

DATE: November 14, 2024

TO: Rental Housing Committee

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TITLE: **STUDY SESSION—Evaluating the Efficacy of the City’s Tenant Relocation Assistance Ordinance—Housing Element Program 3.2**

PURPOSE

Receive Rental Housing Committee input on options to increase the efficacy of the Tenant Relocation Assistance Ordinance in meeting antidisplacement goals as part of Program 3.2 in the City’s 2023-31 Housing Element.

BACKGROUND

Housing Element

The City’s state-certified 2023-31 Housing Element includes Program 3.2 related to displacement prevention and mitigation efforts. Program 3.2 includes a comprehensive list of policies, programs, and actions, including assisting displaced eligible tenants with relocation assistance as an ongoing item, including the TRAO as well as the tenant protection measures under State Senate Bill 330 (SB 330) as follows:

“Assist all displaced eligible tenants in receiving SB 330/Tenant Relocation Assistance to partially mitigate displacement impacts. Evaluate the efficacy of TRAO in meeting anti-displacement goals, such as being able to stay in Mountain View.”

The Housing Element deadline for completing the review of the TRAO is December 31, 2024. This RHC Study Session will be followed by a City Council Study Session currently scheduled for December 17, 2024 to meet the deadline.

TRAO Purpose

The City Council first adopted the Tenant Relocation Assistance Ordinance (TRAO) in 2010 and is found in Chapter 36 (Zoning Code) of the City Code. The TRAO is also referenced in the CSFRA Ordinance located in the City Charter. The purpose of the TRAO is to:

“...help mitigate the adverse health, safety and economic impacts experienced by moderate- to very low-income tenants of rental housing who are displaced from their residences due to a demolition of a rental unit, a remodel or redevelopment of a rental unit, a conversion of a rental unit to a condominium unit or a change of use of real property from a residential use to a nonresidential use by requiring the property owner to mitigate the impact on these tenants consistent with this article, the Community Stabilization and Fair Rent Act, Mountain View Municipal Charter Article XVII (“CSFRA”) and the Mobile Home Rent Stabilization Ordinance, Mountain View City Code [Chapter 46](#) (“MHRSO”).”

While TRAO addresses several different causes of tenant displacement, as identified above, the primary cause of tenant displacement in Mountain View has been the demolition and redevelopment of existing CSFRA units. Therefore, much of this report’s discussion, evaluation, and recommendations are based on how to mitigate the impacts of demolition/redevelopment projects.

It is also important to underscore that the TRAO is intended to partially mitigate (not fully prevent) the impacts of tenant displacement, as stipulated by the Ordinance and Housing Element. While relocation assistance is an important tool, other tools are also needed to address tenant displacement, which is a complex and multi-faceted issue.

The TRAO is a City program implemented by the Rent Stabilization Division as part of its tenant protections scope of responsibilities. The TRAO primarily covers units under the CSFRA and MHRSO, which is overseen by the Rental Housing Committee (RHC). Therefore, the RHC is asked to provide input in its advisory role to the City Council regarding this Housing Element.

Previous TRAO Amendments

When the TRAO was adopted in 2010, key provisions included: (1) only tenants who were considered very low-income (VLI) or below (earning at or below 50% of the Area Median Income (AMI) qualified for the program), (2) two months of relocation benefits were provided, and (3) the special circumstances relocation assistance payment was an extra \$2,000.

Over the past decade, the TRAO has been amended four times to increase the number of households who would be eligible for benefits and the amount of the relocation assistance benefits. These enhancements were intended to increase TRAO efficacy by increasing the likelihood that displaced tenants could find replacement housing in Mountain View, stay within

the community, and experience minimal disruption in their day-to-day lives (e.g., households with children would be able to attend the same schools). See Attachment 1 for more details.

SB 330

Senate Bill 330 (SB 330)—also known as the Housing Crisis Act of 2019—was passed in 2019, went into effect January 1, 2020, and currently has a sunset date of January 1, 2030. Whereas the TRAO covers several different causes of displacement, SB 330 is focused on displacement caused specifically by the demolition and redevelopment of existing protected units.

SB 330 includes the requirement for developers to replace any demolished “protected unit” as part of a redevelopment project with affordable units in the new development, as well as tenant relocation assistance requirements. A “protected unit” is any one of the following types of units: (1) covered by local rent stabilization provisions; (2) subject to affordable housing covenants; (3) occupied by very low- and low-income households, or (4) units subject to an Ellis Act¹ eviction in the last 10 years.

