

DATE: August 22, 2022

TO: Rental Housing Committee

FROM: Andrea Kennedy, Analyst II
Anky van Deursen, Program Manager

SUBJECT: **Update on the Tenant Relocation Assistance Ordinance and the Housing Crisis Act of 2019 (SB 330)**

RECOMMENDATION

To receive an update on the activities in Fiscal Year 2021-22 under the Tenant Relocation Assistance Ordinance and the Housing Crisis Act of 2019.

BACKGROUND

The Community Stabilization and Fair Rent Act (CSFRA) provides for Relocation Assistance and First Right of Return to be provided to eligible tenants whose tenancies are terminated based on specified just-cause reasons, such as repairs, an owner move-in, the withdrawal of rental units from the market, and/or demolition of rental units. The following laws may also be applicable when assessing tenant relocation assistance requirements:

- The Tenant Relocation Assistance Ordinance (TRAO) details the eligibility criteria for tenant households and the type of relocation assistance provided.
- The Housing Crisis Act of 2019 (SB 330) went into effect on January 1, 2020, which provides (among other obligations) relocation requirements for projects that include the demolition of certain existing rental housing units, including units covered by local rent stabilization provisions, units subject to affordable housing covenants, units occupied by very low- and low-income households, and units subject to an Ellis Act eviction in the last 10 years.
- The Mobile Home Rent Stabilization Ordinance (MHRSO) was adopted by City Council on September 28, 2021 and went into effect on October 28, 2021. Following the adoption of the MHRSO, the City Council amended the TRAO on April 26, 2022 to provide tenant relocation benefits and first right of refusal for mobile home tenants, similar to the rights already provided to apartment tenants under the TRAO. The California Mobilehome Residency Law (MRL) addresses just causes for eviction for mobile homeowners, and

Section 65863.7 requires relocation benefits and protections for mobile homeowners upon a park closure or change of use.

ANALYSIS

This section provides a summary of the key TRAO provisions, key SB 330 provisions, and a summary of current relocation assistance projects.

Key TRAO Provisions

1. Applicability:

The TRAO applies to rental units covered by the CSFRA or the MHRSO as well as other rental units in case of a vacation of three or more rental units on a parcel by residential households within a one-year period upon notice from the landlord, as the result of or to enable any of seven specified terminations, such as withdrawal of the property from the rental market, demolition of the property, rehabilitation of the building, condominium conversion, etc.

2. Income eligibility:

Households are eligible for relocation benefits if annual household income does not exceed 120% of Area Median Income (AMI) plus \$5,000 for Santa Clara County, as adjusted for household size. For reference below are the 120% AMI plus \$5,000 maximum-income limits for Santa Clara County, as adjusted by household size.

Table 1: Average Median Income for Santa Clara County Adjusted by Household Size

Household Size	1	2	3	4	5	6
120% AMI*	\$141,550	\$161,750	\$182,000	\$202,200	\$218,400	\$234,550
120% AMI + \$5,000	\$146,550	\$166,750	\$187,000	\$207,200	\$223,400	\$239,550

* 2022 State Area Median Income adjusted for household size (HCD Santa Clara County).

3. Relocation assistance for eligible households:

- a. A full refund of a tenant's security deposit, except for funds necessary for repair in rental units reoccupied prior to undergoing renovation or demolition.
- b. Unlimited access to a subscription service of a rental agency.
- c. The cash equivalent of three months' rent, based on the median monthly rent for a similar-sized unit in Mountain View.

- d. An additional \$8,000 per rental unit for Special-Circumstances Households, adjusted annually for inflation based on the Consumer Price Index for the San Francisco Bay Area (2022: \$8,503). Special-Circumstances Households are defined as eligible households with at least one person 62 years of age or older, disabled, or handicapped or with one or more minor children 19 years of age or younger, who are legally dependent.

4. First Right to Return:

Eligible households are entitled to a first right of return to the Rental Unit if the original Rental Unit is returned to the rental market by the Landlord or successor Landlord.

Key SB 330 Provisions

1. Applicability:

SB 330 is applicable if certain rental units are being demolished to build new housing and tenants are displaced from Protected Units. Protected Units are residential rental units defined as:

- a. Affordable housing restricted to low-, very low-, and extremely-low income households;
- b. Covered under rent stabilization (this includes Mountain View’s CSFRA);
- c. Removed from the rental market via the Ellis Act in the past 10 years; or
- d. Occupied by low- or very low-income households, whose income does not exceed 80% of the AMI for Santa Clara County.

