

**ADVISORY COMMITTEE: APARTMENT RENT ORDINANCE**  
**REGULAR MEETING ACTION MINUTES**  
**DECEMBER 7, 2015**

**MEMBERS PRESENT:** Matthew Carney  
Gustavo Gonzalez  
Joshua Howard  
John Hyjer  
Amiee Inglis  
Roberta Moore  
Melissa Morris  
Elizabeth Neely  
Michael Pierce  
Eloise Rosenblatt  
Tom Scott

**MEMBERS ABSENT:** Elisha St. Laurent

<b>STAFF:</b>	Jacky Morales-Ferrand	Housing Department
	Wayne Chen	Housing Department
	Maria Haase	Housing Department
	Ramo Pinjic	Housing Department
	Ann Grabowski	Housing Department
	Shawn Spano	Contracted Facilitator
	Patrick Burns	Consultant
	Ken Baar	Consultant

- (a) **Call to Order/Orders of the Day** - Shawn Spano opened the meeting at 6:12 pm.
- (b) **Introductions**
- (c) **Presentation and discussion on the preliminary consultant report and potential temperature check on alternative standard for Annual Allowable Increase (Housing Staff, Economic Roundtable, Facilitator)**

Mr. Chen presented the powerpoint.

Mr. Scott stated concerns with the overlap of both Code Enforcement and ARO petitions to create a profile of apartment conditions. It would be correct to use Code Enforcement data, except that Code Enforcement's tiered process is flawed and seems arbitrary. Often there are no records kept or provided for all units inspected.

Ms. Rosenblatt said that the study provided very valuable information that had not yet been provided, specifically on demographics. The data points to a very serious problem which is that since 1990, median rent increases to ARO units have exceeded those not under the ARO.

## **DRAFT**

Mr. Gonzales remarked that the rent increases noted in the executive summary from 1990 to 2014 were really only \$255 or \$10.62 a year. This makes sense when there is such a small complaint rate. His 1BR apartments run about \$1,150/mo, and wondered if there would be an opportunity for him to increase his rents to the average rental rate.

Mr. Chen responded that the numbers in the executive summary are inflation adjusted numbers, not nominal dollars. The increase in nominal dollars will be clarified in the final draft.

Ms. St. Laurent clarified that when people move out because they can't afford an increased rent, they aren't voluntarily moving out, they're being displaced. Asked that the annual allowable rent increase be tied to CPI and capped at 2% annually. If people are forced to move they have to qualify for a new unit at three times the monthly rent. If renters had that amount of money they would buy homes, not rent.

Mr. Hyjer asked for clarification on operating expenses. The calculation included in the report (25-45% of operating income) is a statewide number, and the Bay Area is on the higher side of that range. His company operates newer product and runs at about 35% before debt service, management fees and capital improvements. His expenses are lower than older and smaller buildings.

Mr. Baar responded that his study looked at appraisals associated with debt service petitions which included lower percentages that were outliers below the range. He believes that the more accurate number for the area is somewhere in the 30% area.

Mr. Hyjer responded that sellers often tell buyers that the operating expenses are often lower than they are. MLS cannot be used because the data is flawed.

Mr. Baar responded by saying that there is no other source than MLS which is provided by property owners. There is data in the report provided by professional property managers.

Ms. Rosenblatt asked about the difference in cost between newer and older buildings and whether the study was recommending that the City shift to an MNOI standard.

Mr. Chen responded that the study is purely analytical and does not provide any recommendations.

Ms. Moore said that MLS is accurate, but incomplete. Not all expenses are captured in MLS.

Ms. Neely said that she was frustrated that there was dishonesty in MLS and the disclosures related to the sale of property. Owners can't have both sides of the coin – how will anyone have accurate data on this subject?

Ms. Inglis asked the tenants in the audience to respond with how much they pay in rent and noted that any amount over 30% of income is considered rent burden. Wages have not increased as much as rents have increased. The group has been brought together because San Jose leaders want there to be housing options available for different types of people to be able afford to live in San Jose. Tenants Together would support a Just Cause for eviction ordinance and a limited annual allowable increase.

## **DRAFT**

Mr. Gonzales questioned why an average rental increase of \$32 a year since 1990 is being misstated as \$500 a year. The report shows that the policy is working. \$500 rental increases are happening in units that are not under rent control.

Mr. Burns commented that the relevant statistic to compare the rent increases over time is the inflation adjusted income increases on page 30.

Ms. Morris said that her main take away from the report is that the existing ordinance has not done anything to stabilize rents as they have outpaced market rents. ARO units are often less expensive than market-rate units for a variety of reasons like age and size, so the rate of increase is important to note. The families that often live in these units are at risk for displacement, which makes this issue a racial justice issue. Asked for an explanation of the Tier 4 Code Enforcement category.