Key Provisions of TRAO and SB 330

The City applies both the TRAO and SB 330 requirements in the situation where protected units (primarily CSFRA units) are demolished and redeveloped into new housing. The TRAO and SB 330 include similar types of tenant relocation assistance requirements, and the redevelopment project must meet the stricter of the two programs.

A summary comparing TRAO and SB 330 is as follows (a more detailed table is in Attachment 2):

- **Income Eligibility:** TRAO provides a higher income eligibility (up to 120% AMI + \$5,000) than SB 330 (up to 80% AMI). This means more households qualify for benefits under TRAO than under SB 330. Table 1 provides the income categories and the associated 2024 income limits, adjusted for household size. Income limits are published annually by the California Department of Housing and Community Development.

¹ The Ellis Act (California Government Code Chapter 12.75) is a 1985 California state law that allows landlords to evict residential tenants to “go out of the rental business.” Landlords may choose to remove CSFRA apartments from the market and no longer rent them. There may be various reasons for a landlord to do this, one being to demolish and redevelop the units into new housing.

Table 1: TRAO and SB 330 Income Eligibility Levels

Program	Income Category	1	2	3	4
SB 330	80% AMI	\$102,300	\$116,900	\$131,500	\$146,100
TRAO	120% AMI + \$5,000	\$159,800	\$181,900	\$204,050	\$226,150

Households above 120% + \$5,000 are not covered by either TRAO or SB 330 and, therefore, are not eligible for any benefits.

- Relocation Assistance Amount:

The relocation assistance amount that income eligible tenants will receive requires comparing the TRAO/SB 330 amounts using the following formulas. Hypothetical examples are used to illustrate the comparison, but the actual amounts will vary household by household/unit by unit:

- *TRAO:* Three (3) months of rent based on the median monthly rent for a comparable unit in Mountain View.

Example: An eligible tenant is displaced from a two-bedroom CSFRA unit. The estimate for **TRAO relocation assistance is approximately \$11,300** (current median rent for a two-bedroom unit is \$3,769 per month multiplied by three months).

- *SB 330: Greater of:*

- **Formula 1:** [(Actual rent amount for the tenant’s replacement housing)– (30% of the displaced household’s average monthly income)] x 42 months.

Example: An eligible tenant is displaced from a two-bedroom CSFRA unit. The estimate using **Formula 1 is approximately \$35,600** (\$3,769 per month minus \$2,922 multiplied by 42 months).²

- **Formula 2:** [(Actual rent amount for the tenant’s replacement housing) – (Current rent for the unit to be demolished)] x 42 months.

² This example uses a two-person household at the 80% AMI of \$116,900 (see Table 1). However, the SB 330 amount is highly dependent on the income of the displaced household. If the household income is lower, the SB 330 amount will be higher.

Example: An eligible tenant is displaced from a two-bedroom CSFRA unit. The estimate using **Formula 2 is approximately \$57,500** (\$3,769 per month - \$2,400 actual rent multiplied by 42 months).³

In the above hypothetical, both SB 330 formulas yield higher amounts than the TRAO formula; therefore, SB 330 applies. Formula 2 yields a higher amount than Formula 1; **therefore, Formula 2 applies, and the displaced tenant will receive \$57,500.** Staff anticipates that the SB 330 formulas will result in higher benefits than under the TRAO in most, if not all, situations.

A summary of the income categories and applicable relocation assistance amounts using the hypothetical example are shown in Figure 1.

Income Category	Relocation Assistance
<p style="text-align: center;">Group 3 (Above 120% AMI + \$5,000)</p>	No relocation assistance.
<p style="text-align: center;">Group 2 (Above 80% AMI up to 120% AMI + \$5,000)</p>	Only TRAO covers this group. Therefore, TRAO applies (\$11,300).
<p style="text-align: center;">Group 1 (Up to 80% AMI)</p>	Both TRAO/SB 330 cover this group. However, SB 330 provides greater relocation assistance. Therefore, SB 330 applies (\$57,500).

Figure 1: Relocation Assistance by Income Categories

- Special-Circumstance Households: TRAO provides additional relocation benefits for income-eligible households with special circumstances (at least one member of the household who is a senior, disabled, or legally dependent child). This amount is approximately \$9,150 for Fiscal Year 2024 and is adjusted annually by the Consumer Price Index. Using the hypothetical above, a special circumstance household in Group 2 would

³ This example uses the average CSFRA rent as a hypothetical. However, the SB 330 amount is highly dependent on the actual rent of the demolished unit. If actual rent is higher, the SB 330 amount will be lower. If the actual rent is lower, the SB 330 amount will be higher.

receive \$20,450 (\$11,300 plus \$9,150). SB 330 does not provide any additional benefits for special circumstances.

