From: Gary Lee
To: Grabowski, Ann
Subject: Apartment Rent Ordinance
Date: Thursday, March 03, 2016 9:17:10 AM

Dear San Jose Housing Department:

I have owned rental property for the past 35 years in San Jose. The proposed amendments to the city's Apartment Rent Ordinance is very troubling and unfair. I have always kept my units up to code, and in some cases, greatly improved both the apartments and neighborhoods where I have owned units.

This proposal does nothing to create new units, but punishes those of us who own older buildings. This represents only 1/3 of the available rental units. We're not the ones raising rents outrageously. That would be the 2/3 of the rental units not being addressed. If my rents are only allowed to increase by around 2-2.5%, I will lose ground on my costs which have been increasing at 3-4% annually. Between taxes, city fees, water, electricity, management and maintenance costs, etc., my cash flow will be reduced. I can't think of another industry where the city doesn't allow the business owner to make a profit, even to the point of assuring a loss.

Although rents have gone up the past few years, I have a longer perspective than most. I kept an article that described the 22% reduction in rents in 2001. Rents didn't recover to 2000 rates until 2008. Guess what, they dropped again in 2009, and didn't recover to 2008 values until 2014. The proposed provision crushes any desire on the part of great landlords to continue to improve their properties. I've seen what this does to properties in San Francisco and New York. My son moved into a San Francisco apartment after graduation to take a job there. His place hasn't seen real maintenance in probably 20 years. I would never rent an apartment like he was forced to take. Although no code violations are obvious, the place is a dump. A vote in favor of this proposal is a vote to create neighborhoods of dumps. My brother in law lives in New York City. When a bathroom above him had a leak, and ruined his tub tiles, his options were to accept the very lowest end of tiles offered by the landlord, or pay himself to upgrade back to where it was before. My brother in law doesn't need a subsidized/rent controlled apartment, but he can't resist staying since his move in date of 1980. That also seems to be the year his carpets were changed.

No one wants San Jose to become a city of rent control to the likes of San Francisco or New York. That is what this proposal will bring. I spend a great deal of money on maintenance, well beyond code. I've install new double pane windows in all units, upgraded the driveways, and have hired an additional maintenance guy in the past years. That extra maintenance guy will have to be fired if this proposal goes through. I see no reason to continue to upgrade if I'm assured a loss going forward.

If you vote to have this proposal go through, please change your saying of "Open for Business" to "Screw you Business". Please go back and look at increasing the stock of units, especially in new projects that include some percentage of low and medium income housing. This is the only long term solution.

Sincerely,

Gary Lee
Green Villa Apartments.

From: Charles Leung
To: Grabowski, Ann
Subject: Apartment Rent Ordinance
Date: Thursday, March 03, 2016 9:35:27 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Charles Leung

From: John Bowen
To: Grabowski, Ann
Subject: Centralized Control of Housing and the Measures Currently Under Consideration
Date: Thursday, March 03, 2016 9:53:11 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose and a professional property manager working on behalf of many individual property owners, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. CPI is an inadequate measure of the real and felt costs of living; it does not account for the costs of owning real property, caring for that property in a responsible manner, and making it available as good and safe housing. If the city were to enact the measures as being considered at the moment it would create its own demise; effectively putting in place economic sanctions that will destroy the prospects of a heathy rental market in the future. As a resident, small business owner, and real property owner I implore you to back away from these proposed measures and seek real options that will actually better the environment for adding new housing, better housing, encouraging owners and managers to spend more money caring for their rental properties, rather than making San Jose a hostile environment for builders, contractors and rental property owners. Let us encourage exactly the behavior we need – increasing available housing units, encouraging investors to invest in our community, and bettering the available housing that currently exists.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations and government control of private property will not solve our problems.

Sincerely,

John

John R. Bowen

President, Founder & CEO

Provident Real Estate Services
1035 Minnesota Avenue, Suite C
San Jose, CA 95125

(408) 295-9100 office / [redacted] / (408) 995-5901 fax

Real Estate Sales ~ www.ProvidentRealEstateServices.com
Proptery Management ~ www.ProvidentRentals.com

California Bureau of Real Estate, License #01316775 (Broker)
California Bureau of Real Estate, License #01526063 (Corporation)

From: Laura Padilla
To: Grabowski, Ann
Subject: Concerns over proposed new regulations
Date: Thursday, March 03, 2016 9:55:07 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Laura Padilla

From: Linda Salazar
To: Grabowski, Ann
Subject: Dear San Jose Housing Department:
Date: Thursday, March 03, 2016 10:27:03 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels.

Sincerely,

Linda Salazar

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From:	Traci Maier
To:	"ann.grabowski@sanjoseca.gov"
Subject:	Housing Department
Date:	Thursday, March 03, 2016 12:19:57 PM
Attachments:	image009.png image012.png image013.png

Dear San Jose Housing Department:

As a rental property manager in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Traci Maier • Property Manager
Shadow Cove Apartment Homes
1055 Foster City Blvd. • Foster City, CA 94404
p 650.341.1950 • f 650.341.0471
tmaier@wres.com • www.shadowcoveapts.com

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this e-mail in error, any review, dissemination, distribution, or use of the
contents of this message without consent is strictly prohibited. Thank you in
advance for your cooperation.

From: Raymond Tong
To: Grabowski, Ann
Date: Thursday, March 03, 2016 8:27:38 AM

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ear San Jose Housing Department:

I am a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. I constantly invest in maintaining and improving my property. In my own small way, I am helping you and the department build a better San Jose. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. See what's going on in San Francisco or Berkeley. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business." Can you name a single municipality with rent control that claims to have solved it's housing problem?

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems. There are no municipalities with Rent Control which do not have significant problems with an affordable housing supply. Supporting the building of more housing is the answer.

Sincerely,
Raymond S. Tong

From: M Dean Sutton
To: Grabowski, Ann
Subject: Oppose proposed rent control provisions
Date: Thursday, March 03, 2016 6:26:50 AM

I have been a real estate lawyer in San Jose for 38 years.
I oppose the proposed rent and eviction provisions. They will make life worse for tenants and landlords.

M. Dean Sutton, Sutton Law Firm
[redacted]

Do good, do well, and check in!
Via my IPhone. -- M. Dean Sutton

From: Jerrid Vannelli
To: Grabowski, Ann
Subject: Oppose Rent Control Ordinance
Date: Thursday, March 03, 2016 12:07:45 PM

Dear San Jose Housing Department:

As a rental property manager in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Jerrid Vannelli • Vice President
Woodmont Real Estate Services
1050 Ralston Avenue • Belmont, CA
p 925.392.8654 • f 650.592.2203
jvannelli@wres.com • www.wres.com
BRE License No. 01863235

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intended solely for the use of the person or entity to whom the e-mail was addressed. It contains information that may be privileged and confidential and

From: Mario Wijtman
To: City Clerk; Grabowski, Ann
Cc: T Knippen
Subject: Opposition to San Jose Rent Control Amendments
Date: Wednesday, March 02, 2016 8:21:50 PM

To: San Jose Housing Department
cityclerk@sanjoseca.gov

Date: March 2, 2016

Regarding: Opposition to Stricter Rental Regulations

Dear San Jose Housing Department:

I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I hope that you see how punitive rent control measures will lead to these noted, detrimental consequences. Limiting annual rent increases to CPI is unfounded logic. MDJ owns a 48 unit complex in San Jose that has recently benefited from a major facelift, window replacement and cantilever deck reconstruction. The costs to maintain a safe and healthy living environment increase according to what the market will bare, not the CPI. With the labor shortage that we now have in the Valley, maintenance costs, renovation costs are all increasing FAR greater than the CPI. Your proposal will spark an increase in the deterioration and neglect of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. You will create a disincentive to make facilities safe. This is very dangerous territory and your decision will place tenants in harms way.

Eliminating the debt pass-through will create a disincentive to sell a complex to new owners. A complex listed for sale will surely be more valuable than when it was previously financed and therefore, have a corresponding lager debt. If the landlord cannot pass on part of this debt, fewer complexes will change hands and properties will stagnate and experience neglect. This is very dangerous proposal.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Your proposals will not “protect the health, safety and welfare of the citizens of San Jose”, rather the opposite

Sincerely,

Mario Wijtman, MDJ Real Estate

--
Mario Wijtman
[redacted]

From: P Staehr
To: Grabowski, Ann
Subject: Proposed Amendments to Rent Control Ordinance
Date: Thursday, March 03, 2016 7:05:55 AM

Dear Mrs. Grabowski, Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Peter Staehr, MD

San Jose, March 3, 2016

Send

From: Cal Takhar
To: Grabowski, Ann
Subject: Proposed Amendments to San Jose Rent Ordinance.
Date: Thursday, March 03, 2016 12:25:39 PM

Dear San Jose Housing Department:

Troubled am I by the proposed amendments to the city's Apartment Rent Ordinance.

So basically all the older SJ rental housing stock will become the new unsafe and unsanitary housing in San Jose.
It encourages older inventory of SJ housing to becoming ghettoized for lack of a better word.

Reminds me of when I took over a building that had 1960's rusted bathtubs and pink tiled bathroom vanity sinks, I asked current tenants if they wanted to move to an updated unit for with granite counters and hygienic wood floors? They mostly responded, "NO, leave the old un-improved fixtures and don't raise the rents"

I've experienced 15 years of Rent control in San Jose, I've managed buildings in city's with rent control & no rent control.
The buildings in Non Rent Controlled areas are in better shape, have significantly better pride of ownership, and conversely happier tenants.

I see tenants clinging on to inexpensive rent controlled apartments because it's beneficial to them, regardless of safety, pride of ownership or rentership etc.

I recently received bids for installing Car chargers for EV cars at multiple buildings, guess which building will NOT be getting those improvements?
Also looked into updating aging AC units with newer technology condenser heat pumps, guess which building will NOT be getting those improvements?

Welcome to the downside of rent control, it's well intended but I believe not an entirely successful policy change.
What's needed is cheaper, smaller units being approved by City officials, not the mega $3000+ rent apartments that are coming online now, what the hell good are those for?
Curb rent increases to a maximum of 5-6% and allow free market to resolve other issues.

Kind Regards
K Takhar

From: Dan Decker
To: Grabowski, Ann
Subject: Punitive Rent Control
Date: Thursday, March 03, 2016 7:52:26 AM

Ann,
As a responsible San Jose Landlord for 18 years I believe you are going too far.

My current rents on apartments are the same amount they were in 2000.

That's 15 years of waiting for rents to return.

My one bedrooms went from to $1600 in the year 2000 to $825 in the year 2004 with the dot com crash and the free home loan debacle to blame.

With 8% increases I am at $1600 again I have some residents below that rate.

Is your rent control going to protect the Landlords downside. No.

Go to my parking garage and you will see Mercedes, BMWs, and even a Ferrari.

This law will not benefit the people it is trying to help.

Through the years, I have given a lot of people, who were trying to get back on their feet either with poor credit or lower income, a chance. Sometimes it didn't work out and sometimes it did.

I promise you, I will never give someone with problems a chance if you impose these social engineering experiments.

I will take only people with high incomes and perfect credit.

I will require high security deposits.

I will raise the bar so high.

And If I don't get the right tenant I will leave it vacant.

It will be too risky to take on problem people.

In the future, will will no longer invest in San Jose apartment buildings.

I will leverage my current buildings to the max and reinvest the equity in more friendly free market areas.

You will force me to milk the San Jose buildings into the ground.

You are firing shots at my family and the the American way of life. I know you don't believe in private property as you go about to take my kids future.

You have no faith in people to do good. You only think we are greedy. It is you who are greedy, to take what others have earned at considerable risk and sacrifice.

Your laws will create an us vs. them mentality.

Why should I donate to charity anymore?

You are forcing me to give to my tenants so they can have a new BMW?

I read in the Mercury News this morning that San Jose will turn into Manhattan or for that matter San Francisco. Strict rent control there. Rich and poor. Attacking the middle class.

Good work. Keep it up.

Daniel Decker

From: Karen Johnson
To: Grabowski, Ann
Subject: Rent Control comment
Date: Wednesday, March 02, 2016 7:41:41 PM

We have an aging building in West San Jose, which has required numerous expensive capital improvement projects in the last 3 years to maintain the structure. Just this month, we are spending ONE HALF of our annual gross income from this 8 unit building to replace the balcony railings, at the request of the property insurance company. Basically, this means there will be no cash flow for the retired, aged owner of this building to support herself, after paying all the other details—mortgage, taxes, insurance, etc.

We object to carrying the burden for limited tenant rent increases, when there are tenants who do not live in rent controlled units that will still receive rent increases well and above the CPI. After all, it is the older buildings that need the most maintenance.

We have tenants in the building who have been there many years, and their current rent is already $3-400 dollars less per month than others in the building. At 2% CPI, there will never be a time when those rents will be close to current market rate, and years before they even reach this year's rate.

The bookkeeping required for property owners, and worse, the amount of information required to be kept by City, will make for a huge bureaucracy. The apartment owners of this city do not need the additional headache of dealing with this mass of paperwork/appeals/proof.

