

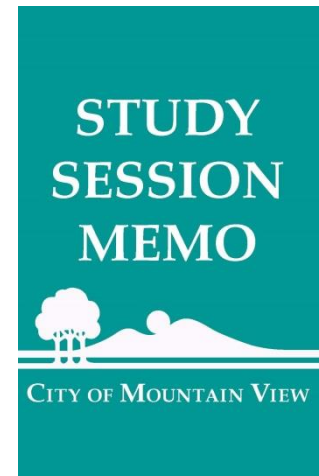
DATE: October 29, 2019

TO: Honorable Mayor and City Council

FROM: Wayne Chen, Assistant Community
Development Director
Aarti Shrivastava, Assistant City Manager/
Community Development Director

VIA: Daniel H. Rich, City Manager

TITLE: **Options for Responding to Displacement**



PURPOSE

The purpose of this Study Session is to seek Council input on potential strategies to address displacement.

BACKGROUND

In Fiscal Year 2018-19, several residential projects went through the entitlement process that included demolishing older apartments covered under the City's Community Stabilization and Fair Rent Act (CSFRA) and redeveloping the sites with rowhouse/townhouse ownership units. During project entitlement hearings, the Council discussed various ways to respond to the displacement of tenants in those projects, but it also discussed longer-term options, such as modifying the City's Tenant Relocation Assistance Ordinance (TRAO) and exploring a "no net loss" policy. Topics of a moratorium on certain residential projects that involve demolition of existing units, as well as acquiring/preserving "naturally affordable" apartments, were also brought up.

In June 2019, the Council adopted its two-year Major Goals for the Fiscal Year 2019-21 cycle. There are four Major Goals, including Goal 1 ("Promote a Community for All with a Focus on Strategies to Protect Vulnerable Populations and Preserve Mountain View's Socioeconomic and Cultural Diversity Protecting Vulnerable Populations") and Goal 2 ("Improve the Quantity, Diversity, and Affordability of Housing by Providing Opportunities for Subsidized, Middle-Income, and Ownership Housing"). As part of the Major Goals work plan setting process, Project 1.1 ("Hold a Study Session on displacement and no net loss; develop a work plan for any desired follow-up actions") under Goal 1 emerged as a top Council priority. Staff also notes that addressing displacement could also align with Sustainability Action Plan-4 Action Item S1.6 to

“explore ways to incorporate social equity into sustainability program” and Goal L3 to “ensure that housing in Mountain View is affordable to a diverse range of households.” Additionally, to the extent that households who work in Mountain View are displaced from the City, a strategy to prevent or mitigate the impacts of displacement would support Goal L1 to “develop land use strategies and policies that support VMT reduction.” Finally, displacement has been regarded as a potential cause of homelessness. To the extent that is so, an effective displacement response strategy could also reduce the incidence of homelessness.

Since adoption of the Fiscal Year 2019-21 Major Goals Work Plan, staff has undertaken the following:

- Conducted research on potential displacement response strategies and best practices.
- Talked with entities that have been working on displacement-related issues, such as capacity building organizations, foundations, community land trusts, etc.
- Evaluated Mountain View and regional housing market data.
- Analyzed the ability for cities to implement policies and programs to respond to displacement, given the constraints on local land use authority by the Ellis Act, new State legislation, fair housing law, and other considerations.

From this preliminary analysis, it is clear that displacement is a complex, multi-faceted issue. Although there are certain limits to local land use authority (summarized in the Discussion section below), cities do have the ability to implement various policies and programs to address the issue of displacement, with different ways to combine and design each program/policy. The size, scope, and particularities of a displacement response strategy primarily depend on local priorities, resources, and other factors.

The purpose of this Council Study Session is to implement Project 1.1 and receive initial Council input on and parameters for developing a displacement response strategy. The Discussion section summarizes key findings and considerations and seeks Council input on an initial set of questions and program options. Council input in these areas will be used to develop a displacement response strategy, which will be brought back for Council consideration in the second quarter of 2020.