- First Right of Return: TRAO and SB 330 provide different types of first right of return provisions.
 - *Return to a former unit—TRAO*: TRAO provides an “Ellis Act” first right of return for tenants. The State Ellis Act gives landlords the affirmative right to take an entire rent-stabilized apartment building off the market and no longer rent them, as well as the right to put them back on the market and start renting them again. Landlords may evict tenants to take a CSFRA apartment off the market. However, jurisdictions with a rent stabilization program may provide the evicted tenants a first right of return if they put the former units back on the market for up to 10 years. TRAO does not currently include SB 330 first right of return, discussed next.
 - *Return to a new unit—SB 330*: SB 330 first right of return for lower-income households applies when protected units (e.g., CSFRA units) are demolished and the site is redeveloped with new housing units or when replacement units are required to be built on an alternative site. The developer must provide first right of return for displaced tenants to a comparable new unit at affordable rents.

EVALUATING EFFICACY OF CURRENT TRAO

Staff evaluated the efficacy of the current TRAO based on:

1. Outcomes of displaced tenants.
2. Challenges in administering the current TRAO.
3. Review of Comparable Rent Stabilization Jurisdictions.
4. Stakeholder input.

This evaluation informs staff’s recommended actions to increase TRAO efficacy, as well as policy questions for the RHC and Council to consider, which are found later in this report.

1. Outcomes of Displaced Households

Since 2014, 31 residential projects totaling 1,020 units have been subject to the TRAO. This includes:

- 156 vacant units.
- 864 occupied units/households subject to displacement.

- 554 households (approximately 64%) received tenant relocation benefits.
 - 235 households qualified for a special-circumstance payment.
 - Average relocation assistance paid was \$12,402/household.
- 310 households did not apply for TRAO benefits (potentially due to a self-determination that they did not meet the income eligibility criteria).⁴

Out of the 554 households who received relocation assistance payments, the City has relocation data on 254 households, or just under half of households that received payments. As shown in Figure 2 below, 43% of the households relocated within Mountain View while another 41% relocated outside the City but stayed in the Bay Area.⁵

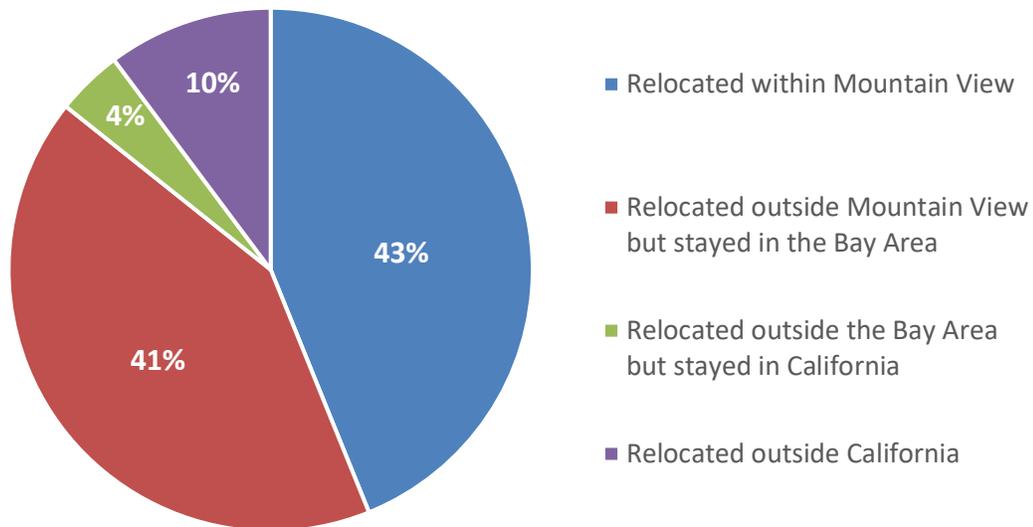


Figure 2: To Where Did Displaced Tenants Who Received Payments Relocate

⁴ The City’s uses a third-party relocation consultant to implement the TRAO. The consultant contacts each household in a redevelopment project, provides informational sessions, and provides assistance to fill out the necessary forms to receive TRAO benefits. As a result, households in every redevelopment project are well-informed of the availability of TRAO benefits. Staff’s assessment is that displaced households do not apply for TRAO benefits primarily because they have made their own determination that they are not eligible under the income requirements.