Very truly yours,

Karen Johnson

From: Nancy
To: Grabowski, Ann
Subject: Rent Control Ordinance
Date: Wednesday, March 02, 2016 8:11:58 PM

My 97 year old mother owns an 8 unit apartment in the the San Tomas West neighborhood. The net rental income provides the bulk of her income in most years. That income pays for her care. However, there has been no net rental income for two years due to my mother's desire to keep rents low and retain tenants and the need to rehab 3 units and replace all the outside railings. Yet the Housing Authority is considering reducing the net rental income! Has the housing Authority considered that small landlords will be severely impacted by the income reduction and won't be able to continue to make repairs and improvements?

What other investment requires the citizen owner to give back earnings? In bad times with high vacancy, did the Housing Authority give money to to small landlords? Or is the risk of investing in housing all downside for the small landlord? No net income in the high vacancy years, and the Housing Authority rolls back the rent in low vacancy years?

Please reconsider this ill advised proposal.

Nancy Johnson

From: Tranenteone LLC
To: Grabowski, Ann
Subject: Rent increase
Date: Thursday, March 03, 2016 10:09:37 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Nam Tran

From: Sherman Tran
To: Grabowski, Ann
Subject: Rent Ordinance
Date: Thursday, March 03, 2016 10:08:09 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

Sherman

Sherman N. Tran, MD

429 Llewellyn Ave
Campbell, CA 95008
408-364-1616 x 115
408-378-6775 fax
www.ssmedgroup.com

From: frank mandarino
To: Grabowski, Ann
Subject: Rent Ordinance
Date: Thursday, March 03, 2016 11:00:40 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Warm Regards,
Frank Mandarino

From: Karen Vega
To: Grabowski, Ann
Subject: rent ordinance
Date: Thursday, March 03, 2016 9:04:23 AM

Dear San Jose Housing Department:

As a rental property owner, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Karen Vega

From: [redacted]
To: Grabowski, Ann
Subject: Rental
Date: Thursday, March 03, 2016 12:13:20 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

Fernanda Machado

Sent from my iPhone

From:	Kerry Arnold
To:	Grabowski, Ann
Cc:	Jeff Bosshard
Subject:	San Jose Housing Department
Date:	Thursday, March 03, 2016 12:26:04 PM
Attachments:	San Jose Housing Department.doc

Good afternoon Mrs. Grabowski,

Please see the attached for your review.

Thank you,

Kerry Arnold • Multifamily Executive Assistant
Woodmont Real Estate Services
1050 Ralston Avenue • Belmont, CA 94002
(p) 650.802.1665 • (f) 650.592.2203
karnold@wres.com • www.wres.com

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protected from disclosure by applicable state and federal law. If you received
this e-mail in error, any review, dissemination, distribution, or use of the contents of this message without consent is strictly prohibited. Thank you in advance for your cooperation.

March 3, 2016

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Jeff Bosshard

Jeff Bosshard, CPM®
President Multifamily Operations
Woodmont Real Estate Services
License No. 01202338

1050 Ralston Avenue
Belmont, CA 94002
[redacted]
Fax: 650-591-4577

From: Casey McManus
To: Grabowski, Ann
Subject: San Jose Rent Control
Date: Thursday, March 03, 2016 9:25:51 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

--
Casey McManus
General Manager
River View

250 Brandon Street | San Jose, California | 95134
Phone408.383.8300
cmcmanus@irvinecompany.com

From: yan_woo
To: Grabowski, Ann
Subject: Proposed San Jose rent control ordinance
Date: Thursday, March 03, 2016 12:36:41 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Yan Woo

From: [redacted]
To: Grabowski, Ann
Subject: San Jose rent control ordinance
Date: Thursday, March 03, 2016 12:38:47 PM

San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,
William Woo

From: Daniel Lee
To: Grabowski, Ann
Subject: Rent control
Date: Thursday, March 03, 2016 1:05:33 PM

Are you out of your mind? How can you do this? You guys are so stupid, aren't you?
As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,
Daniel

From: Keith Adams
To: Grabowski, Ann
Subject: Proposed rent control changes
Date: Thursday, March 03, 2016 12:45:57 PM

Hi Ann,

I would like to voice my opposition to the proposed changes as follows:

1) The reduction in allowable rent increases puts an inequitable burden on the property owner who is subjected to unlimited increases in operating expenses such as utilities, repairs, maintenance, and taxes, as well as mortgage rate increases. This squeeze on the property owner ends up resulting in increased deferred maintenance and fewer improvements which ultimately reduces the quality of housing stock adversely affecting the tenant and the City of San Jose.

2) Rolling back increases to January 1, 2015 will adversely impact the property owners who have already spent or committed funds for improving their properties or purchasing additional housing stock. Would any City employees be willing to have their pay reduced to what it was on January 1, 2015 for the benefit of the taxpayer?

3) Hiring up to 30 new employees proves the point that the program is burdensome and an unfortunate growth in government and its bureaucracy. This additional cost may get shuffled around but in the end tenants will shoulder this new cost either in rent or by a reduction in new rental housing perpetuating the housing shortage.

Rent controls result in unintended consequences such as fewer new units coming to market and a lower quality of housing.

It is hoped that the City will not further degrade the benefits from the economies of supply and demand by limiting all City fees (taxes), City wages, corporate wages, gas prices, food prices, single family home prices, new and used car prices or commercial rents in such a way.

Let the market forces work through this situation as other cities have successfully done. Please do not penalize the very property owners who provide quality housing as a solution to the lack of civic planning which has mostly contributed to the higher rents.

Thanks,

Keith Adams
Foothill Property Management

From: Kristin Torrice
To: Grabowski, Ann
Subject: Oppose Rent Control Ordinance
Date: Thursday, March 03, 2016 1:11:33 PM

Dear San Jose Housing Department:

As a rental property manager in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

Kristin Torrice • Property Manager
Waterford Place Apartments
4800 Tassajara Rd. • Dublin, CA
p 925.803.1811 • f 925.803.1755
ktorrice@wres.com
www.liveatwaterfordplace.com

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protected from disclosure by applicable state and federal law. If you received

From:	Bob Talbott
To:	Grabowski, Ann; City Clerk
Subject:	Proposed amendments to San Jose Rent Control
Date:	Thursday, March 03, 2016 1:51:23 PM
Attachments:	image001.png

Dear San Jose Housing Department:

I am writing to express my concern and opposition to the proposed amendments to the existing San Jose Rent Control Ordinance. Our firm manages rental housing in San Jose and I've personally owned rental housing in San Jose. We have done so responsibly for many years.

The proposal to limit rent increases to CPI is highly punitive and risks creating a significant disincentive for owners to actively invest in and improve their property. A CPI based rent increase limit fails to provide a means for owners to recoup increased operating costs and other costs they have incurred to maintain a safe and attractive property. Furthermore, many of these costs are not capital in nature and therefore are not eligible as a capital improvement pass through. This will ultimately lead to a decline in the quality of the rental housing in San Jose. Just look what this type of punitive limit on rental rates has done in other rent control cities, such as San Francisco and Berkeley. In those communities there is little incentive for owners to reinvest in their property and the gap between the rents in newly constructed housing and existing housing is much greater. This type of restriction along with elimination of the debt service pass through, will also create a disincentive to own rental housing in San Jose.

We admittedly, live in a region that is significantly under supplied with housing. Our government needs to be working with business leaders and housing providers throughout the region to create more affordable housing. The lack of affordable housing is not just the rental industries problem, it's a problem for the entire community and rental housing owners should not be asked to carry the financial burden of this problem alone.

I urge you to drop these proposed amendments.

Sincerely,

Robert C. Talbott
Chief Executive Officer

RW ZUKIN
REAL ESTATE SERVICES

4080 Campbell Ave.
Menlo Park, CA 94025-1007
P (650) 328-5050 | F (866) 644-8518
btalbott@rwzukincorp.com
www.rwzukincorp.com

This message (including any attachments) contains confidential information intended for a specific individual and purpose,

From: Frank Kocher
To: Grabowski, Ann
Subject: San Jose Rent Control
Date: Wednesday, March 02, 2016 7:02:39 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Frank Kocher

From: Charlotte Evans
To: Grabowski, Ann
Subject: San Jose Rent Control
Date: Wednesday, March 02, 2016 6:57:03 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Charlotte Evans
Landlord

Sent from my iPhone

From: Cal T
To: Grabowski, Ann
Subject: Proposed Amendments to SJ Rent Ordinance.
Date: Wednesday, March 02, 2016 8:28:07 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. I've managed apartment buildings in the San Jose area for over 15 years and this proposed amendment is simply outrageous and egregious error of judgment.

I am a responsible landlord and follow the rules of the law. This type of restriction will lead to 2nd grade housing stock where little capital improvements occur. We need our housing stock to be updated and kept safe. Punitive restrictions do not facilitate innovation and creativity in improving the housing inventory, it simply squashes any desire to improve and innovate the buildings.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners **WILL** abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."
Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. Furthermore I can look at increases in property taxes, insurance and employee associated costs going back a decade, I can assure you that CPI does not account for the increases, especially when you factor the improvements made to buildings.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make MORE housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems. Look at San Francisco housing restrictions, tenants spend decades in dilapidated buildings because the rent is so under market, they live in those buildings not because they have pride but simply because they are way below market rent.

Sincerely,
K Takhar

From: Carlos Padilla
To: Grabowski, Ann
Subject: San Jose Rent Control Amendments
Date: Wednesday, March 02, 2016 10:00:56 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents. I expected a more reasonable proposal but this clearly does not take a property owners interest into consideration.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. This will drastically impact future property values in our city and make it less attractive for quality tenants.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Carlos Padilla

Carlos Padilla | The Padilla Real Estate Group
Intero Real Estate Services - Los Altos
Realtor | Top 1% of Realtors | Intero Chairmans Circle | Top Buyers Agent 2009 – 2014
"Excellent Service; Earning Clients for Life"

Direct **650.947.4746** | [redacted]
Web | Facebook | LinkedIn | Yelp
License # 01342889

From: Monica Guarino
To: Grabowski, Ann
Subject: Rental Property Manager Speaking Up - Oppose to the Proposed Recommendations
Date: Thursday, March 03, 2016 11:02:12 AM

Dear San Jose Housing Department:

As a rental property manager in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible property manager for a scrupulous landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

_____

Monica Guarino | Sr. Community Manager

Willow Lake Apartments
1331 Lakeshore Circle
San Jose, CA 95131

www.WillowLakeApt.com
Phone 408.453.7272
Fax 408.453.0426
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From: Mary Shao
To: Grabowski, Ann
Subject: Concerns from San Jose landlord for "preliminary recommendations from San Jose housing"
Date: Thursday, March 03, 2016 9:20:58 PM

Dear Ann:

As a small landlord at San Jose, I truly have the following concerns regarding "preliminary recommendations from San Jose housing".

1. The annual allowable rent increase on 100% CPI-U, which is around 2-3% now, is way too low. MNOI is too complicated to small landlords and no guarantee to be approved by city. CPI-U annual rent increase will make small landlords out of business. Here is the analysis for our cost increased each year:

Vacancy (5% at economy booming and 20% at economy recession);
Property Tax (2% increase, plus new parcel tax);
Water & Sewer (20% increase);
Garbage (5% increase);
PG&E (10% increase);
Insurance (10% increase);
Repair, minimum (10% increase) including Plumbing, electrical, appliance, etc;
Other Expense, such as sidewalk repair (10% increase); cleaning: illegal dumping (10% increase) from other random people
Minimum repair & paint due to tenants' moving out (10% increase)

2. The cost to run MNOI from city is too much. It is better for city to have that money to support low income family for rent.

3.Following are the reasons for much higher allowable annual rent increase:
8% is just like an insurance to small landlords to deal with extreme cases, such as bad tenants' costly damage of property, throwing garbage everywhere, fine from city for tenant's misbehaves, etc.
Landlords can't increase rent or even lower the rent during downturn of economy. No reimbursement from city. The CPI will only punish landlords without any protection. 8% will help make up the lose from downturn time.

4. The proposal is full of tedious requirements on the owners. For instance, page 11, B-2, in addition to the normal 30/60/90 day notifications, Owners need to provide new tenants break down of rent, including base, and fees, also inform the tenant of any banking of the rent charges accumulated from previous down years, etc, etc. These tedious requirements put undue burden on the small landlords and it is very easy for them to make mistakes, resulting in legal charges or penalty!

5. City estimated that these complications will result in 30 FTE which is a very high pay. These positions come with huge benefit and fat retirement checks, which will cost 4.5 million! This money can definitely use for families in need. It is " lose-lose" suggestion to put additional burden on small owners on a program that can't benefit any families in real need.

Thank you for your attention and help!
Sincerely,
Mary

From:	Esther Fils
To:	Grabowski, Ann
Subject:	Rent Ordinance
Date:	Thursday, March 03, 2016 8:35:10 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

Sherman

From:	Betty Lin
To:	Grabowski, Ann
Subject:	rent control
Date:	Thursday, March 03, 2016 6:00:21 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Betty Lin

From: Jennifer Lee
To: Grabowski, Ann
Subject: San Jose housing
Date: Thursday, March 03, 2016 5:27:48 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,
Jennifer Lee
Apartment Building Owner

From:	Kari Neves
To:	Grabowski, Ann
Subject:	Rent Control Measures
Date:	Thursday, March 03, 2016 5:22:55 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Kari Neves
Community Manager
Hidden Willows Apts
850 Meridian Way, San Jose, 95126
Ph. 408-294-5333 Fax 408-294-5729

Reduce, Reuse, Recycle.

