

Rent Stabilization Board

Date: October 12, 2007

To: Berkeley Rent Stabilization Board

From: Ad-Hoc Committee on Condominium Conversion

Subject: Proposed Changes to the Condominium Conversion Ordinance

Recommendation:

That the Rent Stabilization Board adopt the attached list of recommended conceptual revisions to the Condominium Conversion Ordinance to be forwarded to the Mayor and City Council for consideration at the November 6th Council workshop on the Condominium Conversion Ordinance.

Background:

In response to the *Tom v. San Francisco* decision in late 2004, which invalidated local restrictions on tenancy in common (TIC) projects, the City Council adopted amendments to the Condominium Conversion Ordinance in 2005. The purpose of these amendments was to provide an alternative to TIC conversion, which is not only a very risky form of home ownership but also creates incentives to evict tenants through the Ellis Act in order to sell a building as a TIC project. The other reason was to provide affordable home ownership opportunities while protecting sitting tenants.

The Rent Stabilization Board and the Housing Advisory Commission (HAC) provided recommendations to the City Council on additional amendments to the ordinance in the fall of 2005. Discussion of more substantive policy issues was continued to a future meeting so that the Council could hold a workshop to discuss the ordinance and specific policy issues. Since then both the HAC and Rent Board have proposed additional amendments, some of which were incorporated into the ordinance. Since the recent amendments, the Planning Department in cooperation with the Rent Board and Housing Department has been administering the ordinance.

Over the past six months, a condominium working group comprised of Planning Department, Housing Department, Legal and Rent Board staff have been meeting and discussing the ordinance's application as well as ways to clarify and improve it.

On October 2nd and October 10th the Board's Ad-Hoc Committee on Condominium Conversion met with the Board's Executive Director and City staff to receive updates on the Ordinance and its application as well as to give feedback and input into proposed changes to the Ordinance that will be presented to Council for a Work Session on November 6th and possible Council action to amend the Ordinance in December.

Attached is a very detailed background staff report presented to the HAC on October 4th. The following recommendations come from the Ad-Hoc Committee's discussions and meeting with staff at the October 2nd and October 10th meetings.

Recommendations

1) Integrating the selection process into the map application stage: City staff has raised the option of combining the Request For Selection phase with the Map Application phase. The rationale behind this is to help streamline the process for applicants without substantively reducing tenant protections as well as improve administration of the conversion process.

2) Revamping criteria for selection: Currently, priority consideration for conversion is given to properties with sitting tenants who have expressed an interest in purchasing their units, regardless of the number of units in the building. The committee recommends that the criteria for selection of eligible properties be split into two primary categories; those consisting of six (6) units or less and those that are seven (7) units or more. Properties consisting of six units or less would be considered on a simple "first come, first serve" basis with no consideration for priority given to properties in which tenant interest or intent to purchase has been made. Properties of seven units or more would continue to be evaluated for eligibility, twice a year, with priority given to properties with the largest number of sitting tenants who have expressed a verifiable interest and ability in buying their units. The higher the percentage of tenants interested and able to purchase their unit would increase the likelihood of selection. This concept is provided as an option by City staff and would, if approved, replace the current system of ranking wherein higher preference is given simply by a tenant filling out a form stating a desire to purchase, regardless of price or ability to purchase. The Committee believes that to be effective, this change should be done in conjunction with establishment of an inclusionary or first-time homebuyer program (see recommendation #9 below).

3) Increasing protections for tenants who currently occupy a rental unit in an "owner-occupied exempt duplex:" Tenants who reside in such exempt duplexes are at high risk from a constructive eviction via a large rent increase that would effectively force them to vacate and involuntarily surrender possession of their unit. Current ordinance language provides for protection from certain specific forms of constructive eviction but not the type as stated here.

It is recommended that the ordinance be amended to prohibit conversion applications for owner-occupied exempt duplexes that have had tenancies that have received at least a 10% increase in any given year, which resulted in the tenant involuntarily vacating their unit. This 10% increase resulting in the involuntary surrender of possession by the tenant would have to have occurred within two years of the application to convert. Should this event be shown to have occurred, then the applicant would not be able to proceed for five (5) years.

4) **Government Program/ Opt-out protection:** The Committee recommends adoption of new ordinance provisions that would either bar a condo-applicant from opting out of Section Eight after conversion or create additional rent protections for long-term tenants if the owner chooses to opt-out.