⁵ There was more limited data collection on TRAO projects in the past. However, staff believes Chart 2 is a reliable indicator of the percentage of displaced households that remain in Mountain View. The current program has more robust data tracking methods, including using the City’s relocation consultant Associated Right of Way Services to document new addresses of the displaced tenants.

2. Challenges in Administering the Current TRAO

Staff have identified the following challenges in administering the current TRAO that impact its efficacy. Updating the TRAO to address these challenges can increase program efficacy.

- a. **The early timing of the Notice of Intent may be challenging for developers to meet and may also cause tenants to move sooner than they need to. Additionally, the lack of a specified vacate date under TRAO may also cause tenant displacement to occur sooner.**

The current TRAO noticing requirements for a demolition/redevelopment project is a four-step process:

- Step 1: Section 36.38.25(a)(1) of the TRAO requires the developer to send a Notice of Intent (NOI) within thirty (30) days of submitting a development application to inform tenants that the property will be redeveloped. The developer must also put relocation assistance funding in an escrow account and provide funding for and contract with the City’s relocation consultant for its services to oversee the process. The NOI stipulates that the tenants do not need to vacate their units at this time but can begin applying for, and receiving, TRAO benefits even if they choose to relocate sooner than necessary.
- Steps 2 and 3: Section 36.38.25(a)(6) requires the developer to send a Notice of Termination to tenants to notify them about when they must vacate their units:
 - Minimum one-year termination notices for seniors and special circumstance households (Step 2), meaning the households must vacate their units within one year.
 - Minimum 120-day termination notices for general households (no special circumstances) (Step 3), meaning the household must vacate their units within 120 days.

The termination notices (Steps 2 and 3) can be sent any time after the NOI is sent Step 1.

Note that the only provision in the current TRAO related to the actual vacate date is that it must be after Council approves the project. The TRAO does not stipulate a specific date, and the developer can choose the vacate date.

Conversely, SB 330 does stipulate a specific vacate date that developers must now follow: “Any existing residents will be allowed to occupy their units until six months before the start of construction activities with proper notice.”

Because SB 330 is currently in effect, developers must incorporate the six-month vacate date in the process. If and when SB 330 sunsets, the six-month vacate date would also sunset.

- Step 4: Tenants must move out of their units by the SB 330 vacate date.

Figure 3 illustrates the TRAO process using a hypothetical demolition/redevelopment project, as well as the SB 330-required vacate date (blue star below). Without the SB 330 vacate date, TRAO would allow developers to set their own vacate date and cause displacement to occur sooner under TRAO than under SB 330 (shown in the shaded red box below).

