

Memorandum

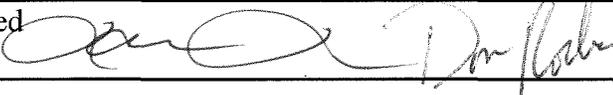
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Raul Peralez
Councilmember Donald Rocha

SUBJECT: SEE BELOW

DATE: April 14, 2017

Approved

 Date 4/14/17

SUBJECT: ACTIONS RELATED TO TENANT PROTECTION

RECOMMENDATION

1. Approve staff recommendation alternative #2 with the following amendment:
 1. All tenants in the City of San Jose will automatically be enrolled for tenant protections after the completion of 6 months of tenancy.
 2. Request that staff return with a revised version of the Ellis Act Ordinance & Tenant Protections Ordinance at the May 09, 2017 City Council Meeting.
2. Approve staff recommendations 2, 3, & 4 with the following amendment:
 1. Direct staff to prepare the below policy for council consideration when they return to Council with final Apartment Rent Ordinance in August:
 1. Tying the annual allowed rent increase for rent controlled units to the Consumer Price Index and allowing banking, consistent with the original staff recommendation for item 4.1 at the April 19, 2016 City Council meeting.

ANALYSIS

In April and May 2016, the City Council voted to update provisions relating to the Apartment Rent Ordinance. From these meetings, council direction led staff to return with policies and ordinances to protect tenants and preserve rent controlled apartment units. Although there has been significant progress in these last twelve months, regarding the many modifications City Council has made to the Apartment Rent Ordinance, one fact remains the same, the need for stronger tenant protections in the City of San José.

From looking at the most recent information presented in the 2016 Apartment Rent Ordinance Auditor's report, there are a couple of important figures to consider. The report confirmed that the gap between rent prices and tenants' ability to pay has grown significantly. According to the report, personal income has grown by an average of 1.3 percent annually between 1980 and 2014, while rents have increased by an average of 4.9 percent¹. Based on this information, it is no surprise that many tenants are rent burdened, with more than 50% of households in rent controlled units contributing more than 31% of their income to pay for rent (2009-13 CHAS data, US Census Bureau²). Tenants are living in a city with a rental market that has no concern for slowly rising wages or an income standard, but continues to provide tenants with additional obstacles in their pursuit of housing. In San José, tenants can expect that the pursuit of housing will include increasing average monthly rents exceeding \$2,500, a vacancy rate that has gone down to a low of 4.3 % in the last quarter of 2016³, and a surplus of moderate income units that are unaffordable. The reality for many San Jose tenants is that although they have overcome many obstacles to live in this city, in the end they are susceptible to receiving an eviction notice for absolutely no cause.

Through the draft Analysis of Impediments to Fair Housing residents have informed the City about their fears through feedback received at forums. They identified the lack of tenant eviction protection as a significant impediment to fair housing in San José.⁴ Such a sentiment is reinforced by the 2,200 no-cause eviction notices that have been filed to the Housing Department since 2010. Tenants have lived in fear of receiving a no-cause eviction notice, and the numbers are possibly higher given the filing of these notices has been based on self-reporting and not an actual compliance verification mechanism.

We've recently seen an example of how destructive no-cause evictions can be. In recent weeks, we've learned that tenants who live in rent stabilized units are being evicted to make way for new tenants with housing vouchers. The new tenants can be charged market rate rent because of an exemption in our Apartment Rent Ordinance. These evictions have caused great suffering for individuals and families who are doing their best to call San José their home. The need for tenant protections is long overdue, and we urge our colleagues to take a stand and support protections for our residents to help ensure that they and their families have a home.

¹ Apartment Rent Ordinance: Additional Investment, Improved Processes and Strategic Resource Deployment Needed to Better Serve Tenants and Landlords

² https://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html

³ Real Answers Data Market Overview, Q3 2016

⁴ http://sanjose.granicus.com/Viewer.php?meta_id=627850