



**MEMORANDUM**

CSFRA, Community Development Department

**DATE:** June 3, 2019

**TO:** Rental Housing Committee

**FROM:** Andrea Kennedy, Analyst I  
Anky van Deursen, Program Manager

**SUBJECT: Overview of CSFRA Tenant Relocation Assistance Process and Activities**

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**RECOMMENDATION**

To receive an informational overview of the CSFRA Tenant Relocation Assistance Process and Activities.

**BACKGROUND**

In November 2016, voters approved the Community Stabilization and Fair Rent Act (CSFRA) as a Charter amendment. The CSFRA provides that Tenant Relocation Assistance is provided to eligible households whose tenancies are terminated based on specified repairs, owner move-in, permanent withdrawal of units from the rental market, and/or demolition of the rental unit. The CSFRA also provides for a First Right of Return in case withdrawn units are reentered into the rental market. Tenant Relocation Assistance and First Right of Return are also governed by the State Ellis Act and the City Tenant Relocation Assistance Ordinance.

In 2010, the City of Mountain View adopted a Tenant Relocation Assistance Ordinance (TRAO) to help mitigate the adverse health, safety, and economic impacts experienced by moderate- to low-income tenant households displaced due to the renovation, demolition, redevelopment, or withdrawal of rental housing units from the market. In 2014 and 2018 respectively, the TRAO was amended to expand the scope of the TRAO and to ensure compliance and uniformity with the CSFRA and the Ellis Act.

The Ellis Act provides landlords with the right to permanently withdraw their property from the rental market. It also authorizes local governments to enact specific procedures when a landlord permanently withdraws rental units from the market, including local relocation assistance requirements and First Right of Return.

**Tenant Relocation Assistance Benefits**

The CSFRA defines eligibility for tenant relocation assistance benefits to households whose household income does not exceed one hundred twenty percent (120%) of the median household income for Santa Clara County as adjusted for household size according to the United States Department of Housing and Urban Development.

**Table 1: 2019 Santa Clara County Median Income**

HH Size	1	2	3	4	5	6
120% AMI	\$110,400	\$126,150	\$141,950	\$157,700	\$170,300	\$182,950

Tenant relocation assistance, as defined in the TRAO, includes:

- Refund of security deposit;
- Sixty (60) day subscription to a rental agency;
- Three (3) months’ rent for average similar-sized unit in Mountain View; and
- Three Thousand Dollars (\$3,000) plus CPI percentage (2018: \$3,389) for special-circumstance households (households with a senior member 62 years of age or older, disabled, or a member under 18 years of age).

**First Right of Return**

The CSFRA provides that tenants shall have the First Right of Return if a previously withdrawn unit is returned to the rental market. The Ellis Act sets maximum term limits on certain components of the First Right of Return. Both the TRAO and the CSFRA have provided the maximum allowable terms set forth in the Ellis Act, as described below:

1. A tenant has a First Right of Return for 10 years, meaning the landlord is required to first offer the previously withdrawn unit to the tenant.
2. For the first five years, the tenant has a right to return for the same monthly rent as when he/she left, plus any allowed annual general adjustments of rent.

3. If a landlord does not comply, a tenant can seek actual and exemplary damages in the first two years and punitive damages, not to exceed six months' rent during Year 3 to Year 5.

Maximum Terms of First Right of Return Benefits									
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Actual & Exemplary Damages									
Period of Vacancy Control (punitive damages not to exceed 6 months rent for failure to notify)									
Period of First Right of Return (negotiable rent)									

## ANALYSIS

### Tenant Relocation Assistance Process

The TRAO is currently administered through the development review process. Staff tracks submittals of (re)development applications filed with the City and, when a property covered under the CSFRA or three or more units will be removed from the rental market (current projects vary in size from four to as many as 208 units) in a single year, the developer is required to reimburse the City for hiring a relocation agency to assist both the developer and tenants through the relocation process. This agency organizes an informational meeting with tenants to explain eligibility criteria and to hand out applications. The developer is required to set up an escrow account from which relocation assistance will be paid to eligible households (50 percent upon approval of the application and 50 percent upon move-out). The developer must demonstrate compliance with the TRAO (payment of relocation assistance to eligible households) prior to the issuance of a demolition or building permit.

The relocation assistance process for tenant relocation in cases of single-rental unit displacements is addressed through a simpler, less formal process. When a landlord submits a termination notice (filing of termination notices with the RHC is required under the CSFRA), staff will contact the relocation agent who will work directly with both the landlord and tenant to establish eligibility and payment. Information about rights and obligations under the CSFRA is a mandatory component of every notice of termination that triggers relocation assistance.

**Types of Just Cause for Relocation Assistance**

*Relocation Assistance for Rental Properties Withdrawn from Rental Market/Demolished*

Since 2014, a total of 926 rental units have been removed from the rental market under the TRA0 and are in the planning process of being replaced by 1,150 new rental units and 747 new ownership units. An estimated 64 percent of all displaced tenants are eligible for relocation assistance.

**Table 2: Properties in Redevelopment/Demolition**

Year	No. of Properties	No. of Units Removed	Units Estimated to Receive Relocation Assistance	Units Received Relocation Assistance	New Rental Units	New Ownership Units
2019	2	158	100	N/A*	209	116
2018	7	151	68	65*	0	142
2017	8	350	264	201*	941	182
2016	7	153	98	87*	0	118
2015	6	114	61	61	0	189
2014	1	4	2	2	0	0
<b>TOTAL</b>	<b>31</b>	<b>930</b>	<b>593</b>	<b>416</b>	<b>1150</b>	<b>747</b>

\* Some properties have not provided final termination notices; relocation assistance application window is open.

