



# The Condo Conversion Craze: What Can be Done about the Loss of Rental Housing in Florida?

**A**n all too familiar sight in Florida: a thirty year old rental development providing housing for lower income families is converted to a condominium, displacing virtually all its residents, as they are financial unable to become homeowners. According the Florida Housing Finance Corporation, in 2005 alone, the state Department of Business and Professional Regulation approved the conversion of 26,717 rental units to condominiums (see sidebar on county by county breakdown). Some of the rental units that have converted to condominiums were formerly rent restricted affordable units with use agreements that had expired; others were market rate units that were providing lower-income residents with rental housing at the lower end of the market.

The November 30, 2005, *Slatkin Report* states that “Last year’s busiest city [nationally], Miami, which saw \$1.7 billion in condo-conversion sales (11,524 units), dropped 29 percent to 8th place with \$1.2 billion for 8,693 units. The rest of Florida is making up for it, though: Broward County, Orlando, and Tampa are second, third and fourth this year,

with Tampa activity rising a dramatic 483 percent. Adding Jacksonville, Palm Beach and Southwest Florida gives the state seven of the top 20 markets nationwide.”

### The number of units approved for conversion in Florida by county:

<b>Dade</b>	<b>5,887</b>	<b>Lee</b>	<b>496</b>
<b>Broward</b>	<b>5,208</b>	<b>Duval</b>	<b>476</b>
<b>Orange</b>	<b>3,773</b>	<b>Brevard</b>	<b>422</b>
<b>Palm Beach</b>	<b>2,840</b>	<b>St. Lucie</b>	<b>380</b>
<b>Hillsborough</b>	<b>1,500</b>	<b>Leon</b>	<b>214</b>
<b>Pinellas</b>	<b>1,216</b>	<b>Flagler</b>	<b>178</b>
<b>Manatee</b>	<b>832</b>	<b>Seminole</b>	<b>160</b>
<b>Osceola</b>	<b>822</b>	<b>Alachua</b>	<b>132</b>
<b>Volusia</b>	<b>774</b>	<b>Monroe</b>	<b>52</b>
<b>Sarasota</b>	<b>713</b>	<b>St. Johns</b>	<b>13</b>
<b>Martin</b>	<b>621</b>	<b>Charlotte</b>	<b>8</b>



# Measures Used to Prevent or Offset the Loss from Condo Conversions

*What some communities throughout the nation are doing to stop, slow down, or mitigate the effects of condo conversions.*

BY NINA DASTUR

**S**ome jurisdictions, such as San Francisco, have adopted ordinances to severely limit the number of conversions permitted each year and/or require that a percentage of units remain affordable to low- and moderate-income residents, often in perpetuity. These conditions may be required under an existing inclusionary zoning policy or as a precondition to approval of the conversion.

Condo Conversion Fees are not common, but are collected in:

Berkeley, CA  
 Santa Monica, CA  
 East Palo Alto, CA  
 Montgomery County, MD  
 Washington, DC

In jurisdictions where conversion is permitted and strengthening the conversion ordinance is unlikely, it makes sense for advocates to seek the imposition of a conversion fee dedicated to affordable housing. This would generate some value from the conversion and mitigate its effect on the availability of affordable housing. The use of condominium conversion fees to generate

significant revenue for housing trust funds only makes sense in hot markets where conversions are financially desirable to property owners.

In jurisdictions without existing conversion ordinances, advocates should assess the value of preserving affordable housing by preventing conversions and consider the extent to which a preemptive conversion ordinance would be politically feasible.

## KEY ELEMENTS OF STRONG CONDOMINIUM CONVERSION ORDINANCES

Ordinances regulating condominium conversion that seek to preserve affordable housing include some or all of the following elements:

1. Stringent eligibility threshold requirements or triggers, including:

- a. Limiting projects that can be converted according to size (# of units)
- b. Imposing a cap on the number of conversions permitted in a given time period
- c. Permitting conversion only when the rental vacancy rate is below an established level
- d. Requiring building inspection and compliance with building and housing codes, as well as existing zoning requirements
- e. Requiring submission of reports of tenant history and repair history
- f. Establishment of a homeowner's reserve fund

2. Tenant safeguards, including:

- a. Adequate advance notice of the conversion
- b. Tenant approval of the conversion
- c. First right to purchase, perhaps at a discounted price or with financial assistance from the jurisdiction
- d. Protection from eviction and rent increases, including long-term protection and right to remain for certain populations (typically the elderly and disabled)
- e. Relocation assistance, financial and otherwise

3. Affordable housing set-asides, typically on-site

4. One-for-one replacement of any affordable units lost as a result of the conversion

5. Providing discretion to the government agency that has authority to approve conversions to consider the impact of the conversion on the availability of housing affordable to low- and moderate-income residents 

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