



DATE: May 25, 2021

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Request for Alternative Mitigation to Tenant Relocation Assistance Ordinance for 660 Mariposa Avenue**

RECOMMENDATION

Approve the proposed alternative mitigation plan for temporary relocation of residents at 660 Mariposa Avenue consistent with Mountain View City Code Section 36.38.45 and the purpose of the Tenant Relocation Assistance Ordinance.

BACKGROUND

On June 4, 2019, the City Council approved a General Plan Map and Zoning Map Amendment, an amendment to the P-17 (Villa-Mariposa) Precise Plan, Planned Community Permit, and Development Review Permit for a 226-unit apartment complex with a 0.4-acre public park at 1696-1758 Villa Street (1720 Villa Street Project) by Prometheus Real Estate Group (Developer). The project was required to satisfy its Below-Market-Rate (BMR) housing requirement through the inclusion of 34 on-site affordable units (15%) in perpetuity.

On December 3, 2019, the City Council considered the Developer's request for alternative mitigation to providing the 34 on-site units. After some discussion, Council approved the following (Villa BMR Requirements):

- Alternative 1: The Developer must provide 17 on-site units instead of 34 on-site units and also provide an initial payment of \$6,200,000 to the City. The fee would be used to assist a qualified affordable housing developer to acquire and rehabilitate a 48-unit, rent-stabilized building located at 660 Mariposa Avenue (Mariposa) and restrict rents to affordable levels in perpetuity with no displacement of existing tenants. To address potential concerns raised regarding prevailing wage, the Developer was required to reach a written agreement with labor organizations within 90 days to resolve any potential issues.

- Alternative 2: If an agreement could not be reached with the labor organizations, then the Developer must convey and rehabilitate Mariposa under the same affordability levels and terms as required under Alternative 1 and also provide five BMR on-site units at the 1720 Villa Street Project, two of which could be located at Mariposa with the City's approval.

Progress Update

At the time Council approved the modified condition in December 2019, Bridge Housing (Bridge) was the qualified affordable housing developer selected by the Developer. Subsequent to that Council meeting, the Developer was unable to reach an agreement with the labor organizations and, therefore, proceeded with Alternative 2 in partnership with Bridge.

In summer 2020, the Developer exited its partnership with Bridge and formed a partnership with Alta Housing (Alta). Prometheus would retain ownership of Mariposa, and Alta would be the property manager overseeing day-to-day operations and ensuring compliance with the BMR requirements. Since last summer, staff has been working with the Developer to finalize the necessary agreements for Mariposa in satisfaction of the Villa BMR Requirements. As a property that is subject to both the Community Stabilization and Fair Rent Act (CSFRA) and the BMR alternative mitigation requirements set forth in the condition of approval, the Mariposa project is very unique, and it has required time to work through many details.

Proposed Request

The renovation of the apartment building at 660 Mariposa Avenue is based on the scope of work submitted as part of the December 2019 BMR alternative mitigation hearing for the 1720 Villa Street Project. It includes the complete renovation of the interiors of all 48 residential units and upgrades to the exterior of the building. Additionally, the Developer will create two additional residential units on-site at affordable levels. During the rehabilitation process, residents will need to be temporary relocated. As part of the adopted resolution and accompanying conditions of approval (specifically, Condition No. 57, Below-Market-Rate Housing) for the 1720 Villa Street Project, the Developer was required to submit a relocation plan for the temporary relocation of the residents of 660 Mariposa Avenue for the duration of the rehabilitation.

The Developer anticipates that most of the renovations could take fewer than 30 days, but it is possible in some instances that renovations may extend beyond 30 days, requiring a longer relocation period. The Tenant Relocation Assistance Ordinance

(TRAO) applies when a household is displaced for a period of 30 days or greater, which specifies certain requirements be met. Because it is unknown from the outset which units at Mariposa would be subject to such displacement, both the Developer and tenants would have uncertainty as to the relocation plan for the units as a whole. The Developer has additionally noted that the uncertainty of which units the standard TRAO requirements would apply to and the cost of the TRAO requirements, in addition to the relocation plan to house tenants during the renovations, would render the project infeasible.

The Developer, therefore, worked with staff to create an alternative relocation plan that provided clarity and consistency for the tenants and the Developer and that could be applied for the entire duration of the renovations, even if they extended beyond 30 days.