*Relocation Assistance for Rental Units Due to Owner Move-In or Substantial Repairs*

Relocation Assistance is also offered to tenants who are terminated based on owner move-in or necessary and substantial repairs to the rental unit. These types of terminations have tapered off in the years following the start of the CSFRA. There have been seven terminations for owner move-in and two terminations for substantial repairs. Of these nine terminations, four households were deemed eligible for relocation assistance.

**Table 3: Owner Move-In and Substantial Repairs**

Year	No. of Owner Move-In	No. of Substantial Repairs	Households Apply for Relocation Assistance	Households Receive Relocation Assistance
2019	0	1	0	0
2018	2	1	2	2
2017	5	0	2	2
TOTAL	7	2	4	4

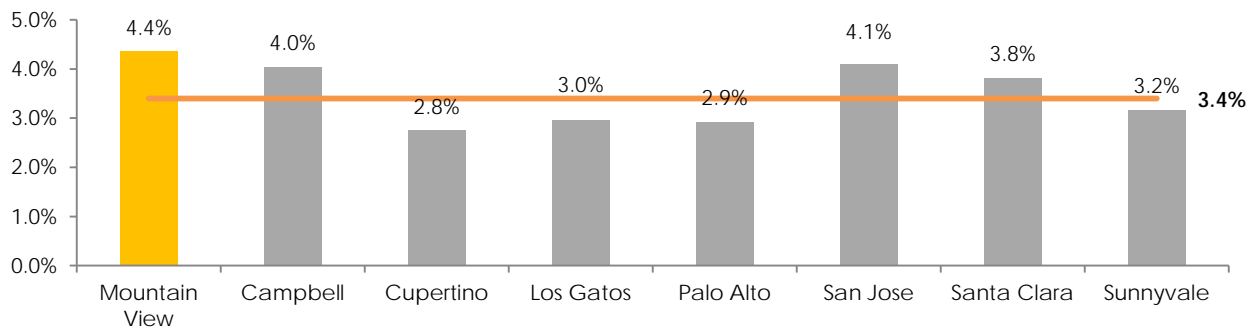
**First Right of Return**

All households will be informed of their First Right of Return if their unit is placed back on the rental market by the owner or successor owner. To date, the City has received one notification regarding the First Right of Return process. The First Right of Return benefit does not extend to new property development when existing units have been demolished.

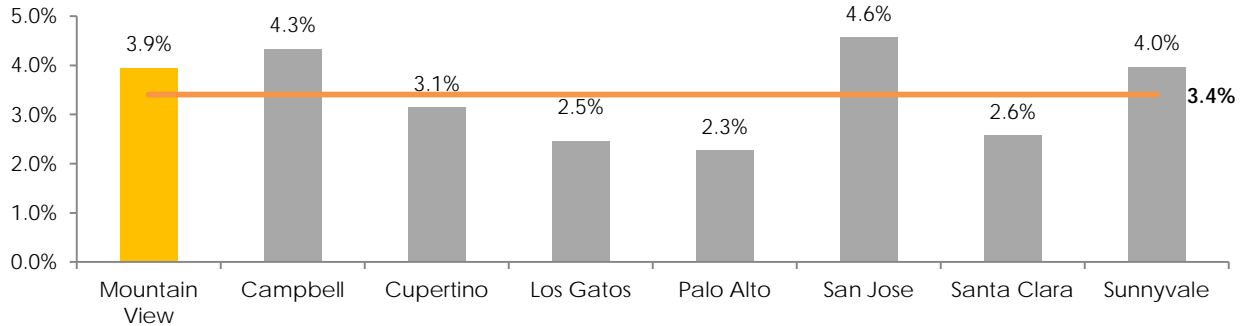
**Sale of CSFRA Covered Multi-Family Properties**

In the past 10 years, an average of 25 multi-family properties, or 4.4 percent of rental properties, built before 1995 containing three or more units have been sold per year in Mountain View. The average among neighboring cities is lower at 3.4 percent of rental properties sold per year (see Table 4). Comparing the average on a per-unit basis, Mountain View on average sold 3.9 percent of rental units per year, versus an average of 3.4 percent in neighboring cities (see Table 5). On average, 24 percent of all CSFRA-covered rental properties sold in Mountain View per year are being redeveloped, triggering relocation assistance.

**Table 4: Percent of Average Multi-Family Property Sales (2009 Through 2018)\***



**Table 5: Percent of Average Multi-Family Housing Property Sales by Unit (2009 Through 2018)\***



\* Neighboring city data provided is for 2008 through 2018; averages exclude Mountain View for comparative purposes.

**Future Developments**

One of the goals that the City Council adopted for the coming year is to conduct a Study Session to explore options on displacement policies. This might include potential revisions to the TRAO. Staff will bring back this topic in a future meeting in order for the RHC to provide input and recommendations.

**PUBLIC NOTICING** – Agenda posting.

AK-AVD/DP/6/RHC  
896-06-03-19M-2

- Attachment: 1. Tenant Relocation Assistance Ordinance (City Code Chapter 36, Article XIII)