

UC Berkeley

IURD Working Paper Series

Title

TENANT DISPLACEMENT EXPERIENCE IN CONDOMINIUM CONVERSION

Permalink

<https://escholarship.org/uc/item/55b2p2hh>

Journal

Institute of Urban and Regional Development

Authors

Gellen, Martin

Hanson, Marilee

Publication Date

1983-06-01

TENANT DISPLACEMENT EXPERIENCE
IN CONDOMINIUM CONVERSION

Martin Gellen and Marilee Hanson

Working Paper No. 409

June 1983

Institute of Urban and Regional Development
University of California, Berkeley

TENANT DISPLACEMENT EXPERIENCE IN CONDOMINIUM CONVERSION

by Martin Gellen* and Marilee Hanson**

INTRODUCTION

Approximately 83,715 units were converted to condominiums in California between January 1975 and June 1982. The primary impact of conversions is on people who rent or buy the units that are converted. The displacement of tenants who cannot or do not want to buy their units is one of the main reasons condominium conversions are contested at the local level. Responses by local government to the problem have been varied. Some have adopted condominium conversion ordinances with provisions for tenant notifications periods longer than those required by state law, relocation payments by developers, and the allocation of some units for low- and moderate-income households. Displacement is also the reason some jurisdictions such as San Francisco ban or limit the number of units that can be converted in any year.

This study examines the impacts of condominium conversions on a sample of tenants in the Los Angeles and Bay Areas. The study was part of a displacement project funded by the HUD 701 Program and administered by the Governor's Office of Planning and Research (OPR). The survey was

*Department of City and Regional Planning, University of California.

**Governor's Office of Planning and Research.

conducted by Berkeley Planning Associates.

The study focuses on the experiences of people who were displaced by condominium conversions from 1976 to 1981. The first section describes the methodology. Characteristics of those displaced will be presented in Section II. These include income, rent levels, household type, and their age.

Section III describes and analyzes how the displacement experience affected different types of tenants. The following aspects of the displacement experience were analyzed:

- ϕ Reasons why people moved.
- ϕ Search difficulty.
- ϕ Moving costs.
- ϕ Percentage change in housing costs.
- ϕ Change in size, maintenance, quality, and security of housing.
- ϕ Relative change in welfare.

Section IV analyzes the change in housing consumption of tenants by income type and household group.

Our major findings are as follows:

- ϕ Most of the units converted were high-rent top-quality apartments.

- Displaced renters were primarily individuals or couples without children. Thirteen percent were seniors.
- In the Los Angeles area, slightly less than half of the respondents had incomes below \$20,000. One-third could be classified as low- and moderate-income households.
- 83% of the Bay Area and 93% of the Los Angeles area respondents were opposed to the conversion of their buildings.
- Approximately half the all-adult households were provided with relocation assistance by the converter, but only 33% of the elderly and 30% of the single-parent households were given any relocation funds. One-third of those receiving relocation assistance considered it inadequate.
- Only 20% of the respondents ended up buying alternative housing instead of renting.
- About three-fifths of the respondents could not afford to buy, but probably wanted to.
- Higher-income households generally obtained better replacement housing in terms of physical space, quality of the structure, or neighborhood.
- Forty-two percent of households with incomes between \$10,000 and \$15,000 experienced a reduction in the size of their units. By contrast, only 9.4% of households with incomes in excess of \$30,000 did so.

- About 80% of the respondents experienced some degree of increase in their housing costs. The median percentage change was 27.4% for the Bay Area and 31.9% for the Los Angeles area.
- Approximately 17.2% of the respondents in the Los Angeles area and 17.8% of those in the Bay Area experienced nominal decreases in their monthly housing expenditures. In some instances, these people found smaller units; in other cases respondents had given up having their own unit and had doubled up.
- In general, households which were able to purchase dwellings when moving were more satisfied with their units than those who continued renting.
- Lower-income households suffered a loss of welfare. Housing expenditures after conversion increased less for them than for higher-income households; but they were also consuming considerably less housing in real terms after conversion than higher-income households.

I. METHODOLOGY

During the Fall of 1980, a survey was conducted of displaced persons living in the Los Angeles and Bay Areas whose apartments had been converted to condominiums between January 1978 and January 1981. The addresses of converted buildings were located in the State Department of Real Estate's (DRE) records of buildings that had received "White Reports" during that period of time. Upon compliance with all DRE

regulations, the Department issues the public report called the "White Report." The report entitles the developer to sell the particular unit and must be delivered to and acknowledged by the buyer prior to the sale of the unit. The "White Report" is usually one of the final bureaucratic hurdles for the developer must jump prior to the conversion, and is released before the units are officially offered for sale.

Names of tenants that lived in these buildings prior to conversion, and sometimes their forwarding addresses, were collected from applications for conversion which had been completed by owners or developers of conversion properties and filed with the various city planning departments in the San Francisco Bay Area and the Los Angeles Area planning departments. Some tenants with no forwarding addresses on file were located through phone directories and the post office.

There were 1,763 names collected in the Bay Area and 1,775 names collected in the Los Angeles area. Six hundred seven (35%) of the persons listed in the Bay Area files and 438 (25%) of the persons listed in the Los Angeles area files were found. Not all persons located met the criteria for being interviewed, or were willing to be interviewed. Ultimately 216 people were interviewed in the Bay Area, and 172 in the Los Angeles area. Exhibit A shows the verification process used to select respondents. Exhibit B shows the jurisdictions where respondents' pre-conversion units were located. The following chart details the responses to all contacts in each region.

	LOS ANGELES AREA	BAY AREA
Interviewed	172	216
Had not yet moved	29	99
Bought unit	72	79
Refused to be interviewed	54	25
Had moved for other reasons	72	60
Conversion had not happened yet	32	43
Exempted from conversion	0	61
Requested a letter be sent	7	14
Total number of residents located	438	607

II. THE DISPLACED

Household Types and Incomes

The respondents were primarily moderate- and middle-income households; the vast majority were adults without children--either singles or couples. Only 15% of the households had children.

As Table 1 indicates, relatively few of the respondents had very low incomes (less than \$10,000). While the Los Angeles area sample contained slightly more middle-income households than are found in the metropolitan population there, and the Bay Area sample fewer, both contained proportionately more low- and moderate-income households (\$10,000

Table 1

Household Income by Region

<u>Income Ranges</u>	<u>Los Angeles</u>		<u>Bay Area</u>	
	<u>Population</u> %	<u>Sample</u> %	<u>Population</u> %	<u>Sample</u> %
Less than \$5,000	12.1	3.3	11.5	2.1
\$5,000-10,000	15.1	7.8	13.5	7.2
\$10,000-15,000	14.8	20.0	13.1	21.6
\$15,000-20,000	13.0	16.7	12.5	20.6
\$20,000-30,000	45.0	25.6	49.4	30.9
\$30,000 +	100.0	26.7	100.0	17.5
TOTAL	100.0	100.0	100.0	100.0
Median Income	\$17,826	\$21,720	\$24,679	\$19,650
Number of cases	--	(152)	--	(212)
Missing values	--	(17)	--	(7)

Source: 1980 Census of Population and Housing; Condominium Displacement Survey.

to \$20,000) than is characteristic of the population at large.