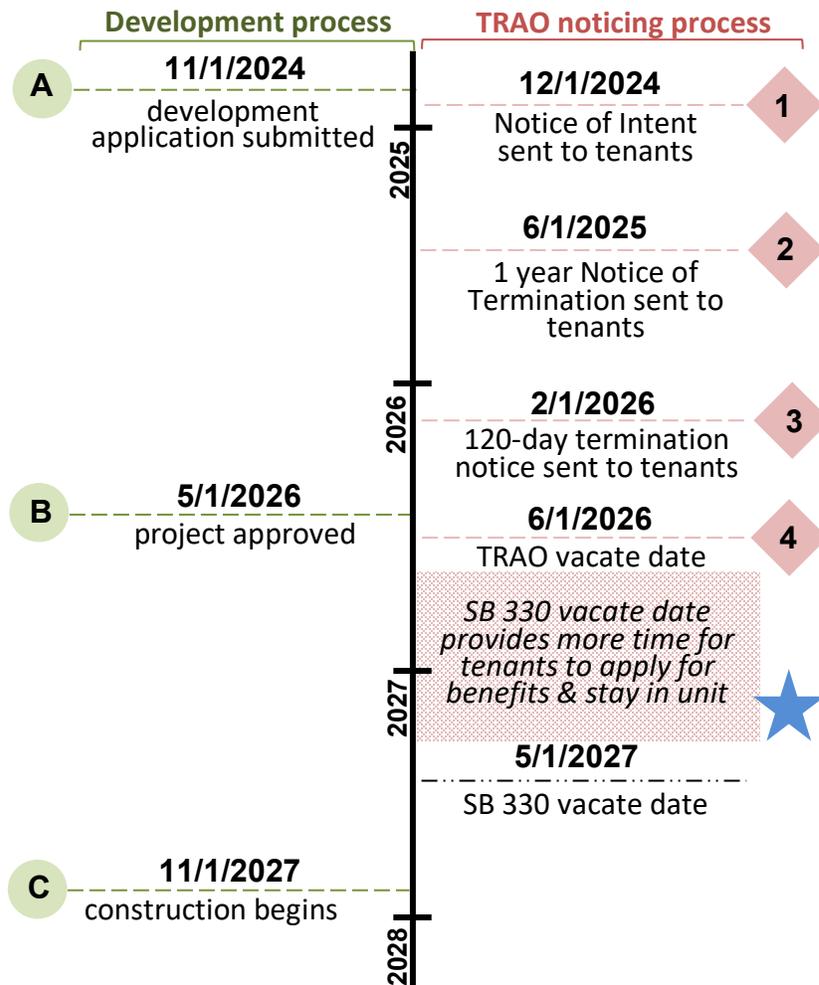


Figure 3: Current Tenant Relocation Process for Demolition/Redevelopment Projects—Illustrative Example

Challenges

- Early NOI requirement (Step 1):
 - Staff has seen consistent challenges of developers to fund the required escrow account/relocation consultant services (which is triggered early on in the project by Step 1 above) in a timely manner. It may take three or more years from the submittal of the development application to the start of construction, and because the projects are still early in the process, it is possible that they ultimately do not move forward. Therefore, developers are reluctant to outlay funding too early.
 - Tenants might decide to leave when they receive the NOI even though they are not required to do so. This could be a result of misunderstanding the requirements, or the NOI could simply trigger the tenant’s desire to vacate sooner rather than later in order to avoid the uncertainty associated with development review and construction timelines.
- Lack of “no-earlier-than” vacate date: Unlike SB 330, TRAO does not specify a “no-earlier-than” vacate date. This would likely result in developers setting a vacate date soon after project approval, causing tenant displacement to occur much sooner than would have likely otherwise occurred under SB 330.

b. Current TRAO Lacks Provision to Address Temporary Displacement

In general, there are two types of displacement: (1) permanent displacement, which is typically due to the demolition of the original unit; and (2) temporary displacement, which includes the need for a tenant to temporarily vacate the unit (which may require up to 60 or 90 days, for example, so that renovation work can be performed on the unit) after which the tenant can return to the original unit at the same rent.

The TRAO does cover “demolition” as well as “remodel” of rental units. It also makes a distinction between: (1) displacement lasting less than 30 days; or (2) displacement lasting 30 days or more. However, the TRAO does not make a specific distinction between permanent versus temporary displacement. This means:

- For tenants who are displaced for less than 30 days, the TRAO does not specify any relocation benefits or requirements that landlords must follow. The only rights available for tenants are provided in state law requiring that landlords cannot charge rent for the days a tenant is not able to use their rental unit.
- For tenants who are displaced for 30 days or more (whether it is temporary or permanent), landlords must provide the same level of TRAO benefits.

Example of 660 Mariposa Avenue

The TRAO allows for a developer to request an alternative mitigation to the standard TRAO requirements. This occurred with the project located at 660 Mariposa Avenue (Mariposa), where the developer renovated and converted the CSFRA building into permanent affordable housing. The TRAO alternative mitigation was necessary because:

- While most of the renovations were anticipated to take fewer than 30 days, it was possible in some instances that renovations might extend beyond 30 days. Because it was 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 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 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. On May 25, 2021, Council approved the TRAO alternative mitigation for the project, which included: (1) three temporary relocation options; (2) all reasonable costs associated with any of the above options, including moving and/or storage costs; and (3) first right of return.

The developer successfully implemented the TRAO alternative mitigation. However, the process took a significant amount of time for both the developer and staff to develop and review the plan and bring the request for Council consideration. Additionally, as the City develops and implements an acquisition/preservation program for CSFRA units as part of its tenant displacement response strategy, it is anticipated that there will be more projects like 660 Mariposa Avenue in the future.

Challenge

Under the current TRAO, a temporary displacement of 60 or 90 days to conduct renovations is subject to the same requirements as a project causing permanent displacement due to demolishing existing CSFRA units. However, although temporary displacement is disruptive to the tenant’s living situation, it does not have the same impact as permanent displacement. Therefore, it is reasonable to include a different set of requirements in the TRAO to address temporary displacement in a manner that is more proportional to its impact on tenants’ lives.

Although the current TRAO does include an option for developers to request an alternative mitigation for a renovation project (versus a demolition project), the alternative mitigation process can be lengthy, inefficient, and lack clarity for developers and tenants.

c. Existing Loophole Could Cause Tenant Displacement Without Relocation Assistance Payments.

