



Memorandum

TO: MAYOR AND CITY COUNCIL **FROM:** Councilmember Manh Nguyen

SUBJECT: MODIFICATIONS TO THE APARTMENT RENT ORDINANCE **DATE:** April 19, 2016

APPROVE

4/19/16

RECOMMENDATION

Direct staff to bring forward a proposal for a \$1 billion housing bond modeled after the San Francisco approach to address the pressing-housing crisis faced by the people and City of San Jose.

BACKGROUND

The City of San Jose is facing a housing crisis that is pushing residents out, slowing down growth, and causing an inordinate amount of stress on San Joseans. The current rent control debate is unfortunately a red herring. I fear that many residents are being misled with promises that modification of the City's ARO will be a panacea that will bring rent stabilization and a clarion resolution to the core issue of skyrocketing rents.

The truth is that even if ARO was modified and set to zero percent, the overwhelming majority of rental units in the city would continue to see continued rent increases and market forces would accelerate the continued downward trend of ARO units in the city.

What my office is proposing is simple, constructive, and a very real effort to address the core issue at the heart of the rent control controversy: a substantial lack of supply. The city is far behind on the recommended amount of affordable housing development and this is in large measure a major catalyst in the rapidly increasing rent situation.

Like the recent bond passed in San Francisco, revenue from this bond will go to construct, rehabilitate, and stabilize affordable housing. Given the deficit of over 35,000 affordable housing units in the City based on RHNA goals, we need a large and substantial capital pool to make a dent in the broken housing system in San Jose.

It is my hope that my council colleagues will join me in this effort as we develop a true game-changer for Silicon Valley and demonstrate that San Jose can lead the way in tackling the housing crisis that is developing in big cities across the globe.