

DATE: March 28, 2024

TO: Rental Housing Committee

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

SUBJECT: **Tenant Relocation Assistance Program Annual Overview**

RECOMMENDATION

Receive an annual overview on the Tenant Relocation Assistance Program for Fiscal Year 2022-23 and Fiscal Year 2023-24 through February 2024.

BACKGROUND

The purpose of this memorandum is to provide background information and outcomes related to tenant relocation programs. Upon past request of the Rental Housing Committee (RHC), staff presents annual updates related to tenant relocation activities as performed by the Rent Stabilization Division.

There are two applicable laws related to tenant relocation assistance that the Rent Stabilization Division implements:

- **City's Tenant Relocation Assistance Ordinance (TRAO)**

The TRAO was adopted in 2010 to address tenant displacement due to renovation or redevelopment of older, naturally affordable rental units. The TRAO has been amended several times to increase relocation assistance benefits or expand eligibility coverage. The most recent amendment occurred in 2022, expanding coverage to mobile home renters covered under the Mobile Home Rent Stabilization Ordinance (MHRSO). The Community Stabilization and Fair Rent Act (CSFRA), and the MHRSO require tenant relocation assistance benefits and a first right-of-return be provided for certain just-cause evictions; the TRAO defines eligibility criteria, the amount of assistance tenant households receive and the parameters around the first right-of-return.

- **State Senate Bill 330**

The state Senate Bill (SB) 330, Housing Crisis Act of 2019, went into effect on January 1, 2020, and provides (among other obligations) relocation requirements for projects that include the demolition of certain existing “Protected 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. SB 330 was amended in 2024 by AB 1218 to expand replacement requirements and relocation assistance that apply when protected housing units are being demolished. In addition to tenant relocation benefits, SB 330 requires developers to replace any demolished Protected Units as affordable units in the new development.

Both rent stabilization laws in Mountain View (CSFRA and the MHRSO) require relocation assistance benefits be provided to eligible households whose tenancies are terminated based on specified just-cause reasons, such as repairs, owner move-ins, the withdrawal of rental units from the market, and/or demolition of rental units. For this reason, Rent Stabilization Division staff is tasked with implementing the tenant relocation program on behalf of the City Council and state law.

The number of tenant relocation programs has increased in recent years to include the City’s TRAO, originally adopted in 2010, and now the 2020 state’s relocation law, SB 330. The TRAO and SB 330 define eligibility criteria, the amount of assistance tenant households receive, and the parameters around the first right-of-return.

The Rent Stabilization Division implements the City’s TRAO because it covers the CSFRA and MHRSO renters/units. The Division also implements the portions of SB 330 related to Protected Units because CSFRA units qualify as such units.

Key Components of TRAO and SB 330

All residential projects that include the demolition/redevelopment of CSFRA/MHRSO units are reviewed by staff and evaluated under both TRAO and SB 330 requirements. If CSFRA-covered units are being demolished, they will be subject to both the TRAO and SB 330, and the stricter of the two requirements apply.

While there are variations in program requirements, both the TRAO and SB 330 include the following key components:

- Eligibility based on Area Median Income (AMI);
- Cash payment to eligible households;

- Additional relocation assistance benefits; and
- First right-of-return.

Income Eligibility

Tenants displaced from CSFRA/MHRSO units who qualify as low- or moderate-income are eligible for relocation assistance/benefits. Income limits are published annually by the state’s Department of Housing and Community Development (HCD). Table 1 below shows the 2023 Santa Clara County Area Median Income limits adjusted for household size for the low-income (80% AMI and below) and moderate-income (80% to 120% AMI) categories. The TRAO allows for a \$5,000 buffer on top of the moderate-income limit. The TRAO income limit is listed in Table 1 as “120% AMI + \$5,000” and highlighted in blue.

Table 1: 2023 Income Limits for Santa Clara County Adjusted by Household Size

Household Size	1	2	3	4	5
80% AMI	\$96,000	\$109,700	\$123,400	\$137,100	\$148,100
120% AMI	\$152,300	\$174,050	\$195,800	\$217,550	\$234,950
120% AMI + \$5,000	\$157,300	\$179,050	\$200,800	\$222,550	\$239,950

Comparison of TRAO Versus SB 330 Relocation Assistance Requirements

Table 2 compares key relocation benefit components of the TRAO and SB 330. In case both 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 receives both.