Section 36.38.15(b) in the current TRAO states five situations that do not qualify as displacement, including the following:

“a landlord’s compliance with an enforcement order of the city chief building official for which the property owner has been ordered to pay relocation expenses pursuant to Health and Safety Code 178975, *et seq.*, or any other state or federal law.”

City “enforcement orders,” with regard to CSFRA units, are most likely to be due to nonpermitted construction or habitability issues, which results in “red tagging” the units. Staff has reviewed this TRAO section with the City’s outside legal counsel, who indicated that, as the TRAO is currently written, a building that is red tagged by the City exempts the units from the TRAO requirements and is instead subject to state requirements.

Challenge

Section 36.38.15.(b) may cause unintended consequences. For example, a landlord could intentionally allow or cause a CSFRA property to fall into significant disrepair, requiring the City to red tag the units. Red tagged units are uninhabitable, which means tenants must immediately vacate the units. However, this means that the landlord would not be required to pay TRAO benefits. State relocation benefits for code enforcement are lower than TRAO relocation benefits. Additionally, although there are certain state relocation benefits that would still apply to a red tagged property, the City does not have the oversight or authority to enforce the state requirements.

3. **Review of Comparison Jurisdictions**

Staff researched 10 jurisdictions with comparable rent stabilization and tenant relocation programs (See Attachment 3). While there are similarities between the City’s TRAO and those in other jurisdictions, there are some key differences:

- The TRAO caps income eligibility at 120% AMI plus an additional \$5,000. However, all of the comparison jurisdictions include some level of benefit regardless of income. There is a wide range in the methodology and amounts between the jurisdictions.
- Most jurisdictions include enhanced benefits for special circumstance households. Again, there is a wide range in the methodology and amounts between the jurisdictions.
- As illustrated in Figure 3 above, the TRAO has two noticing requirements, with the Notice of Intent sent to tenants very early in the process (Step 1) and the Notice of Termination later in the process (Steps 2 and 3). However, most jurisdictions require that the Notice of Intent and Notice of Termination be sent at the same time ((i.e., other jurisdictions combine Step 1 with Steps 2 and 3) but later in the process relative to the TRAO timing.
- Unlike the current TRAO, all of the comparison jurisdictions include a different set of specific provisions for temporary displacement versus permanent displacement.
- Unlike the current TRAO, none of the comparison jurisdictions exempt relocation assistance in the situation of City enforcement actions/red tagging.

4. **Stakeholder Input**

In July 2024, the City initiated a stakeholder engagement process to receive input regarding this Housing Element item. The process included multiple notifications to tenants, property owners, developers, and those who registered on the City’s tenant displacement response interest list. Staff held two community/stakeholder meetings, one for tenants (hybrid; online, and in person) which included child-care and interpretation services, and one for landlords/developers (online). Approximately 20 persons in total attended the three meetings. The following is a summary of the input from tenants and landlords/developers:

- Tenant input:
 - Tenants (as well as landlords and developers) stated the need for a balance between the goal of increasing housing and protecting existing housing and tenants. This means that tenant protections, such as relocation benefits need

to be provided, while at the same time housing production should still be feasible.

- The TRAO would be considered effective if displaced tenants were able to stay in Mountain View.
- Income eligibility criteria should be eliminated since every displaced household is impacted and incurs costs of moving. One perspective was that everyone regardless of income should receive some minimum level of benefit. The other perspective was that everyone, regardless of income, should receive the same level of benefit.
- First right of return to a new unit under SB 330 would provide a permanent unit at affordable rent for eligible tenants but does not take into account that in the time period between displacement and the ability to move into a new unit, tenants have to pay market rate rent, after their three-month (TRAO) or 42-month (SB 330) differential relocation assistance has run out.
- Landlord/Developer input:
 - As noted above, landlords and developers stated the need for a balance between the goal of increasing housing and protecting existing housing and tenants. The current market environment is causing feasibility problems for developers, with high costs including inflation, interest rates, insurance, and property taxes.
 - Including SB 330 requirements into the TRAO would create an even greater disincentive for developers.
 - Small landlords felt that due to high costs and many tenant protections, there are no incentives to own rental property. Remodeling or upgrading existing units is also disincentivized due to the tenants first right of return without an increase in rent.
 - Developers expressed general feasibility issues in the current market and have great concern that the TRAO/SB 330 requirements make development projects complicated.
 - All City requirements taken together contribute to the unfeasibility of a project.
 - SB 330 replacement units and first right of return to a new unit at an affordable price are a big issue, due to the rising costs of building new units.

