

Council Questions

October 10, 2023 – City Council Meeting

ITEM 3.1 Displacement Response Strategy - Local Replacement Requirements

1. How many of the 30 projects were subject to SB 330 replacement requirements? (Page 5 of staff report)

Two of the 30 projects were subject to SB 330 requirements:

- 1919 Gamel Way – the project has evolved and is now a Builder’s Remedy project. The project would include demolishing 29 CSFRA units.
- 870 E El Camino Real – the developer has notified the City that the project is on hold but that they reserve the right to resume the project within their entitlement timeframe. The project would demolish 42 CSFRA units.

2. Is there a point that is being made by providing information on the average size of demolition property before and after the CSFRA? (Page 5 of staff report)

The main point of the data is to show that the average size of redevelopment projects that include demolition of CSFRA units trended towards larger projects after the CSFRA went into effect. Staff intends to track any trends in the size of CSFRA redevelopment projects to determine if it may have any implications/correlation with project feasibility and local replacement requirements.

3. During the staff presentation, please go over what would happen to an individual that is facing displacement under the 3 options. Might include notification, meeting with a relocation expert, where they live during construction, qualifying for moving back in and setting of the rent.

Staff will include a summary of what happens to a tenant in redevelopment project in the staff presentation. The process is likely to generally follow what is currently being implemented in terms of the following:

- Notice of Intent sent by property owner to tenants, includes information about benefits, when tenants need to vacate, first right to return for newly built units, etc.
- Community meeting(s) to educate tenants on eligibility, process, how to file a relocation benefits application, etc.
- Tenants meet with City’s relocation consultant to identify relocation options.
- Developer payment of relocation benefits to tenants.
- Tenants need to update forwarding address/contact information to get notification when new units are ready for move-in.

Review of the TRAO is part of the Housing Element workplan. Additionally, a second Study Session is planned to be held in Q1 2024 to discuss first right of return, interim housing options, and other aspects of the overall Displacement Response Strategy. Therefore, the general process bulleted above is likely to evolve pending any potential TRAO modifications and the development/implementation of the overall Strategy.

4. What examples do we have from recent developments of builders being able to find a place for displaced renters to live while the construction is going on and then move back in? On page 6, thanks for the info provided about where displaced renters moved. How many of them were able to move back.

660 Mariposa is the only example where the developer (Prometheus) actually implemented an option for temporarily displaced renters a place to live. This project included the renovation and conversion of 48 CSFRA units into permanent deed-restricted units to satisfy the BMR requirements of The Tillery market rate project at 1720 Villa St. The developer provided tenants the option to live at an extended stay hotel or receive a stipend to find alternative housing. 33 tenant households chose the stipend and 9 used the hotel option. All tenants moved back into 660 Mariposa after the renovation was finished.

5. When low-income renters move into included BMR units, do they have any access to financial assistance like Section 8 vouchers?

There are no automatic rent subsidies for the BMR developer/property owner, but nothing precludes a tenant with a Section 8 voucher (also known as tenant-based or portable voucher) from qualifying/applying for a BMR unit. If a BMR tenant does not have a Section 8 voucher, they are eligible to apply for the voucher.

6. On page 12 it states that *"Notwithstanding the Costa-Hawkins Act's general prohibition on this practice, the Ellis Act allows the City to impose rent control or affordability restrictions on newly created rental housing when CSFRA units are withdrawn from the rental market and replaced with new rental housing within 5 years of withdrawal"*. Please explain this. If a naturally affordable apartment house is replaced with a new building within 5 years, we can have those new units covered by the CSFRA? That isn't currently in the CSFRA, correct? So, is it a choice of the City to change that?

The State Ellis Act provides the right of landlords to withdraw rental units from the market. If the units are withdrawn, were covered under a rent control program, and the property is redeveloped within 5 years, the Ellis Act allows cities to require the demolished units to be replaced by requiring newly re-controlled units (starting at previous rents if returned to rent within two years or at market rents if returned to rent between two and five years). Some cities, like San Jose, allow a developer to satisfy this obligation by providing deed-restricted affordable housing units instead of rent controlled units. The CSFRA does not include replacement requirements for demolished CSFRA units, so it would be a choice to the City to implement local replacement requirements outside of the CSFRA but for demolished CSFRA units.

7. The staff report says, “property owners have stated they generally do not keep current household incomes of their tenants, and they are currently not required to submit this information as part of the CSFRA program. As such, a developer would typically not know the actual replacement requirements for and the feasibility of an SB 330 project until they submit a formal planning application to the City. At that time, the developer is required to gather (via the City’s tenant relocation consultant) the household income information so that replacement requirements can be determined.” Even though property owners are not required, they still can collect this information if they want to, can they not? Can we suggest this as a best practice when planning redevelopment of a property?

Landlords may collect household income information to confirm a tenant's ability to pay the monthly rent as is typically done as part of the original application and sometimes for renewals. However, property owners have stated that they do not wish to collect this personal information on a continuous basis from existing tenants. Likewise, some tenants may prefer to not routinely certify their incomes or divulge more personal information than is required. However, staff could suggest as a best practice the collection of tenants' household income information prior to submitting a development application.

ITEM 4.2 San Antonio Sewer Improvements, Construction, Project 19-45

1. How were funds for this project generated? Were fees levied on developments that contributed to the need to do this project?

The San Antonio Sewer Project 19-45 is funded with \$530,000 from wastewater fees which are collected from monthly sewer rates citywide. The existing and proposed combined amount of \$1,819,000 from wastewater capacity fees are collected from new development connections to the sewer system. These two funds are being used for this project as the project is replacing existing sewer infrastructure and ensuring capacity in the sewer system.

ITEM 6.1 CalPERS Contract Amendment for All Unrepresented Safety PEPRA Employees-Ordinance (Second Reading)

1. Why is this item not on the consent calendar?

The contract amendment is subject to Government Code 7507, which specifically prohibits the adoption from being placed on a consent calendar.

ITEM 6.2 Public Hearing on Downtown Business Improvement Areas

1. Via what form of communication were people invited to the Open House? (Page 3 of staff report)

The Downtown Business Association (DBA) uses Constant Contact to email over 1000 local contacts, which includes Chamber members, non-member businesses, individuals, non-profits, neighborhood associations ((with contact information provided by the City), and elected officials among others. An additional, personal invitation was sent from the Chamber CEO to the City Council and the Kiwanis Club. In addition, flyers were posted in Downtown Businesses (primarily within their windows) announcing the open house and other activations in the Downtown. Downtown businesses were also encouraged to reach out to their own customer lists.

2. Via what form of communication are neighborhood associations and community members being invited to the monthly DBA meetings? (Page 4 of staff report)

The Downtown Business Association sends email via Constant Contact to a focused distribution list that includes downtown businesses, neighborhood associations, local organizations, and individuals who have expressed interest. Contacts who have chosen to "opt out" do not receive these messages.