From: Saul Altabet
To: Grabowski, Ann
Subject: I completey oppose to the proposed New SJ Rent Control
Date: Thursday, March 03, 2016 5:22:34 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,
TechBusiness Resources, LLC

From: Saul Altabet
To: Grabowski, Ann
Subject: New San Jose Rent Control Amendments is a bad idea
Date: Thursday, March 03, 2016 5:20:51 PM

Dear San Jose Housing Department:

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Sincerely,
AB Properties, LLC

From: Jim Chien
To: Grabowski, Ann
Subject: RE: ARO rent control proposal concerns
Date: Friday, March 04, 2016 9:16:46 AM

Hi Ann:

My name is Jim Chien a long time San Jose resident and I own a few small properties. I am very concerned about the new ARO proposal and a lot of my friend share the same concern. There are many flaw that I see, but I will just mention one clearly.

Page 4, C-5 state the rational of tie CPI to rent increase as, I quote " Vacancy decontrol allow owners to raise rent to market prices for a substantial number of apartments every year. 26% of ARO units are voluntarily vacated annually, and 70% are voluntarily vacated within a four-year period. This allows owners to increase rent to market price and to supersede the ARO limits on rent increase" this data might be true for current market condition, but when the CPI rule is enforced, especially after a couple of years, people who live in these ARO at below market rate is going to stay put for good! Why?

1) The current CPI used are CPI none food and energy, but if you look at CPI with food, energy and especially housing cost, it always doubles CPI. see link for government statistics.
http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm
This means that the CPI used is 50% below market. After several years, an ARO units will be way below market and after 20 years, it could be just a small fraction of the market.

An example is the SF story below. The tenant after living in the ARO unit for 34 years, only pay $735.00 on a unit that is renting for $5000.00 at current market!
http://sfist.com/2015/10/28/does_living_in_an_apartment_for_34.php

2) This is hugely unfair to small mom and pop property owners. This is my retirement, why can the city just rob peter to pay pau? Can city free the contractor cost, insurance, utilities, my food cost all to CPI?

3) This also is bad for the tenant, it create an entitlement and give them no motivation to buy. In this story, he was an artist making good income. He had plenty of opportunity in 34 years to buys property of his own, but hay, if you can rob the property owner and live in a nice place for next to nothing, why bother?

I can go on and on, but please reconsider. If you tie the rent to CPI, then after 5 years, there should be a catch up clause, or there should be a floor of say 80% of the market.

I am only asking for fairness! we are hardworking people who saved frugally to own something. We are not rich, we never ask government for food stamp, housing handout, free medical, or anything, we only just pay taxes and taxes. Fairness is all that I am asking!

Thanks for your time
Jim Chien

From: Nancy Da Silva
To: Grabowski, Ann
Subject: Recommendations for Modification to the SJ Apartment Rent Ordinance
Date: Friday, March 04, 2016 12:11:01 PM

Dear San Jose Housing Department:

My husband and I purchased a 4plex in San Jose several years ago as our investment vehicle to help fund our children's college tuitions. We find the proposed amendments to the city's Apartment Rent Ordinance frustrating for the following key reasons.

1. I understand that 8% a year is a significant rent increase given the base rent amounts. However, the proposal to use the CPI-U is incredibly punitive. Our building has a lot of deferred maintenance from the previous owner and increases of 2-3% won't allow us to improve the building's condition while covering the increased costs in water, property taxes etc. I would be much more supportive of a reasonable standard of 5% similar to Los Gatos and Hayward.

2. The proposed modifications are not being applied fairly. If I had purchased two duplexes instead of a 4plex I would not have these same constraints. This does not seem fair.

3. The city is putting the burden of affordable rent on owners of older buildings but is not mandating a portion of the new buildings being built to have a percentage of units for low and middle income households.

4. Rationale #5 in the list of reasons for the modification to the proposed allowable rent increase states that 26% of ARO units are voluntarily vacated annually and 70% within a four-year period thus allowing owners to increase rents to market price. I suspect these statistics are based on the current 8% rent increase and would decrease drastically if the proposed changes take place. Adjusted statistics should be collected from cities like San Francisco and Oakland. This rationale is very misleading.

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Sincerely,
Nancy Da Silva
[redacted]

From:	Mark Brading
To:	Grabowski, Ann
Subject:	SJ Rent Control Proposed Amendments
Date:	Friday, March 04, 2016 11:27:57 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Mark Brading
Glen Dennee Company
3620 Charter Park Drive
San Jose, CA 95136
408-248-2440
Fax:408-248-2441
NEW PHONE & FAX NUMBERS

From: Michael Caporale
To: Grabowski, Ann
Subject: San Jose Rent Control Policy
Date: Friday, March 04, 2016 1:43:04 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Additionally, when large corporations such as Apple or Adobe build new buildings and hire more employees (these are good things) it might be beneficial for these corporations to have a housing plan. I find it patently unfair that as a small landlord I am being singled out while Apple, etc.is allowed to carry on printing money. Another idea is that if someone operates less than 50 units then they would be exempt from the proposals.

Thank you for your time and consideration.

Respectfully,

Michael Caporale
[redacted]
San Jose, CA 95125
[redacted]

From: Dan Pan
To: Grabowski, Ann
Subject: comments to preliminary recommendations
Date: Sunday, March 06, 2016 7:48:18 PM

- The Annual Allowable Rent Increase on 100% CPI-U, which is around 2-3% now, is way too low. MNOI is too complicated to small landlords and has no guarantee to be approved by city. Here is the analysis for our cost increase each year:
    - Vacancy (5% at economy booming and 20% at economy recession);
    - Property Tax (2% increase, plus new parcel tax);
    - Water & Sewer (20% increase);
    - Garbage (5% increase);
    - PG&E (10% increase);
    - Insurance (10% increase);
    - Repair, minimum (10% increase) including Plumbing, electrical, appliance, etc;
    - Other Expense, such as sidewalk repair (10% increase); cleaning: illegal dumping (10% increase) from other random people
    - Minimum repair & paint due to tenants' moving out (10% increase)
- Why CPI? Why not S&P 500? In Bay Area, the rent/price is already the lowest nationwide. Does the city really want to push mom & pop owners to go out of state?
- Rate of return on CPI must be "actual interest rate on loan servicing", not an arbitrary %, bc old building is difficult to get a prime loan.
- Most ARO unit are mom and pop owners, and most of us have another job, because the rental income can't cover everything. We manage property, keep things in order and our neighborhood clean. Our contribution to our city should be recognized and respected. However, this new proposal penalized us, hard-working mom and pop owners. Think about it, in high vacancy years like 2003, 2009, we lose money. With the new proposal of ~2% cap and ~10% increases of expense, we have to lose money again. What's the incentive to do this? Do our city appreciate we mom and pop owners' work? Do our city want to push us away and create another ghost town like Detroit?
- " Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small" There is no logic relationship between "small landlords' low annual rent increase " and "small allowable annual rent increase". Following are the reasons for much higher allowable annual rent increase:
    - 8% is just like an insurance to small landlords to deal with extreme cases, such as bad tenants' costly damage of property, throwing garbage everywhere, fine from city for tenant's misbehaves, etc. without the insurance, small landlords will be easily pushed out of the business.
    - Landlords can't increase rent or even lower the rent during downturn of economy. No reimbursement from city. The CPI will only punish landlords without any protection. 8% will help make up the lose from downturn time. It can be predicted that the average rent increase in the future would be Zero with CPI increase

during economy booming, no increase or even negative increase during recession.
    - It is just like to say: we save money, then we don't need money, which is definitely wrong.
    - This sentence is using landlords' kindness to punish them.
- Page 5, item 2) staff does not recommend fix percentage because it does not reflect the operating cost or market condition! The CPI-U represents neither operating cost nor market condition! With current low CPI environment, contractors, roofers, plumbers are all much more expensive, landlords used to pay $60.00 7 or 8 years ago for a plumber to open a clogged drain, but now that price is $100.00. It is more than 8% increase every year. It will be fair if city can freeze all the labor cost, utility, permit fee to CPI. why is it fair to tie the hands of small mom and pop owners? The big guys could afford to tear down the units and build newer and bigger not subject to ARO. Where is the fairness?
- The cost to run MNOI from city is too much. It is better for city to have that money to support low income family for rent. Also landlords need to track each year's CPI when market is down. And tracking banking, fees, etc would be very time consuming and beyond capability of small mom and pop owners, who could not afford professional PM.
- 2013 will be set as the base year for MNOI: how about the buildings with ownership transferred after 2013? The property tax was tremendously increased because of the ownership transferring. And also how about the rent for 2013 below the market which will be very likely for small landlords? MNOI needs to first adjust the base year rent to market rent in order to get fairness return. Read p.79 here, showing MNOI problems: http://www.stjohnandassociates.net/propertyManagementArticles/FRATCC.pdf
- MNOI approach is widely used ONLY for Mobile Parks. It's uncommon for residential buildings.
- page 11, B-2, in addition to the normal 30/60/90 day notifications, Owners need to provide new tenants break down of rent, including base, and fees, also inform the tenant of any banking of the rent charges accumulated from previous down years, etc, etc. These tedious requirements put undue burden on the small landlords and it is very easy for them to make mistakes, resulting in legal charges or penalty!
- City estimated that these complications of the program will result in 30 FTE which is a very high pay. These positions come with huge benefit and fat retirement checks, which will cost 4.5 million! This money can definitely use for families in need. It is ridiculous to put additional burden on small owners on a program that can't benefit any families in real need.
- In the report, they claim "26% of ARO units are voluntarily vacated annually, and 70% are voluntarily vacated within a four-year period. This allows owners to increase rents to market price and to supersede the ARO limits on rent increases." --- The above data is based on the existing 8% cap. Once the cap is much lower, tenants would be reluctant to move, and it takes landlords much longer to bring the rent to the market rate.

- The report says an Investor when purchasing a building needs to do "due diligence": Investors purchase rental properties largely due to the "growth potential", not just the low return on rent controlled properties. Investors have No control on many factors including: interest rate, utility increases, vacancies, property tax increases, tenants severe wears and tears, frivolous lawsuits from tenants under rent control ordinance etc. A law should provide "equal protection" to everyone. If these uncontrollable, expenses go up,its wrong for the lawmaker to prohibit pass-thru to the ultimate "users" of the properties. When Cities want to increase property taxes by way of Measure Ballots, Tenants have a right to cast votes. Tenants are directly benefitted from these increase in housing cost eg. a school bond. Thus, Tenants are in an equal or better position to control housing cost as the Landlords. Requiring the Landlords to solely bare all increase in costs while Tenants enjoy the benefits create a serious problem in fairness, justice and lacks equal protection to the people.
- It's "insane" to say that debt service is an investment but not operating cost - berkeley, Oakland & prob SF allows debt servicing pass thru.

From: Steven4152 .
To: Grabowski, Ann
Subject: Rent Control
Date: Sunday, March 06, 2016 3:18:18 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,
Steven Lee

From: Dick Henry
To: Grabowski, Ann
Subject: Proposed Rent Control
Date: Friday, March 04, 2016 5:28:05 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock. Elements of it are retroactive and punish those who have acted within the law. Requiring a landlord to give lust cause eliminates all incentive to remodel old, dilapidated and unsafe units.

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Sincerely,

Dick Henry
Pantheon Real Estate Services, Inc.

CA Lic 01183916
[redacted]
Los Altos Hills, CA 94022
(650) 941-1713 Office
[redacted]

From: [redacted]
To: Grabowski, Ann
Subject: signed proposed amendments to rent control ordinance
Date: Friday, March 04, 2016 5:14:55 PM
Attachments: signed rebuttal.pdf

Hi Ann,

Please see the attached signed letter.

Regards,

Alice Ogasawara
Realty World Premier Properties
1821 Saratoga Avenue #210
Saratoga, CA 95070
408-342-0988 direct
408-342-0525 fax
CalBRE#: 00715389

Dear San Jose Housing Department:

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Sincerely,

[redacted]

From: ray low
To: Grabowski, Ann
Cc: Raul Richardson
Subject: Rent Control
Date: Friday, March 04, 2016 6:56:30 PM

Study rent profile of all cities, with rent control, and you'll find rent is much higher than cities without rent control.
It's a serious mistake, which the Rent Control advocates do not see or do not want to see. Over time, cities with rent control will have higher rents, than other cities.
I hope these advocates are looking out for the best interest of their voters and look at rent control as a way to just to keep jobs.
Our Councilman should be looking at the larger picture, and not just Rent Control alone. We should be looking ahead to keep our position as a Technology Capital. Many cities are looking to displace us a Capital Technology.
Do let it happen to our Great City.

Raymond Low

From:	Bruce
To:	Grabowski, Ann
Subject:	Proposed amendment to the city"s Apartment Rent Ordinance
Date:	Monday, March 07, 2016 10:13:31 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Thank you,

Bruce

Bruce Rueppel
[redacted]

From: Chunchi Ma
To: Grabowski, Ann
Subject: voice my opposition of restrict the rent increase to CPI for SJ
Date: Monday, March 07, 2016 10:03:45 AM

Hi Ann,

I am a small property owner here in bay area. I would like to express my strong opposition to the SJ city proposal of capping/liming the annual rent increase to CPI.