OPTIONS TO INCREASE TRAO EFFICACY

Based on the discussion above regarding efficacy of the current TRAO, this subsection provides a summary of staff recommendations to increase TRAO efficacy. Increasing efficacy includes “being able to stay in Mountain View” (Housing Element), extending the amount of time tenants can stay in their existing units before they must vacate, enhancing clarity of the TRAO requirements, and closing loopholes.

RHC input will be forwarded to Council for consideration on December 17, 2024.

Recommendations

Staff recommends the following modifications to the TRAO to increase program efficacy.

1. Add the SB 330 Vacate Date to the TRAO.

As noted, the TRAO does not provide a specific vacate date, whereas SB 330 specifies that tenants can stay in their units until six months prior to the start of construction. The lack of a specific vacate date can result in a lack for clarity for the tenants and may result in the developer setting a date that results in tenant displacement much sooner than would otherwise occur. The SB 330 six-month date also provides a reasonable balance between preventing early tenant displacement and providing enough time for the units to become vacant to allow the project to stay on schedule.

2. Evaluate alternatives for a later Notice of Intent requirement.

Staff recommends evaluating alternatives for when the Notice of Intent should be sent by a developer to tenants. As discussed earlier, the current TRAO requires that developers send the NOI within 30 days of submitting their development application to the City. This early noticing requirement can cause challenges for both the developer and tenants. Changing the NOI requirement to a later date/timeframe can address the challenges. Other case study jurisdictions (Attachment 3) have later NOI dates than the City and staff will review them further to inform options for the TRAO.

3. Add a new section to address temporary displacement.

Instead of relying on the TRAO alternative mitigation provision in the future to address temporary displacement, staff recommends incorporating specific requirements in the TRAO to address temporary displacement which will increase TRAO efficacy. This will help streamline the process for future acquisition/preservation projects and provide enhanced clarity for developers and tenants.

Additionally, several cities in Attachment 3 have specific requirements for relocation benefits for temporary displacement of tenants.

Staff recommends evaluating: (1) what length of time is appropriate to be considered “temporary” (up to 60 or 90 days, for example); (2) different temporary relocation benefit options; (3) costs associated with any of the above options, such as moving and/or storage costs; and (4) first right of return to the renovated unit. The options will be informed by staff research, further review of other jurisdictions, and the successful 660 Mariposa Avenue project.

4. Modify the TRAO so that units vacated due to City enforcement order for nonpermitted construction or habitability issues are not exempt from relocation assistance.

Staff recommends modifying or deleting Section 36.38.15(b) to prevent the unintended consequence of CSFRA properties falling into disrepair or housing tenants in unpermitted structures, causing the City to red tag the units, but resulting in tenant displacement without any relocation benefits.

5. Add SB 330-type of first right of return to City requirements.

TRAO currently includes the Ellis Act-type of first right of return. However, it does not include the SB 330-type of first right of return, which provides tenants who were displaced due to the demolition of their original units the first right to a new unit at affordable rents. As CSFRA properties continue to age, there will be increased pressures to redevelop the older existing properties into new residential projects, making the SB 330 version of first right increasingly important. Because SB 330 is currently scheduled to sunset in 2030, adding this type of first right of return to the City’s requirements will allow this important provision to be maintained.

Note that on October 10, 2023, Council directed staff to develop local requirements to replace demolished CSFRA units based on SB 330 replacement requirements, including first right of return. Both the local replacement requirements ordinance and the TRAO amendments will be brought forward for Council consideration in 2025. Staff will review whether to include the SB 330 first of return provision in the local replacement requirements ordinance or the TRAO.

Question No. 1: Does the RHC recommend that the City Council support staff Recommendation Nos. 1 through 5? Does the RHC have other feedback or recommendations for Council consideration?

Additional Consideration

As noted in Housing Element Program 3.2, a key metric in determining the efficacy of TRAO is whether or not permanently displaced households were able to stay in Mountain View. This would allow the households to remain in the community where they have existing ties, employment, or other connections. As noted above, 43% of the displaced tenants relocated within Mountain View.

There are at least two ways under the TRAO to increase the likelihood that more displaced tenants will relocate elsewhere in Mountain View:

- Increase the income limits so more households can qualify for relocation assistance benefits; and/or
- Increase the amount of the benefits.

Prior TRAO amendments included both increasing the eligible population (e.g., by increasing the income limits) and the amount of the benefits (e.g., increased the relocation assistance from two months to three months; increased enhanced benefits for special-circumstance households).