2. Income eligibility:

Households are eligible for relocation benefits if annual household income does not exceed 80% of AMI for Santa Clara County as adjusted for household size. For reference below are the 80% AMI maximum-income limits for Santa Clara County as adjusted by household size.

Table 2: Average Median Income for Santa Clara County Adjusted by Household Size

Household Size	1	2	3	4	5	6
80% AMI*	\$92,250	\$105,400	\$118,600	\$131,750	\$142,300	\$152,850

* 2022 State Area Median Income adjusted for household size (HCD Santa Clara County).

3. Relocation assistance for eligible households:
 - a. Forty-two (42) months' rent differential between the lower of:
 - (1) 30% of the displaced household's average monthly income; or
 - (2) The rent for the unit to be demolished and subtracting it from the rent for a comparable replacement.
 - b. A relocation advisor who will provide one-to-one assistance in finding replacement housing.
 - c. Choice of either a moving-cost allowance or reimbursement of reasonable moving expenses.

4. First Right to Return:

Eligible households have a right of first return to rent or buy a comparable unit in the new development at an affordable rent or affordable housing price.

Applicability of Both TRAO and SB 330

In some cases, both TRAO and SB 330 apply to a redevelopment project. If the property is eligible under the TRAO and households are terminated for demolition where new residential housing will be built in its place, the project will also be subject to SB 330.

In case of applicability of both TRAO and SB 330, the stricter provision of the two laws will apply. Below is a chart comparison of the TRAO and SB 330. In case both the TRAO and SB 330 are

applicable, the shaded area indicates the stricter requirement that needs to be adhered to. If both boxes are shaded the tenant would receive both benefits.

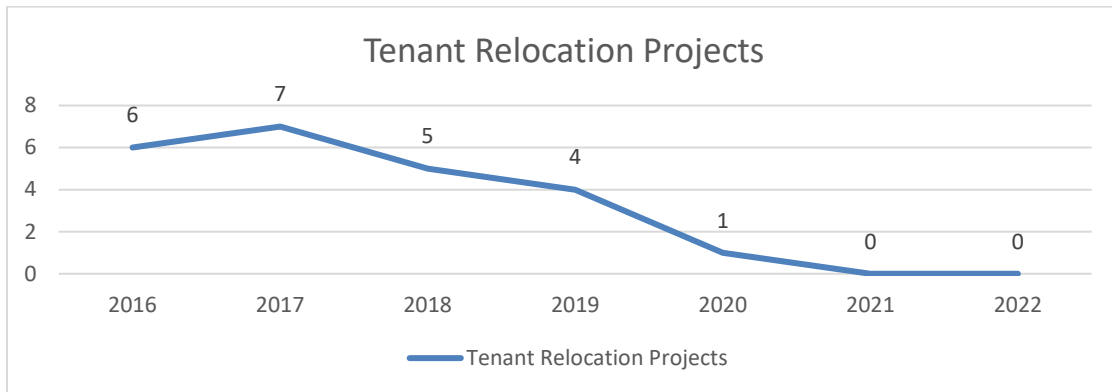
Table 3: Comparison TRAO and SB 330 Requirements

	SB 330	TRAO
Area Median Income (AMI)	80% AMI or less	120% AMI + \$5,000 or less
Cash Payment	42 months of rent differential	3 months of rent
Relocation Assistance	<ul style="list-style-type: none"> • Personal relocation advisor • Moving costs 	<ul style="list-style-type: none"> • Unlimited subscription to a rental agency
Special Circumstance	N/A	Eligible Special-Circumstance households of \$8,000 per rental unit for households with at least one of the following characteristics: <ol style="list-style-type: none"> a. At least one household member is 62 years of age or older; b. At least one household member qualifies as disabled; or c. The household has at least one legally dependent child 19 years of age or younger.
Deposit Refund	N/A	Refund of security deposit, except for funds necessary to repair damage to units that will be reoccupied prior to demolition.
First Right of Return	The first right to a unit in the new development at an affordable rental price.	The first right if the original unit is returned to the rental market.

Since SB 330 took effect in January 2020, a decline can be noticed in redevelopment projects, which demolish CSFRA-covered rental units. CSFRA units are considered Protected Units under SB 330 and require replacement of demolished units with affordable units in the new development. Unless a redevelopment project is constructing a significantly larger number of units than the number of demolished units, developers do not consider a redevelopment

profitable. See the table below for the declining number of TRAO projects for CSFRA units over time.