Mr. Chen responded that staff is still working with Code Enforcement to better understand their program. This information will be provided in the final report.

Ms. Neely said that she has had a \$341 rent increase given to her as an ARO renter.

Ms. Moore stated that it would be helpful to have data sources listed on each graph. It would be helpful to see the raw data from the rental rights program. Data from small buildings need a different cost analysis. As an example: property managers of large buildings is 5% but small is 10%. Utility costs are significantly higher than shown in the report. The report needs more primary data because numbers can be made to say anything. There is disparate data which is confusing in the report – different years for income and rents, which are different. Staff needs to pick a specific data window and stick with it. Believes that staff should look at homelessness, poverty and rent control and just cause across bay area cities. Would like to understand how the different sources of data are going to be used. She asked staff to be creative with solutions instead of taking the practices from other cities. The MNOI standard is not effective for four-plexes and smaller buildings.

Ms. Morales Ferrand stated that in debt service cases, rent can be increased a significant amount. The study cannot be expanded in scope at this time. Staff is going to evaluate all public comment, committee comment, and the study, to bring forward recommendations to the committee and the Council. She asked the Committee to assist staff with finding those creative solutions.

Ms. Rosenblatt suggested that buildings built before 1990 be added into the ordinance.

Ms. Morales-Ferrand answered that such an initiative is illegal under State Law. Mr. Baar added that State Law prohibits this.

Mr. Scott commented that at the beginning of the process for an analysis of how other cities rent control ordinances were working. Most economists agree that rent control doesn't solve any issues.

Mr. Gonzales asked why we're discussing rent control if the rent increases aren't tracking with the claims from the public.

Mr. Chen responded that the data in the report is comprised of averages. Individual experiences may be different from what is provided for in the report.

## **DRAFT**

Mr. Baar said that there has been an uneven pattern in the escalation of rents, which may be the indicator of why this issue has been brought forward.

Mr. Hyjer stated that the uneven pattern represents nothing more than economic cycles. Limited rents will prohibit small owners from responding to market downturns.

Ms. St. Laurent asked for clarification on which increases are being looked at for modification.

Mr. Chen stated that both the annual allowable increase and banking provisions are up for modification.

Mr. Carney said that his rent has increased roughly \$100 a year. As rents increase, 8% of a higher rent becomes a higher proportion of a renters income.

## ***PUBLIC COMMENT***

Tenant Advocate: Appreciative of the report which proves that renters are significantly burdened and are significantly rent burdened. Are landlords facing economic distress? The study indicates that they are not; the appreciation of the units increase 400%.

Owner: Not enough complaints to indicate an issue. Water costs and other utilities have increased significantly. This is a supply issue. Economies fluctuate.

Owner: Rent increase from 2009-2014 is 5%. For recent purchasers, changes will be very hard. Many landlords are not native English speakers, just like tenants.

Owner: The average rents over 24 years prove that the ordinance is working. Just cause is a bad law. Strict rent control is bad for San Jose.

Owner: The report doesn't prove the issue because the data is flawed. Property management is not 5%. Water fees are also flawed. Special assessments were not captured. Not interested in national data or demographics.

Owner: Belongs to a group of owners of 50 units or less. Concerns that REIS an IREM were used as data points because they don't capture small buildings.

Tenant: Attorney at Bay Area Legal Aid. Sees about 3,000 tenants a year. Many tenants are given no-cause notices which seem to not be sent to the city. Sees overlap between code enforcement complaints and rent increases.

Owner: Owns 24 buildings in San Jose. Rents have increased 10% in real dollars. 93% of economists believe that rent control doesn't work. More supply is the answer. Many people are talking about bad landlords. There are also bad tenants. Good owners provide a service.

Tenant: Rent controls don't work very well in San Jose. No cause evictions create vacancies so that rents can be raised. The annual allowable increase is too high. Pass throughs weaken the ordinance. Should implement just cause and cap rent increases to 2%.

## **DRAFT**

Owner: Mr. Scott and Mr. Pierce have tremendous cost data from a variety of owners. Pass-throughs aren't used and the 21% should be maintained. Just Cause will negatively impact the safety of good tenants.

Property Management: Over the past 10 years, rent increases have not been steady and have declined. Owner that she works with is selling a tier 3 property and the sale required a major capital improvement of the property.

Owner: Owner in downtown for 37 years. Owners have been giving testimony and people aren't listening to the good information being provided. Instead they continue to talk about racial injustices and high dollar increases.

Resident: Strict rent control is not the solution because it only applies to a portion of the houses. This creates a difference between the housing stock. Free market forces will adjust the rents fairly, without the need for regulation.

Owner: Manages properties in San Jose and Sunnyvale. Usually increases rents 6% annually, but doesn't always raise rents. If rents can be capped at 2%, City needs to pay for the delta between expenses.