The vast majority of the respondents--81.5%--were primary individuals or couples without children (see Tables 2A and 2B). Households consisting of senior citizens represented only about 13% of the sample. This distribution of household types tends to be out of line with the distribution for renter households in general. The reason for this can be traced to the fact that condominium conversions occur most frequently in the luxury and high-rent sections of the apartment stock, which cater primarily to affluent adults without children. Single-parent households, because they generally have below-average incomes and usually cannot afford to rent these types of apartments, comprise only 5% of the respondents; statewide, they represent 20% of all renter households.

Rent Distribution

In Table 3 we compare the rent distribution of the preconversion units occupied by the respondents to the rent distribution for all renter households in each of the two Standard Metropolitan Statistical Areas (SMSAs) in which the buildings were located. In the Los Angeles area, 87% of the preconversion units occupied by the respondents had monthly rents in excess of the SMSA median of \$280. The sample median, by contrast, was \$375. In the Bay Area, there were also fewer low-rent units than is typical of the state as a whole, but high-rent units were also proportionately less. Most of the units were in the middle range--between \$250 and \$300. The median monthly rent for our sample was \$300 compared to \$292 for the entire population.

Table 2A

Household Size by Composition

Household Size	<u>% TOTAL</u>	<u>Composition</u>			
		<u>% Seniors Only</u>	<u>% Single Parent w/Kids</u>	<u>% Two Parents w/Kids</u>	<u>% Adults Only Non-Senior</u>
1	43.1	67.3	0.0	0.0	47.7
2	42.8	32.7	65.0	0.0	48.7
3+	14.1	0.0	35.0	100.0	3.6
TOTAL	100.0	100.0	100.0	100.0	100.0
No. Cases	383	49	20	37	277
% Total Cases	100.0	12.8	5.2	9.7	72.3

Source: Condominium Displacement Survey.

Table 2B

Household Size by Age of Head

Household Size	<u>% Sample</u>	<u>Age</u>			
		<u>% 18-29 Yrs.</u>	<u>% 30-44 Yrs.</u>	<u>% 45-64 Yrs.</u>	<u>% 65+ Yrs.</u>
1	43.3	34.0	43.7	40.1	55.0
2	42.8	53.8	34.1	42.7	41.7
3+	13.9	12.3	22.2	11.2	3.3
TOTAL	100.00	100.0	100.0	100.0	100.0
Number of Cases	(381)	(106)	(126)	(89)	(60)

Source: Condominium Displacement Survey.

Table 3

Rent Distributions by Region

<u>Rent Amount</u>	<u>Los Angeles Area</u>			
	<u>Population</u>	<u>Sample</u>	<u>Population</u>	<u>Sample</u>
	%	%	%	%
Less than \$100	2.2	0.6	3.5	0.0
\$100-149	6.5	0.0	5.4	0.0
\$150-199	13.0	2.4	10.0	1.0
\$200-249	17.2	1.2	16.7	13.7
\$250-299	14.2	23.3	13.7	28.8
\$350-399	9.4	19.7	10.3	17.1
\$400-459	10.9	29.2	13.1	5.2
\$500+	7.7	14.8	9.2	2.9
Median	\$280	\$375	\$292	\$300

Source: 1980 Census of Population and Housing--Provisional Estimates of Social, Economic, and Housing Characteristics, States and Selected Metropolitan Statistical Areas; Condominium Displacement Survey.

Amenities

The units in the Los Angeles area had higher monthly rents because they were in buildings that also provided more amenities and services. Table 4 displays the characteristics of the units in both samples. Eighty-five percent of the units in the Los Angeles were in buildings with swimming pools; in the Bay Area, only 76% had pools. Sixty-five percent of the Los Angeles renters enjoyed security systems--while only 46% of the Bay Area renters did so. The Los Angeles area sample also tended to have slightly fewer one- and two-bedroom units and more three-bedroom ones.

Table 5 shows that between 75% and 81% of the respondents whose annual household incomes were less than \$20,000 indicated that they had enjoyed a swimming pool in the pre-conversion unit; half had also lived in buildings with other recreational amenities. More than half had also had a security system in their pre-conversion dwellings.

III. THE DISPLACEMENT EXPERIENCE

This section discusses reasons why respondents did not buy their units and examines their experiences in seeking alternative accommodations. The panels in Table 6 summarize the displacement experience for the different types of households in our sample. The panels in Table 7 present response to the same questions, broken out by income class.

Table 4

Characteristics of the
Pre-Conversion Dwellings

A. Dwelling Unit Sizes		
<u>Sizes</u>	<u>Los Angeles Area</u> ⁸	<u>Bay Area</u> ⁸
Studio	2	2
1 Bedroom	43	44
2 Bedrooms	47	49
3 Bedrooms	8	5
4+ Bedrooms	0	1
	100.0%	100.0%
Number of cases	169	219
B. Amenities of Dwelling Units		
<u>Amenities</u>	<u>Los Angeles Area</u> ⁸	<u>Bay Area</u> ⁸
Parking Space	98	98
Laundry Room	99	97
Pool	85	76
Security System	65	48
Hot Tub, Jacuzzi, Gym, or Tennis Courts	57	53
Number of cases	169	219

Source: Condominium Displacement Survey

Table 5

Type of Amenity by Income

<u>Amenity</u>	<u>Income</u>			
	<u>%</u> <u>Less Than</u> <u>\$10,000</u>	<u>%</u> <u>\$10,000-</u> <u>15,000</u>	<u>%</u> <u>\$15,000-</u> <u>20,000</u>	<u>%</u> <u>\$20,000+</u>
Swimming Pool	75.7%	78.9%	81.2%	81.3%
Security System	64.9	56.6	58.0	53.8
Hot Tub, Tennis, or Other Amenity	45.9	52.6	58.8	57.4

Source: Condominium Displacement Survey

Table 6

Relocation Experience by Household Type

A. Length of Tenure

<u>Length of Tenure</u>	<u>% Sample</u>	<u>Household Type</u>			
		<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>
Less than 1 year	16.8	41.	25.0	24.3	17.4
1-2 years	25.7	12.2	25.0	29.7	25.0
2-4 years	31.7	32.7	40.0	32.4	30.8
4+ years	24.9	51.0	10.0	13.5	22.8
TOTAL	100.0	100.0	100.0	100.0	100.0
Number of Cases	(382)	(49)	(20)	(37)	(276)

B. Interested in Buying

<u>Interested in Buying</u>	<u>% Sample</u>	<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>
Yes	37.7	22.9	45.0	50.0	38.1
No	62.3	77.1	55.0	50.0	61.9
TOTAL	100.0	100.0	100.0	100.0	100.0
Number of Cases	(377)	(48)	(20)	(36)	(273)

Table 6, Continued
Relocation Experience by Household Type

C. How Long to Find New Place?

<u>Household Type</u>						
<u>How Long to Find New Place?</u>	<u>% Sample</u>	<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>	
Less than 1 month	24.1	25.6	10.0	22.2	32.1	
1-2 months	20.2	16.3	30.0	13.9	21.0	
3+ months	50.7	58.1	60.0	63.9	46.9	
TOTAL	100.0	100.0	100.0	100.0	100.0	
Number of Cases	(361)	(43)	(20)	(36)	(262)	