Table 2: Comparison of TRAO and SB 330 Requirements

	TRAO	SB 330
Area Median Income (AMI)	120% AMI + \$5,000 or less	80% AMI or less
Cash Payment	Three (3) months of rent based on the median monthly rent for a similar-sized unit in Mountain View	42 months of rent differential between the lower of: a. 30% of the displaced household’s average monthly income; or b. the actual rent for the unit to be demolished subtracted from the rent for a comparable replacement.
Relocation Assistance	<ul style="list-style-type: none"> Unlimited subscription to a rental agency. 	<ul style="list-style-type: none"> Personal relocation advisor Moving costs
Special Circumstance	Eligible Special-Circumstance households of \$8,000 + CPI per rental unit for households with at least one of the following characteristics (2024: \$9,151): 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.	N/A
Deposit Refund	Refund of security deposit, except for funds necessary to repair damage to units that will be reoccupied prior to demolition.	N/A
First Right-of-Return	The first right-to-return if the original unit is put back on the rental market.	The first right to occupy a new unit at an affordable price.

For additional information, the [City of Mountain View Tenant Relocation Assistance Program Administrative Procedures](#) documents the TRAO and SB 330 requirements program in greater detail (see Attachment 1).

Tenant Relocation Assistance Process

This section provides a high-level summary of the tenant relocation assistance process, and how eligible tenants access/receive the benefits.

The tenant relocation process begins long before tenant households are required to vacate their units and before a property is demolished. Staff coordinates with multiple City departments as well as external parties, including the developer and relocation consultant, to carry out an efficient relocation process that ensures tenant households are informed and be able to timely access their benefits. Redevelopment projects are often complex and evolve over time as project plans and economic circumstances change. Below is an overview of the tenant relocation process:

Table 3: Overview of Tenant Relocation Process

Overview of Tenant Relocation Process	
1.	The project developer submits a formal application to the Community Development Department to redevelop a property that contains rental housing.
2.	City contracts with the developer to fund a relocation consultant who provides direct services to the tenants. The City separately contracts with the relocation consultant to provide those tenant services.
3.	The relocation consultant sends a Notice of Intent (NOI) to each effected household, informing them of the proposed project and timeline and providing a summary of relocation benefits.
4.	An informational on-site community meeting is held for the tenants, and relocation benefit applications are distributed. The meetings and notices are translated into additional languages as needed.
	a. Households can apply for relocation benefits any time before the final vacating date.
	b. If found eligible, households receive half of their TRAO benefit immediately. The remaining funds are distributed upon final moveout.
5.	Staff provides periodic project updates by written letters or through community meetings as projects can last multiple years.
6.	Termination notices are provided by the landlord and must give at least a 120-day or one-year notice if there are seniors or disabled individuals in the household. Protected Units under SB 330 must also be given a six-month notice to vacate and be allowed to occupy their units until six months before the start of construction.

Overview of Tenant Relocation Process

7.	For SB 330 projects, tenants interested in occupying an affordable unit in the new construction must maintain an up-to-date forwarding address to be contacted once the unit becomes available.
-----------	---

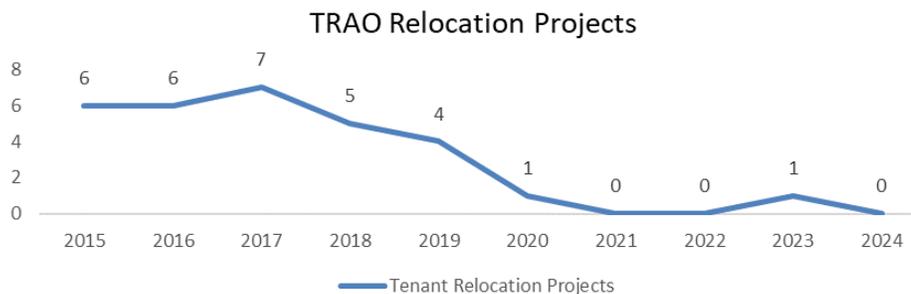
ANALYSIS

In the five years before the adoption of SB 330, the City of Mountain View experienced an average of 5.5 redevelopment projects per year. These projects were subject only to the TRAO, and developers were required to provide funds to income-eligible tenants and resources to find replacement housing. With the adoption of SB 330, in addition to the requirements of funding monetary assistance and relocation resources, the developer also needs to replace Protected Units, including those covered by the CSFRA, with affordable housing units in the new development.

After the adoption of SB 330 in January 2020, a decline can be noticed in redevelopment projects in the City of Mountain View, resulting in fewer demolished CSFRA-covered rental units. The affordable housing replacement requirements may be contributing to the decline in redevelopments. Staff has heard from various developers that the replacement requirements under SB 330 have the potential to impact their bottom line, especially when the number of units being demolished is equivalent to the number of new units being built. Potential profits may be effected if a redevelopment project does not construct a significantly larger number of new units than the number of demolished units.

Additionally, the implementation of SB 330 coincided with the start of the COVID-19 pandemic. According to developers, construction costs have risen significantly, in part due to the pandemic’s supply-chain impacts. The higher-construction costs, coupled with the new replacement requirements, have caused developers to reassess the redevelopment projects of Protected Units. See Table 4 below for the number of TRAO projects for CSFRA units over time.