Owner: MLS discrepancy is partially based on the improvements made prior to sale of the property, which limits the costs that a person may list prior to a sale.

Owner: Report doesn't indicate a problem with rent control. The recent strain is an economic cycle, which will solve itself.

Owner: Rents are below market but costs are increasing. 2% caps are below inflation. Spent \$35,000 in remodeling, which isn't covered by the rent and she can't increase rent to recoup.

Resident: Questions the NOI calculations in the report. No need for rent control.

Owner: Does not want San Francisco's rent control issues to come to San Jose.

Owner: Don't lower rent income too low from market. Let owners and tenants work things out. Learn from San Francisco.

Owner: If strict rent control was in place, he would be inclined to select short term tenants or move for condo conversion.

Tenant Advocate: Great report. Many of our residents cannot afford the rent and are rent burdened. Net Operating Income doubled. 72% of residents in San Jose want tighter rent control in San Jose. Landlords are a special interest.

Tenant Advocate: When the process started the landlord asked for people to wait for the report. The report is in and now the data is being questioned. Rent control in San Jose is outdated.

## **(d) Open Forum**

## **DRAFT**

Owner: Owners don't operate apartments to get CPI return and many will leave. City Council just raised their salaries 8.1%. Planning Department just passed on a 9% increase. Garbage rates just went up 1%.

Owner: Owns two properties in San Jose. Report is missing the holistic evidence of impacts to cities with rent control.

Owner: Under rent control will there be more units or less units in San Jose? Just Cause is bad.

Owner: Rent control will remove lower rent properties from the market.

Owner: Own a four-plex. During downturn he lowered the rents and then held them flat. Now the apartments are far below market rent. \$975 per month. All tenants have stayed more than 3 years.

Owner: Tenants who are experiencing high rents should be helped, but not all owners are breaking the law and all are being punished. If rent control is implemented owners will be more selective with tenants.

Owner: Excited because data from the report shows that rent control is working in San Jose. There is no need for just cause.

Owner: Rent increases stated in the report is accurate and fair. Lack of petition data shows that there is no problem. The ordinance is working well.

Tenant: Rent control already exists and people have made tons of money off of it. Adjustment of rent control will help tenants spend their money in other areas of the economy.

Owner: Sold his apartment to leave the rent control program. The program has good intention but is flawed. The market will work for itself. Owners work for less than minimum wage to manage units.

Owner: Issue with study is that it draws heavily from major building data sources. Water prices at 5 units or more are special priced. Small building have higher management costs.

Owner: Rent control does not come for free. Cities pay significant amounts to administer ordinances. Just cause eviction will increase the crime rate of the cities.

Owner: Report confirms that rent control policies are working. Rent control should not depart further from the market. Leave small property owners alone.

Owner: Report is extensive. Just cause eviction is not mentioned in the report. What will just cause eviction do to neighborhoods? City needs to do research on Just Cause.

Owner: Rent burden muddies the waters of the discussion. This area is expensive to live in.

Tenant: Section 8 voucher holders are being discriminated against.

Owner: How many eviction cases per year, cost of eviction, causes for eviction. Just cause for eviction is unnecessary.

## **DRAFT**

Tenant: Scare tactics and delay tactics are occurring. Owners are a special interest groups. People are freaking out because their profits are at stake. This is about human needs.

Owner: Rent control isn't the solution. The real issue is supply. If the goal is to preserve the diverse community, this program doesn't help that because vacancy decontrol prices people out anyway.

Tenant Advocate: Just Cause helps keep crime low by stabilizing neighborhoods. In Santee 6 families received no-cause notices. This de-stabilizes neighborhoods. If there is crime there is an eviction process for that.

Tenant: Can't afford to live here. Can't feed children and doesn't qualify for services.

Owner: How will city calculate repairs that are being done by owners. Program will be too costly in staff. Waste in tax dollars. Increase supply. Planning department is understaffed.

Owner: Great report. Actually it's garbage. Report shows that ARO rents are rising faster than non-ARO rents. Data is inaccurate. Owners will provide data.

Owner: Small building owner. Raised rent by \$50 at most. San Francisco struggles with rent control. Building owners will just cut back maintenance.

(e) **Adjourn** - Facilitator Shawn Spano adjourned the meeting at 9:14 pm.



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments
Comparta sus comentarios

Item # D
Número de artículo

IF rent control is set at 20%

No Building owner want to see a once proud building into slow decay, but the large concern is how it effect the quality of the surrounding community.

over continuado

OR send your comments to o envíe sus comentarios a Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

Item # \_\_\_\_\_

## Comparta sus comentarios

Número de artículo

How is Rent control solving the rent problem? The city is wasting money on study that has no real data. We want to see the data. The city should look into tiny houses and allow for more residential development. We don't need more rent control. We need more housing over continuado

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The rate of rent should be based on quality. How can you put that in data? We should leave the rate of rent to the market,

If rent/supply is high, increase more housing, rent will decrease. Supply and demand is the answer.