D. Distance from First Apartment

<u>Household Type</u>						
<u>Distance From First Apartment</u>	<u>% Sample</u>	<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>	
0-1 miles	28.1	44.4	25.0	27.0	25.7	
2-5 miles	36.1	37.8	60.0	37.8	33.8	
6-10 miles	19.5	8.9	10.0	21.6	21.7	
11+	16.3	8.9	5.0	13.5	13.6	
TOTAL	100.0	100.0	100.0	100.0	100.0	
Number of Cases	(374)	(45)	(20)	(37)	(272)	

Table 6, Continued

Relocation Experience by Household Type

E. Moving Cost

<u>Moving Cost</u>	<u>% Sample</u>	<u>Household Type</u>			
		<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>
\$0-100	25.2	2.1	44.4	22.2	28.5
\$101-200	14.8	14.6	22.2	22.2	17.5
\$201-400	26.8	45.8	16.7	19.4	25.1
\$401+	30.1	37.5	16.7	36.1	28.9
TOTAL	100.0	100.0	100.0	100.0	100.0
Number of Cases	(365)	(48)	(18)	(36)	(263)

F. Relocation Assistance Provided by Developer

		<u>Household Type</u>			
<u>Did Developer Provide Relocation Assistance?</u>	<u>% Sample</u>	<u>% Seniors Only</u>	<u>% Single-Parent + Kids</u>	<u>% Two-Parent + Kids</u>	<u>% Adults Only Non-Seniors</u>
Yes	42.9	32.7	30.0	24.3	40.2
No	57.1	67.3	70.0	70.0	51.8
TOTAL	100.0	100.0	100.0	100.0	100.0
Number of Cases	(380)	(49)	(20)	(37)	(274)

Table 6, Continued

Relocation Experience by Household Type

G. Times Moved Since Conversion

<u>Times Moved</u> <u>Since Conversion</u>	<u>Household Type</u>				
	<u>% Sample</u>	<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>
Once	81.1	91.7	63.2	70.3	61.9
More than Once	18.9	5.6	36.8	29.7	18.1
TOTAL	100.0	100.0	100.0	100.0	100.0
Number of Cases	(380)	(18)	(19)	(37)	(76)

H. How Long Would Have Stayed

<u>How Long Would</u> <u>Have Stayed</u>	<u>Household Type</u>				
	<u>% Sample</u>	<u>% Seniors Only</u>	<u>% Single Parents + Kids</u>	<u>% Two Parents + Kids</u>	<u>% Adults Only Non-Seniors</u>
0-2 Years	24.2	6.7	28.6	32.1	26.4
3-10 Years	13.1	2.2	28.6	17.9	13.7
Would not have moved	62.7	91.1	42.5	50.6	59.9
TOTAL	100.0	100.0	100.0	100.0	100.0
Number of Cases	(314)	(45)	(14)	(28)	(227)

Source: Condominium Displacement Survey

Table 7

Relocation Experience by Income

A. How Long Lived There?

How Long Lived There?	% Sample	<u>Income</u>				
		% Less Than \$10,000	% \$10,000- 15,000	% \$15,000- 20,000	% \$20,000- 30,000	% \$30,000+
Less Than 1 Year	17.0	16.2	27.6	14.5	14.6	12.7
1-2 Years	27.2	16.2	19.7	26.1	35.0	32.9
2-4 Years	31.3	37.8	27.6	33.3	34.0	26.6
4+ Years	24.5	29.7	25.0	26.1	18.4	27.8
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases	(364)	(37)	(76)	(69)	(103)	(79)

B. Interested in Buying?

Interested in Buying?	% Sample	<u>Income</u>				
		% Less Than \$10,000	% \$10,000- 15,000	% \$15,000- 20,000	% \$20,000- 30,000	% \$30,000+
Yes	38.2	22.2	41.3	47.1	36.2	34.6
No	61.8	77.8	58.7	52.9	61.8	65.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases	(359)	(36)	(75)	(68)	(102)	(78)

Table 7, Continued
Relocation Experience by Income

C. How Long to Find Place?

	<u>Income</u>					
<u>How Long to Find Place?</u>	<u>% Sample</u>	<u>% Less Than \$10,000</u>	<u>% \$10,000-15,000</u>	<u>% \$15,000-20,000</u>	<u>% \$20,000-30,000</u>	<u>% \$30,000+</u>
Less Than 1 Month	29.6	20.0	23.3	35.3	35.6	26.0
1-2 Months	19.7	13.3	19.2	22.1	22.8	16.4
3+ Months	50.7	66.7	57.5	42.6	41.6	57.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases	(345)	(30)	(73)	(68)	(101)	(73)

D. How Far From First Apartment?

	<u>Income</u>					
<u>How Far From First Apartment?</u>	<u>% Sample</u>	<u>% Less Than \$10,000</u>	<u>% \$10,000-15,000</u>	<u>% \$15,000-20,000</u>	<u>% \$20,000-30,000</u>	<u>% \$30,000+</u>
0-1 Miles	27.7	22.9	28.4	24.6	26.2	34.2
2-5 Miles	37.0	31.4	41.9	44.9	36.9	27.6
6-10 Miles	19.3	25.7	16.2	11.6	26.2	17.1
11+ Miles	16.0	20.0	13.5	18.8	10.7	21.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases	(357)	(35)	(74)	(69)	(103)	(76)

Table 7, Continued
Relocation Experience by Income

E. Moving Costs							
		<u>Income</u>					
<u>Moving Costs</u>	<u>% Sample</u>	<u>% Less Than \$10,000</u>	<u>% \$10,000- 15,000</u>	<u>% \$15,000- 20,000</u>	<u>% \$20,000- 30,000</u>	<u>% \$30,000+</u>	
\$0-100	25.4	17.6	32.9	20.6	30.0	20.0	
\$101-200	18.0	29.4	11.0	20.6	22.0	12.0	
\$201-400	26.9	29.4	30.1	30.9	16.0	30.7	
\$401+	29.7	23.5	26.0	27.9	30.0	37.3	
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	
Number of Cases	(350)	(34)	(73)	(68)	(199)	(75)	

F. Relocation Assistance

		<u>Income</u>					
		<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
<u>Relocation Assistance</u>	<u>% Sample</u>	<u>Less Than \$10,000</u>	<u>\$10,000-15,000</u>	<u>\$15,000-20,000</u>	<u>\$20,000-30,000</u>	<u>\$30,000+</u>	
Yes	43.6	56.8	44.0	39.7	47.6	35.4	
No	56.4	43.2	56.0	60.3	52.4	64.6	
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	
Number of Cases	(362)	(37)	(75)	(68)	(103)	(79)	

Table 7, Continued
Relocation Experience by Income

G. How Many Times Moved?

	<u>How Many Times Moved?</u>	<u>% Sample</u>	<u>Income</u>				
			<u>% Less Than \$10,000</u>	<u>% \$10,000- 15,000</u>	<u>% \$15,000- 20,000</u>	<u>% \$20,000- 30,000</u>	<u>% \$30,000+</u>
Once		80.7	81.1	74.7	76.5	81.7	88.6
More Than Once		19.3	18.9	25.3	23.5	18.3	11.4
TOTAL		100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases		(363)	(37)	(75)	(68)	(104)	(79)