Such measure is not fair in my view, as during the economy up cycles, there is a cap like this which limit the potential profit for landlords, however during the economy down cycle which will come as always do, just like several years ago in 2008-2010, landlords had to offer free month or reduce rent by several hundreds per month in order to fill the units, and if could increase the rent by 2% a year, could take 12 years to get back to original rent if reduced by 400 bucks which is entirely possible. There is no floor which cap the maximum lost for landlords, so when market is down, there is no relieve from government for collecting property tax, no relieve on insurance premium increase, no relieve from banks on our mortgage payments....unless Govt is also capping the maximum increase for utility costs, insurance increase, service and maintenance expense increase which year over year increasing more than 10% in the last few years, unless all these costs/expenses for landlords were also kept at 2% increase per year, then it is really unfair for landlords to absorb all those increase on its own, while unable to collect higher rent so at the end of year, reasonable return on investment.

When annual increase was limit to 8% as before, the complain was minimal only representing less than 1% of all ARO units in SJ, this doesn't mean that landlords would automatically increase to the full maximum, as the consultant report already indicated. It is to landlords' benefit that we keep the units occupied with good tenants, vs. increasing rent to the max all the time. However, with increase limit to CPI, I think in order to catch up the market rent and to break even, forcing landlords to hand out 60 days notice of lease termination more often, so hopping to able to catch up to market rent with new tenant, this will increase turn over rate, and reduce potential ARO inventory, both opposite of city's goal for affordable housing. Another point is that, managing MNOI is costly to city, and SJ maybe able to use the funding elsewhere for better use, such as chipping in to work with developers in building more affordable housing.

Thank you for your time in going over our letters/emails, just want my voice heard. I am strongly opposite the capping of the rent increase to CPI for SJ.

Chunchi Ma

From: LiDong
To: Grabowski, Ann
Subject: No Rent Increase on CPI-U
Date: Monday, March 07, 2016 2:01:19 PM

Dear Ann:

In the preliminary recommendations from San Jose housing**,** The Annual Allowable Rent Increase on 100% CPI-U, which is around 2-3% now, is way too low.
As an owner, especially of small apartment buildings, I just purchased a fourplex in San Jose last year. The CPI-U does not reflect the operating cost or market condition!
1)The property tax was tremendously increased because of the ownership transferring. It is about 700% increase!
2)Repair costs:
Landlords used to pay $60.00 7 or 8 years ago for a plumber to open a clogged drain, but now that price is $100.00. It is more than 8% increase every year. It will be fair if city can freeze all the labor cost, utility, permit fee to CPI. why is it fair to tie the hands of small mom and pop owners?
3)Water & Sewer (20% increase)
4)Garbage (5% increase)
5)PG&E (10% increase)
6)Insurance (10% increase)
So limiting the Annual Allowable Rent Increase on 100% CPI-U, which is around 2-3% now, is unfair to the small apartment buildings owner!

Best Regards
Dong

From: mary lee
To: Grabowski, Ann
Cc: Alpha Property
Subject: San Jose Rent control Amendments
Date: Monday, March 07, 2016 4:05:53 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock. We already have existing rent control laws and do not need more laws and amendments. It is best to adjust a rent increase base on a current economy which is fair to the owners and tenants.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Marian Thein

From: john thein
To: Grabowski, Ann
Subject: San Jose Rent control Amendments
Date: Monday, March 07, 2016 4:11:10 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock. We already have existing rent control laws and do not need more laws and amendments. It is best to adjust a rent increase base on a current economy which is fair to the owners and tenants.

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Sincerely,

John Thein

From: jess thomas
To: Grabowski, Ann
Subject: San Jose rent control amendments
Date: Monday, March 07, 2016 4:14:05 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock. We already have existing rent control laws and do not need more laws and amendments. It is best to adjust a rent increase base on a current economy which is fair to the owners and tenants.

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Sincerely,

Jason Tran

From:	Salas, Anna
To:	Grabowski, Ann
Subject:	Proposed Amendments to Rent Control Ordinance
Date:	Monday, March 07, 2016 6:22:09 PM
Importance:	High

Dear Mrs. Grabowski, Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

Anna Salas

Anna Salas
Realtor
Cell: [redacted]
eFax: (650) 249-5515
Coldwell Banker Real Estate
12029 Saratoga-Sunnyvale Road
Saratoga, CA 95070
BRE 00431211

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From: Steve Reuter
To: Jones, Chappie; Rocha, Donald; Grabowski, Ann
Subject: Proposed Rent Control Modifications
Date: Tuesday, March 08, 2016 11:22:01 AM

Dear Councilmembers Jones and Rocha and San Jose Housing Department:

As a resident of San Jose Council District 1 and the owner of a fourplex in Council District 9, I am extremely concerned about the proposed amendments to the city's Apartment Rent Ordinance. While well-meaning, these proposals will end up punishing property owners of the small portion (1/3) of rental housing units actually subject to the ARO.

Despite your best intentions, it is not possible to legislate the law of supply and demand. To control rents, you need to do everything possible to increase the supply of rental housing, and these proposals would have exactly the opposite effect. While there are those that say that 8% increases have done nothing to mitigate rent increases, this is absolutely not true. Market rents have increased at much greater than 8% per year in recent years.

I am a responsible landlord and follow the rules of the law. However, the proposed rules are overly complex and will be difficult for both owners and tenants to understand and follow.

I rely on income from this fourplex for the great majority of my retirement income. If these proposals are adopted, I will have no choice but to sell this property and purchase in an area where I can receive a fair return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels.

Sincerely,
Steve Reuter

From:	Alex Kehriotis
To:	Grabowski, Ann
Cc:	John Kehriotis; membership@caanet.org
Subject:	Fwd: Attached Image[1]
Date:	Tuesday, March 08, 2016 1:24:30 PM
Attachments:	160308115014_0001.pdf

Hi Ann,

Please see the attached letter from John Kehriotis regarding San Jose Rent Control Amendments.

Best regards,

Alex Kehriotis

JMK Investments, Inc.
http://www.jmkinvestments.com
100 Saratoga Ave. Suite 300
Santa Clara, CA 95051
DRE License # 01414997

Office: (408) 249-2500
Fax: (408) 249-9045
[redacted]
Email: alex@jmkinvestments.com

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---------- Forwarded message ----------
From: [redacted]
Date: 2016-03-08 11:50 GMT-08:00
Subject: Attached Image[1]
To: alex email <alex@jmkinvestments.com>

INVESTMENTS

Dear San Jose Housing Development:

I am writing to you today to voice my strong opposition to any of the proposed changes in the rent ordinance. I have been a rental property Owner for over 37 years in San Jose. Your proposed regulations jeopardize safety and the quality of rental housing, and incentivize Landlords to not maintain their properties.

Clearly the San Jose housing department has not taken into consideration the high cost of property operating expenses for Owners. For starters, the rise in costs of property taxes, utilities, insurance, labor, as well a turnover and operating costs like carpeting replacement, painting both the exterior and interior of the buildings, repairing and resealing driveways, replacing cabinetry and appliances, and other maintenance expenses, all far exceed CPI when you operating expenses together. The total annual increase in costs to maintain apartment buildings is in the 8% range, and that is precisely why the 8% cap was chosen in the first place in the existing ordinance.

Capping increases to CPI or 2% limits the income of a property owner. The property owner will be forced to subsidize the housing stock and thus limit how much he or she will be able to spend to maintain their property. The annual increases in costs to maintain a property far exceed CPI and/or a 2% cap. Property owners will never be able to keep up with the increased costs of operating expenses, thus leading the decreased quality of maintenance and eventual dilapidation. Many buildings over time may be abandoned this will create blighted neighborhoods. Rental owners should not be put in a position to petition the city to add regulations for capital improvements, and investments.

I have always been a Pride of Ownership property Owner and I maintain my apartments as if I were living there. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's housing stock. What we need are incentives to build more housing and thus increase the supply. This proposed ordinance would be sending the wrong message to developers - "Build apartments in San Jose and by the stroke of a pen we will force you to reduce your rent and lose money!" There should be only one law – the law of supply and demand!

Is the City of San Jose ready to lose millions upon millions of dollars in tax revenue by passing this bill? Passing this ordinance will lead to declining property values and as such the City will lose transfer tax revenues on sale as well as valuable

JMK INVESTMENTS • INC. • (408) 249-2500 • FAX (408) 249-9045
100 SARATOGA AVENUE, SUITE 300, SANTA CLARA, CA 95051

INVESTMENTS

property tax revenue. Properties will be more difficult to sell and thus the City will also experience declining transfer tax revenues.

Lastly, a rent rollback, basing rent increases charged on rents as of January 1, 2015, will contradict many current lease agreements and will lead to litigation between Tenants and Landlords, and thus Landlords and the City of San Jose. Stricter regulations will not solve our problems – they will only create more.

Respectfully yours,

[redacted]

John Kehriotis

JMK INVESTMENTS • INC. • (408) 249-2500 • FAX (408) 249-9045
100 SARATOGA AVENUE, SUITE 300, SANTA CLARA, CA 95051

From:	Lisa Dewey
To:	Grabowski, Ann
Cc:	Lisa Dewey
Subject:	Rent Control
Date:	Tuesday, March 08, 2016 2:22:43 PM

Hello Ann,

I am a long time San Jose resident. I own property, but I also pay rent where I live. I am an owner and a renter.

I'm writing to let you know that I am the owner of a very small property in Downtown San Jose.
I have struggled over the last 10 years with owning property because of issues with maintenance for the building.
I am also asked by my lender all of my financial and personal information on a yearly basis just to keep my loan.

If my rents aren't at market rate or close to it, I cannot keep my loan.

If land owner's aren't allowed to reasonably raise rents on their property, we will no longer be able to continue to own property because we won't be able to keep our loans, pay water and garbage bills (as most land owner's do), do improvements and regular maintenance on property and keep tenants happy.

The result of tighter rent control will be, owner's like me not being able to continue owning property, properties will be foreclosed on, properties will be looted and vandalized and squatted in after they are taken back by the lenders, San Jose will begin to look very bad, San Jose will go through a housing recession again similar to the one we experienced in 2008.

Rent control is not good for owner's or tenants because improvements and maintenance cannot be done on properties without sufficient funds to make those things happen.

Please do not pass tighter rent controls.

If you do, I will no longer be able to be an owner in San Jose and it's people like me who keep San Jose going and prospering....

Thank you for your time and consideration,
Lisa Dewey
[redacted]

From: Roger Pennington
To: Grabowski, Ann
Subject: ARO
Date: Tuesday, March 08, 2016 3:45:07 PM

ARO price controls by any name violate constitutional rights

From: Gurumurthy Srinivasagam
To: Grabowski, Ann
Subject: Rent Control doesn"t solve housing problem - Building more housing will solve the housing problem
Date: Wednesday, March 09, 2016 5:00:05 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Gurumurthy Srinivasagam

From: Virginia Hao
To: Grabowski, Ann
Subject: Proposed Amendments to the City"s Apartment Rent Ordinance
Date: Wednesday, March 09, 2016 4:13:23 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,
Virginia Hao

From: Kaidy Huang
To: Grabowski, Ann
Subject: rent control
Date: Wednesday, March 09, 2016 2:26:09 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Kaidy See

[redacted]

From:	Brad Korinke
To:	The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; Grabowski, Ann
Cc:	Theresa M. Karr; ababbar@caanet.org
Subject:	San Jose Rent Control Ordinance
Date:	Wednesday, March 09, 2016 2:23:50 PM

March 8, 2016

San Jose Mayor and City Council Members VIA EMAIL & U.S. MAIL
San Jose City Hall
200 E. Santa Clara Street
San Jose, CA 95113

RE: San Jose Rent Control Ordinance

Honorable Mayor and Council Members,

The San Jose rent control ordinance has been known to strike a reasonable balance of slowing rent increases in "up" markets while acknowledging the importance of maintaining a safe and well maintained housing stock. As a result, I am deeply troubled by the extreme proposed modifications to the existing rent control ordinance. This proposal is contrary to the City's commitment to a positive relationship with private enterprise.

From our vantage point in the local apartment industry, there are clear indications that job growth is slowing and market rental rates are leveling off. A significant number of new multi-family housing construction has recently been completed. As job growth levels off (and eventually begin to decline) combined with the new housing stock will create downward pressure on rents. In effect, the market is already starting the process of correcting itself as it has in the prior dot.com and housing crisis bubbles previous to this cycle.

The proposed modifications are punitive. Additionally, they provide unneeded complication leading to an expensive expansion of the bureaucracy to oversee its provisions. Specifically, the CPI does not cover the significant increases in operating expenses that apply to the apartment house business including increased utilities, insurance and maintenance.

Please leave in place the existing provisions of the rent control ordinance which over the long haul has provided a safe, well maintained housing stock for the residents of San Jose.

Thank you for your attention and consideration of this matter.

Sincerely,

Bradley S. Korinke

BSK:nds

cc Theresa Karr, California Apartment Association
Anil Babbar, Tri-County California Apartment Association

From: gladys huang
To: Grabowski, Ann
Subject: Rent Control
Date: Wednesday, March 09, 2016 2:23:32 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Gladys Huang
[redacted]

From: Pete Schmidt
To: Grabowski, Ann
Subject: Rent Control Amendment
Date: Wednesday, March 09, 2016 2:10:13 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Pete Schmidt
Property Owner
c/o FRAAN LLC

From: gladys huang
To: Grabowski, Ann
Subject: rent control
Date: Wednesday, March 09, 2016 1:49:57 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sun-Teck See
[redacted]

From: Rick Van Velden
To: Grabowski, Ann
Subject: In Opposition to San Jose Housing Department Proposed Amendments to Rent Control Ordinance
Date: Wednesday, March 09, 2016 1:41:50 PM

Dear San Jose Housing Department:

As a rental property owner, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents and places further undue burden on the shoulders of those who have taken on substantial business risk.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered.