Please consider approving more housing.

How much tax dollars are going to be spent if this new Rent Control is approved. Don't waste more money on control. Please build more affordable housing.

thank you

gracias

## Share Your Comments

Comparta sus comentarios

Item #   D    
Número de artículo

① The report didn't show how many tenants ~~number~~ were evicted every year.

② The reason for the eviction

③ How much Landlords spent for each case ④ What kind of tenants were evicted.

*over continuado*

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### About You Acerca de usted

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments Comparta sus comentarios

Item #   d    
Número de artículo

Nowhere in the report does it address the exceptional challenges faced by those who have a Section 8 voucher. ~~I cannot~~ just find a rental unit.

Landlords discriminate based on Section 8 voucher alone. This needs to be addressed please!!

It seems that the ONLY possibility to find housing with a voucher is to wait an additional 2-3 years on a wait →

over continuado

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## About You Acerca de usted

PLEASE PRINT CLEARLY IMPRIMIR CLARAMENTE

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I am homeless BECAUSE Landlords refuse to rent to me BECAUSE of my Section 8 voucher

→ wait list to find housing that will accept a Section 8 voucher.

There needs to be a change in leadership at the Santa Clara Housing Authority if their mishandling of landlords is the cause of landlords' resistance to accepting of Section 8.

Landlords should not be allowed to discriminate based on Section 8 voucher alone.

In my housing search, 95% of affordable units (within allowable rent for Section 8 program) landlords state in their ads that they won't accept Section 8 vouchers. And after ~~that~~ speaking, 100% of landlords say they will not rent to anyone holding a Section 8 voucher.

Recently I found a landlord ready to rent to me (using a guarantor b/c my income is less than total rent) → HOWEVER, when I disclosed that I have a Section 8 voucher, the landlord immediately decided not to proceed with renting to me - JUST because of my Sec 8 voucher.

PLEASE address this problem!  
Good renters who can pay w/ Sec 8 voucher

**thank you** are **gracias**  
going homeless b/c of discrimination  
And this includes children!



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

D

Share Your Comments Comparta sus comentarios

Item # Número de artículo

D

I am shocked that JCE effect was not studied.

Jason

over continuado

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About You Acerca de usted

PRINT CLEARLY IMPRIMIR CLARAMENTE

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments Comparta sus comentarios

Item # \_\_\_\_\_ Número de artículo

Leave small props out of rent control ~~in~~ need they are not professional; they have to live w/ tenants; meant to be flexible for self-use, family share SF 31,000 taken off market San Jose is fine since complaints low

Pass through doesn't work. <sup>public</sup> Make high rents in market

Once RC completely detach from reality, the gov. takes over people's lives, people become enemies. over continuado Let people work thing out as individuals.

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About You Acerca de usted

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments Comparta sus comentarios

Item # D Número de artículo

1 For the city of Berkeley, the cost for administrating the Rent control program is \$ 8M. San Jose is much larger than Berkeley and the cost would be \$ 69M.

2 Just cause eviction will increase crime rate.

over continuado

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About You Acerca de usted

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments
Comparta sus comentarios

Item # 1
Número de artículo

1) Real FACT - covers only larger properties

2) [Handwritten notes on lined paper]

over continuado

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About You Acerca de usted

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # D  
Número de artículo

Rental Control will surely make the housing market worse, instead of solving the S.J. housing issues.

*over continuado*

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### About You Acerca de usted

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Share Your Comments
Comparta sus comentarios

Item # \_\_\_\_\_
Número de artículo

Rent control should only control those houses with high rise in rent, not the low rent property. It will kill all low rent property and keep high rent property survived.

over continuado

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PLEASE PRINT CLEARLY IMPRIMIR CLARAMENTE

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Share Your Comments / Comparta sus comentarios

Item # 10 / Número de artículo

- For the past years, there have been only 70 case complaints on rents increase from 44,000 ARO units. That is 0.15% per year.

- The rent increase compounding rate is only 0.8% per year from year 1990 to 2014

over continuado

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I am a member of the public. / Soy un miembro del publico.

expense :

property Tax : existing assessed value  
not the new value.

repair cost : not on the listing  
because it is hard to  
predict.

vacancy cost not on the listing

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments Comparta sus comentarios

Item # 3  
Número de artículo

I live in San Jose for 17 years, In the past week, I read the consultant report back and forth, I am exciting rather than disappoint. Because the data from the report tells me that further tighten rent control is not necessary  
1) The report point out the complain about no cause eviction, are less than 30 complains per year, out of 44000 rental control units, so only 0.1% tenants have problem about eviction. Just cause eviction ordinance can be eliminated.

over continuado

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## About You Acerca de usted

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In addition, the report also points out from 1990 to 2014 rent increase by 21% for rental control unit, so only less than 1% per year, my question is that why we need rental control, let market force do its job.