5) **The Committee also supports the following proposals to modify the Local Law Compliance stage:**

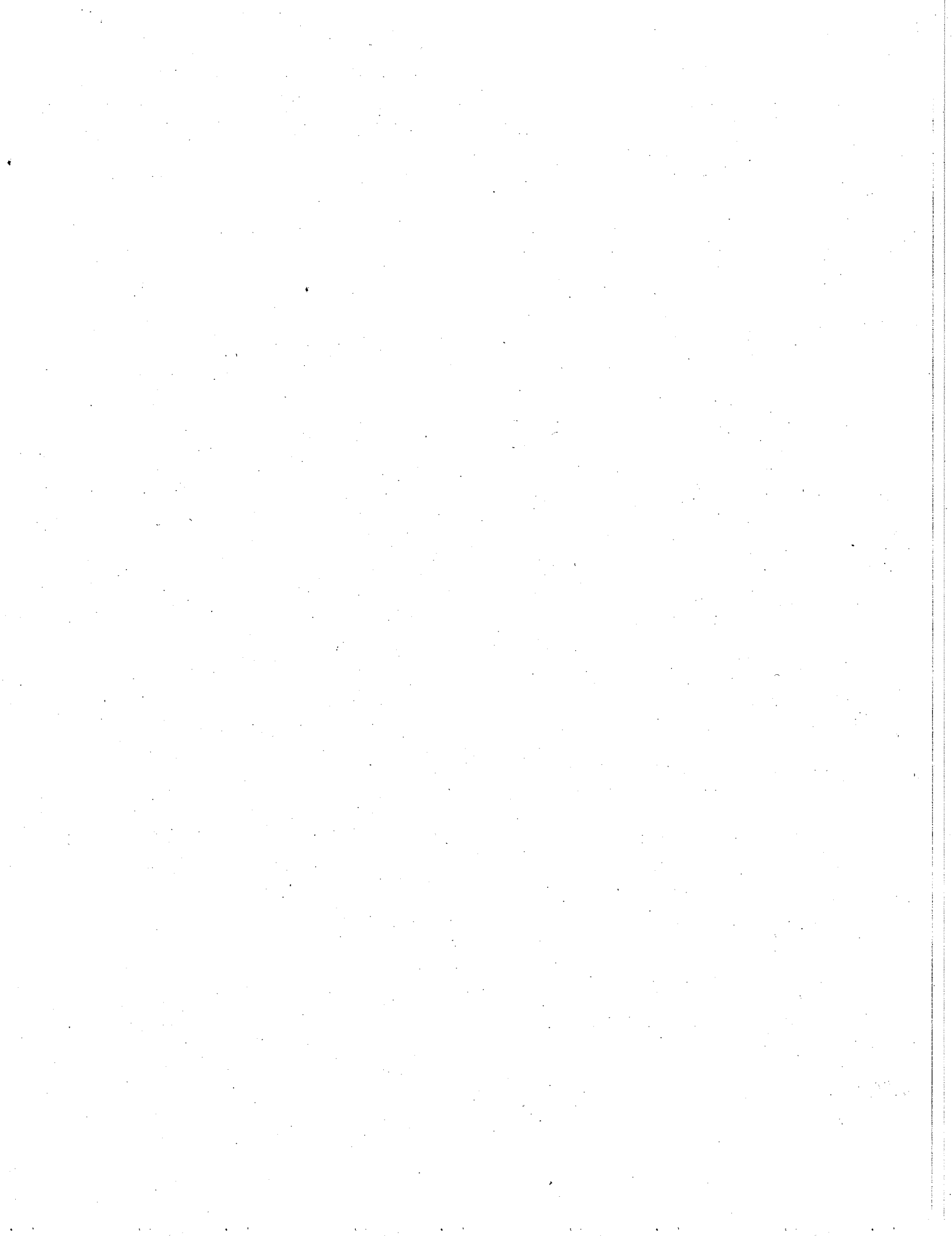
- Allow for tentative parcel maps to be issued administratively to provide more certainty in the process while ensuring that the applicant fulfill the conditions of local law compliance in order to receive final map approval.
- That the city provide a two-tiered option requiring applicants to go through the current Local Law Compliance process in which life-safety, minimum housing code violations and previously non-permitted work are required be corrected. Alternatively, applicants would be allowed the option of going through a life-safety inspection which would allow previously non-permitted work, which does not meet the life-safety threshold to be disclosed to potential buyers as part of a negotiation of sale.

