who will provide an assessment of the evidence and all available documentation to the Zoning Adjustments Board, which shall determine whether harassment or threatened or actual illegal eviction occurred.

C. If the units in a building to be demolished under subdivision (A) are occupied, the following requirements shall apply.

1. Except as set forth in paragraph (2) below:

- a. The applicant shall provide all sitting tenants notice of the application to demolish the building no later than the date it is submitted to the City, including notice of their rights under Chapter 13.76.
 - b. The applicant shall provide assistance with moving expenses equivalent to those set forth in Chapter 13.84.
 - c. The applicant shall subsidize the rent differential for a comparable replacement unit, in the same neighborhood if feasible, until new units are ready for occupancy. Funding for the rent differential shall be guaranteed in a manner approved by the City.
2. An applicant under this Chapter who proposes to construct a 100% affordable housing project shall provide relocation benefits that conform to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended and the California Relocation Act (Government Code sections 7260 et seq.).
 3. Except as set forth in paragraph (4) below, sitting tenants who are displaced as a result of demolition shall be provided the right of refusal to move into the new building; and tenants of units that are demolished shall have the right of first refusal to rent new below-market rate units designated to replace the units that were demolished, at the rent that would have applied if they had remained in place, as long as their tenancy continues. Income restrictions shall not apply to displaced tenants.
 4. In cases where an applicant under this Chapter has constructed a 100% affordable housing project, sitting tenants who are displaced as a result of demolition and who desire to return to the newly constructed building will be granted a right of first refusal subject to their ability to meet income qualifications and other applicable eligibility requirements when the new units are ready for occupancy.
 5. The provisions of this section shall not apply to tenants who move in after the application for demolition is submitted to the City provided that the owner informs each prospective tenant about the proposed demolition and that demolition constitutes good cause for eviction.
- D. Notwithstanding anything in Title 23 to the contrary, but subject to any applicable requirements of the Landmarks Preservation Ordinance (BMC Chapter 3.24), accessory buildings of any size, including, but not limited to, garages, carports and sheds, but not including any structure containing a lawfully established dwelling unit, which serves and is located on the same lot as a lawful residential use, may be demolished by right.

Section 23. That Section 23C.08.030 of the Berkeley Municipal Code is repealed and reenacted to read as follows:

23C.08.030 Elimination of Dwelling Units and Accessory Dwelling Units through Conversion and Change of Use

A. The Board may approve a Use Permit for the elimination of a dwelling unit through combination with another dwelling unit for purposes of occupancy by a single household if it finds that:

1. The existing number of dwelling units exceeds the number permitted by the maximum residential density applicable to the District where the subject building is located; and
2. One of the affected dwelling units has been occupied by the applicant's household as its principal place of residence for no less than two years prior to the date of the application and none of the affected units is currently occupied by a tenant.

B. Notwithstanding Subdivision (A), demolition will not be allowed if the building was removed from the rental market under the Ellis Act during the preceding five (5) years or there have been verified cases of harassment or threatened or actual illegal eviction during the immediately preceding three years. Where allegations of harassment or threatened or actual illegal eviction are in dispute, either party may request a hearing before a Rent Board Hearing Examiner, who will provide an assessment of the evidence and all available documentation to the Zoning Officer or Zoning Adjustments Board, which shall determine whether harassment or threatened or actual illegal eviction occurred.

C. In the event a unit eliminated pursuant to subdivision (A) is not occupied by the applicant's household for at least two consecutive years from the date of elimination, the affected unit must be restored to separate status. This requirement shall be implemented by a condition of approval and a notice of limitation on the property, acceptable to the City, which provides that if the owner's household does not occupy the unit for at least two years from the date of elimination the affected units must either be restored as separate dwelling units and the vacant unit(s) offered for rent within six months or the owner must pay a fee of \$75,000 in 2013 dollars, adjusted in May of each year according to the Consumer Price Index for the San Francisco Bay Area, which shall be deposited into the City's Housing Trust Fund. The City may exempt an applicant from the two year residency requirement in the event of an unforeseeable life change that requires relocation.

D. In cases where elimination of a dwelling unit reduces the number of units in a building to four (4), the applicant shall record a notice of limitation against the subject property that the limitation on eviction of tenants under Section 13.76.130.A.9.i(iii) shall continue to apply until such time as the building is demolished or sufficient units are added or restored such that the building contains at least five (5) units.

E. Alternatively, the Zoning Officer may issue an AUP for a conversion which eliminates a dwelling unit if he/she finds that the conversion of the building will restore or brings the building closer to the original number of dwelling units that was present at the time it was first constructed, provided the conversion meets the requirements of A.2., B. C. and D. of this section.

F. The Board may approve a Use Permit for a change of use to a community care or a child care facility which eliminates a dwelling unit if it finds that such use is in conformance with the regulations of the District in which it is located.

G. The Board may approve a Use Permit for the elimination of a dwelling unit through combination with another dwelling unit for the purpose of providing private bathrooms, kitchenettes, accessibility upgrades, and/or seismic safety upgrades to Single-Residential Occupancy (SRO) Rooms in residential developments undergoing a publicly-funded rehabilitation. H. Notwithstanding the general Use Permit requirement under 23C.08.010, a lawfully established accessory dwelling unit that is not a controlled rental unit may be eliminated subject to the issuance of a Zoning Certificate when the re-conversion restores the original single family use of the main building or lot, provided that no tenant is evicted.

Section 34. That Section 23C.08.035 is added to the Berkeley Municipal Code to read as follows:

23C.08.035 Private Right of Action

Any affected tenant may bring a private action for injunctive and/or compensatory relief against any applicant and/or owner to prevent or remedy a violation of Sections 23C.08.020 or 23C.08.030. In any such action a prevailing plaintiff may recover reasonable attorney's fees.

Section 45. In adopting these amendments, it is the City Council's intention to permit demolition of existing dwelling units constructed prior to June 1980 only if the impacts of doing so are mitigated as set forth in this ordinance. Accordingly: (1) if any provision of this ordinance is determined to be invalid by a court of competent jurisdiction the entire ordinance shall be deemed automatically repealed, null and void and no force or effect; and (2) if a use permit or administrative use permit condition implementing any of the

mitigations required by this ordinance is determined to be invalid or unenforceable by a court of competent jurisdiction, then the entire use permit or administrative use permit which it conditions shall be deemed to automatically invalid as a consequence, and shall be null and void and of no further force or effect.

Section 56. Copies of this Ordinance shall be posted for two days prior to adoption in the glass case located near the walkway in front of Old City Hall, 2134 Martin Luther King Jr. Way. Within fifteen days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.