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments Comparta sus comentarios

Item # all Número de artículo

You did not mention how all the subjects seniors 65 + up

perhaps you just don't think seniors are important or have no voice

Lets have a real 479 Rent Control Ordinance that apply to all apts, duplexes etc

over continuado

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About You Acerca de usted

PLEASE PRINT CLEARLY IMPRIMIR CLARAMENTE

Name Nombre: Catherine E. Weisheit

Email Email: [Redacted]

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- I live at an ARO apartment
I own or operate an ARO apartment
I am a member of the public.

It's terrible to realize that if I  
get another raise in rent which  
I can't afford I will have to move  
out of the area. I have lived  
here 50 years after working  
for 30 years for the County.  
What does not appear to bother  
our glorious leaders is I and  
many others are held "hostage"  
due to enormous rent increases

So, in conclusion please implement  
a 4% rental assistance on all  
apts & facilities.

Or  
age 78

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments / Comparta sus comentarios

Item # / Número de artículo

I would like to oppose the city council's intention to lower the annual rent control from 8% to 2%.

Reasons:

- 1. We operate small 4plex apartment unit.
2. We provide rent at rate = same as that of school. Due to my low rents, all of my tenants stayed for more than 3 years.
3. I propose the council allow rate = CPI

over continuado

OR send your comments to / o envíe sus comentarios a Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

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Name / Nombre: TAN NGUYEN

Email / Email: [Redacted]

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments Comparta sus comentarios

Item # \_\_\_\_\_ Número de artículo

When either the low rent property owner can't support their loss or expense, they either need to sell the property or evict the tenant. The tenant will end up higher rent.

over continuado

OR send your comments to o envíe sus comentarios a Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

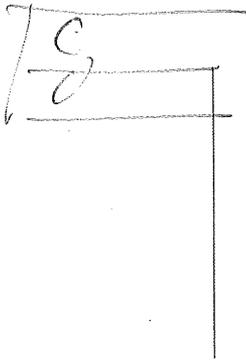
About You Acerca de usted

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # / Número de artículo

SPEAKING AGAINST BAD CHOICE FOR JUST CAUSE / INABILITY OF LANDLORD TO BE SURE TENANTS ARE LAW ABIDING

over continuado

OR send your comments to o envíe sus comentarios a Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

About You / Acerca de usted

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Name Nombre: David Dawson

Email Email: LANDLORD / SAN JOSE

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # \_\_\_\_\_  
Número de artículo

*The business license fee increases from \$240 to \$520, over 100%. How to compensate this loss? Should we control all the fee not being increased over 2%?*

*over continuado*

OR send your comments to o envíe sus comentarios a  
Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

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Public  
Discussion:  
Updating the  
ARO  
Apartment  
Rent  
Ordinance

Discusión  
Pública:  
Actualización  
de la ARO  
Apartamento  
Ordenanza de  
Arrendamiento

## Share Your Comments

### Comparta sus comentarios

Item # \_\_\_\_\_  
Número de artículo

Rent Control will push the low rent house out of business. I spent 8-9 years to reduce my cost and the loss per month from \$3000 down to \$1000 per month. Now if the Rent Control to 2%, my expenses will increase since all other ~~cost~~ cost increase more than 2%. It forces me to sell the 4-plex.

over continuado

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item #   C    
Número de artículo

53% renters are  
rent burdened (pay  
over 30%)  
NOI doubled, CPI only  
83%  
72% resid support 26%  
rent controls

cost control prevents no cost  
evicts - stabilizes needs  
over continuado

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Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

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Email Email: [REDACTED]

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # C  
Número de artículo

Would it also be fair to cap everyone's 401K to the suggested "fair return" based on the S&P 500. This is putting a cap on the retirement plans of many small owners who represent only one-third of all rentals in San Jose.

Limiting the rental income on small owners is not going to do anything to solve the housing shortage in San Jose.

over (continuado)

OR send your comments to [o envíe sus comentarios a Wayne.Chen@sanjoseca.gov](mailto:Wayne.Chen@sanjoseca.gov) OR [Ann.Grabowski@sanjoseca.gov](mailto:Ann.Grabowski@sanjoseca.gov)

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Name Nombre: SANDU ADAMS

Email Email: [REDACTED]

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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # 1
Número de artículo

Will new owners be allowed to set new rent rates where the all rents are tenants on a month to month rental agreement

John Burkett

over continuado

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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # \_\_\_\_\_

Número de artículo

Do not lower rent income too much from market. Do not include small properties in rent control. Do not limit eviction reasons too much. Let owners and tenants work thing out. Do not learn from San Francisco. It makes so many rent ~~scam~~ scammer

*over continuado*

OR send your comments to o envíe sus comentarios a Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

### About You Acerca de usted

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Name Nombre: Hoi Leung

Email Email: \_\_\_\_\_

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # C  
Número de artículo

The net operating income:  
Increased from ~\$400/unit/Mon  
in early 1990's to \$815/unit/Mon  
in 2013-2015.