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Sincerely,

Rick E Van Velden
Santa Clara, CA 95050
[redacted]

From: Jennifer
To: Grabowski, Ann
Subject: Please allow me to manage my property and keep it in good condition
Date: Wednesday, March 09, 2016 12:47:07 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Jennifer Walshe

From:	Greesan Gurumurthy
To:	Grabowski, Ann
Subject:	Rent Control doesn"t solve housing problem - This is a supply & demand problem, city should build more housing to solve the problem.
Date:	Wednesday, March 09, 2016 5:14:04 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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Sincerely,

Greesan Gurumurthy

From:	David Yan
To:	Grabowski, Ann
Cc:	David Yan; Lisa Xiang
Subject:	Comments on staff recommendation of modification to San Jose ARO
Date:	Thursday, March 10, 2016 8:46:09 AM

Dear Ann,

Recently I got an email communication from the housing department director regarding the staff recommendations of modifications to San Jose's Apartment Rent Ordinance. I would like to thank the housing department for keeping me informed on the progress of such discussion.

Before I make comment on this staff recommendation, please allow me to declare that I do not own any ARO property in San Jose. I have been a San Jose resident for twenty one years. So there is no personal interest involved in this comment. I spend my time to write just because I am a concerned citizen and tax payer, and I want to speak for the fairness concerns.

I did not carefully read every point of the staff recommendations. But when I read about limiting the annual rent increase to CPI-U I found it unbelievably ridiculous. So I just want to write about that one point.

The policy maker should always bare in mind that the rental market is a market. It is not a government program or benefit. It is operated by many property owners, many of which are small business owners. The rental price is largely driven by the market (supply and demand relationship). During my 21 years of stay in San Jose, I remember in the first 15 years the rental market is pretty flat. In other words there was almost no increase in the rent. The crazy rent increase all happened in the last 4-5 years. In the years between 2007-2009 I even have friends telling me their tenants requested a rent decrease, or they would move out. So the market is always up and down. During those down or flat years the rent ordinance cannot force the tenant to stay or accept a 2% minimum annual increase. This is the reality of the market. Then how can the rent ordinance force such a tight limit of CPI-U (which is 2-3% in recent years) when market picks up?

To my knowledge many rental property owners are mom and pap type small business owners. Most of them work extremely hard and save every penny in their life time. At the age of 40-50 some of them can afford to buy a unit or two as supplement income for their retirement. These are financially responsible citizens and are positive contributors to our society. The government should reward them rather than punish them by denying their right to the ownership of their properties, and kill their business. Think of this, if an ARO property owner owns a property since 1995 (which is the year I moved to San Jose), from 1995 to 2007 he could not raise rent, his expense (insurance, property tax, maintenance) increased every year, he had to bare the lost of property vacancy during the tenant change over. In 2008 his tenant asked him to reduce the rent, or he would move out, leave the apartment empty and hard to find the next tenant. Starting from 2012 the market started to pick up, but

now the REO kicked in, limiting his rent increase to 2-3%. Let me ask the staff who made the recommendation: where is the fairness to those mom and pap business owner? I agree currently there is a social problem due to high rent. But the government should NEVER "solve" the problem by sacrificing some citizen's interest to please the majority group. We should NOT use government's force to deprive a group of people's right to satisfy another group of people. If we do that what's the difference between us and a socialist country, such as North Korea?

In my opinion, putting CPI-U index to cap the rent increase is the craziest idea I've ever heard about. I strongly suggest those who came up with such an idea should have their brain checked and have them checked annually to maintain their sanity.

Best regards,

David

From: Joseph Zhang
To: Grabowski, Ann
Subject: San Jose Rent Control Amendments is unlawful, unfair and harmful to the city, the landlords and the tenants
Date: Wednesday, March 09, 2016 7:27:51 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

The amendments violate the constitution and are against the spirit of free market. Communism is a beautiful theory but does not work. It violates the human nature. It can only make everyone poor. We know it and we have enough examples. If America goes along this direction, our future will be like Europe's. Europe will get less and less competitive. That is the future of all the followers.

It is unfair to the landlords covered. We know it takes several years for a landlord to get even after purchasing a rental property in San Jose. The amendments make it much more difficult for any person to buy a covered property as an investment. Even for some current owners, it is much more difficult for them to maintain the property if the amendments is implemented.

Any civilization should help the people who need help. housing is the responsibility of the government. That is one of the reasons we pay tax. We should not put the responsibility to a small group of chosen people. It could not work and it is unfair.

Some people need help. The government should have a long term plan to help them. I understand the budget can be the issue. But if this is something we have to do and if this is the

right thing to do, the government should address with high priority. Putting a rent control is not the solution. If we implement the amendments, the rent for housing will rise faster. The tenants in the rent controlled properties will have to stay there no matter whether they like the places or not. The tenants who need a rental place will need to pay much higher rent to rent a place. The rent control just put some renter's money into some other renter's packets. It is unfair. Since there is no enough money to maintain the properties, the living conditions will be affected. The city will be filled with more run down properties. It will hurt the city.

Free market has been working really well. If it is broken, someone will have to pay the price. If we put a rent control like that, the rental property investment will decrease. This will limit the rental property supplies. The rent will go higher and higher faster. If you were a renter and need to rent a place in San Francisco, do you feel the rent control helping you?

Sincerely,
Xiujun Zhang

From:	Kate Anber
To:	Grabowski, Ann
Cc:	District1
Subject:	Response to Proposed San Jose Rent Control Ordinances
Date:	Wednesday, March 09, 2016 6:09:34 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Rent Ordinances. The proposed regulations do not create more housing for the city's residents and are punitive to landlords such as myself.

I am a responsible landlord and work hard to provide a nice living space for my tenants.

Limiting annual rent increases to CPI inhibits my ability to provide quality upkeep and upgrades to our property. During the recession, we lost significant income from decreased rental rates and there was no protection offered from the City of San Jose for landlords. It is only during these improved, growth years, that we are able to return to profitability and to make up for significant losses.

Using CPI fails to take into account years of loss, rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

Sincerely,

Kate Anber

San Jose Resident

From:	David Yan
To:	Grabowski, Ann
Cc:	David Yan; Lisa Xiang
Subject:	Comments on staff recommendation of modification to San Jose ARO
Date:	Thursday, March 10, 2016 8:46:09 AM

Dear Ann,

Recently I got an email communication from the housing department director regarding the staff recommendations of modifications to San Jose's Apartment Rent Ordinance. I would like to thank the housing department for keeping me informed on the progress of such discussion.

Before I make comment on this staff recommendation, please allow me to declare that I do not own any ARO property in San Jose. I have been a San Jose resident for twenty one years. So there is no personal interest involved in this comment. I spend my time to write just because I am a concerned citizen and tax payer, and I want to speak for the fairness concerns.

I did not carefully read every point of the staff recommendations. But when I read about limiting the annual rent increase to CPI-U I found it unbelievably ridiculous. So I just want to write about that one point.

The policy maker should always bare in mind that the rental market is a market. It is not a government program or benefit. It is operated by many property owners, many of which are small business owners. The rental price is largely driven by the market (supply and demand relationship). During my 21 years of stay in San Jose, I remember in the first 15 years the rental market is pretty flat. In other words there was almost no increase in the rent. The crazy rent increase all happened in the last 4-5 years. In the years between 2007-2009 I even have friends telling me their tenants requested a rent decrease, or they would move out. So the market is always up and down. During those down or flat years the rent ordinance cannot force the tenant to stay or accept a 2% minimum annual increase. This is the reality of the market. Then how can the rent ordinance force such a tight limit of CPI-U (which is 2-3% in recent years) when market picks up?

To my knowledge many rental property owners are mom and pap type small business owners. Most of them work extremely hard and save every penny in their life time. At the age of 40-50 some of them can afford to buy a unit or two as supplement income for their retirement. These are financially responsible citizens and are positive contributors to our society. The government should reward them rather than punish them by denying their right to the ownership of their properties, and kill their business. Think of this, if an ARO property owner owns a property since 1995 (which is the year I moved to San Jose), from 1995 to 2007 he could not raise rent, his expense (insurance, property tax, maintenance) increased every year, he had to bare the lost of property vacancy during the tenant change over. In 2008 his tenant asked him to reduce the rent, or he would move out, leave the apartment empty and hard to find the next tenant. Starting from 2012 the market started to pick up, but

now the REO kicked in, limiting his rent increase to 2-3%. Let me ask the staff who made the recommendation: where is the fairness to those mom and pap business owner? I agree currently there is a social problem due to high rent. But the government should NEVER "solve" the problem by sacrificing some citizen's interest to please the majority group. We should NOT use government's force to deprive a group of people's right to satisfy another group of people. If we do that what's the difference between us and a socialist country, such as North Korea?

In my opinion, putting CPI-U index to cap the rent increase is the craziest idea I've ever heard about. I strongly suggest those who came up with such an idea should have their brain checked and have them checked annually to maintain their sanity.

Best regards,

David

From: Devlin Creighton
To: Grabowski, Ann
Subject: No on Rent Control
Date: Thursday, March 10, 2016 9:53:21 AM

As a property owner in San Jose, I am against the proposed changes to the rent control ordinance.

While I understand the emotional draw towards helping families experiencing rent increases, it has been proven time and time again by economist that rent control hurts the overall economy and quality of housing offered. I'd recommend focusing on providing more housing vouchers which allow landlords to set prices at market rate and then the City providing vouchers as needed.

The program is already restrictive enough as it is...

Thanks,
Devlin Creighton
[redacted]

From: Margaret Flores
To: Grabowski, Ann
Subject: Apartment Rent Ordinance
Date: Friday, March 11, 2016 6:09:06 AM

Dear San Jose Housing Department:

I am a rental property owner in the Burbank neighborhood of San Jose. I am very concerned regarding the proposed ordinance the apartments. I feel these are unfair and detrimental to the quality of housing.

I feel that these only penalize owners like myself that for years have kept their rents at far below market rate. Now I just raised them this last year and the city wants to bring them back to January 2015. This is really unfair.

Using CPI fails to take into account the rising costs of all utilities, insurance, taxes, and general maintenance.I feel that instead the city should focus more on providing affordable housing for more residents.

I believe limiting annual rent increases will result in lack of maintenance for rent controlled units in San Jose. As it is this is already a big neighborhood issue in my area. I believe this will only result in more blight. Rental owners should not have to petition the city for capital improvements. The “uncertainity” as to whether these will be approved will negatively affect housing.

Sincerely,

Mrs. Flores
Burbank Rental Owner

From:	Sanjay Agarwal
To:	Grabowski, Ann
Subject:	Feedback on proposed rent control changes for San Jose
Date:	Thursday, March 10, 2016 11:56:35 PM

Dear Mayor and Council,

I am a property owner and I provide jobs and housing. Rent Control is proposed as a solution to our housing crisis but it does not create more affordable housing. Simply put we need more housing supply in San Jose and Santa Clara County due to the growth in jobs.

In addition to rent control restrictions a "just cause" provision in the law would make it difficult to evict tenants engaged in illegal activity and may endanger other residents when a problem tenant lives nearby. We have current laws that are not being enforced that would go a long way to stopping the most egregious abuses being touted by concerned tenants. Let's enforce the laws we have before adding something that will make our communities less safe.

Safe, quality housing is important to all of us. I take pride in my business and my community.I encourage you to consider the many small property owners who will be affected by increased restrictions on rent control. Please vote against increased rent control restrictions in San Jose.

I have invested in this community and I stand ready engage with the City of San Jose on real solutions.

Thanks,

Sanjay

From:	Pete Levins
To:	Grabowski, Ann
Cc:	Levins, Pete
Subject:	Proposed Amendments to City's Apartment Rent Ordinance
Date:	Thursday, March 10, 2016 10:21:05 PM

Dear San Jose Housing Department:

As a rental property owner, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Peter M. Levins

From: Pete Levins
To: Grabowski, Ann; Chen, Wayne; Haase, Maria
Cc: Levins, Pete
Subject: Proposed Amendments to the City's Apartment Rent Ordinance
Date: Thursday, March 10, 2016 10:20:41 PM

Dear Housing Staff,

Over the past six months small rental owners have steadfastly attended ten ARO committee meetings. Many owners expressing their concerns over being able to properly service their residents and maintain their properties while receiving a reasonable return on their investment. You have listened to story after story from owners who started out as tenants themselves at one time. They lived modestly and worked long, hard hours so that one day they could own an investment property and plan for their senior years. Most people do not have pension plans. They have to plan their own subsidy to the fixed income of social security that they will one day rely on.

All those years of planning and saving could now be taken away. The Housing Department declares owners are making too much money and therefore they should share what they've prospered and subsidize others who have not made the same sacrifices.

Under your proposal very few small rental owners will ever see market rents again because no one will move. Why would they? They now know that their rent is locked in for life, never having to face more than a small incremental increase in any given year. The only ones who will benefit from your proposal will be those tenants under rent control today. All future low-income tenants will have to find somewhere else to live because San Jose will have no vacancy, accept for the large, luxury apartments who don't fall under rent control.

Beacon Economics, January 2016 Analysis of Rent Control Ordinances in California states that rent control laws come with unintended consequences.