H. How Long Would Have Stayed If No Conversion?

	<u>How Long Would Have Stayed If No Conversion?</u>	<u>% Sample</u>	<u>Income</u>				
			<u>% Less Than \$10,000</u>	<u>% \$10,000- 15,000</u>	<u>% \$15,000- 20,000</u>	<u>% \$20,000- 30,000</u>	<u>% \$30,000+</u>
0-2 Years		24.0	17.2	20.9	20.0	21.0	38.1
3-10 Years		13.0	6.9	14.9	16.7	16.0	6.3
Would Never Move		63.0	75.9	64.2	63.3	63.0	55.6
TOTAL		100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases		(300)	(29)	(67)	(60)	(81)	(63)

Source: Condominium Displacement Survey

Opposition to Conversion and Tenure

Approximately 83% of the Bay Area and 93% of the Los Angeles area respondents were opposed to the conversion of their buildings. Those who were not had planned to move prior to the announcement of the conversion.

Senior citizens had lived in their pre-conversion apartments considerably longer than other households. Fifty-one of the seniors had occupied their units for four years or more; this was more than twice the proportion for the other households.

Fewer seniors were interested in buying their units--only 22.9% compared to 45% for single-parent and 50% for two-parent households. Moreover, 91% of the seniors indicated that they would never have moved if it hadn't been for the conversion; between 43% and 60% of the other households indicated that they also had had no intention of moving before the conversion was announced.

At first glance, these two responses seem to contradict one another. Only 25% of the sample had occupied their units for four years or more, but 62.7% of the total sample indicated they would never have moved if their building had not been converted. Table 8 shows that the longer a respondent had occupied a unit, the more likely that he/she would never have moved if there had been no conversion. This suggests that many of those who made this response considered their pre-conversion units a permanent home. While opposition to the conversion and resentment against the landlord for it may have biased the response to this question concerning expectations of length of tenure in the

Table 8

Length of Tenure by Expected Tenure

<u>Length of Tenure in Unit</u>					
<u>How Long Would Have Stayed</u>	<u>% Sample</u>	<u>% Less Than 1 Year</u>	<u>% 1-2 Years</u>	<u>% 2-4 Years</u>	<u>% 4 Years</u>
0-2 Years	24.0	29.2	39.5	23.3	7.1
3-10 Years	12.9	14.6	7.4	15.5	14.1
wouldn't have moved	63.1	56.3	53.1	61.2	78.8
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Number of Cases	(317)	(48)	(81)	(103)	85)

Source: Condominium Displacement Survey

pre-conversion units, other evidence suggests that this bias is probably negligible.

First, 72.2% of heads of household in the sample were 30 years or older, and 46.0% were 40 years or older. Although renters are more mobile than owners, residential mobility in general tends to decline with age, with 20- to 30-year-olds exhibiting the highest rate, and those 40 years and older the lowest.

At the same time, it should be remembered that rental units that are converted to condominiums are generally top quality modern apartments and in many cases luxury buildings with special amenities and recreation facilities. For most renters, these apartments represent the best units available anywhere in the market; further improvement in housing consumption is only possible at this level, if at all, by moving up to owner-occupied dwellings.

While there length of tenure did not vary with household income, 75% of very low-income households (\$10,000) indicated that they would never have moved as compared to about 60% of all households with annual incomes of \$20,000 and above. There was also no systematic relationship between income and interest in buying, although moderate-income households (\$10,000-\$20,000) exhibited a somewhat greater interest in buying their units than those with incomes about \$20,000 and those with incomes below \$10,000.

Why Tenants Did Not Buy

The panels in Table 9 allow us to examine some of the reasons why the respondents did not buy their units. While 62.5% said they were not interested in buying, only 7.4% specifically indicated that they had no desire to own, and another 11.3% that they did not care for the apartment. This suggests that close to three-fifths of the respondents who said they were not interested in buying may have nevertheless aspired to ownership in general but believed that they could not afford their own unit or that it was priced beyond their means. Additional support for this inference comes from panels B and C of Table 9, which show that approximately 21% of those who were interested, as well as those who were not, ended up buying a home when they sought alternative accommodations. Moreover, slightly more than half of both the interested and the uninterested respondents had formerly owned their own homes. That only 20% of the respondents indicated they were definitely interested in owning provides additional evidence to support the inference that at least half, if not more, of these displaced households simply could not afford to own, whether it be their pre-conversion apartments or other owner-occupied dwellings; and about another 20% did not have any desire to own regardless of affordability. Table 10 suggests that the ability to purchase rises with tenant income. Note that the percentage of those households citing affordability as the reason for not buying decreases as income rises.

Table 9

Interest in Buying Converted Unit

A. Reason for Not Buying

<u>Reason for Not Buying</u> <u>Converted Unit</u>	<u>% Sample</u>	<u>Interested in Buying</u> <u>Converted Unit?</u>	
		<u>% Yes</u>	<u>% No</u>
Unaffordable	40.9	54.9	32.5
Overpriced	28.2	22.5	31.6
Don't want to own	7.4	1.4	11.0
Don't care for apt.	11.3	4.9	15.2
Other	12.1	16.2	9.7
TOTAL	100.0	100.0	100.0
Number of Cases	(379)	(142)	(237)
% of Cases	100.0	37.5	62.5

B. Ever owned Home Before?

<u>Ever Owned Home Before?</u>	<u>% Sample</u>	<u>Interested in Buying</u> <u>Converted Unit?</u>	
		<u>% Yes</u>	<u>% No</u>
Yes	55.0	52.8	56.3
No	45.0	47.2	43.7
TOTAL	100.00	100.00	100.00
Number of Cases	(382)	(144)	(238)
% of Cases	100.0	35.0	65.0

Table 9, Continued
Interest in Buying Converted Unit

C. Renting or Buying Present Dwelling?

<u>Renting or Buying Present Dwelling?</u>	<u>% Sample</u>	<u>Interested in Buying Converted Unit?</u>	
		<u>% Yes</u>	<u>% No</u>
Renting	79.3	79.0	79.0
Own	20.7	20.1	21.0
TOTAL	100.0	100.0	100.0
Number of Cases	(382)	(144)	(238)
% of Cases	100.0	35.0	65.0

Source: Condominium Displacement Survey

Table 10
Reasons for Not Buying
Converted Unit by Income

Reason for Not Buying	% Sample	<u>Income</u>				
		% Less Than 10,000	% \$10,000- 15,000	% \$15,000- 20,000	% \$20,000- 30,000	% \$30,000+
Not Affordable	40.8	62.2	49.3	48.5	36.5	21.5
Overpriced	27.8	16.2	21.3	23.5	30.8	39.2
Don't Want to Own	7.2	5.4	14.7	2.9	5.8	6.2
Don't Care for Apartment	11.0	5.4	6.7	5.9	18.3	12.7
Other	13.2	10.8	8.0	19.1	8.7	20.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Number of Cases	(363)	(37)	(75)	(68)	(104)	(79)

Source: Condominium Displacement Survey

Notice and Search Time

Only two-thirds of the respondents could recall how much time they were given by the developer to find a new unit. Of these, 55.4% reported they were given less than the statutorily required 120 days to decide to purchase or move. Table 11 displays a breakdown of the time given by region. A much higher proportion of respondents in Southern California (66.1%) reported being given less than 120 days, while only 46% of the Bay Area respondents reported the same information.