Do you know how many pounds  
of beef you can buy with \$400 in 1990's,  
how many pounds of beef you can buy  
with \$815 now? That looks like  
an increase, it is an actual decrease!  
Do you know USA bought <sup>over</sup> state of

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(→ to other side)

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Email Email:

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florida with \$5M? May I  
buy it now with \$100M?

This means the house  
investment income increase  
is less than inflation, WITHOUT  
rent control.

Now, why we need a  
rent control?

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments
Comparta sus comentarios

Item # \_\_\_\_\_
Número de artículo

The report provides ample of data that has little information on addressing the problem. The report might be meeting the scope of the study, but does not provide information to address issues,

over continuado

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Email Email: [Redacted]

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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # \_\_\_\_\_ Número de artículo

I never know we can increase the rent \$500. It must be very high rent house, like over \$10k per month. I don't think there is any house can rent out \$10K. I only rent out 2 bed apartment \$1350 per month, every year maximum I can raise the rent \$50. Tell me how to increase rent by \$500. Lier, Lier!

over continuado

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About You Acerca de usted

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Email Email: [Redacted]

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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # \_\_\_\_\_  
Número de artículo

No more strict RC!  
Thanks for working on this issue,  
but strict RC is not the solution.  
Even if RC is applied, it only  
applies to a portion of the  
housing units. This incurs the

over continuado

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Name Nombre: Timothy He

Email Email: [REDACTED]

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big difference on the rent on  
those RC controlled houses and those  
are not RC controlled; with the  
RC controlled ones with very low  
rent, and the not RC controlled  
ones with much higher rent.

The free market would adjust  
the price more fairly, and more  
effectively.

Please let the market adjust  
by itself, by the demand and  
supply and etc.

Thank you.

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments
Comparta sus comentarios

Item # \_\_\_\_\_
Número de artículo

Handwritten comment: Wish to see no changes in the Ordinance

over continuado

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Email Email: [Redacted]

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Public Discussion: Updating the ARO Apartment Rent Ordinance

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## Comparta sus comentarios

Item # C  
Número de artículo

FROM THE REPORT, RENT CONTROLLED PLONGES HAVE NOT HAD MUCH IMPACT ON RENT INCREASES (WHICH IS THE MAIN REASON FOR RENT CONTROL-TO LIMIT RENT INCREASES TO KEEP THEM AFFORDABLE)

WHY HAVEN'T RENT CONTROLS BEEN EFFECTIVE?

① OWNERS ABILITY TO INCREASE RENTS TO MARKET VALUES UPON VACANCY (VACANCY DECONTROL)

② NO CAUSE EVICTIONS, ESPECIALLY JUST TO CREATE VACANCIES SO THAT RENTS CAN BE INCREASED

③ ALLOWED (10%) YEARLY INCREASE TOO HIGH FOR TENANTS WHO NEED ARO UNITS

over continuado

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Name Nombre: MILT KRANTZ

Email Email: [REDACTED]

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④ PASSTHROUGHS & HIGHER RENTS OF NO INCREASE FOR 2 YRS.

### SOLUTIONS

① ELIMINATE ABILITY TO INCREASE RENTS MORE THAN ALLOWED AMOUNT ~~PER~~ PER YEAR, EVEN IF VACANCIES OCCUR

② PERMIT EVICTIONS ONLY FOR JUST CAUSE

③ REDUCE ALLOWED RENT INCREASES TO REASONABLE AMOUNT (2% INSTEAD OF 8%)

④ ELIMINATE PASSTHROUGHS. OTHER BUSINESSES CAN'T REALLY DO THIS, AS COMPETING BUSINESSES PRICES WILL REMAIN LOWER

- RENT CONTROL WOULD BE EFFECTIVE IF THE ABOVE SOLUTIONS CAN BE ENACTED

thank you

gracias



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item #   C    
Número de artículo

Nowhere in the report does it mention the **blatant** and **extensive** discrimination of SECTION 8 VOUCHER renters. Individuals holding vouchers simply CANNOT find housing in the market.

What can be done to address the discrimination and barriers to housing individuals + families with Section 8 vouchers?

over *continuado*

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It should not be allowed to discriminate against those who hold section 8 vouchers. If this means changing leadership at the Housing Authority of Santa Clara County, so be it.