Table 4: Number of Tenant Relocation Projects Over the Past Six Years



Overview Current Redevelopment Projects Subject to TRAO and/or SB 330

1851 Charleston Road (Start Date 2020):

This project is part of a larger Google project to construct the Landings Office Buildings. The four CSFRA-covered rental units at 1851 Charleston Road will be demolished to construct a parking lot that will provide parking for the newly constructed office building. This property is only subject to the TRAO because replacement housing is not being built. The final vacate date is set for June 1, 2023.

1919 to 1945 Gamel Way (Start Date 2019):

This project is set to demolish all 29 CSFRA rental units to construct 121 for-sale condominium units. While this project is only subject to the TRAO, the developer has offered enhanced benefits to mirror those of SB 330 and is in current negotiation with the City to add Gamel Way to the redevelopment. The final vacate date is scheduled for October 31, 2022. Displaced tenants will be offered the right of first refusal to purchase a newly constructed condo unit at an affordable price.

870 East El Camino Real (Start Date 2019):

This project consists of 180 CSFRA-covered rental units. The redevelopment is proposing to demolish 42 of these units and construct two (2), six-story buildings with 233 new rental units. This project is subject to both the TRAO and SB 330. Depending on the tenant's income, they may be eligible for different levels of relocation assistance. SB 330 also requires that the

42 demolished CSFRA units be replaced in the new development with rental units that are affordable to the former tenants. The former tenants earning 80% AMI or below will have the first right of refusal to return to an affordable unit in the new development.

660 Mariposa Avenue (Start Date 2021):

In 2019, the City Council approved a development project of a 226-unit apartment complex at 696 to 1758 Villa Street. The project was required to include 34 on-site Below Market Rate (BMR) units. As part of an alternate mitigation plan for providing BMR units on-site, the Developer proposed to rehabilitate the 48 naturally affordable CSFRA units at 660 Mariposa Avenue.

The rehabilitation at 660 Mariposa began in 2021. Tenants are temporarily relocated while the units are being remodeled. While this project is not formally subject to the TRA0, the following relocation benefit options are offered to the tenants:

1. Temporary relocation into a comparable newly renovated unit on-site.
2. 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).
3. Instead of a temporary relocation, households can opt for a relocation payment and make their own temporary housing arrangements.
4. Additional benefits:
 - a. Pay for costs associated with any of the above options, including moving and/or storage costs.
 - b. First right to return to the original unit once renovations in their unit are complete unless the tenant opted for a permanent transfer to an alternative renovated unit on-site.
 - c. Rent will not be raised until one year after the last tenants have returned to their renovated units. Rent increases will be implemented in accordance with the CSFRA but with the limitations under the Villa Street project's condition of approval, which allows a maximum rent increase of 4% per year.

Overview Redevelopment Projects Closed in Fiscal Year 2021-22

570 South Rengstorff Avenue (2019 to 2021):

This project included a demolition of 70 CSFRA-covered rental units and construction of 92 rowhomes. The 40 households who applied for relocation assistance were all eligible and received benefits as described under the 2018 version of the TRAO. A total of \$617,612 was provided in relocation assistance. Of the 40 households who applied, 27 relocated within Mountain View, 11 in the Bay Area, one in another California city, and one out of State. The final vacate date was September 30, 2021.

777 West Middlefield Road (2017 to 2021):

This redevelopment included demolition of 208 CSFRA units and construction of a 716-unit apartment complex. The developer offered enhanced relocation benefits to all tenants, including at least \$10,000 for all households, \$12,500 for households earning between 120% and 80% AMI, and \$15,000 for households earning less than 80% AMI. This was above the standard 2017 TRAO payment amount. A total of \$1,834,455 was paid to the 150 households who applied for relocation assistance. Of the 150 households who applied, 50 relocated within Mountain View, 73 in the Bay Area, four in another California city, 20 out of State, and three out of the country. The final vacate date was August 1, 2021.

FISCAL IMPACT

This overview of TRAO activities does not have any fiscal impact.

PUBLIC NOTICING—Agenda posting.

AK-AvD/4/CDD/RHC
814-08-22-22M

- Attachments:
1. Tenant Relocation Assistance Ordinance (City Code, Chapter 36, Article XIII)
 2. Housing Crisis Act of 2019 (SB 330)
 3. City of Mountain View Tenant Relocation Assistance Program Administrative Procedures