Actual search time is highly correlated with time given the renter by the landlord or converted. Those who took three months or more to find another dwelling did so because of the long notice period they were given.

Relocation Assistance

While close to half of the all-adult households were provided with relocation assistance by the converter, only 33% of the elderly, 30% of the single-parent, and 24% of the two-parent households were offered any relocation assistance. There also appears to be no relationship between household income and the provision of relocation assistance. Fifty-seven percent of very low-income households were offered assistance, compared to only 44% of low-income and 40% of moderate-income households. On the other hand, 48% of those households with annual income between \$20,000 and \$30,000 were offered some form of relocation assistance. The lack of any apparent consistency between need for assistance and the provision of it by converters may be explained by the wide variation in municipal conversion regulations. Moreover, of those

Table 11

Notice and Search Time by Region

A. Time Given Tenant to Vacate

<u>Time Given to Vacate</u>	<u>Los Angeles Area % Sample</u>	<u>Bay Area % Sample</u>	<u>Total % Sample</u>
1 month	11.5		13.5
2 months	24.0	9.2	15.0
3 months	34.6	27.7	
Total % of sample	66.1		46.0
4-5 months	20.2	23.6	
6+ months	9.6	21.0	
Total % of sample	33.9		54.0
TOTAL	100.0	100.0	100.0
Number of Cases	(104)	(163)	(267)

B. Actual Search Time

<u>Search Time</u>	<u>Los Angeles Area No. Cases % Sample</u>	<u>Bay Area No. Cases % Sample</u>
Less Than 1 Month	8	61
1-2 Months	15	46
2-3 Months	14	39
3-5 Months	86	46
6+ Months	32	15
TOTAL	155	207
		100.0

Source: Condominium Displacement Survey

displacees given relocation assistance, one-third claimed it was inadequate.

Distance Moved

Seniors tended to find replacement housing within close proximity to their original neighborhood. Two-adult households, both those with and those without children, tended to move farther away, six miles or more from the location of their pre-conversion unit; by contrast, only 18% of the seniors and 15% of the single parents moved this far away. Many of those who moved farther away purchased their replacement unit.

Moving Costs

Out-of-pocket moving costs tended to rise with income. Presumably low- and moderate-income households moved themselves or obtained aid from friends and relatives in order to minimize out-of-pocket costs. Seniors in general tended to spend more than any other group. While 66% of single parents, 44% of two-parent households, and 46% of all-adult households spent \$200 or less on moving, only 16.6% of the seniors did.

IV. CHANGE IN WELFARE

Change in Monthly Housing Costs

About 80% of the respondents experienced some degree of increase in their housing costs. The median percent age change was 27.4% for the Bay Area and 31.9% for the Los Angeles area (Table 12). The mean values are considerably higher because they reflect the large increases in

Table 12

Percentage Change in Monthly Housing Costs

A. Bay Area

<u>Percentage Change in Housing Costs</u>	<u>Number of Cases</u>	<u>Number of Respondents</u>
-30 or greater	5	2.3%
-30 to -20	9	4.1
-20 to -10	10	4.6
-10 to -1	15	6.8
1 to 10	21	9.6
10 to 20	28	12.8
20 to 30	31	14.2
30 to 60	41	18.7
60 to 100	30	13.7
100+	29	13.2
TOTAL	219	100.0%

Median +27.4%

Mean +41.9

Table 12, Continued

Percentage Change in Monthly Housing Costs

B. Los Angeles Area

<u>Percentage Change</u> <u>in Housing</u> <u>Costs</u>	<u>Number of</u> <u>Cases</u>	<u>Number of</u> <u>Respondents</u>
-30 to -20	7	4.1%
-20 to -10	5	3.0
-10 to -1	17	10.1
0 to 10	20	11.8
10 to 20	14	8.3
20 to 30	15	8.9
30 to 60	40	23.7
60 to 100	29	17.2
100+	22	13.0
TOTAL	169	100.0%

Median +31.9%

Mean \$43.4%

Source: Condominium Displacement Survey

monthly housing expenditures borne by those who purchased their replacement units.

Approximately 17.2% of the respondents in the Los Angeles area and 17.8% of those in the Bay Area experienced nominal decreases in their monthly housing expenditures. About two-thirds of these persons found smaller units; others gave up their own separate unit and doubled up with others.

Change in Welfare by Income Group

It would be a mistake, however, to measure the change in the economic welfare of those households that have been displaced by condominium conversion simply by calculating the percentage change in housing costs. What we observe as housing costs, i.e., monthly gross rent, represents total expenditure and not the price of housing.

$$R = P_h Q_h$$

where

R = gross monthly rent

P_h = the price per unit of housing service

Q_h = the quantity of housing services

The actual price per unit of housing services is never observed directly, but must be imputed. We can measure whether the effective cost of housing has indeed risen over time if we adjust observed housing expenditure for the actual quantity and quality of services consumed. This is tantamount to creating a price index.

While average monthly housing expenditure of displacees rose by 42.6% for the total sample (see Tables 13 and 14), many displacees also increased the level of their housing consumption in terms of physical space or the quality of the structure or neighborhood location. Before we examine which displacees ended up paying relatively more for housing after conversion, let us first examine in what ways their housing consumption changed.

In general, higher-income households tended to find replacement dwellings that were larger, more attractive in physical appearance, and better maintained than those found by low- to moderate-income households. In Table 13 we have broken out changes in the quality of four different structure attributes by income class.

Forty-two percent of households with annual incomes between \$10,000 and \$15,000 experienced a reduction in the size of their units; by contrast, only 9.4% of households with incomes in excess of \$30,000 did so. Those with incomes below \$10,000 per year fared better than one might have expected. Measurement error may be the reason, especially in the case of seniors, where income as measured by the survey may not include transfer payments and interest on savings.

In terms of neighborhood attributes, high-income households also did somewhat better than low-income households. Fewer high-income households felt that the quality of adjacent buildings was worse in their new neighborhood and more also believed that they now had better neighbors.