Table 4: Number of TRAO Relocation Projects Over the Past Nine Years



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

There are currently three open redevelopment projects effecting CSFRA-covered properties. No redevelopment projects are in the pipeline affecting MHRSO-covered properties. Each open project is subject to both the TRAO and SB 330 and is required to provide affordable replacement units for CSFRA-covered units. Where both TRAO and SB 330 are applicable, the stricter requirement applies.

Table 5: Overview of Current Redevelopment Projects

Address	Year Project Started	Applicable Program	No. of New Units Proposed	No. of Units to Demolish/ Replace
750 Fairmont Avenue	2023	TRAO and SB 330	120 Condos	4/4
1919-1945 Gamel Way	2019/2023*	TRAO and SB 330	210 Condos	29/29
870 East El Camino Real	2019 (project on hold)**	TRAO and SB 330	223 Rental Units	42/42

* The original Gamel Way project started in 2019 and was only subject to the TRAO. In 2023, the developer submitted a new builder’s remedy project application for the same site but with an increase in the total number of units in the project.

** The developer decided to place the redevelopment project at 870 East El Camino Real on hold due to current economic conditions. Although the project is on hold, it is still subject to relocation requirements. Tenant households are able to apply for relocation assistance until a project is formally canceled or withdrawn.

Overview of Redevelopment Projects Completed in Fiscal Year 2022-23

Two redevelopment projects were completed in Fiscal Year 2022-23. Projects are considered complete when the current tenant households have vacated and received full tenant relocation payments. Once a project is completed, staff can determine how many households applied for assistance, how much assistance was provided, and where tenants relocated.

Table 6: Overview of Redevelopment Projects Completed in Fiscal Year 2022-23

Address	Project Years	Applicable Program	No. of Units Demo	No. of New Units Built	Replacement Units	No. of Households Assisted	Assistance Type
1851 Charleston Road	2020-2023	TRAO	4	NA	NA	3/3	TRAO Payment
660 Mariposa Avenue	2021-2022	Alternate Mitigation to TRAO	NA	48 Rehabbed	5 BMR Units in Villa Street Development	40/41	25: Stipend 10: Prepaid Hotel 5: Transferred to Remodeled Units 1: Vacated

Relocation of Displaced Households

One of the TRAO’s main goals is to help displaced households remain in their community. For this reason, staff tracks where tenants relocate once they vacate the property. Note that there are two primary constraints to tracking the outcomes of displaced households. First, staff is only able to track the relocations of households who have applied for assistance. Second, staff cannot track a household’s location if they move out without contacting the relocation consultant or applying for assistance and leaving a forwarding address.

Table 7 shows the relocation areas for households in open development projects. Projects listed as “open” will only show data for vacated households since we will not have relocation information for those who still occupy their units. The remaining tenants will be tracked as they move out and find replacement housing.

Table 7: Relocation of Displaced Households in Open Projects

Open Projects	Original No. of Households as of NOI	No. of Households Still Occupy Unit	Where Tenants are Moving					Vacated Without Applying
			Transfer Within Property	Mountain View	Bay Area	CA	Out of State	
750 Fairmont Avenue	1	1	--	--	--	--	--	--
1919-1945 Gamel Way	20	6	--	5	5	2	2	--
870 East El Camino Real	42	4	4	3	1	--	--	30*

* Many households at 870 East El Camino Real indicated they did not income-qualify for assistance.

Table 8 shows the relocation areas for households in development projects completed in Fiscal Year 2022-23.

Table 8: Relocation of Displaced Households in Completed Projects

Completed Projects	Original No. of Households as of NOI	Return to Original Unit	Transfer within Property	Where Tenants are Moving					Vacated without Applying
				Mountain View	Bay Area	CA	Out of State	Not Known (Unk.)	
1851 Charleston Road	1	--	--	1	--	--	--	2	--
660 Mariposa Avenue	20	35	5	--	--	--	--	1	--

Housing Element Update

The City’s 2023-31 Housing Element includes several items related to responding to tenant displacement. One of the items is evaluating the efficacy of the TRA0 in meeting antidisplacement goals, such as displaced households’ ability to stay in Mountain View. This item is to be completed by December 31, 2024, per the time frame in the Housing Element. The RHC March 28, 2024, Agenda Item 6.2, Information on City’s Tenant Replacement Response Strategy—Acquisition/Preservation, Community Ownership Action Plan, and Other Efforts, will provide an update on the progress of this item. This item will be coordinated with the Rent Stabilization Division.

FISCAL IMPACT—There is no fiscal impact related to the RHC receiving this update.

PUBLIC NOTICING—Agenda posting, posting on the City’s website, and email to distribution list.

AK-AvD/KG/1/HSN/RHC
821-03-28-24M

Attachment: 1. [City of Mountain View Tenant Relocation Assistance Program Administrative Procedures](#)