6) **The Committee supports the suggestion of requiring that a certain portion of the mitigation fees go towards administration.** The staff report presented to the City Council at their September 20, 2005 meeting suggested that these fees be capped at 10% of the mitigation fee revenue. The Board supports that at least 5% be allowed for administration provided that it is to cover the cost of **additional** Housing department FTE hired to implement the condominium ordinance and/or additional affordable housing initiatives.

7) **The Committee supports the suggestion of requiring that yellow project signs** be posted on proposed condominium conversion projects to increase notification to tenants and the public.

8) **Revise the 10-year prohibition on converting after an owner occupancy eviction to apply only for evictions filed after 1/1/2005.** Prior to the changes adopted by Council in 2005, in response to the *Tom* case, the restriction on conversion after an owner occupancy eviction was five years. The purpose of this section is to remove the incentive to displace tenants via owner occupancy. Because there was effectively a ban on conversions prior to 2005, we believe that owners that evicted to occupy a unit, prior to 2005, did not do so with the intent of eventually converting to condominium. Therefore this restriction would not have affected their decision. To have the new 10-year restriction, designed to influence decision prospectively apply to cases retroactively, could be adversely impact property owners without protecting anyone. Such a situation serves no public policy purpose and should be revised.

9) **Develop language for an Inclusionary or First-time Homebuyers Program:** When the initial revision to the Condominium Conversion Ordinance was presented to Council over two years ago, it included an ambitious inclusionary component to provide serious incentives for owners to offer tenants (particularly low-income tenants) their units at affordable prices. Council expressed support for the concept but wished to study the details further before adopting any particular proposal. To date, nothing has been adopted. There are many possible options for how such a program could work and we recommend that Council revisit this issue as soon as possible, particularly if the other incentives for sale to tenants are weakened. Specifically, we request that on November 6th, Council direct staff to return with a proposal for the December meeting.





Housing Department
Office of the Director

MEMORANDUM

October 4, 2007

To: Housing Advisory Commission

From: Renelda Mary, Interim Housing Director *RM*

By: Tim Strohane, Senior Planner, PPMB Division *TS*

Subject: City Council Work Session: Revision of the Condominium Conversion Ordinance (BMC Chapter 21.28)

SUMMARY

This report summarizes current provisions of the City's Condominium Conversion Ordinance (Berkeley Municipal Code [BMC] Chapter 21.28), describes staff efforts to administer the Ordinance and the recurring challenges this involves, identifies options for improving Berkeley's condominium conversion process, and indicates areas where staff anticipates seeking policy direction from the City Council with respect to those options.

Attachments to this report provide background information on staff's concepts for revising the Ordinance (Attachment 1), a brief Ordinance history (Attachment 2), a brief review of home buyer assistance strategies (Attachment 3), and text of the current Ordinance (Attachment 4).

CURRENT SITUATION AND ITS EFFECTS

The Condominium Conversion Ordinance (CCO) has been amended nine times since June 2005 in an effort by the City of Berkeley to continue balancing the City's policy objectives to protect sitting tenants from loss of affordable rental housing resulting from ownership conversions, and to encourage condominium conversion as a more preferable and low-risk form of real property investment in ownership housing than tenancies in common (TICs).

The CCO calls for applicants to pay affordable housing mitigation fees to mitigate loss of comparatively affordable rental units resulting from conversion to condominiums. Since this is a disincentive to conversion to condominiums as opposed to TICs, the central strategy in Berkeley's CCO for inducing converters to choose condominiums over TICs is to offer mitigation fee reductions in return for protecting tenants (sitting

tenants as well as tenants newly renting units in the property prior to conversion and sale).

Fee revenues accrue to the City's Housing Trust Fund Program, where they are to be used to finance construction of permanently affordable rental housing in Berkeley. Prior to the recent spate of amendments (see Attachment 2), no mitigation fee revenue accrued to the Housing Trust Fund because there were no provisions allowing reduction in the mitigation established in 1992 and 1997, and the size of the fee discouraged condominium conversions. However, these local prohibitions on conversion to TICs were later invalidated by the *Tom*¹ decision.