Holding a section 8 voucher in this ~~city~~ city means being HOMELESS—despite ability to pay (with a voucher). That is the wrong outcome.

The only opportunity for housing available to those holding a section 8 voucher — is a low-income development, which entails an additional 2-plus years wait on a wait list.

When will the advisory committee address the needs of those trying to rent using a section 8 voucher?

Please, how can we eliminate the protection/allowance of discrimination ~~ASAP~~ Against renters based on Section 8 vouchers alone?

thank you

gracias



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # C  
Número de artículo

COSTS OF:

Special assessments -

MANAGEMENT FEES

over continuado

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RAUL RICHARDSON

Email Email:



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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

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Item # C  
Número de artículo

*No further rent control*

**over continuado**

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Item # C  
Número de artículo

- ① rents increase from 2009-2014 : 5% per year  
house value increase 10% per year, people purchased  
recently would have hard time to get profit
- ② 8% had never ever been touched. but it's  
needed for insurance
- ③ Majority of ARO units one from 60' and 70'  
Further pushing ARO will make these building  
out of Market. So less low rent supply. rent  
markets will be even worse
- ④ Most of tenants are not English speakers  
over continuado  
no more rules, just education to tenants and landlords

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Email Email : \_\_\_\_\_

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⑤ These are negative rent increase  
in history. City will give reimbursement?

⑥ From 2013 ~ 2014 the increase

For new tenants rent increase 16.3%.

for <sup>non</sup> ARD. For ARD. it's just

40%. Need RL is not right

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments
Comparta sus comentarios

Item # C
Número de artículo

You have mentioned multiple times that property taxes are the largest expense, limited to 2% annually.

Owners pay more than that as everyone can vote & pass bonds that only home owners must pay.

librarys, schools, etc.

over continuado

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Item # C
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JCE was Not Studied (Shocking!)

over continuado

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Name Nombre: Jason Xu
Email Email:

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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # C  
Número de artículo

I'm strongly against the rent control. The rent control pushes the rent higher like San Francisco. It will cause more law suits and waste tax payer's money.

over continuado

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PLEASE PRINT CLEARLY IMPRIMIR CLARAMENTE

Name Nombre : Jackson Xu

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## Comparta sus comentarios

Item # C  
Número de artículo

like to talk about the  
impression from the consultant  
report, and why rent control  
doesn't work.

over continuado

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Name Nombre: CHUN CHI MA  
Email Email: [REDACTED]

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Small rental owner



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

# Share Your Comments

## Comparta sus comentarios

Item # C  
Número de artículo

<sup>I charge</sup>  
The rent is a lot lower than the market. Even at 8% increase per year it will take several years for me to catch up w/ the market.

The shortage of housing in the Silicon Valley is a problem that should be solved by the local government, not dumped on a section of landlords.

over continuado

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Public Discussion: Updating the ARO Apartment Rent Ordinance

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Item # C  
Número de artículo

There is one fact in the "Summary of Findings" (page 38) that really stands out. According to the <sup>San Jose</sup> ARO study, "Median rents for ARO housing units rose from \$1,190 per month in 1990 to \$1,445 in 2014, in adjusted dollars, a 21 percent increase." That one fact clearly shows that the current proposal  
over continuado

OR send your comments to [Wayne.Chen@sanjoseca.gov](mailto:Wayne.Chen@sanjoseca.gov) o envíe sus comentarios a [Ann.Grabowski@sanjoseca.gov](mailto:Ann.Grabowski@sanjoseca.gov)

## About You Acerca de usted

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IMPRIMIR CLARAMENTE

Name Nombre:

Marc Boyd

Email Email:



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- I own or operate an ARO apartment. Soy dueño o opero un apartamento alquiler ordenanza.
- I am a member of the public. Soy un miembro del publico.

✓ Family owns ARO apartments

to expand the ARO is unnecessary and without merit.

In addition, according to a Harvard study of Economists, 93% of economists (surveyed) agree that a ceiling on rents reduces the quantity and quality of available housing.

A major expansion of the ARO policy will be a disservice to apartment owners and tenants.

The only modifications that may be justified are:

- revise the debt-through provision.
- add units built prior to 1995.

I ideally ...

The City Council should allow the free market to establish rent prices and place a high priority on increasing the supply of affordable housing.

I believe this proposal is misguided and (will be) counter-productive, if passed.

Long term, I believe this proposal will make ~~the~~ San Jose neighborhoods less safe and increase blight.

**thank you**

**gracias**

if the just-cause provision is adopted.