Table 13

Change in Structure Attributes by Income of Displacees

A. Change in Size

Change in Size	Income									
	Less Than \$10,000		\$10,000- \$15,000		\$15,000- \$20,000		\$20,000- \$25,000		\$25,000- \$30,000	
	No. Cases	%	No. Cases	%	No. Cases	%	No. Cases	%	No. Cases	%
Better	15	45.5	19	39.6	32	47.1	64	66.7	84	71.8
Same	8	24.2	9	18.8	16	23.5	13	13.5	22	18.8
Worse	10	30.3	20	41.7	20	29.4	19	19.8	11	9.4
TOTAL	33	100.0	48	100.0	68	100.0	96	110.0	117	110.0

B. Change in Appearance

Change in Appearance	Income									
	Less Than \$10,000		\$10,000- \$15,000		\$15,000- \$20,000		\$20,000- \$25,000		\$25,000- \$30,000	
	No. Cases	%	No. Cases	%	No. Cases	%	No. Cases	%	No. Cases	%
Better	18	56.3	16	32.7	22	32.4	50	52.6	66	57.9
Same	5	15.6	14	28.6	25	36.8	24	25.3	31	27.2
Worse	9	28.1	19	38.8	21	30.9	21	22.1	17	14.9
TOTAL	32	100.0	49	100.0	68	100.0	95	100.0	114	110.0

Table 13, Continued

Change in Structure Attributes by Income of Displacees

C. Change in Maintenance

<u>Change in Maintenance</u>	<u>Income</u>									
	<u>Less Than \$10,000</u>		<u>\$10,000- \$15,000</u>		<u>\$15,000- \$20,000</u>		<u>\$20,000- \$25,000</u>		<u>\$30,000</u>	
	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	10	30.3	15	30.0	20	30.3	32	34.4	56	50.5
Same	13	39.4	20	40.	27	40.9	34	36.6	34	30.6
Worse	10	30.3	15	30.0	19	28.8	27	29.0	21	18.9
TOTAL	33	100.0	50	100.0	66	100.0	93	100.0	111	100.0

D. Change in Security

<u>Change in Security</u>	<u>Income</u>									
	<u>Less Than \$10,000</u>		<u>\$10,000- \$20,000</u>		<u>\$20,000- \$30,000</u>		<u>\$30,000- \$40,000</u>		<u>\$40,000-</u>	
	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	3	9.4	19	38.0	16	23.9	25	26.3	36	32.1
Same	19	59.4	16	32.0	32	47.8	44	46.3	45	40.2
Worse	10	31.3	15	30.0	19	28.4	26	27.4	31	27.7
TOTAL	32	100.0	50	100.0	67	100.0	95	100.0	112	100.0

Source: Condominium Displacement Survey

Table 14

Change in Neighborhood Attributes by Income of Displacees

A. Change in Quality of Other Buildings

<u>Change in Quality of Other Buildings</u>	<u>Income</u>									
	<u>Less Than \$10,000</u>		<u>\$10,000- \$15,000</u>		<u>\$15,000- \$20,000</u>		<u>\$20,000- \$25,000</u>		<u>\$30,000</u>	
	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	12	36.4	22	44.0	29	42.6	34	36.2	35	30.7
Same	15	45.5	20	40.0	29	42.6	43	45.7	50	43.9
Worse	6	18.2	8	16.0	10	14.7	17	18.1	29	25.4
TOTAL	33	100.0	50	100.0	68	100.0	94	100.0	114	100.0

B. Change in Quality of Neighbors

<u>Change in Quality of Neighbors</u>	<u>Income</u>									
	<u>Less Than \$10,000</u>		<u>\$10,000- \$15,000</u>		<u>\$15,000- \$20,000</u>		<u>\$20,000- \$25,000</u>		<u>\$30,000</u>	
	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	5	16.1	13	28.3	15	25.4	30	34.1	21	19.8
Same	13	41.9	22	47.8	21	36.2	26	29.5	42	39.6
Worse	13	41.9	11	23.9	22	37.9	32	36.4	43	40.6
TOTAL	31	100.0	46	100.0	58	100.0	88	100.0	106	100.0

Table 14, Continued

Change in Neighborhood Attributes by Income of Displacees

C. Change in Safety

		<u>Income</u>							
		<u>Less Than</u> <u>\$10,000</u>	<u>\$10,000-</u> <u>\$15,000</u>	<u>\$15,000-</u> <u>\$20,000</u>	<u>\$20,000-</u> <u>\$20,000</u>	<u>\$20,000-</u> <u>\$30,000</u>	<u>\$30,000</u>		
<u>Change in</u> <u>Safety</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>
Better	2	6.3	10	20.4	15	22	22.7	23.2	22
Same	17	53.1	23	46.9	27	40.9	36	37.9	66
Worse	13	40.6	16	32.7	24	36.4	37	38.9	38
TOTAL	32	100.0	49	100.0	66	100.0	95	100.0	126

D. Change in Convenience

	<u>Income</u>									
	<u>Less Than</u> <u>\$10,000</u>		<u>\$10,000-</u> <u>\$15,000</u>		<u>\$15,000-</u> <u>\$20,000</u>		<u>\$20,000-</u> <u>\$20,000</u>		<u>\$20,000-</u> <u>\$30,000</u>	
<u>Change in</u> <u>Convenience</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>	<u>No.</u> <u>Cases</u>	<u>%</u>
Better	6	27.3	3	8.3	6	8.8	16	18.0	15	13.3
Same	8	36.4	11	30.6	39	57.4	43	48.3	60	53.1
Worse	8	36.4	22	61.1	23	33.8	30	33.7	388	33.6
TOTAL	22	100.0	36	100.0	68	100.0	89	100.0	133	100.0

Source: Condominium Displacement Survey

Change in Overall Housing Consumption by household type

As for household type (see Table 15), two-parent households and the adults-only group were able to obtain larger dwelling units after moving than seniors and single parents. Much of this difference is accounted for by the greater propensity of households in the former categories to buy their replacement units. On the other hand, more seniors and single parents than two-parent households and the adults-only group found that their new dwellings were better maintained. Seniors, however, were more likely to end up with smaller units than any of the other household types.

Single-parent households appear to have fared worse in terms of the neighborhood of their new units (see Table 16). Over half indicated that the surrounding buildings were less attractive than those adjacent to their converted unit, and 39% also expressed dissatisfaction with their new neighbors. In addition, more than a third of senior-citizen and adult-only households found their new neighborhoods less convenient, and similar proportions expressed dissatisfaction with the safety of their new neighborhoods.

In general, households that were able to purchase dwellings when moving were more satisfied with their units than those who continued renting (see Table 17). Although 78.8% of buyers got larger units than their previous ones, only 53.5% of renters did so. More buyers than continuing renters also indicated that the appearance, maintenance, and security of their replacement units represented an improvement over their former dwellings. More buyers than continuing renters also believed that they had better neighbors in their new locations.

Table 15

Change in Structure Attributes
by Household Type

A. Change in Size of Unit

	<u>Household Type</u>							
	<u>Seniors</u>	<u>Single Parents</u>	<u>Two Parents</u>	<u>Adults Only</u>				
<u>Change in Size of Unit</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	23	48.9	11	57.9	24	64.9	167	60.3
Same	9	19.1	6	31.6	7	18.9	48	17.3
Worse	15	31.9	2	10.5	6	16.2	62	22.4
TOTAL	47	100.0	19	100.0	37	100.0	277	100.0

B. Change in Appearance of Building

	<u>Household Type</u>							
	<u>Seniors</u>	<u>Single Parents</u>	<u>Two Parents</u>	<u>Adults Only</u>				
<u>Change in Appearance of Building</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	24	50.0	10	52.6	24	64.9	122	44.5
Same	17	35.4	4	21.1	6	16.2	79	28.8
Worse	7	14.6	5	26.3	7	18.9	73	26.6
TOTAL	48	100.0	19	100.0	37	100.0	274	100.0