Since the contemporary (post-*Tom*) CCO went into effect in June 2005, no mitigation fee revenue has yet accrued to the Housing Trust Fund. However, approximately 150 units are moving through the process at this time, with the first projects receiving approvals in September 2007. These conversions are expected to yield significant revenues once units begin selling.

Cumulatively, the recent amendments (see Table 2 in Attachment 2) created an incentive structure for potential converters that would set fees low enough to encourage them to choose to convert to condominiums rather than TICs, without sacrificing tenant protections in the CCO. In some cases, these ideas were joined in the form of fee reductions in return for certain tenant protections.

However, the piecemeal nature of these adjustments, especially when grafted onto a process that was not originally designed to facilitate conversion, have also made the CCO quite challenging for City departments to administer. Applicants seeking to convert have similarly found it difficult to interpret the CCO and plan their projects. In particular, the CCO's requirement for local law compliance has also caused delays to applicants.

The Housing Trust Fund Program has long been the CCO's vehicle for mitigating the loss of affordable rental housing in Berkeley (see Attachment 2). However, the Housing Department is constrained by limited funding sources for program delivery and monitoring functions, both of which are needed to ensure mitigation of condominium conversions is maximized over the long-term.

BACKGROUND

The CCO governs conversion of rental apartments and tenant-in-common (TIC) buildings, to condominiums, community apartments, and other types of mutual or cooperative housing. In Berkeley, this means assuring that newly created condominiums represent safe and decent housing, that the process of regulating their creation mitigates to the maximum extent feasible the loss of existing affordable rental housing conversion causes, while maximizing protection of existing tenants reducing their potential for unnecessary displacement. In narrower economic terms, the CCO

¹ *Tom v. City and County of San Francisco* (2004) 120 Cal.App.4th 674.

regulates production of a new commodity—a set of separately owned condominium units from previously unseparated (rental or TIC-owned) housing units contained in a single property. Purposes of the CCO include ensuring a reasonable balance in availability of rental and ownership housing in Berkeley, and an adequate supply of housing affordable to existing residents. The CCO also seeks to avoid displacement of and undue hardship to Berkeley residents who may otherwise be forced to leave due to a shortage of affordable housing. Finally, the CCO seeks to collect mitigation fee revenue from properties converting to condominium so that funds can be spent to create new or acquire existing permanently affordable rental housing elsewhere in Berkeley.

PROCESS FOR REVISING THE CCO

Council has sought a CCO work session with City staff for many months. It has been delayed to accommodate staffing workloads. The current schedule is as follows:

- October 4: Housing Advisory Commission (HAC) comment
- October 15: Rent Stabilization Board comment
- November 6: City Council Work Session
- December 4: City Council review of proposed Ordinance.

A meeting with property owner representatives will be held in early October, prior to the HAC meeting. A subcommittee of the Rent Board on condominium conversion will also be convened to address policy options for revising the Ordinance.

Preparation of this report and of CCO revisions has been and will be an interdepartmental effort among the Planning and Development Department, the Housing Department, the Rent Stabilization Board, and the City Attorney's Office.

Staff expects to gather comments and suggestions from the Board and Commissions and interested parties mentioned above for CCO revision to present to Council at its November 6, 2007 work session. Their comments will be summarized for Council as part of the Council report prepared in October for the November 6th meeting. Assuming the Council provides direction, staff hopes to return to Council in December with a revised CCO for adoption.

ORDINANCE ADMINISTRATION, CHALLENGES, AND OPTIONS

The City of Berkeley Planning and Development Department has the lead for administering the current Condominium Conversion Ordinance (CCO). The existing CCO creates four steps in the overall conversion process: 1) eligibility determination and request for selection; 2) local law compliance; 3) subdivision map application and processing; and 4) mitigation fee estimation.² Full text of the current CCO is found in Attachment 4.