DISCUSSION

This section provides a summary of staff's initial findings and potential options for Council to consider for a displacement response strategy, including the following subsections:

- Local land use authority: This subsection discusses the parameters of what jurisdictions can and cannot do in terms of responding to displacement based on what is allowed or prohibited.
- Housing data: This subsection provides a summary of relevant Mountain View and regional housing data to inform potential displacement response strategies.
- Key principles: This subsection provides draft recommendations about high-level principles to guide development of a displacement response strategy and program design.
- Summary of options and considerations: This subsection provides recommendations for priority programs and policies to further evaluate/consider for a broad-based displacement response strategy, including preventing displacement and mitigating the impacts of displacement.
- Illustrative example: This subsection provides an illustrative example of how the recommended priority programs and policies could provide an integrated and comprehensive approach to responding to displacement

Local Land Use Authority

Staff has worked with its legal consultants to better understand the authority that cities have to respond to displacement. Although land use authority is fundamentally based on the principle of local control and that cities know what is best in their jurisdictions, there are limits to local discretion and, therefore, certain constraints as to what cities can do about displacement. However, cities do have options.

Cities Have Limited Ability to Deny Conforming Projects or Impose a Moratorium

In general, cities are required to approve projects that conform to their regulatory framework, including the Zoning Code, ordinances, and other requirements. Cities have some ability to deny residential projects that conform to local regulations and codes, but it is very limited. Two areas where jurisdictions have some ability to deny projects are ones that: (1) could have negative health or safety impacts; and (2) do not

comply with or seek concessions/exceptions to local planning and zoning standards. Similarly, jurisdictions also have limited ability to impose a moratorium on conforming projects.

Recent State Legislation Focused on Increasing Supply

It is generally accepted that there is a housing crisis in the region and throughout the State. Recent State legislation on housing has been focused on increasing supply because there has been long-term underproduction combined with a concern that many cities are not facilitating their share of housing production. Such legislation, including the laws below, has made it more difficult for jurisdictions to deny residential projects or to establish moratoria or caps on development.

- **Housing Accountability Act (HAA):** If a jurisdiction seeks to disapprove a project that meets the City's objective standards, the local agency must make written findings "supported by a preponderance of the evidence on the record" that the housing development would have "a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density" AND "there is no feasible method to satisfactorily mitigate or avoid the adverse impact identified...other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density." "Specific adverse impact" is defined as an impact that is "significant, quantifiable, direct, and unavoidable" and "based on objective, identified written public health or safety standards, policies, or conditions."
- **SB 330 (Skinner):** SB 330, effective January 1, 2020, amends the Housing Accountability Act and also adopts the "Housing Crisis Act of 2019." SB 330 prohibits downzonings, housing moratoria, and caps on building permits, among other provisions, for a period of five years.

Ellis Act

In addition to limits on local land use authority, the State's "Ellis Act," enacted in 1985, gives the right for landlords to "go out of the rental business." The Act stipulates that no public entity is allowed to "compel the owner of any residential real property to offer, or to continue to offer, accommodations in the property for rent or lease" and this applies to any rental property, regardless of whether or not the units are under a rent-stabilization program.

Going “out of the rental business” means that landlords can stop renting the units in a property to residential tenants. After leaving the rental market, a landlord might do one of several things, such as selling the property to a developer, redeveloping the site with new units, or leaving the units vacant. In any of these scenarios, the landlord has the right to evict tenants (often called Ellis evictions) and jurisdictions cannot prevent such evictions.

State Law and No Net Loss/Replacement Requirements

As part of developing a displacement response strategy, Council has asked staff to assess a “no net loss” policy. No net loss has recently been used to refer to any situation where a new residential project has fewer units than what had previously existed on a site. No net loss can refer to the overall number of units or sometimes the number of bedrooms, but it can also refer specifically to no net loss in the supply of affordable or rent-stabilized units. “Replacement requirements” specifically refer to requirements to replace demolished affordable or rent-stabilized units, i.e., it is a mechanism to achieve no net loss of such units.

