

Condo Conversions and Legal Pitfalls
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There is no question that with the upward trend in real estate prices, condominium conversions are at an all time high. However, with the increased number of conversions, there has been a rise in the amount of litigation and pending litigation surrounding the conversions. The vast majority of these cases deal with lack of proper notice to the existing tenants who reside in the units.

When considering whether to convert property into condominiums, it is easy to get caught up in the Department of Real Estate and City Planning Department requirements. However, failure to properly notice the tenants could end up costing thousands of dollars and cause delays in the conversion process.

The notice requirements for the tenants apply whether the conversion deals with 4 or less units, or 5 or more units. The notice requirements are stated in Government Code Section 66427.1. Each tenant must be given notice of the proposed conversion at least 60 days before a tentative map, or a map waiver is filed. Additionally, each tenant must be given notice of intent to convert at least 180 days before termination of tenancy. This notice does not require a tenancy termination date on it, but it may if the owner chooses. The tenant may be given the 60 day notice and the 180 day notice at the same time. Some California cities have more restrictive rules than the state rules. San Diego, for example, mandates that language be added in the notice that the tenants may have to vacate the units.

Additionally, tenants must be given notice within 10 days of approval of a parcel map, final map, or certificate of compliance. Each tenant must also be given a minimum of 90 days notice, wherein they have the exclusive right to purchase their unit at the same or more favorable terms than those that will be given to the public. Finally, tenants must also be given the same notices that any other tenant is given to vacate the premises. If the tenant has lived on the premises less than one year, they must be given 30 days notice. If the tenant has lived on the premises one year or longer, they must be given no less than 60 days notice.

It is important to check each city's Municipal Code in order to determine the specific rules and regulations for condominium conversions. The newest trend is to give tenants relocation expenses. For instance, San Diego and Oceanside mandate that at least three months of rent be given to the tenant to help them find alternate housing. Some California cities are also considering a moratorium on condominium conversions. The regulations change with frequency, so it is important to keep up with the current laws.

This article is informational only and should not be used as legal advice. Before acting be sure to receive legal advice from an attorney. If you have any questions regarding the contents of this article or would like additional information, please call Kristin Connor at 1-800-574-558 or visit their web site at www.kts-law.com.