“Cities like Santa Monica or San Francisco maintain artificially low rents on otherwise expensive properties, while market-rate rentals in those cities not only remain unaffordable to most, they actually rise in cost because growth in the supply of housing has been discouraged following the implementation of rent control laws.”

State of California, February 2016 Non-Partisan Legislative Analyst’s Office, references the
“Lock–In” Effect. Households residing in affordable housing or rent–controlled housing typically pay rents well below market rates. Because of this, households may be discouraged from moving from their existing unit to market–rate housing even when it may otherwise benefit them—for example, if the market–rate housing would be closer to a new job.”

Sincerely,
Peter M. Levins

From: ST See
To: Grabowski, Ann
Subject: Speak Out Against San Jose Rent Control Amendments
Date: Thursday, March 10, 2016 2:00:10 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Sunteck See

From: Salah, Dan
To: Grabowski, Ann
Subject: ARO Recommendations
Date: Thursday, March 10, 2016 1:57:41 PM
Attachments: Housing.pdf

Dear Ms. Grabowski,

I was asked to review the Housing Departments ARO recommendations for a group of San Jose landlords. (In the interest of full disclosure, I am also a landlord in San Jose.) I've summarized my findings and comments in the attached pdf document and below.

1. The Housing Department states that a change to the current ARO is necessary because "The existing 8% provision has permitted rent increases well above the rate of inflation and average increases in rents the Bay Area over the last 35 years, and has therefore not been effective in limiting rent increases." This implies that rents have actually increased at well above the rate of inflation. According to the data contained in the January 2016 San Jose ARO Study (Tables 4.6 and 4.10), that is simply not true. ACTUAL rent increases have averaged only 3% over the last 10 years, 2.3% over the last 15 years, and 3.2% over the last 25 years. The existing ARO has not been effective in limiting rents because landlords have never been able to consistently increase rents at above the rate of inflation. (See graphic in attached pdf.) Thus, based on actual data (rather than anecdotal data) the proposed ARO appears to be a solution in search of a problem.
2. Over the last 15 years (2000-2014) actual rent increases have been below those that would have been allowed under the proposed ARO. (See graphic in attached pdf.) This again is based on data in the January 2016 San Jose ARO Study (Tables 4.6 and 4.10). That means that the proposed ARO would have had NO IMPACT on actual rents over the last 15 years.
3. Therefore, the only real impact of the proposal would be to increase costs of administering the program by $3.2 to $4.5 million.

Understanding that landlords have not been able to raise rents above the rate of inflation over any extended period of time, and that the proposed ARO would have had no impact on actual rents historically, it is hard to imagine why anyone would vote to approve a change that is only likely to raise costs and administrative burdens. I hope the City Council will rely on real data to make their decision and vote no on this proposal.

Thank you.

Dan Salah
Director / CFO
dsalah@litinomics.com
O:650.282.4405 [redacted]

LITINOMICS
FINANCIAL & ECONOMIC CONSULTING

2570 W El Camino Real, Suite 650
Mountain View, CA 94040

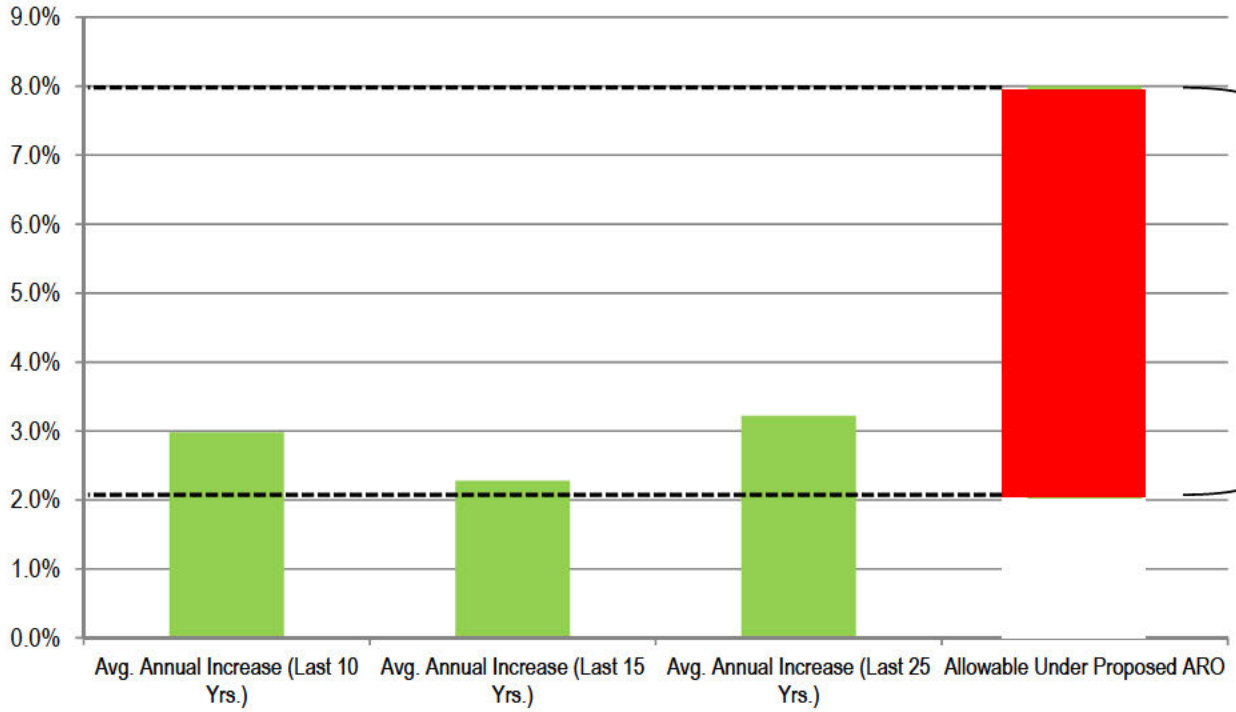
Comments on Apartment Rent Ordinance Update

Dan Salah

March 9, 2016

The Theoretical Problem

"The existing 8% provision has permitted rent increases well above the rate of inflation and average increases in rents the Bay Area over the last 35 years, and has therefore not been effective in limiting rent increases."
[Draft Recommendations, p. 4]



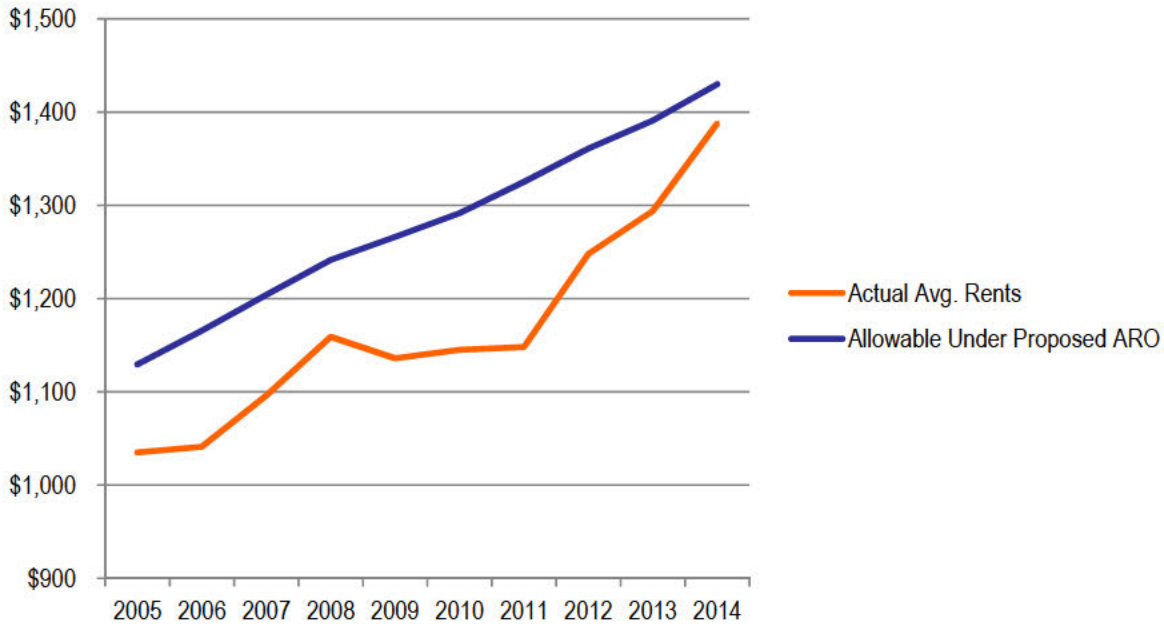
Data from January 2016 San Jose ARO Study, Tables 4.6 and 4.10.

*This **IMPLIES** that rents have actually increased well above the rate of inflation, but the Housing Dept.'s own data show a different story.*

Landlords have only increased rents at the rate of inflation, which is equivalent to the low end of the range under the new proposal.

The Proposed Solution

"Base the annual allowable rent increase on 100% of the change in the *Consumer Price Index: All Items – All Urban Consumers (CPI-U)* for the San Francisco – Oakland - San Jose metropolitan area…Allow for a floor of 2% and a ceiling of 8%."
[Draft Recommendations, p. 3]



The Housing Dept.'s solution would have allowed greater than actual rent increases had it been in effect since 2000.

In other words, the solution would have had no impact on actual rents over the last 15 years.

Data from January 2016 San Jose ARO Study, Tables 4.6 and 4.10.

The Proposed Solution

"Based on the staff's recommendations to include a rent registry and an Anti-Retaliation and Protection Ordinance, staff estimates a total of 15 to 30 FTE's would be required to administer the modified program at full implementation, depending on the program model selected…Preliminary estimates of program cost for a modified ARO ranges between $3.2 million and $4.5 million."
[Draft Recommendations, p. 14]

The only real impact of the proposal is to increase costs for the City and the administrative burden on landlords.

From: Constantino Anezinos
To: Grabowski, Ann
Subject: Rent Ordinance
Date: Friday, March 11, 2016 12:00:48 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

--
Constantino Peter Anezinos
[redacted]
Fax: (650) 875-1615

From: Gary Lee
To: Grabowski, Ann
Subject: Unreasonable Rent Control
Date: Friday, March 11, 2016 12:17:50 PM

There has been much discussion, with false numbers being thrown around about landlords excessively increasing rents. While some of that is true, it's generally not true for rent controlled apartments in San Jose. These apartments represent only 1/3 of the total rental units. Below are the average rent of my 28 unit apartment for every year since 2000. My apartment has gone through many upgrades including double pane windows added during this time. We have painted the exterior, and until recently,. due to the drought, have maintained nice yards. We even fenced the exterior of the property, and added parking gates and code entrance gates for tenant security. This apartment is located at 1298 Tripp Ave, and is representative of many rent controlled units.

Here are my average rents:

year	rent	year	rent
2000	$ 1,005.89	2008	$ 1,048.21
2001	$ 1,083.57	2009	$ 1,071.43
2002	$ 1,179.46	2010	$ 1,035.71
2003	$ 1,154.10	2011	$ 1,014.60
2004	$ 964.28	2012	$ 1,142.04
2005	$ 964.28	2013	$ 1,217.54
2006	$ 964.28	2014	$ 1,309.46
2007	$ 1,008.21	2015	$ 1,362.39

Notice that they don't always go up. During the 2002 - 2005 and 2009 - 2011 they actually went down. If you annualize my average raise collected/unit since 2000, you will find that my rents went up on 2.6%. There were good years and poor years.

Please don't make it impossible for rent controlled landlords to get a reasonable return on their investments. In the past few years, the market has favored the owners. I didn't see the City stepping in to help us in the poor years. I would be happy to open our books and/or show you around our property. My manager and maintenance people do a great job to provide a housing units that are quiet and well maintained. I want to continue to provide this level of service for my tenants. They are not being abused or taken advantage of, like some would have you believe.

Thank You
Gary Lee
Green Villa Apartments
[redacted]

From: Tony Hogrebe
To: Grabowski, Ann
Subject: Proposed Amendment to Rent Control Ordinance
Date: Friday, March 11, 2016 2:42:26 PM
Attachments: image001.png

San Jose Housing Dept,

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the City's Apartment Rent Ordinance. The proposal will jeopardize safe, quality housing for our residents.

We are responsible landlords and follow the rules of the law. We don't need punitive rent control regulations or a bloated bureaucracy to regulate 1/3 of the City's rental housing.

Punitive rent control measures such as those proposed lead to, deterioration and under-maintenance of rent controlled apartments and potential blighted neighborhoods where rent control apartments are clustered. Rental owners will be discouraged from doing capital projects, even if they are likely to be approved, if they need to go through a City approval process. This proposal is contrary to the City's commitment of being open for business.

Rental owners, like our customers, value certainty, reliability, and stability. A fixed rate maximum allowable rent increase with a clear process for passing through capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on investment.

No one can deny that we do not have enough housing to meet demand. Conventional rental apartments are by their very nature typically the most effective way to provide affordable housing. The best way we can address housing affordability is to add more conventional apartment construction to the existing stock. This will provide housing for households of all income levels. Stricter regulation won't solve our issue. Thank you for considering this as your work group reviews the proposal.