Although the focus of recently passed legislation has been to increase housing supply, the State recognizes the displacement issue. For example, although cities cannot prevent landlords from exiting the rental business, the Ellis Act states that it does not “diminish or enhance any power in any public entity to mitigate any adverse impact on persons displaced by reason of the withdrawal from rent or lease of any accommodations.” Additionally, State Density Bonus Law Subsection (c)(3) makes a project ineligible for a density bonus if the project includes demolition of rent-stabilized or deed-restricted affordable units unless those units are replaced according to specified requirements. Finally, SB 330 Subsection (d) prohibits cities from approving housing development projects that will require demolition of residential dwelling units unless certain conditions are met, including that the project creates at least as many residential dwelling units as are demolished and, with respect to units subject to local rent stabilization programs, allows cities to require replacement units be made available at affordable rents and/or be subject to the local rent stabilization program.

Additional analysis is needed to determine potential replacement requirement options given changes in State law. However, it appears that cities have relatively broad authority to mitigate the impact of demolishing rent-stabilized units by requiring the “recontrol” of new rental units (i.e., making the new units subject to rent-stabilization) and/or requiring that the demolished units be replaced with deed-restricted affordable housing, as well as the authority to determine the specific replacement requirements.

Housing Data

The potential strategies discussed below have been informed by research, discussions with organizations, and analysis of housing and other displacement-related data in Mountain View and neighboring cities. The data in this section seeks to provide a clearer understanding of displacement in Mountain View, as well as a broader housing context to frame the issues and opportunities.

Mountain View Housing Stock and Demolished Units

Mountain View has approximately 35,000 housing units, the majority of which are rental units (20,000 units). Of those rental units, nearly 75 percent (14,851 units on 708 parcels) are covered under the City's CSFRA, which became effective in December 2016. Therefore, a significant portion of Mountain View's total housing stock consists of rental units covered by CSFRA, referred to in this report as "CSFRA units."

From 2012 to now, there have been 32 planning applications filed that include the demolition of existing residential units. Twenty-one (21) of the projects have been approved and the remaining 11 are at various stages in the entitlement process. If all of the projects are approved as submitted, a total of 1,015 units would be demolished. This is an average of 127 rental units demolished annually (based on the date of formal application submittal). All of the units that have been demolished or have applied to be demolished are rental units that are either currently covered by CSFRA or would have been covered if CSFRA had existed prior to 2017. Most of the units are on parcels with R3 zoning standards or P Zoning Districts that reference R3 standards.

The 1,015 units noted above have been or will be replaced with 2,386 new units composed of market-rate rental (1,151 new units), market-rate ownership (998 new units), BMR (182 new units), and deed-restricted affordable (49 new units) housing. Therefore, there will be 1,371 total net-new units added after accounting for the demolished units if all of the remaining projects are entitled and built as submitted.

Characteristics of Demolished CSFRA Properties/Units

Because all of the residential projects that include demolition involve units that either are or would have been covered by CSFRA, staff conducted additional analysis to better understand the characteristics of demolished CSFRA properties/units. Below are key findings.

- Age/Year Built

Mountain View has a relatively old housing stock, with the vast majority of existing CSFRA units (91 percent) built during the 1950s through the 1970s, which means they are approximately 40 to 70 years old (see Table 1 below). Residential structures this old are often nearing or at the end of their useful lives and require improvements/rehabilitation or are susceptible to redevelopment into new units.

Table 1. Existing CSFRA Rental Units by Decade Built

| Decade | # of Existing CSFRA Rental Units Built | % of Existing Total Rental Units |
|---------------|---|---|
| 1900s | 14 | Less than 1% |
| 1910s | 51 | Less than 1% |
| 1920s | 34 | Less than 1% |
| 1930s | 13 | Less than 1% |
| 1940s | 114 | 1% |
| 1950s | 2,237 | 15% |
| 1960s | 9,137 | 62% |
| 1970s | 2,113 | 14% |
| 1980s | 1,018 | 7% |
| 1990s | 120 | 1% |
| Total | 14,851 | 100% |

All of the demolished units for applications submitted since 2017 were built in the 1970s or earlier. Information on year built for units demolished prior to 2017 is unavailable; however, staff surmises that they would reflect similar or even older year-built dates.

- Average Size of Demolished Building

Generally, demolished CSFRA properties tend to be smaller apartment complexes. The average size of a demolished CSFRA building is approximately 32 units. Prior to CSFRA implementation, the size of buildings that were demolished was approximately 15 units. After CSFRA implementation, the average building size demolished was approximately 40 units.