Public Discussion:  
Updating the ARO  
Apartment Rent Ordinance

Discusión Pública:  
Actualización de la ARO  
Apartamento Ordenanza de Arrendamiento

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Item # \_\_\_\_\_

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Número de artículo

In the last four years  
 I had four turn over  
 Each one cost \$11,000  
 to \$14,000, who is living  
 the cost.

Rent control Don't work  
 over continuado

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Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

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PLEASE PRINT CLEARLY IMPRIMIR CLARAMENTE

Name Nombre: *Chen Wayne*

Email Email: [REDACTED]

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # open  
Número de artículo

*control* Just cause ~~or~~ eviction requirements in all rent jurisdictions make explicit that safety & nuisance violations ~~are~~ are sufficient to meet just cause. They also include non-payment of rent, repeated lease violations, etc. ~~The just cause requirement makes a threshold requires a landlord to make a minimal showing of proper basis. A just cause requirement requires that the ~~landlord~~ landlord show at minimum a valid intent. There are already federal & state laws~~ →

over continuado

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## About You Acerca de usted

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Name Nombre : Lisa Kim

Email Email : [REDACTED]

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that prohibit certain ~~of~~ basis for termination. Without just cause the tenant faces a great hurdle in proving illegal ~~base~~ cause of termination.

The <sup>rent</sup> burden on the renters is far more significant in relation to their income than to that of the landlords.

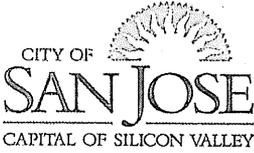
~~Relevance too not~~

We work with the most indigent clients, including many section 8 & subsidy holders. They are not protected by the Rent Control ordinance. Just cause would be a baseline protection for all tenants. Most of the tenants in ARD units do not qualify for our services. Requiring just cause would prevent landlords from acting with improper motive and give tenants in these units at least some protection they can exercise in the courts.

Many of our tenants & all tenants live with some deplorable habitability violations in their homes because they ~~are~~ fear retaliatory eviction.

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # C  
Número de artículo

Slide 21:

69% Turnover in ARO apartments over 4 years & LL notices do not correspond

Q: Is this "voluntary turnover"?

Baylegal sees over 3,000 Tenants/year our experience is spike in "no cause" notices, not voluntary tenant vacancy. LLs simply don't file notices with city because no incentive to do so. *over continuado* →

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### About You Acerca de usted

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Name Nombre : Lisa Newstrom

Email Email : [Redacted]

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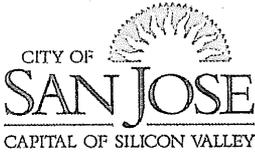
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Per comment on relation between code enforcement & rent increases, Mr. Scott believes ARO almost never includes valid code complaint. This is not our experience. Many times the tenant's request for minor repairs results in an instant rent increase request by landlord. Other times, tenants are terrified to report code problems to landlords for fear of getting rent increase.

Ex: Our client Sally asked LL for a fix for her broken sink. LL said would only fix if she paid \$300 more in rent on top of her \$220 rent. Sally refused, and the next day LL gave her a "no cause" eviction notice. The apartment was soon listed in a local Vietnamese paper for \$600/month - an illegal ~~76%~~ increase.

**thank you**

**gracias**



Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

Share Your Comments
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Item # \_\_\_\_\_
Número de artículo

MLS discrepancy on expenses
come from 1 time events
roof
paint
asphalt
curb appeal
upgrades

over continuado

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Public Discussion: Updating the ARO Apartment Rent Ordinance

Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # \_\_\_\_\_
Número de artículo

The rent control is 2% and especially the "rent cap escalation" will damage the investment in SJ.

over continuado

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Public  
Discussion:  
Updating the  
ARO  
Apartment  
Rent  
Ordinance

Discusión  
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Actualización  
de la ARO  
Apartamento  
Ordenanza de  
Arrendamiento

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Item # C  
Número de artículo

It's exceptional to note that the ONLY California city that allows a higher "annual allowable rent increase" is Beverly Hills! San Jose is a large city that should ~~be~~ ~~habitable to as many residents~~ ~~as~~ be more affordable than an elite community such as Beverly Hills.

over continuado

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Wayne.Chen@sanjoseca.gov OR Ann.Grabowski@sanjoseca.gov

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Discusión Pública: Actualización de la ARO Apartamento Ordenanza de Arrendamiento

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Item # \_\_\_\_\_
Número de artículo

Please make it simple.

Please do not employa more city worker to control rent that will not improve housing problem.

Thank you!

over continuado

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About You Acerca de usted

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Name Nombre:

ASTER TSENG

Email Email:



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I do all my repair myself  
how do you calculate that?

No more wasteful city spending  
more govt employees  
tiny houses

Home owner can't get loan  $\frac{1}{3}$   
why renter can rent for  $\frac{1}{3}$  more

**thank you**

**gracias**