Sincerely,

Tony Hogrebe
Senior Director of Engineering

AvalonBay Communities, Inc.
2050 Main Street, Suite 1200
Irvine, CA 92614
Phone: (949) 955-6225
[redacted]
Fax: (949) 724-9253
Tony_Hogrebe@avalonbay.com

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From: Craig Sultan
To: Grabowski, Ann
Subject: Apply rationale approach to housing, not Apartment Rent Ordinances which is a one-time wealth transfer
Date: Friday, March 11, 2016 2:39:07 PM

Ann,

I represent the owners of rental property in the Peninsula. We are troubled on the proposed amendments to the city's Apartment Rent Ordnance. I get it, it gets votes with the majority of the voters. But the evidence is in LA, SF, and NY, that these Ordnances have a one time initial appeal to the people currently renting and the politicians in office at the time. The downsides are clear:

- properties deteriorate
- service to tenants becomes less competitive and drops preciptiously
- bureaucracies are formed who's mission over time is more about its continuity than serving the community at large
- the people you intend to protect will get further squeezed out because there will be an inclination toward high paying, transient tenants who are essentially funding the rent controlled people who got in under the wire
- Owners are less likely to spend money to maintain competitive improvements and upgrades… this is a major multiplier of revenue in the community that will go down dramatically
- Tenants tend to get sticky and not move, or purchase, to preserve their rent controlled benefits… this is an economic inhibitor
- Overall, it depresses property value.

I get it. We are in a fortunate period of economic growth in the bay area. Be careful, so was Detroit's automotive industry for many decades. Don't create further cause for money to move out of the area and go to places like Texas.

The solution is more based on tax and need. There can be an overlay tax which is directed toward people who need assistance. Kind of like Section 8.

My suggestion is that we live in a very capital driven, open market here in the Bay Area, and we need to maintain that dynamism.

Regards,

Craig
Urov Properties

From: Annalissa Leonido
To: Grabowski, Ann
Date: Friday, March 11, 2016 2:08:17 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Annalissa Leonido
Director of Operations
ABL Properties, Inc. | Corporate BRE #01918037
(669) 300-6065 – Office | [redacted]
annalissa@ablproperties.com

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From: [redacted]
To: Grabowski, Ann
Subject: No on San Jose Rent Control Ordinance
Date: Friday, March 11, 2016 2:58:25 PM

Dear San Jose Housing Department,
I own a pre 1979 4-plex that will subjected to the staff proposed rent control ordinance.
I bought my property in a high interest rate era and for many years endured a negative cash flow accordingly.
We also endured several years of rent reductions after the dot com bust and had to evict several non paying and disruptive tenants.

But we invested all our savings and numerous hours of “sweat equity” (painting, landscaping, repairs etc.) with the hope of someday paying down our mortgages and using the income from the property to supplement retirement. and contract out the upkeep and management of the property. Unlike the staff that is proposing this radical ordinance, we do not have government funded pensions to retire on. I’m 67 years old and still working.

We have always kept rent well below market and only raised rents when a new tenant moved in. Currently, rents are $500 per unit per month below market. I could implement the 21% 2 year allowable increase, but prefer not to as my tenants are all long term (4 to 14 years) residents and it would be burdensome on them. Under the proposed new ordinance, NO GOOD DEED WILL GO UNPUNISHED. We will not be allowed to recoup our losses ever, afford to make upgrades or repairs, or even to sell the property as no investor will want to take on this burdensome ordinance.

We are mom and pop owners, unable to hire lobbyists, not large post 1979 corporate developers, which curiously are exempt from this ordinance and constitute two thirds of the rental units in San Jose
No one has built these family owned individual 4 plexes , to my knowledge, in decades. They are probably the most affordable housing in San Jose, and yet, being singled out as responsible for the housing affordability crisis.

Why would San Jose , already in a debt crisis, want to create a new bureaucracy to oversee this punitive ordinance? It already has mechanisms to deal with the current rent control ordinance. Not to mention the millions in property tax revenue San Jose will lose to do lower property values.

I would respectfully ask that you reject this unfair ordinance.

Sincerely,
William Pierce

Sent from Yahoo Mail

From:	Kim Roper
To:	The Office of Mayor Sam Liccardo; Grabowski, Ann; District1; District2; District3; District4; District 10; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9
Subject:	A Landlord"s Reply to the Draft Recommendations for Modifications to the City of San Jose ARO
Date:	Friday, March 11, 2016 2:53:23 PM

Dear Mayor of San Jose, Ann Grabowski, and San Jose City Council Members,

We are "mom & pop" landlords. We have reviewed the Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance. I find the recommendations to be very skewed towards favoring only tenants. I do not see how the recommendations provided an "assurance to landlords of a fair and reasonable return on the value of the property". Providing "affordable" housing should be addressed by all of society. The costs should not be forced onto only a small segment of property owners of the total available rental market pool. One could also say that we are also subsidizing employers who refuse to pay their employees a livable wage. Owning a building built in 1958/59 requires much more maintenance than a newer building. We are already subject to higher fees because of the new three-tiered Multiple Housing Residential Occupancy Permit fee structure. We have no idea how our building was assigned a Tier II designation. We have never had a violation. We continually are putting money back into our investment to provide a nice environment for our tenants. We take pride in our building and last year we took out a loan to bring the apartments that people have moved out of up to modern standards with such items as double pane windows, upgraded wiring (finally 3 prong outlets) upgraded flooring, modern lighting, kitchens and baths, etc. This is all done to code with paying the applicable permit fees. I fear that limiting rents will prevent us from performing the constant maintenance a building our age requires and will force us into a Tier III, and therefore the corresponding higher fees of that designation. Additional cost increases will now also come from the proposed recommendations of passing the costs of staffing the larger ARO program. Again, all the costs are forced on only a small group of owners in the total rental market pool. Apartment owners are also subject "market rate" conditions. Commercial property loans are not like private single home loans. There are no 30-year fixed rate loans. Commercial loans are typically short term variable rates that can fluctuate widely according to the current "market rate" conditions. These loans also come with an early prepayment penalty that prevents landlords from refinancing when the rates go down. Lastly I read a comment from the February 17, 2016 Advisory Committee Meeting: "Tenants have a vested interest in not trashing their own residence." The comment sounds completely logical. Until I became a landlord, I could never have dreamed about how some people live. No amount of credit checking/tenant screening can reveal someone's cleanliness standards. We recently had to spend over $5,000 to clean and repair an apartment. We did this knowing that our tenant could never afford to pay these costs herself. All of these costs could have been avoided if she was able to have "a vested interest in not trashing their own residence". This tenant is a senior citizen with failing health that has been with us since the beginning (2004) of owning the property. We have no plans of a retaliatory eviction. I only bring this up as just one example of costs that we incur that non-landlords never seem to understand. I believe that most landlords are good people. I question the constitutionality of regulating and taxing only one segment of an industry.

My husband and I worked hard and saved in order to purchase our apartment building. We do not have a guaranteed retirement income. We are counting on our property investment to provide for a comfortable, not luxurious, retirement.

Sincerely,

Kim Roper and Kenneth Garrett

From: Don Harr
To: Grabowski, Ann; Edwin Stafford
Subject: Economic points we need them to understand
Date: Friday, March 11, 2016 3:06:37 PM

Given decade-long fluctuations of the economy, rent adjustments below 10% restraint are not well tuned in.
Given the need to alleviate harsh economic conditions for the poor, a cap on rents based on the FMV will work best.
If they miss the boat and make a stringent law applied to the future, they will just screw up the existing system.
We need help for POOR renters. That means capping the rents for them i.e. FMV - $300.
They can do a roll back, but ought not do an adjustment limit to below 8%.
Retarding 'rent-adjustments-toward-market' below 8% is really dumb.
Folks wont move! They will stay for the benefit, even if their income is good = fewer openings for the poor.

Note: Politicians are desperate. They seek a benchmark, inflation rate. THAT is stoopid, Doh. Inflation has nothing to do with it.
Inflation is inherent in all values, the Rents, Expenses, Rate Increases, Mortgages, Pocket Money. Those guys are prone to doing something dumb cuz they are desperate to help the poor. I say HELP THE POOR! Dont screw up the system.

Also keep in mind this problem stems from the politicians own FAILURE in land use planning on a regional bases and their failure to hike the Minimum Wage seriously. THEY FAILED US / mainly "low income folks."
It is a problem of their making. They need to know they screwed up with over building in heavily populated areas and disrespecting the 2 story zoning laws. Very Bad!!!!

From:	Edwin Stafford
To:	Grabowski, Ann
Subject:	Letter for Wednesday, March 16, committee meeting
Date:	Sunday, March 13, 2016 3:16:13 PM
Attachments:	ARO 316.docx

My name is Edwin Stafford, I am the owner of 2994 Huff, San Jose, a rental property with 12 units. I am the President of Magliocco-Huff Owners Association; there are 33 rental properties along Magliocco and Huff. I am proud to say that most of the buildings in our area are 50 years plus but our association has encouraged the property maintenance to maintain a nice and desirable neighborhood for our tenants.

Our association was directly involved with San Jose Coalition for Safe Neighborhoods in 2001 fighting the efforts of Just Cause and the implementation of the current Rent Control Ordinance. At this time our association and I are very concerned about the efforts to change the existing Rent Control Ordinance.

"If it ain't broke, don't fix it" is our position. Our Assoc. has met annually with a member of the San Jose Housing for the purpose of review of the requirements of the Rent Control Ordinance. Our group wanted to make sure we were following the proper procedures and that the Rent Control program was working as intended. We do not like the program but we can live with it as it has demonstrated it is working well.

The recent considerations for recommendations for changes in the current Rent Control Ordinance have many significant negative aspects that impact rental property management. I have listed a few of my major concerns.

First of all, it is unfair to single out approximately 44,000 rental properties built prior 1979 to be under Rent Control. Two-thirds of these buildings are now 50 years old and many of these have "Mom and Pop" owners who made investments years ago for the purpose of added income during retirement years. Although the value of these properties have increased over the years so have cost of maintenance and costs of living. Property values, in particular homes, in our community have significantly increased. This is the result of many factors, especially the desire to live in this area due to employment opportunities. The new rental apartment complexes are so large that they are owned and managed by large companies that are able to demand high rents because of all the amenities they can provide. This contributes to high market rate rents. There have been no efforts by the City to impose Rent Control for this group. There has been a failure of City government to make sure there is ample development of low housing. Now the target for Rent Control falls on older properties.

The 2015 Fall Community meetings for recommendations for changes in Rent Control had more property owners in attendance than tenants. It was clear there is concern about the proposed changes. The recent City of San Jose Apartment Rent Ordinance Study was prepared by authors who have supported Rent Control and the information was biased in favor of greater Rent Control. There is little, if any, information about the impact these rules have on property owners, increased costs of property maintenance, and negative issues that appear when Rent Control is in effect. It appears the report is used to support recommendation for increased Rent Control rules that apply only to the approximately 44,000 units.

The draft proposal recommends the allowed annual rent increase is to be determined twice a year by the CPI-U index for the San Francisco, Oakland, San Jose metropolitan area with a base of 2% and a cap of 8% with "banking" during years rents have not been imposed is not acceptable. Those units not in rent control will continue to use market rates which have always been high. In time properties in Rent Control will face drastic differences actual market rent rates.

The maintenance of net operating income (MNOI) standard recommendation proposal as presented does not take into consideration the actual cost of repair and replacement

requirements of the older buildings in Rent Control. If this standard is allowed to be imposed many owners will be discouraged to upgrade their properties and many will fail to maintain desirable units for potential renters. This would be a negative impact on the efforts of the City to provide safe and desirable neighborhoods.

The limited capital improvement incentive program recommendation will require more staff to monitor. It limits the property owners decisions as to what improvements are needed and which qualify to upgrade their properties.

The rent registry proposals are very complex. It provides a burdensome responsibility upon property owners. Rental rates are controlled by the Rent Control Ordinance which creates difference among similar rental units based on length of occupancy and frequency of voluntary vacancies. These are difficult for new tenants to understand..

The consideration of a Good Cause Eviction Ordinance is not needed. The current requirements under the existing Rent Control Ordinance has worked well over the years. There is no need to change the program as tenants have been provided with adequate guidelines for any challenges for eviction.

Please consider these points in evaluating the need for changes in Rent Contol.

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From:	fran turano
To:	Grabowski, Ann
Subject:	I oppose any chg to the S.J. Rent Ordinance & thank you … Fran Turano
Date:	Sunday, March 13, 2016 3:06:30 PM
Attachments:	Rent control is destructive because it discourages construction of new apartments and maintenance of existing ones.docx

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Rent control is destructive because it discourages construction of new apartments and maintenance of existing ones. The in place San Jose rent ordinance allows for monies to cover the foreseen and unforeseen costs of maintenance and keeps the rental stock in place during the down cycles – which always do occur. The San Jose Ordinance works – perhaps making it less beneficial for the housing providers that don't follow the ordinance as written would be a solution and of course more education for both the owners and residents is always helpful. Spend some money on education rather than all six new employees. I have seen firsthand the accomplishments of the now eliminated Project Crack Down/Project Blossom classes. The San Jose small property owners with education became better owners and because of it their properties made San Jose more desirable rentals and better neighborhoods.

In the 1920s, even Justice Oliver Wendell Holmes, who was excessively permissive regarding what governments could legislate, said rent-control laws were on the "verge" of being unconstitutional. Surely a substantial regulation — which a physical occupation is — of real property violates the Fifth Amendment's Takings Clause if it does not substantially advance legitimate state interests. The court also has held that a regulation of real property violates the Takings and Due Process clauses if it serves no "public use" or is "arbitrary."