- Replacement Units in Demolition Projects

Approximately 40 percent of the new units replacing former CSFRA units are ownership products, most of them being rowhouse/townhouse products on smaller R3 parcels. A potential factor for this is that the allowable density for R3 Zones and the pricing of those units (between \$1.4 million and \$2.1 million) have made rowhouse/townhouse products highly profitable.

Another 40 percent of replacement units are new rental units. However, unlike projects with new ownership units, new rental projects have tended to occur on much larger sites with significant increases in density. A key example is 777 Middlefield Road, where 206 CSFRA units are intended to be replaced with 716 new rental units, 20 percent of which will be affordable housing in perpetuity for Mountain View Whisman School District (MVWSD) teachers/staff and City staff.

The remaining 20 percent of new units are affordable units with either City subsidies or are BMR housing units.

- Parcel Size Distribution and Zoning of Existing CSFRA Units

Given that the demolition of CSFRA properties tends to involve smaller buildings, staff analyzed the distribution of existing CSFRA units based on parcel size. This could give an indication of the number of units that might be more prone to sales/redevelopment or feasible for an acquisition/preservation strategy.

As shown in Table 2 below, the CSFRA units are relatively evenly distributed by parcel size, with 38 percent (5,600 units) of CSFRA units on parcels of one acre or less in size, 32 percent (4,790 units) on parcels between one to four acres, and 30 percent (4,461 units) on parcels over four acres.

Table 2. Distribution of Rental Units Covered Under CSFRA (by Parcel Size)

| | < ¼ Acre | ¼ to ½ Acre | ½ to 1 Acre | 1 to 2 Acres | 2 to 4 Acres | 4 to 8 Acres | > 8 Acres | Total |
|----------------|----------|-------------|-------------|--------------|--------------|--------------|-----------|--------|
| Parcels | 285 | 197 | 124 | 35 | 44 | 16 | 7 | 708 |
| Units | 1,360 | 1,763 | 2,477 | 1,435 | 3,355 | 2,648 | 1,813 | 14,851 |

Additionally, GIS analysis indicates that the majority of the CSFRA units (approximately two-thirds or 11,500 units) are in the R3 Zoning Districts.

- Sales of CSFRA Properties

Staff analyzed sales/transaction data of CSFRA properties between 1989 and 2019 in an attempt to see if there is any insight to be gleaned as to the types of properties sold and the rate at which they are sold. The following are key findings:

- The majority of sold CSFRA properties are not demolished/redeveloped but continue to be run as rental properties. However, all of the CSFRA properties that are or have applied to be demolished and redeveloped into new units have first been sold to developers (as opposed to being redeveloped by the original landlord).
- An average of 20 CSFRA properties sold annually with an average size of 23 units per property. Properties sold prior to 2017 (when CSFRA was implemented) tended to be larger, and those sold in 2017 and after tended to be smaller.
- The average sales price per CSFRA unit has increased from approximately \$70,000/unit in the early 1990s to approximately \$440,000/unit in 2016. The average per-unit sales price in 2019 is \$520,000.
- Rate of sales transactions in Mountain View appear to decrease after CSFRA implementation. For example, for those units that would have been covered by CSFRA, the number of units sold as a percentage of the total rental housing stock was lower in 2016 and after than prior to 2016. Conversely, as compared to seven peer cities in Santa Clara County (two of which have rent-stabilization programs and five that do not), six of those cities appear to have an increase in the number of multi-family units sold as a percentage of the total multi-family rental housing stock in 2016 and after than prior to 2016.

Therefore, the rate of sales of CSFRA units is at or lower than the rate of multi-family transactions in several neighboring cities, including those without rent stabilization.

Data Summary and Potential Implications

To summarize this subsection, between 2012 and 2019, all units that have been or have applied to be demolished as part of residential projects that have submitted planning applications are older units that are or would have been covered by CSFRA and almost all are in the R3 Zone or a P Zone that references R3 standards. The demolished properties tend to be smaller. Forty (40) percent of the replacement units are market-rate rental projects and another 40 percent are market-rate ownership projects, many with ownership rowhouse/townhouse units (especially for the smaller sites). The majority of the remaining supply of CSFRA units is on sites that are four acres or less, and over one-third of the units are on sites of an acre or less. The rate of CSFRA properties sold is lower than in the past and as compared to several neighboring cities; additionally, those neighboring peer cities (most of which do not have a rent-stabilization program) had an increase in the rate of multi-family properties transacted in the past three years.