² Readers should bear in mind two aspects of "eligibility" in Berkeley's CCO: eligibility for selection to be permitted to apply for conversion, and eligibility for fee exemptions or reductions. Eligibility for selection

Eligibility and Request for Selection

The CCO imposes a 100-unit per-year quota on conversions. Conversion applicants file a "request for selection" application to learn whether the City will allow them eventually to apply to convert their multi-family units to condominiums. To be eligible for selection among the 100 rental units permitted to convert each year, potential applicants:

- Must at no time within ten years of application to convert have filed a notice of intent to withdraw the accommodations from rent or lease under the City's Ellis Ordinance.
- Must at no time within ten years of application to convert have filed with the City of Berkeley to recover possession of a unit at the property to evict for purposes of demolition, owner-occupancy, or occupancy by the owner's relatives.
- May not have created a vacancy by terminating a tenancy through constructive evictions within five years prior to the time an application to convert is filed with the City.
- Must agree to pay at the time of sale of each unit an affordable housing mitigation fee to the City.
- Must provide a notice of tenants' rights regarding condominium conversion served on each tenant household at least 60, but not more than 120 days prior to the filing of the owner's request for selection.
- Must comply with all applicable laws of the City.
- Must demonstrate to the best of their ability that they qualify for a mitigation fee exemption or reduction if, as owners of converting properties, they hope to obtain affordable housing mitigation fee exemptions or fee reductions (discussed below).

One key purpose of these criteria is to create strong disincentives for owners of multi-unit properties to evict prior to filing condominium conversion applications. The disincentives are intended to protect sitting tenants from evictions or otherwise being forced out of their units in advance of conversion applications.

The Planning Department forwards the application to the Rent Stabilization Board to assist with determining whether a request for selection may go forward through the

hinges in part on the property's rental history as maintained by the Rent Stabilization Board (BMC Section 21.28.050). Eligibility for fee exemption or reduction hinges on the property's ownership history, and the ability of owner-occupants to demonstrate use of their units as their principal place of residence (or long-term Berkeley tenancy history) for purposes of claiming fee exemptions or reductions (BMC Section 21.28.065. The present discussion deals with the first type of "eligibility."

Board's research into property history for any eviction and other rent and eviction control-related history. Once the Rent Board has checked the property's history, the Board communicates its findings to the Planning Department, which uses the information to determine whether a property may be selected to convert.

There is currently no fee charged to applicants to request selection. If there are more than 100 eligible units for whom applicants request selection, Section 21.28.080 states the following priorities are to be used by the City to determine selection:

- Proposals with the highest percentage of proposed tenant-purchasers.
- Proposals with tenant purchasers who have lived in their unit for five years or more shall count as two tenant-purchasers for purposes of determining that percentage.
- All other factors being equal, applications filed first in time will be preferred.

At the selection stage applicants must declare whether tenants express interest in purchasing their unit, at what price the owner is offering the unit to the tenant, and whether they volunteer to limit rent increases on all of their units to 65 percent of the Bay Area CPI. This information is relevant to the fee estimation stage of the current CCO process, and to gauge tenants' interest in exercising their rights of first refusal in the event that priorities for selection of applicants must be set.

Requests for selection have been evaluated twice a year in groups of up to 50 units in each six month period. Most properties selected in the first two periods had at least one tenant expressing interest in buying their unit. Beginning in February 2007, the Planning Department reorganized this stage of the process so that requests for selection are now evaluated quarterly (up to 25 eligible units in the quota per quarter). Properties selected to be among the 100 unit annual quota will receive a "notice of selection" and may then request a notice of local law compliance prior to applying to convert to condominiums or cooperatives.³

Owner-applicants have a potential interest in stating a low sale price to limit the overall fee charged by the City and to make it more feasible for a tenant to purchase the unit. However, owners also have interests in having flexibility to offer the unit eventually for sale at a price the market will bear, thereby maximizing profits from the converted unit, even though it reduces the likelihood that tenants would be able to exercise their right of first refusal. Current City CCO noticing forms to tenants state that the tenant's right of first refusal is contingent upon:

- The City approving the owner's conversion application;
- The owners and tenant agreeing to terms of such a sale;
- The tenant obtaining financing to purchase the unit; and
- The tenant exercising their right within two (2) years of the City's final approval of the conversion of the property to condominiums.

³ Berkeley Municipal Code (BMC) § 21.28.090.B: See Attachments 1 and 3 to this report.