If Council wishes to consider increasing TRAO efficacy through increasing eligibility and/or the benefit amounts, the evaluation could be considered using the three Groups shown in Figure 1 above:

- **Group 1 (households up to 80% AMI):** The evaluation could be based on researching other jurisdiction methodologies in more detail, the SB 330 formulas, or other factors; and would include assessment of monetary and nonmonetary benefits. Although SB 330 is currently in effect, its benefits would expire if and when SB 330 sunsets.

Considerations/Parameters—While eligible displaced tenants in Mountain View have received \$12,400 in TRAO benefits on average as discussed in the data above, market-rate rents in Mountain View are higher than what Group 1 households can afford. The current TRAO benefits may be able to assist with moving and or transition costs but may not be able to provide much in terms of rental assistance in higher-cost units in Mountain view. Therefore, a higher level of TRAO benefits could increase the percentage of displaced tenants who relocate elsewhere in Mountain View.

At the same time, note that given the potentially much higher benefit amounts under SB 330 relative to under TRAO, SB 330 should be considered a maximum limit. While the state can impose requirements without factoring in development feasibility, cities must evaluate the potential impact of local policies on development feasibility. It does not

appear that the comparison cities have incorporated SB 330 into their local programs for Group 1 low-income households at this time.

- **Group 2 (households above 80% AMI up to 120% AMI + \$5,000):** This evaluation could be based on researching other jurisdictions in more detail or other factors and would include assessment of monetary and/or nonmonetary benefits.

Considerations/Parameters—It is not recommended that the SB 330 formulas be considered as part of this evaluation. SB 330 does not apply to households above 80% AMI. Therefore, there may be even greater constraints for jurisdictions to extend SB 330 benefits beyond low-income households (Group 1) to include moderate-income households (Group 2).

Additionally, current market-rate rents are generally at or below moderate-income rents. Therefore, Group 2 should be able to more feasibly find other housing options that they could afford in Mountain View with existing TRAO benefits relative to Group 1. Therefore, it is unclear at this time whether increasing the TRAO benefits beyond current levels would increase the likelihood that Group 2 tenants relocate in Mountain View.

Finally, and as a result, to the extent that Group 1 benefits are ultimately increased, it would be reasonable that any potential increases to Group 2 benefits would be lower than for Group 1.

- **Group 3 (households above 120% + \$5,000):** Group 3 household are not eligible to receive any benefits under TRAO or SB 330. Like Group 2, the evaluation could be based on evaluating other jurisdictions or other factors; and would include assessment of monetary and non-monetary benefits.

Considerations/Parameters—Tenants in this above-moderate income household would be able to afford comparable replacement housing in Mountain View. Therefore, creating benefits for this group may not impact whether or not they relocate in Mountain View.

During the tenant stakeholder meetings, staff received input that every displaced household, regardless of income, is impacted when their units are demolished, that this situation is not in their control, and they must pay for moving/transition costs like other tenants.

Additionally, all the comparison cities provide some level of benefits to displaced tenants regardless of income. As such, if staff is directed to study options for Group 3, it is recommended that the evaluation focus on the methodology and rationale used in other cities for this above-moderate income group.

If directed by the City Council to study benefit changes for one or more Groups, staff will also evaluate if there are any potential economic and legal constraints to expand TRAO benefits. This may include analysis of state laws/requirements such as the Ellis Act, the Housing Element, etc.

Question No. 2: Which group, if any, does the RHC recommend that the City Council direct staff to evaluate for potential options to increase benefits? Does the RHC agree with the considerations/parameters related to each Group?

SUMMARY OF QUESTIONS

- Question No. 1: Does the RHC recommend that the City Council support staff Recommendation Nos. 1 through 5? Does the RHC have other feedback or recommendations for Council consideration?
- Question No. 2: Which group, if any, does the RHC recommend that the City Council direct staff to evaluate for potential options to increase benefits? Does the RHC agree with the considerations/parameters related to each Group?

NEXT STEPS

RHC recommendations and input will be forwarded to the City Council for consideration on December 17, 2024 as a Study Session item.

The Environmental Planning Commission (EPC) holds public hearings on ordinance amendments to Chapter 36 (Zoning Code) of the City Code. Because the TRAO is located in Chapter 36, the TRAO amendment process will include public hearings with the EPC and City Council in 2025.

PUBLIC NOTICING

Agenda posting, posting on the City’s website, and emails to the Displacement Response Strategy interest list registrants and CSFRA/MHRISO email distribution list.

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- Attachments:
1. Previous TRAO Amendments
 2. Comparison of TRAO and SB 330 Key Provisions
 3. Summary of Comparable Jurisdictions