This data suggests that, should the Council support a potential acquisition/preservation strategy, the acquisition of smaller CSFRA properties in R3 Zones could be prioritized. Those properties tend to be more susceptible to redevelopment into high-cost ownership units. These concepts are discussed further below.

Key Principles

Displacement is a complex, multi-faceted issue that could be caused by various factors. As a result, potential solutions are not necessarily obvious or easy to implement. Based on discussions with organizations, there appears to be a feeling that individuals and agencies have felt overwhelmed by the scope and scale of the housing problem generally and the issue of displacement specifically, and historically there have not been sufficient or sustained funding sources to address displacement.

However, there has been significant mobilization in the past two years, including grassroots organizing, public-sector policy making, and exploration of funding mechanisms (including by philanthropy, capacity building agencies, private sector, etc.). While having resources and infrastructure is critical, it is essential that key principles exist to guide the development of policies and programs and the deployment

of resources. Given the complexity of the displacement issue, an effective displacement response should be intentional and have focus and clarity.

Based on staff's research, the following key principles are recommended:

- **Multi-Pronged and Integrated Strategy.** As mentioned, displacement can occur for many reasons. Standalone policies or programs without complementary measures could still result in displacement because closing off one avenue does not necessarily prevent displacement from occurring via a different avenue. Therefore, staff recommends that the City's displacement response strategy incorporate a multi-pronged approach composed of several policies, programs, and requirements that work together in an integrated, deliberate way.
- **Broad-Based Strategy.** Council seeks to achieve various housing goals, including the production of a range of housing opportunities, such as affordable housing, housing for the "missing middle," and ownership housing. For example, the Fiscal Year 2019-21 Council Work Plan includes a project to modify the R3 Zoning District to facilitate the development of housing ownership and more efficient land use. This strategy could increase the supply of housing overall, but it could also lead to demolition of existing apartments. A displacement response strategy focused solely on anti-displacement could prevent important production goals from being achieved, whereas a comprehensive and integrated strategy that includes mitigation options could minimize the displacement impact while facilitating desired housing production. Therefore, staff recommends that Council consider a spectrum of responses that includes mitigating impacts as well as preventing displacement.
- **Collaborative/Multi-Sectoral Approach.** An effective displacement response strategy requires collaboration with other organizations/entities for a multi-sectoral approach. Because displacement is multi-faceted issue, different entities may be better equipped to address different aspects of displacement. It would be difficult, if not impossible, for any single entity to address displacement on its own, even with significant resources. For example, local government can create policies/programs, partner with nonprofit developers and/or community land trusts to implement programs, and work with funders to bring more flexible resources to support the programs. Therefore, staff recommends that the City's displacement response strategy include collaboration with external partners to develop and/or implement the strategy.
- **Tenant-Focused.** The recent concern about displacement in Mountain View has related to tenants living in rent-stabilized apartment buildings redeveloped into

high-cost, for-sale housing. As shown in the data above, all demolished/to-be-demolished units are older, CSFRA units. There has been some concern nationally about displaced homeowners. However, displacement concerns have historically been tenant-focused because renters do not own their residential unit or the underlying land, and the status of their living situation is in large part dependent on their landlord and real estate market factors outside their control. This is also true in Mountain View, where most displaced tenants are unable to afford the market-rate rents of newer developments in the City. Therefore, staff recommends that the City's displacement response strategy be tenant-focused.

- **Unit- and Place-Based.** At the highest level, residential displacement generally refers to any situation where persons or households living in a particular residential structure or unit are forced to leave their home outside of their own choice or doing. Households can also be displaced from their neighborhood, city, region, or even State if they cannot find suitable/affordable housing alternatives. This can cause concerns related to other issues, such as diversity, equity, having a broad-based workforce to support the local job market, environmental sustainability, homelessness, etc. While the Council has expressed concern about tenants being displaced from their units, they have also articulated a concern about tenants being forced to leave the City. Therefore, staff recommends that the displacement response strategy should incorporate potential options to keep tenants from being displaced from their unit, but if that is not possible, to keep them from being displaced from the City.