Table 15, Continued
Change in Structure Attributes
by Household Type

C. Change in Maintenance

	<u>Household Type</u>							
	<u>Seniors</u>		<u>Single Parents</u>		<u>Two Parents</u>		<u>Adults Only</u>	
<u>Change in Maintenance</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	24	51.1	8	44.4	13	36.1	94	34.9
Same	13	27.7	6	33.3	13	36.1	103	37.9
Worse	10	21.3	4	22.2	10	27.8	74	27.2
TOTAL	47	100.0	18	100.0	36	100.0	272	100.0

D. Change in Security

	<u>Household Type</u>							
	<u>Seniors</u>		<u>Single Parents</u>		<u>Two Parents</u>		<u>Adults Only</u>	
<u>Change in Security</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	15	32.6	5	25.0	14	40.0	72	26.5
Same	21	45.7	11	55.0	12	34.3	119	43.8
Worse	10	21.7	4	20.0	9	25.7	81	29.8
TOTAL	46	100.0	20	100.0	35	100.0	272	100.0

Table 15, Continued
Change in Structure Attributes
by Household Type

C. Change in Maintenance

	<u>Household Type</u>							
	<u>Seniors</u>	<u>Single Parents</u>	<u>Two Parents</u>	<u>Adults Only</u>				
<u>Change in Maintenance</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	24	51.1	8	44.4	13	36.1	94	34.9
Same	13	27.7	6	33.3	13	36.1	103	37.9
Worse	10	21.3	4	22.2	10	27.8	74	27.2
TOTAL	47	100.0	18	100.0	36	100.0	272	100.0

D. Change in Security

	<u>Household Type</u>							
	<u>Seniors</u>	<u>Single Parents</u>	<u>Two Parents</u>	<u>Adults Only</u>				
<u>Change in Security</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	15	32.6	5	25.0	14	40.0	72	26.5
Same	21	45.7	11	55.0	12	34.3	119	43.8
Worse	10	21.7	4	20.0	9	25.7	81	29.8
TOTAL	46	100.0	20	100.0	35	100.0	272	100.0

Source: Condominium Displacement Display

Table 16
Change in Neighborhood Attributes
by Household Type

A. Change in Quality of Other Buildings

<u>Change in Quality of Other Buildings</u>	<u>Household Type</u>							
	<u>Seniors</u>		<u>Single Parents</u>		<u>Two Parents</u>		<u>Adults Only</u>	
	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	112	21.2	1	5.3	10	28.6	54	19.5
Same	28	53.8	7	36.6	14	40.0	117	42.2
Worse	13	25.0	11	57.9	11	31.4	106	38.3
TOTAL	52	100.0	19	100.0	35	100.0	277	100.0

B. Change in Quality of Neighbors

<u>Change in Quality of Neighbors</u>	<u>Household Type</u>							
	<u>Seniors</u>		<u>Single Parents</u>		<u>Two Parents</u>		<u>Adults Only</u>	
	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	13	29.5	6	33.3	16	48.5	91	26.1
Same	25	56.8	5	27.8	9	27.3	93	36.6
Worse	6	13.6	7	38.9	8	24.2	76	27.6
TOTAL	94	100.0	18	100.0	33	100.0	254	100.0

Table 16, Continued
Change in Neighborhood Attributes
by Household Type

C. Change in Quality of Convenience

	<u>Household Type</u>							
	<u>Seniors</u>	<u>Single Parents</u>	<u>Two Parents</u>	<u>Adults Only</u>				
<u>Change in Quality of Convenience</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	5	9.8	5	26.3	6	18.2	31	11.4
Same	28	54.9	9	47.4	20	60.6	139	51.1
Worse	18	35.3	5	26.3	7	21.2	102	37.5
TOTAL	51	100.0	19	100.0	33	100.0	272	100.0

Source: Condominium Displacement Survey

Table 17

Change in Structure Attributes
by Post-Conversion Tenure of Displacees

A. Change in Size of Unit

	<u>Renting</u>		<u>Owning</u>	
	<u>Change in Size of Unit</u>	<u>No. Cases</u> %	<u>No. Cases</u> %	
Better	162	53.5	63	78.8
Same	62	20.5	9	11.3
Worse	79	26.1	8	10.0
TOTAL	303	100.0	80	100.0

B. Change in Appearance

	<u>Renting</u>		<u>Owning</u>	
	<u>Change in Size of Unit</u>	<u>No. Cases</u> %	<u>No. Cases</u> %	
Better	130	43.0	51	64.6
Same	92	30.5	15	19.0
Worse	80	26.5	13	16.5
TOTAL	302	100.0	79	100.0

Table 17, Continued
Change in Structure Attributes
by Post-Conversion Tenure of Displacees

C. Change in Maintenance

	<u>Renting</u>		<u>Owning</u>	
	<u>Change in Size of Unit</u>	<u>No. Cases</u> %	<u>No. Cases</u> %	
Better		301 100.0	75 100.0	
Same		120 39.9	18 24.0	
Worse		80 26.6	18 24.0	
TOTAL		301 100.0	75 100.0	

D. Change in Security

	<u>Renting</u>		<u>Owning</u>	
	<u>Change in Size of Unit</u>	<u>No. Cases</u> %	<u>No. Cases</u> %	
Better		74 24.8	33 42.3	
Same		133 44.6	30 38.5	
Worse		91 30.5	15 19.2	
TOTAL		298 100.0	78 100.0	

Source: Condominium Displacement Survey

Although 50.6% of the buyers indicated an improvement in the quality of neighbors, only 32.2% of the continuing renters did so (see Table 18).

Adjusting Percentage Change in Housing Expenditure for Changes in Consumption

Finally, we performed a Multiple Classification Analysis (MCA) on the data to adjust the percentage change in housing expenditure for changes in consumption (see Table 19). MCA is a way of analyzing variance by classes or groups. We used the percentage change in housing expenditure as the dependent variable and income as the independent variable. We first computed the grand mean for the entire sample, and then the group means for each level of income specified. These are reported in Table 19 under the column labeled "Unadjusted." The group means are reported here as "deviations" from the grand mean. Thus, for the Los Angeles area the mean percentage change in rent was 34.92% for those households earning less than \$10,000 a year (the grand mean less 11.28); 36.31% for those earning between \$10,000 and \$15,000 a year (the grand mean less 9.89); 25.54% for those earning between \$15,000 and \$20,000 (the grand mean less 22.66); and so forth.

