



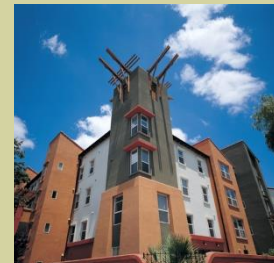
# City of San Jose

Advisory Committee for the Apartment Rent Ordinance

Income Qualification & Duplexes

Wednesday, October 7, 2015

Roosevelt Community Center



## **Item C – Unfinished Business from September 30**

---

# Ground Rules

---

- Speak candidly and listen openly
- Question ideas, respect Committee members
- One person speaks at a time
- Stay focused on focus questions

## **Item D – Income Qualification of Tenants**

---

# Purpose

---

- Directed by Council on September 1
- Explore setting a maximum income level for tenants
- Ensure that ARO apartments are available to lower-income tenants who need housing that is more affordable v. being occupied by higher-income tenants who can afford higher rents

# Case Studies

---

- No direct examples of rent ordinances in other cities that include income restrictions
- Income restrictions have typically applied only to affordable housing built with public funding
  - Has a 30-55 year restriction on both rents and incomes
  - Gov't funded affordable housing excluded from ARO in SJ

# How might an income restriction apply to *existing* ARO apartments?

---

## Model 1: Income restriction based on apartment rent

- Maximum qualifying income changes as rent changes
- Take the actual rent
- Multiply rent by 3
- Add some percentage to determine the maximum monthly income to provide some flexibility

# How might an income restriction apply to *existing* ARO apartments?

---

## Model 1: Income restriction based on apartment rent

Example:

1. Apartment rents for \$1,200 a month
2. Multiply rent by 3 = \$3,600
3. Add 20% = Maximum monthly income of \$4,320
4. Multiply max income \$4,320 by 12 months  
**\$51,840** maximum annual income



# How might an income restriction apply to *existing* ARO apartments?

---

## Model 2: Universal income ceiling

- Maximum qualifying income would not change
- Could set the income level based on # of bedrooms/household size
- Select an annual household income, ex. median income
- Example: State has determined the following income limits for a household of four in Santa Clara County:
  - Median income: \$106,300 (2BR apartment)

# How would a restriction work for tenants?

---

- Prospective tenants must make less than the income ceiling of the apartment at initial rental
- Tenants must document their income
- Tenants must report their annual income to the owner

# What is the role of the Owner?

---

- Explain the income limitation to potential tenants
- Collect income information from tenant
- Maintain all documentation for monitoring and compliance
- Submit annual report to the City

# Outstanding Policy & Implementation Questions

---

- What is the purpose of the ARO? Protection against excessive rents AND/OR protect tenants because their incomes are low?
- How much documentation is required?
- What happens when a tenant's total income cannot be documented?
- Will assets also be used to determine tenant qualification?
- What happens if the tenant income exceeds the maximum cap over time?

# What is the role of the City?

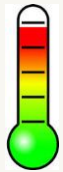
---

- Annual reporting/monitoring of rent & income compliance
- Addition of four staff people to review income and rent information for compliance
  - Increased staffing and budget for monitoring and compliance
  - Potential technology modernization for electronic submissions
- Increases in fees to support program

# Focus Questions

---

- Is the income qualification of units consistent with the goals and purpose of the ARO?
- What might be the unintended consequences?
- What are the pros and cons of these models?



Should the City continue to explore developing an income qualification model for the ARO?

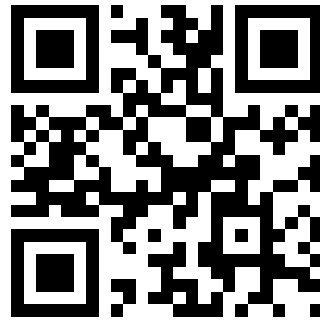
# Public Comment

---

For more information visit:

<http://www.sanjoseca.gov/index.aspx?nid=4744>

Or scan code with your smart phone/device



## **Item E – Inclusion of Duplexes**

---



# Purpose

---

- Directed by Council on September 1
- Increase the supply of apartments available under the ARO by including duplexes

# Duplexes in San Jose

---

- Initial research using two data sources
  - County Assessor's Data
  - US Census
- Analyze number of duplexes up to 1995

# Duplexes in San Jose

---

- County Assessor's Data
  - Total duplexes: ~ 5,500
  - Total duplexes built before 1995: ~5,454
    - 11% of total ARO apartments
    - 4% of total rental stock
  - Number may increase pending additional analysis

# Duplexes in San Jose

---

- US Census, 2014 American Community Survey
  - 2-apartments (renter-occupied): 4,670 units
  - 2-apartments (owner-occupied): 357 units
  - Total 2-apartments: 5,027
  - Need additional analysis to determine year built

# Impact if Duplexes included in ARO

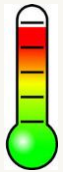
---

- More supply of apartments under ARO
- Duplex owners/managers
  - Would have same responsibilities as owners of apartments currently under the Ordinance
- City
  - Likely to have more mediation/arbitration hearings
  - Additional staffing needs
  - Increased RRRP fees

# Focus Questions

---

- Is the inclusion of duplexes consistent with the goals and purpose of the ARO?
- What might be the unintended consequences?
- What are the pros and cons of including duplexes?



Should the City continue to explore the inclusion of duplexes in the ARO?

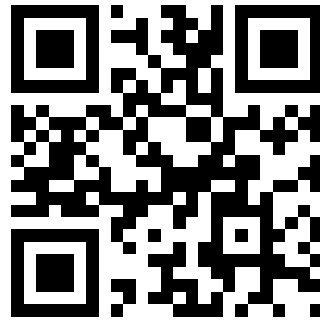
# Public Comment

---

For more information visit:

<http://www.sanjoseca.gov/index.aspx?nid=4744>

Or scan code with your smart phone/device



---

# Open Forum

This time is reserved for comment  
on items not on the Agenda



# Meeting Schedule

---

Date	Time	Location
Wednesday, September 30	6:00 – 8:30pm	Roosevelt Community Center
Wednesday, October 7	6:00 – 8:30pm	Roosevelt Community Center
Wednesday, October 14	6:00 - 8:30pm	Roosevelt Community Center
Saturday, October 17	10:00am - 2:00pm	San Jose High School Cafeteria
Wednesday, October 21	6:00 - 8:30pm	City Hall Wing Rooms 118-120
Saturday, October 24	10:00am - 2:00pm	Roosevelt Community Center
Wednesday, October 28	6:00 - 8:30pm	City Hall Council Chambers
Saturday, October 31	10:00am - 2:00pm	Roosevelt Community Center
Wednesday, November 4	6:00 - 8:30pm	Roosevelt Community Center
Saturday, November 7	10:00am - 2:00pm	Roosevelt Community Center
Monday, November 9	6:00 - 8:30pm	City Hall Wing Rooms 118-120

Next Meeting:

Wednesday, October 14

6:00pm

Roosevelt Comm. Center

Topic: Annual Allowable Increase