Question 1: Does Council agree with staff's key principles for a displacement response strategy?

Broad-Based Displacement Response Strategy

Current City Programs Related to Displacement

The City currently has several existing/pending programs that address displacement, including:

- **CSFRA** – In 2016, the voters passed the CSFRA, which seeks to prevent excessive rent increases and provide certain tenant protections while balancing the ability of landlords to achieve a fair return. Note that the Council will consider potential CSFRA amendments in November 2019, (exact date to be determined). Per CSFRA Subcommittee and Council input, these draft amendments will include various modifications, including incorporation of a separate individual rent increase process for certain, qualifying capital improvements related to mandatory local

and State health and safety code requirements, environmental sustainability, and extending the useful life of a building.

- TRAO—In 2010, the City established the Tenant Relocation Assistance Ordinance. The TRAO includes notification requirements and relocation amounts for qualifying households. The program was recently modified to align with the CSFRA.
- Condo conversion ordinance—The City has a condo conversion ordinance to regulate the conversion of apartment units to ownership units. Generally, such ordinances seek to prevent displacement by placing restrictions on when and how many rental units are allowed to convert to ownership units. The City has historically not had many condo conversions.
- Short-term rental assistance—The City has had a short-term rental assistance program for the past several years. The program, implemented in partnership with Community Services Agency, provides rental assistance for up to four months to cover rent increases or shortfalls in payment due to wage reduction, job loss, etc. Rent assistance programs can be either for prevention or mitigation of displacement impacts. If the assistance is provided to households in their existing units, then that is for prevention. If it is provided for displaced households who can only find higher-cost housing as a replacement, then that is for mitigation.
- Mobile home rent stabilization—This is an item on Council’s Fiscal Year 2019-20 Major Goals Work Plan. Like rent-stabilization programs for rental units, mobile home rent-stabilization programs seek to preserve the tenancy of households living in mobile homes.

While these programs seek to mitigate certain aspects of displacement, displacement is caused by different factors and takes different forms that the above programs do not address.

Comprehensive and Integrated Displacement Response Strategy

As discussed above, it is recommended that Council consider a broad-based displacement response strategy to prevent displacement, as well as to mitigate the impacts of displacement. The strategy would complement existing programs.

Based on the particular displacement concerns in Mountain View, as well as staff’s research, evaluation, and discussions with various organizations to date, the following

are recommended as priorities for further evaluation as part of a comprehensive and integrated displacement response strategy.

1. Evaluate an Acquisition/Preservation Program

A key potential strategy to preventing displacement is acquiring existing rental housing stock. The acquired apartments could be preserved, rehabilitated (extent would depend on building conditions), or redeveloped into affordable housing with no permanent displacement (tenants would be temporarily displaced during construction). Staff considers this a “high-impact high-lift” program because the potential impacts could be significant, but it may take collaboration and significant staff resources to design and implement. A key consideration is that, to date, there has not been a sustained and sizable funding source to implement a preservation program at this scale. If Council supports additional evaluation of an acquisition/preservation program, the following are some key program design components:

- Consideration of establishing a goal for the number of units to be acquired/preserved. Initially, this could be a smaller number established through a pilot program. Having an articulated goal could significantly increase the likelihood of establishing implementation partners and bringing needed capital because funders/partners often need to know that there is political support for new programs and what the program goals/requirements are. Raising capital without a goal or parameters can be difficult. Ideally, it would be a flexible funding source to address the particular displacement issues unique to each situation. For example, there could be a goal to establish a pilot program to preserve 100 rental units. Staff would evaluate the funding needed to meet this goal and work with funders to bring in the capital needed to achieve this goal. In discussions with community development organizations, initial estimates of subsidies needed for acquisition range from \$125,000 to \$250,000 per unit.
- Evaluate key program structure, including, but not limited to:
 - Identify potential partners (e.g., nonprofit developers, community land trusts, funders, capacity builders, etc.).
 - Assess a “small sites acquisition” program (or subprogram).
 - Feasibility and potential funding sources.