We then entered into the equation other independent variables: (a) an ordinal variable indicating whether the household's new unit was larger, the same, or smaller than its previous one; and (b) a dummy variable indicating whether the household purchased its replacement housing or continued to rent. This variable is associated with change in size between the pre-conversion and the replacement unit, but also picks up other types of changes in housing consumption: maintenance,

Table 18

Change in Neighborhood Attributes
by Post-Conversion Tenure of Displacees

A. Change in Quality of Buildings

	<u>Renting</u>		<u>Owning</u>	
<u>Change in Quality of Buildings</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	57	18.8	19	24.1
Same	138	45.4	28	35.4
Worse	108	35.6	32	40.5
TOTAL	303	100.0	79	100.0

B. Change in Quality of Neighbors

	<u>Renting</u>		<u>Owning</u>	
<u>Change in Quality of Neighbors</u>	<u>No. Cases</u>	<u>%</u>	<u>No. Cases</u>	<u>%</u>
Better	87	32.2	39	50.6
Same	106	39.3	26	33.8
Worse	77	28.5	13	16.9
TOTAL	270	100.0	77	100.0

Table 18, Continued

Change in Neighborhood Attributes
by Post-Conversion Tenure of Displacees

C. Change in Quality of Neighborhood Safety

Change in Quality of Neighborhood Safety	<u>Renting</u>		<u>Owning</u>	
	No. Cases	%	No. Cases	%
Better	57	19.2	17	22.4
Same	126	43.1	36	47.4
Worse	112	37.7	23	22.4
TOTAL	297	100.0	76	100.0

D. Change in Convenience

Change in Convenience	<u>Renting</u>		<u>Owning</u>	
	No. Cases	%	No. Cases	%
Better	38	12.6	9	11.5
Same	160	54.1	36	46.2
Worse	98	33.1	33	42.3
TOTAL	296	100.0	78	100.0

Source: Condominium Displacement Survey

Table 19

Percentage Change in Housing
Expenditures by Income Adjusted for
Change in Size of Unit and Tenure

A. Los Angeles Area

Grand Mean = 46.42%

No. of Cases = 151

Deviations from the Grand Mean

<u>Income</u>	<u>Unadjusted</u>	<u>Adjusted</u>
Less Than \$10,000	-11.28	+14.61
\$10,000-15,000	- 9.89	+ 3.46
\$15,000-20,000	+16.95	- 3.94
\$20,000-30,000	+19.10	- 7.11

B. Bay Area

Grand Mean = 43.23%

No. of Cases = 201

<u>Income</u>	<u>Deviations from the Grand Mean</u>	
	<u>Unadjusted</u>	<u>Adjusted</u>
Less Than \$10,000	- 6.78	+21.06
\$10,000-15,000	-27.01	-13.66
\$15,000-20,000	-24.52	-12.22
\$20,000-30,000	+ 0.42	- 3.48
\$30,000+	+40.92	+19.12

Source: Condominium Displacement Survey.

security, and neighborhood attributes.

The computer program used for this analysis recomputes the group means for income but adjusts them for these other variables. These are reported in Table 19 in the column titled "Adjusted." Thus, in the Los Angeles Area, when change in unit size and other characteristics are controlled for by statistical means, the association between income and percentage change in monthly expenditures is reversed: lower-income households incurred a greater change in the effective cost of their housing services than did higher-income households. This means that lower-income households suffered a greater loss in quality of housing consumption. Housing expenditures increased less for them than for higher-income households; but they were also consuming considerably less housing in real terms after conversion than were higher-income households.

In the San Francisco Bay Area, controlling for changes in the quantity and quality of housing services consumed does not produce this effect. Only for very low-income households does the sign of deviation from the mean change. The reason for this difference between the two regions is probably accounted for by the fact that the Los Angeles area involved more very high-quality apartments than the Bay Area ones.

A similar analysis performed for household types is reported in Table 20. After adjusting for changes in quantity and quality of housing services, senior citizens clearly experienced the greater increase in the effective cost of housing services--approximately 56%.

Table 20
Percentage Change in Housing Expenditure
By Household Type Adjusted for Change in
Size of Unit and Tenure

Total Sample

Grand Mean = 46.24%

No. of Cases = 352

<u>Household Type</u>	<u>Deviations from the Grand Mean</u>	
	<u>Unadjusted</u>	<u>Adjusted</u>
Seniors	- 6.79	+ 9.83
Single Parent	- 9.91	-8.61
Two Parents	+ 7.71	+ 8.61
Adults Only	+ 0.76	- 1.13

Source: Condominium Displacement Survey

V. CONCLUSION

Despite the slowdown in condominium development caused by the recent recession, the long-run market demand for condominiums will continue to be strong in California. The results of this study indicate that low- and moderate-income tenants experienced the greatest loss in overall standard housing consumption due to conversions. These findings lead to several policy suggestions for state and local government:

- Our results show that many tenants were not given their statutorily required 120 days' notice to vacate. State and local authorities should enforce this requirement more vigorously.
- The provision of relocation assistance is clearly inadequate. Converters should be required to pay moving costs and to provide effective assistance to displacees who are searching for relocation housing. A greater participation by converters in this regard might substantially mitigate the loss in quality of housing consumption suffered by displacees.
- Among all household types, seniors appear to have experienced the greatest loss. The evidence presented in this study lends support to those who favor some type of lifetime lease arrangement to seniors who cannot purchase their units. Moreover, the relatively small proportion of seniors in our sample suggests that the resulting financial burden would not be onerous. In addition, the value of investor units with lifetime leases has probably been increased by the liberalized depreciation rules of the 1981 Economic Recovery Tax Act.

- The state's equity-sharing program to help low- and moderate-income households displaced by condominium conversions purchase their own apartments should be expanded. In addition, the Department of Housing and Community Development (HCD) should urge more cities to require developers to set aside a certain percentage of units to be reserved for low- and moderate-income households to be financed with HCD equity-sharing assistance.

EXHIBIT A

VERIFICATION AND APPOINTMENT CALL

Hello, may I speak to Mr. (Ms.) _____? My name is _____, and I work for a research firm called Berkeley Planning Associates. Our firm is conducting a survey for the Governor's Office to study the effects on tenants when the apartments they're living in are converted to condominiums. The building at _____ is included in our sample of conversions to study. All information gathered is confidential and will be used for statistical purposes only. No individuals will be identified.

1. Were you a tenant in that building?

Yes _____ No (wrong person: "Thank you very much; my apologies for disturbing you.")

2. For the purposes of this study, we are interested in only those persons who moved from this property because it was being converted into condominiums. Is that the reason you moved from _____ St.?

Yes _____ No ("Thank you very much; my apologies for disturbing you.")

_____ I haven't moved yet ("Thank you very much; my apologies for disturbing you.")

3. Would you be willing to be interviewed by telephone in a few weeks regarding that move, your search for other housing, and how the move has affected you?

_____ Yes _____ No (If no, could you explain why?)

_____ Yes: _____

_____ No: "Thank you very much; my apologies for disturbing you."

4. When would be the most convenient time for you to be interviewed?

_____ Mornings _____ Afternoons _____ Evenings
_____ Weekends

Thank you very much, Mr. (Ms.) _____. your participation will be very valuable to the study. One of our interviewers will be calling you soon. Goodbye.

EXHIBIT B

Jurisdictions Where Pre-Conversion
Units Were Located

Bay Area

San Francisco	Novato
Oakland	Alameda County
Berkeley	(unincorp.)
Concord	Santa Cruz
Contra Costa	Petaluma
Fremont	Palo Alto
Mountain View	Daly City
San José	Pleasant Hill
San Leandro	Morgan Hill
San Mateo	Los Altos
Tiburon	Monterey
Walnut Creek	Burlingame
Santa Clara	Emeryville
Millbrae	Alamo
Brisbane	Hayward
San Bruno	Sausalito
Marin County	
(unincorp.)	

Los Angeles Area

Los Angeles	San Pedro
Canoga Park	Encino
North Hollywood	Brentwood
Playa del Rey	Tarzana
Sherman Oaks	Santa Monica