City Code Section 36.38.45 of the TRAO allows the consideration of alternate mitigation to the required relocation assistance under the TRAO. Alternate mitigation must serve the goals and purposes of the TRAO and is subject to City Council approval. A summary of the proposed Alternative Relocation Plan is described below, and the full text of the proposal is in Attachment 1 – Alternative Relocation Plan.

ANALYSIS

Summary of the Alternative Relocation Plan

The Alternative Relocation Plan describes the Developer's plan for providing temporary replacement housing for residents during the anticipated time period for the renovations. The Developer has retained the professional relocation agency of Overland, Pacific & Cutler, LLC (OPC), to assist in the temporary phased relocation process.

Relocation Options

The Developer intends to offer each household a choice of the following options during the temporary relocation:

1. A temporary relocation into a comparable, newly renovated unit on-site at no additional cost to the household (other than existing rent and utilities) based on availability of units. These limited-availability, on-site unit transfers will also be offered as a permanent option for households, if preferred, and if the previous household allows, to further limit the impact of the rehabilitation.

2. A temporary relocation to a comparable unit in an extended-stay hotel unit off-site at no additional cost to the household (other than existing rent and utilities). Three hotels within two miles of 660 Mariposa Avenue were identified as extended-stay hotels with kitchenettes, including stove cooktop, refrigerator, and microwave/convection oven, with weekly rates of \$910 to \$1,260.
3. Instead of a temporary relocation, households can opt for a relocation payment and make their own temporary housing arrangements. A minimum payment of \$3,255 (equivalent to a three-week stay at the extended-stay hotel in Option 2) will be provided. If the renovations exceed three weeks, additional payments will be made to cover the extended timeline.

Other Items Included in the Alternative Relocation Plan

1. The Developer will pay all reasonable costs associated with any of the above options, including moving and/or storage costs.
2. All households, regardless of relocation option selected, have the first right to return to their original unit once renovations in their unit are complete unless they opt for a permanent transfer to an alternative renovated unit on-site if such a unit is available.
3. Rent will not be raised on any of the tenants until one year after the last tenants have returned to their renovated units. No material changes will be made to the conditions in the rental lease agreements. The 1720 Villa Street Project conditions of approval allow a maximum of 4% rent increase a year for Mariposa, but Mariposa is also subject to the CSFRA, which limits annual rent increases to inflation with additional adjustments allowed. Therefore, annual rent increases must comply with CSFRA requirements; however, in no event can they exceed 4%.

Tenant Outreach

OPC has been working in close contact with the residents since 2019. To provide an update on the proposed relocation plan, OPC provided written updates and will hold a virtual community meeting on May 19, 2021 in both English and Spanish. During the outreach meeting, OPC and the Developer will inform the tenants of this May 25, 2021 Council meeting regarding this Alternative Relocation Plan request.

All households will receive further updates on the Alternative Relocation Plan pending Council approval. Residents will also receive written notifications at least 30 days before

the temporary relocation date. All notices will be provided in English and Spanish. Access to any other language for limited-English-proficiency households is available by request.

In addition, the Developer and OPC will work with the City to ensure tenant relocation compliance and reimburse the City for staff time associated with monitoring the relocation plan.

Staff has reviewed the Alternative Relocation Plan provided by the Developer and has concluded that it meets the goals and purposes of the TRAO and its requirements by providing a complete package of relocation services, providing clarity and consistency to tenants during renovations, and assuring a right of return to their units with no increase in rents for a year. Staff, therefore, recommends approval of the Alternative Relocation Plan.

FISCAL IMPACT

Considering and/or approving the alternate relocation plan does not have any fiscal consequences to the City.

ALTERNATIVES

1. Deny the Alternative Relocation Plan. In this case, the standard TRAO requirements will apply to those tenants displaced for 30 days or more in addition to a relocation plan offered by the Developer for the duration of the renovations. As noted earlier, the Developer has noted that this option will render the project infeasible.
2. Direct staff to amend the Alternative Relocation Plan.

NEXT STEPS

If Council approves the Alternative Relocation Plan, staff will finalize the necessary agreements. Additionally, residents will immediately be informed of the final relocation plan through written communication and a virtual community meeting, both in English and Spanish. The Developer will provide tenants the required notices and begin the plan to implement the relocation and renovations.

PUBLIC NOTICING

Agenda posting, and OPC provided written updates and held a virtual community meeting on May 19, 2021 in both English and Spanish.

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Attachment: 1. Temporary Tenant Relocation Plan for 660 Mariposa Avenue