2. Evaluate a Displacement Mitigation Program

Staff recommends that a displacement mitigation program be evaluated. This program would require that any residential development that includes demolition of existing rental units be subject to requirements to mitigate displacement impacts. It is important to note there will always be the possibility of demolition of existing housing units. There needs to be the option of redeveloping older housing stock: it is often more cost-effective and is one way to increase land use efficiency and housing supply (both market-rate and affordable). However, there can be requirements to mitigate the impact of displacement that might result from redevelopment.

Program design considerations could include, but not be limited to:

- Evaluation of mitigation options for redevelopment projects
 - No net loss policy
 - Replacement provision, with compliance options
 - o One-for-one, percentage, affordable units
 - o Partnerships, such as with affordable housing developers
 - First right of return provisions
- Evaluation of mechanisms
 - Conditional Use Permit
 - Regulation of demolition permits
 - Overlay zone

3. Modify the TRAO

During entitlement hearings and the Fiscal Year 2019-21 goal-setting process, Council identified modification of the TRAO program for enhanced benefits as one work plan item. This process would include stakeholder meetings to receive input on potential modifications. Note that any evaluation of enhanced benefits should be conducted concurrently with evaluation of a Displacement Mitigation Program.

Staff will evaluate modification options and return for Council consideration by the end of Fiscal Year 2019-20, but that timeline could change depending on considerations that could arise when evaluating the Displacement Mitigation Program.

4. Evaluate a “landlord-rental set-aside” program to assist with relocation options

The intent of a rental set-aside program is to establish a reserve of vacant rental units in Mountain View that could temporarily, or even permanently, house tenants displaced from demolition projects. In the example of the temporary relocation situation, tenants displaced from an apartment would have access to another, comparable rental unit in the City as well as relocation assistance. This could be paired with a first-right-of-return provision that would allow the temporarily displaced tenant to return to a new unit once built. If supported by Council, staff would work with major property owners and other appropriate entities to explore potential opportunities for a set-aside program.

5. Evaluate a tenant selection preference for displaced tenants

Based on initial research and input from the City’s external legal consultants, jurisdictions have the authority to establish preferences for displaced tenants for deed-restricted affordable or BMR housing. This would allow displaced tenants to be prioritized when the waiting list for affordable housing opens up. Note that preference for displaced tenants is somewhat similar to the concept of “first-right-of-return,” except that first-right-of-return specifically refers to the ability of tenants displaced due to redevelopment to return to the new units built on the same site.

6. Evaluate potential modifications to the City Code or other regulatory/policy documents

It may be necessary to modify certain Mountain View regulations or policies documents to establish a regulatory framework for displacement response.

