



# Item 3.1: Displacement Response Strategy Update

City Council Study Session  
September 22, 2020





# Purpose

Provide Council an update on the Displacement Response Strategy and receive Council feedback on next steps.



# Background

| October 2019: Study Session held to discuss options to respond to tenant displacement (Project 1.1).

| Unanimous support for five key principles.

| Unanimous support for six-pronged comprehensive, integrated Strategy.



# Actions Taken Since Oct 2019

- | Three public meetings held.
- | Met with potential external partners/funders.
- | Modified tenant relocation assistance ordinance.
- | Participated in peer learning cohorts.



# COVID-19 Considerations

- | Significant impact on economy/employment.
- | Disproportionate impact on lower wage jobs and households.
- | Ability to pay rent severely affected, impacts tenants & landlords.
- | Decrease in property values or financial distress could cause landlords to exit rental business.
  - | Private sector may seek opportunities to purchase apartments for future redevelopment.



# Acquisition/Preservation

- | Acquisition/Preservation programs is a best practice to address tenant displacement.
- | Evaluation of up to 1,500 unit program.
- | Lack of external sources of long-term capital.
- | Requires local funding sources; existing sources insufficient.
- | Recommended next steps:
  - | Evaluate financing scenarios, local funding options, program design.
  - | City as funder, not as developer or landlord.



# Acquisition/Preservation

Question 1: Does Council agree with staff's recommendation regarding next steps to evaluate options for an Acquisition/Preservation Program?



# Replacement Requirements

## | SB 330

| 1 for 1 replacement requirements; relocation assistance.

| Renders redevelopment projects infeasible unless significant density increases or other measures to incentivize development/reduce costs.

| Currently set to expire 1-1-2025.

## | Interdependence with R3 zoning modifications work.

| Demolished units have been CSFRA units on R3 sites.

| R3 modifications could increase supply/housing diversity but lead to more redevelopment/demolition.

| Need to balance increasing supply with replacement requirements.





# Replacement Requirements

## | Recommended next steps:

- | Evaluate replacement requirements to go into effect after SB 330 expires, pursuant to the Ellis Act.
- | Evaluate potential alternative mitigations.
- | Focus is on replacing demolished CSFRA units.
- | Close coordination with R3 zoning modifications team.

| Question 2: Does Council agree with staff's recommendation regarding next steps to evaluate options for post-SB 330 replacement requirements for demolished CSFRA units?



# Tenant Relocation Assistance

- | Modifications to the TRA0 went into effect July 2020.
- | This item has been completed.



# Landlord-Rental Set-Aside

- | Met with Housing Industry Foundation to explore opportunity but collaboration was not reached.
- | Staff to resume this effort and to contact landlords directly.



# Tenant Selection Preference

- | A program may have some potential issues with fair housing requirements.
- | Recommend focusing on other strategies – such as Acquisition/Preservation Program, replacement requirements, etc – to achieve same goal without similar fair housing concerns.



# Modifications to City Code

As part of Replacement Requirements analysis, evaluate provisions pursuant to Ellis Act for replacement of demolished CSFRA units.



# Summary of Questions

Question 1: Does Council agree with staff's recommendation regarding next steps to evaluate options for an Acquisition/Preservation Program?

Question 2: Does Council agree with staff's recommendation regarding next steps to evaluate options for post-SB 330 replacement requirements for demolished CSFRA units?



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