Challenges:

- **Length of the Process.** Early on, City staff improved the request for selection application form and the tenant notification and tenants' rights forms, and clarified what constitutes a completed application for purposes of meeting Subdivision Map Act deadlines. Even with these improvements, the process remains lengthy. In addition, the eligibility evaluation, which is partly based on statements of future intention that may not occur, creates additional opportunities for both staff and applicant errors, some of which are inevitable given reliance of the process on predicting future events. Errors that result may be difficult to correct months later after applicants and tenants relied on erroneous findings, and applicants may already have been found eligible to apply for conversion.
- **Heading to the Back of the Line.** Properties not selected are currently treated as new applications and compete each time they try for selection. Where no tenants indicate interest in purchasing their units, such applications may face potentially lengthy delays without assurance of being able to convert.
- **Uncompensated Staff Work.** Because no fees are charged to request selection of a conversion project, the request for selection stage results in extra staff work at the Rent Board and Planning and Development Department is not offset by application fees. One option, of course, would be to charge a fee on this step in the process.
- **Determining Exemption From the 100-Unit Quota.** The CCO allows certain projects to be exempt from the annual 100-unit quota. The following types of conversion projects are exempt from the quota:
 - Existing inclusionary units in properties developed under BMC Section 23C.12;
 - Two to four unit properties with owner-occupied units eligible for reduced mitigation fees capped at five (5) percent of the unit sale price;
 - Properties where the initial request for selection was made prior to June 16, 2005, and property would have been exempt from the affordable housing mitigation fee under the ordinance then in effect (this provision sunsets December 31, 2007);
 - Properties with buildings containing five or fewer units as of May 10, 2005 with owner-occupants which have used the unit as their principal place of residence since January 1, 1995 (this sunsets on December 31, 2007 or once 15 units are exempt under this provision, whichever comes first).

As mentioned previously, the request for selection stage requires a lot of staff time but does not contain a fee to offset staff labor costs. In addition to determining the eligibility of each project, staff must also use the above criteria to determine if a project is exempt from the quota (and, by necessary implication, from the mitigation fee). In almost all projects exempt from the quota, staff must determine whether there is an affordable housing mitigation fee involved, and whether it can be capped at five (5) percent of the unit sale price.

- **Can We Know Whether Tenants Who Express an Interest in Buying Their Units Really Will Do So?** Berkeley's CCO provides a right of first refusal for tenants to purchase their units and makes that right the object of application preferences under the 100-unit annual quota. Combined with the selection criterion of tenant purchases, the right of first refusal was intended to create an incentive for owners to be flexible in choosing the prices they choose to offer their sitting tenants. This incentive structure sometimes creates a dynamic in which applicants may pressure tenants to say they are interested in buying their unit, even if the tenants are not, so that the applicant's request for selection would receive a higher priority in the Planning Department's selection process. Consequently, staff cannot know whether the tenant intent to purchase is backed by the tenant's willingness to buy. In addition, even a truly willing tenant may not be able to make a purchase if they cannot arrange financing.

Options:

- **Consider Integrating Selection into the Map Application Stage.** At this time, the request for selection stage provides no clear benefit either to applicants or staff. Tenant protections, which the request for selection process is intended to provide, could be equally or better served by integrating them directly into the subdivision map application and approval process. This could also substantially reduce guesswork involved in an early selection process.
- **Consider First-Come, First-Served Application Process.** Explicitly stating that applicants would be treated on a first-come, first-served basis could reduce uncertainty and delay for applicants whose projects may indicate no tenants willing to purchase their units. This way, if they missed a quota in one year, they would go to the top of the next year's list to be processed as part of the next annual 100-unit quota, rather than possibly having to wait indefinitely.
- **Consider Splitting the Process of Selection.** Smaller rental properties are at greater risk of conversion at this time because of the potential absolute profits per unit (when compared with the per-unit profitability of converting to TICs). This is due to the higher value that condominium units that more closely resemble "single-family" amenities, design, and location in the market command over TIC units with similar features. Smaller properties, perhaps based on a 6- or 8-unit threshold, could be subject to more stringent requirements for selection, while properties with larger numbers of units could have somewhat more relaxed criteria of selection applied to them, based in part on the assumption that it is far harder to arrange TIC conversions in larger properties than in small.
- **Consider Expanding Eligibility Criteria.** Staff suggests adding to Section 21.28.050 a requirement that owner-occupied duplexes that are exempt from rent and eviction controls and should not have raised rent on a (market rate) tenant-occupied unit more than, say, 10 percent in any year of the preceding five (or some number of) years prior to filing to convert, followed by departure of the tenant receiving the rent increase. If it is found they have done so (involving Rent

Board verification), to be eligible to convert they would have to wait a specified number of years before filing to convert the property to condominium.