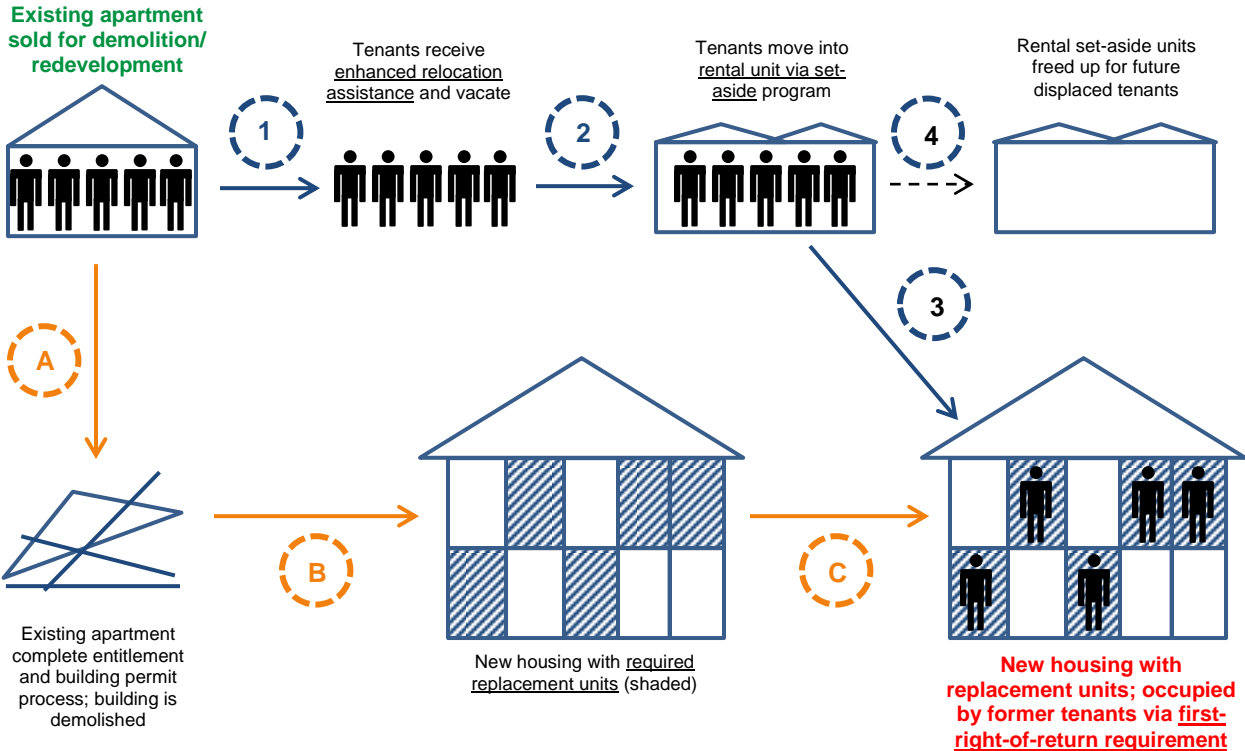
Illustrative Example of How the Integrated Displacement Response Strategy Could Work

The recommended priority programs/policies above are discussed at a higher level. Council’s input and direction on these priorities will allow staff to evaluate and recommend more detailed program design components for each item as part of next steps. There are likely many types of projects or scenarios that could cause tenant displacement, but the intent is that the broad-based displacement response strategy

would be effective in responding to a wide range of situations. However, below is an example to illustrate how the various programs are envisioned to work together in a comprehensive, integrated way.

In this example, a 50-unit CSFRA building is sold by the landlord to a developer for the purposes of redeveloping the site with 100 new, higher-density housing units. Tenants receive enhanced relocation assistance and vacate the apartment (Step 1) and move into rental units as part of the “landlord-rental unit set-aside” program (Step 2). On a separate but parallel track, the project goes through the entitlement and building permit process (where there are requirements to replace the demolished rent-stabilized units and/or build affordable housing) and the existing apartment building is demolished (Step A). The new, higher-density residential project is built and contains replacement/affordable units (Step B). Formerly displaced tenants move into the new units via a first-right-of-return requirement (Steps 3 and C). The rental set-aside units are freed up for future displaced tenants (Step 4).

Illustrative Example of Redevelopment with Displacement Response Requirements



Question 2: Does Council support the above priority programs/policies to evaluate for a displacement response strategy?

Public Outreach

Staff recommends incorporating public outreach as part of the development of the displacement response strategy. The process would be informed by Council input to the above questions and could include up to three stakeholder meetings (for developers/landlords, tenants/community groups/housing advocates, and the general public). Staff also anticipates meeting with individuals and groups for additional input, as needed or requested.

RECOMMENDATION

It is recommended that Council provide input on potential strategies to address displacement, including the two Council questions:

Question 1: Does Council agree with staff's key principles for a displacement response strategy?

Question 2: Does Council support the above priority programs/policies to evaluate for a displacement response strategy?

NEXT STEPS

Based on Council input, staff will conduct additional research on the priority policies and programs, initiate public outreach, and hold discussions with potential implementation partners. Additionally, staff has been invited to and will participate in peer networks on the issue of displacement. These peer networks include other local jurisdictions and organizations responding to displacement, and allow for information sharing, discussion of best practices, and identification of potential collaborative opportunities. Ideas from the peer networks will allow staff to further evaluate and design a comprehensive displacement response strategy for Mountain View. Staff anticipates bringing a displacement response strategy – which would include phasing, timing, and resources needed – for Council consideration in the second quarter of 2020.

PUBLIC NOTICING – Agenda posting.

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