- **Should the City Intervene to Make Tenants' Exercise of Their Right of First Refusal Easier?** The City's current regulatory strategy for condominium purchases by sitting tenants of converting properties is to require converters to offer their tenants a right of first refusal to purchase their units. Two alternative approaches for such an objective:
 - A *regulatory program* (e.g., an inclusionary approach⁴ which designates units within a condominium subdivision) in lieu of mitigation fees; or
 - A *financial assistance program* (e.g., designating a portion of the affordable housing mitigation fee revenue to a first-time home buyer assistance program).

It must be stressed that both types of programs have limitations, and these program concepts are described in more depth in Attachment 3 to this report.

Local Law Compliance

The next step in applying for the condominium conversion is for the applicant to obtain a Notice of Local Law Compliance (NLLC) from the City. This notice is intended to "state whether the property complies with the requirements of this ordinance and whether all units and any building additions or modifications were legally constructed with the permits required at the time of construction and will state what, if anything, must be corrected in order to bring the property into compliance."⁵ The NLLC is intended to guide placement of conditions on approval of any conversion (that is, the subdivision map for the property). The fee for obtaining the NLLC is currently set at \$1,799.

Previously un-permitted work may include:

- Kitchen and bathroom remodels. Such remodels not benefiting from formal code inspections may have hidden electrical problems and improperly installed gas lines. Such problems are typically invisible and to ensure work was properly done, walls must be opened for inspection. Either problem can create fire hazards;
- New stairs lacking handrails, improper landings, or having incorrect rise/run dimensions that could lead to trip-and-fall accidents;

⁴ Among the questions a regulatory approach would raise include: What changes should be made to the CCO, if any, to address whether the prices converting owners would charge sitting tenants for their units should be affordable to the tenants? For example, should the City consider requiring converters to designate "inclusionary" units in their properties for purposes of encouraging low-income tenants to purchase their units? If so, should those inclusionary units be exempted from the affordable housing mitigation fee? What threshold property size should be the basis for such a policy? What thresholds and procedures should be identified for means-testing tenants who wish to buy an inclusionary unit? What overall percentage of units in a threshold property be required as inclusionary?

⁵ BMC § 21.28.090.C.

- o Removal of load-bearing walls, potentially creating a collapse or seismic safety hazard; and (not least)
- o Creation of illegal units.

The local law compliance inspection process may reveal such problems as well as require the property owner to correct these and other conditions. The inspection process places the City in the position of having an ethical obligation to avoid turning a blind eye to work that was done without permits. If the work was done improperly, then public health and safety may be compromised as a result. City inspection for local law compliance helps to implement this ethical obligation, to avoid rewarding people whose properties are not in compliance, and to ensure that newly converted condominium units entering Berkeley's real estate market are safe, decent, and habitable.

Since TICs became unregulated, this requirement is seen by some applicants as impeding condominium conversion in Berkeley. Under the clear terms of the CCO, Building and Safety Division inspectors must identify health and safety concerns, as well as determine if there is previously un-permitted work. Owners must correct all building code violations (including non-permitted work). Because so many owners in Berkeley have done non-permitted work, the inspections often lead to a requirement for significant repair work prior to issuance of the City's NLLC, resulting in delays and unplanned expenses even before re-inspection can occur. Property owners may not have funds immediately available to address the initial inspection findings, leading to further delay.

Many NLLC applicants are unfamiliar with permit application procedures, practices, and requirements triggered by this step in the condominium conversion process. This step in the process may be done as a condition of approval, since the challenge for applicants is the time and financing involved. Having a tentative map approval step may facilitate applicants' attempts to secure financing to carry out needed improvements.

Property owners, consultants, and Planning and Development Department staff have discussed local law compliance issues and other options available to protect health and safety while allowing projects to proceed more expeditiously. Building and Safety Division staff has developed application checklists to guide LLC applicants, many of whom have not had to prepare building permit applications before and who may be unfamiliar with permit application procedures, practices, and requirements.

Challenges:

- **Local Law Compliance Can Be Lengthy and Uncertain.** Inspectors finding previously un-permitted work have required owners to complete significant repair work prior to issuance of the City's Notice of Local Law Compliance, resulting in substantial delays and unplanned expenses even before re-inspection can occur. Property owners may not have funds immediately available to address the initial LLC inspection findings, further compounding delay.