If we have no right to say and regulate what people pay for food or clothes or transportation (and let's not forget about utilities –which are going up and some at alarming rates) then what right do, we have to say that property owners only have a right to make a profit based on CPI. Actually profit is the wrong word it should read.

How is it that the city council knows what my expenses will be and predetermine that expenses will not continue to rise and sit in judgment of my life's investment and how I should benefit from my investment. You don't predetermine other businesses why should you predetermine mine?

America's Founders considered property rights the foundation of all other liberties and I am asking that you do too.

From: Minh Le
To: Grabowski, Ann
Subject: Apartment Rent Control Ordinance
Date: Saturday, March 12, 2016 11:25:13 PM

Dear Mayor and City Councils,

I'm a small time landlord in the City of San Jose. I attended the hearing in February. To my surprise, there has only been 14 debt pass through petitions and one capital improvement debt pass through petition in the last 16 years. That's less than one/year. This shows the current rent control ordinance is working almost flawlessly. Why are you making a big deal out of this and wasting the City's capital and resources?

Instead of being a follower of City of San Francisco, Oakland and Berkeley, why don't you be a leader and abolish the rent control ordinance? Please take a look at Massachusetts, where they abolished rent control in 1994 and see what it did to their housing crisis. Learn from history so you can make better choices for the people you represent. Don't be a follower and try to force something that has proven not working in other cities.

Best,
Minh

From: MontagnaProperties, Inc.
To: Grabowski, Ann
Subject: Proposed Amendments to Rent Control Ordinance
Date: Saturday, March 12, 2016 3:11:49 PM

Dear San Jose Housing Department:

As a rental property manager in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I represent responsible landlords and they and I both follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
David Montagna

MontagnaProperties, Inc.
410 N Santa Cruz Ave
Los Gatos, CA 95030-5321

www.MPropM.com
[redacted]
Rent@MPropM.com

From: [redacted]
To: Grabowski, Ann
Subject: Ren controll
Date: Saturday, March 12, 2016 12:08:58 PM

If we are going to have rent control we need to put controls of the expenses we are forced to pay to run the buildings. I contacted 5 different plumbing companies and they were all charging between $88 ant $110 per hour to repair a kitchen faucet!

Yes, you need to put controls on all the wages we are paying also!

And it is also wrong that these young people make these high wages. I had a young man apply to rent a studio apartment that was making$130,000 per year. I never made that kind of money when I was young. If you would put limits on what Google, Apple and EBay pay you would also help keep the rents down.

From:	Jenny Zhao
To:	Jones, Chappie; The Office of Mayor Sam Liccardo; Kalra, Ash; Peralez, Raul; Nguyen, Tam; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Herrera, Rose; Rocha, Donald; Khamis, Johnny; Chen, Wayne; Grabowski, Ann; Morales-Ferrand, Jacky
Cc:	Jenny Zhao
Subject:	Please vote NO to tightening Rent Control Ordinance
Date:	Friday, March 11, 2016 11:10:51 PM

Dear Sirs and Madams,

As a citizen, San Jose resident and rental property owners, I am writing to you to strongly against the draft recommendation of tightening Rent Control Ordinance, with the following reasons:

1. To tied the annual increase cap to CPI-U
Unless the City can tie all the rental property related cost to CPI-U, it is extremely UNFAIR to ARO property owners. The related costs include but not limited to: property & parcel tax, business tax, utility cost, appliance, material, labor..... does any of these costs have a CAP?

2. Eliminate debt service & capital improvement pass through
The reason the City gives is that there were too few cases in the past. Please use your brain to think for 1 minute, the too few cases is ONLY because under the 8% cap, the owner has the ability to adjust the rent to flow with the market and absorb the costs. If the 8% is gone and pass through are eliminated, is the City forcing the owner to be bankrupt? Can the owner control mortgage rate? Will the City bail us out when half of our units are empty during economic down turn?

3. $5M Program fee & 30 new employee in the Dept of Housing
Why can't the City use $5M to provide real help to people? If the City provide subsidy or voucher of $200 to a family, each year you can help 2000 people! To hire 30 new employee to run the program? Is this show all about to make the Housing Department bigger? This is completely a waste of taxpayers' money!

4. About "Fair" and ARO turn-over rate?
The turn over rate under 8% vs CPI, will it be the same? Is this question very hard? This is a recommendation written by a Housing Department of a million population city, can the report have at least some more logic and sense?
Fairness, what is fair? A law that provides "equal protection" to everyone! "Everyone" includes landlord. When we have bad days, vacancy rate is 20%+ and property value goes down by 30%, where is the law that stop the tenant by moving out? Where is the law that gives our down payment back? If the City cannot provide them, please don't call it FAIR!

This recommendation is written by people who don't have a brain, or don't have a heart, or don't have both! These people also want to turn San Jose to a run-down and high crime city. Please don't use "fair" or "equal" to cover-up, because it's indeed not fair at all!

Mayor and city councils, please vote NO! Please don't ruin San Jose!

Jenny Zhao
A San Jose resident and voter

From: Kenneth Garrett
To: Grabowski, Ann
Subject: Apartment Rent Ordinance
Date: Friday, March 11, 2016 9:14:37 PM

Dear Ann Grabowski

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Kenny Garrett

From: Fax
To: Grabowski, Ann
Subject: Input to Rent Control consideration
Date: Friday, March 11, 2016 9:03:56 PM

Dear Sirs,

I am writing this as a Concerned citizen.

I own rental properties in SF & Berkeley cities in last 20 years. These are true facts:

(1) HIGH RENT : among all of the 20 units I own in rent control cities using low CPI as index, the rent is a lot HIGHER than properties I own in non-rent control cities. The reason is simple : I must charge super HIGH ENTRANCE rent bc of restriction to raise rent in the future

(2) DISPLACE RENTERS : bc of rent restrictions, there is NO personal favors among Landlord & renters. I "EVICT" tenants whenever I can eg if they are 3 days behind in rent, I must evict bc their rent was less than 1/2 of market rent.

(3) DISPLACE FAMILY - I only rent to tenants whom would live no more than a few years. eg renting 3 bedroom unit to 3 single tenants instead of renting to a family bc single tenants hv much higher chance to move out than a family & can afford a higher rent.

(4) NOT BENEFIT TENANTS: CPI rent control only benefit very small number of tenants ; among ALL rent controlled units I own, there is only "1 unit" with long term tenant who could really enjoy low rent. In total, that is < 5% of all of my tenants.

(5) TENANTS' ABUSE - It's a small studio unit yet her adult 40 yrs old son still living there with her bc of the low rent. He would hv bought own house a few years old when houses are cheap. Instead, he bought a brand new mid-sized Benz $65,000 to drive! Rent control discourages renters from buying affordable homes. He is stuck in the tiny apartment not bc he could not afford living somewhere bigger, but bc he is abusing the system!

(6) NO UPGRADE: Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled unit. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal.

(7) High RC program cost - It's extremely costly to implement a full registry rent control program - millions / year. The fund could hv been used to help the indigent renters. San Jose doesn't need 30 new employees to regulate the housing industry.

(8) MNOI implementation problems: MNOI needs to first adjust the base year rent to market rent in order to get fairness return. Please Read p.79 here, showing MNOI problems: http://www.stjohnandassociates.net/propertyManagementArticles/FRATCC.pdfMNOI approach is widely used ONLY for Mobile Parks. It's uncommon for residential buildings.
in addition to the normal 30/60/90 day notifications, Owners need to provide new tenants break down of rent, including base, and fees, also inform the tenant of any banking of the rent charges accumulated from previous down years, etc, etc. These tedious requirements put undue burden on the small landlords and it is very easy for them to make mistakes, resulting in legal charges or penalty.

(9) Investment Logic: The report says an Investor when purchasing a building needs to do "due diligence": Investors purchase rental properties largely due to the "growth potential", not just the low return on rent controlled properties. Investors have No control on many factors including: interest rate, utility increases, vacancies, property tax increases, tenants severe wears and tears, frivolous lawsuits from tenants under rent control ordinance etc.

A law should provide "equal protection" to everyone. If these uncontrollable, expenses go up,its wrong for the lawmaker to prohibit pass-thru to the ultimate "users" of the properties.

When Cities want to increase property taxes by way of Measure Ballots, Tenants have a right to cast votes. Tenants are directly benefitted from these increase in housing cost eg. a school bond. Tenants have direct effect on housing cost bc Tenants are the ones living in the rental unit !

Thus, Tenants are in an equal or better position to control housing cost as the Landlords.

Requiring the Landlords to solely bare all increase in costs while Tenants enjoy the benefits create a serious problem in fairness, justice and lacks equal protection to the people.

Thank you for your kind consideration!

- Licensed Attorney At Law
& Citizen concerned about Future of San Jose City

From: Bonnie Liu
To: Grabowski, Ann
Subject: Feedbacks on the San Jose Housing Department"s RC Proposal
Date: Friday, March 11, 2016 4:01:26 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Bonnie

From: George Denise
To: Grabowski, Ann
Subject: City of San Jose Rent Control Ordinance
Date: Sunday, March 13, 2016 11:20:26 PM

Dear San Jose Housing Department:

My wife and I have owned a small apartment building in downtown San Jose for the last twenty-six years. During that time, we have re-roofed it, painted the outside of the building three, re-landscaped the outside, remodeled all of the bathrooms with new fixtures, tile surrounds, and new flooring, remodeled the kitchens with new appliances, new fixtures, new flooring, and tiled countertops and back splashes, replaced all of the lamps, replaced all of the heaters, and re-carpeted all of the apartments, in most cases more than once. We have spent hundreds of thousands of dollars to improve the quality of our apartments in order to increase their value.

Over the years, we have generally raised rents for existing tenants in accord with inflation, even though market rates were often higher. We generally bring our rents up to market on apartment turnover, though we have some tenants who have lived with us this entire period. We have also lowered rents to match the market during recessionary periods. There have been several such periods over the years. During one of these times, we had to drop our rents over 25% and could not raise them for several years because that is where the market was during that period.

Overall, rental market rates or asking rents have increased 303% during the twenty-six years we have owned these apartments, from $477 per month to $1,450. During this same period, we have raised the rents for our existing tenants' from $477 to $1,021, an increase of 214%. And, during this period, the Consumer Price Index has increased 218%. We have effectively held the rents on our existing tenants to CPI during this twenty-six year period, even though the market value of our apartments has greatly increased. The reason market rates overall have increased more than inflation is because, 1) the quality of the apartments has been improved significantly during this period, 2) the quality of the neighborhood in which our building is located has improved, and the economy of Silicon Valley has improved. There is significantly less crime, the average number of residents per household has gone down, and many buildings have been renovated and improved.

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

We are responsible landlords and follow the law. We take good care of our apartments and as noted above, we are fair and thoughtful in the way we manage our apartments. The purchase of this apartment building was a significant investment for us, and we also took significant risks in purchasing it and managing it over the years. Our expectation was to manage the building well, improve the quality of the building significantly, and to make a significant return on our investment

In the mid-seventies, I purchased a small, rundown, three-unit apartment building in San Francisco. I was fresh out of college and working as a clerk, but I lived very frugally and over the course of four years, I was able to save enough to make the down payment. Over the next three years, I lived in each unit, one at a time, and renovated it, renting it out when I was finished and moving on to the next one. I did this while I was working full time and attending night school. I worked during the day, attended classes and studied in the evenings, and worked weekends renovating the apartments, doing most of the work myself. At the end of three years, I had significantly increased the value of the building, so traded it for a six unit building and began the

process all over again. After three more years, I was able to trade that building for a nine unit building, and once again, began the process all over again. In 1980, I had a short-term note that was due, interest rates had risen to 18%, and the City of San Francisco had just passed rent control. I didn't think that rent control would hurt me since I didn't raise the rents for existing tenants more than CPI. What I didn't realize is that rent control reduces the value of buildings subject to it. I couldn't qualify or afford a new loan at 18%, the value dropped out of the market, and I was forced to sell my building at a loss, wiping out all of the equity I had accumulated through my own labor, sacrificing my time and living frugally. Before rent control was passed, my building was appraised at $450,000. I owed $315,000, so my equity was $135,000. That would be the equivalent of $472,000 in today's dollars. That entire amount, representing almost ten years of work was wiped out and I had to start over. It took me almost ten years to get to the point where I could afford another building, the one I own now that I have been discussing in this email.

When San Francisco passed rent control in 1979, it was during a period of high inflation. It was passed as "a temporary emergency measure" because of the high inflation, primarily to protect those on fixed incomes. The impression was given that when inflation came down, rent control would be dropped. Instead, when inflation came down a few years later, the allowable rate for rent increases was dropped, from 7% to 4% in 1985, and to just 2% in 1996. The result has been to depress the housing market in San Francisco, with a very complex system of exceptions that were carved out, which are now utilized by landlords to get around the controls as much as possible in order to realize a reasonable return on their investment.

In the 70s and 80s, following a period of high inflation, pressures for rent control developed in a number of cities across the U.S., especially in college towns and cities that had more than 65% renters. At one point, over 200 cities had rent control. Over the next few decades, many states passed laws outlawing rent control because it doesn't work. Today, only San Francisco, Berkeley, and New York City have strong rent control ordinances. Less punitive rent control ordinances exist in San Jose, Los Angeles, Washington, D.C., and several cities in New Jersey. Coincidentally, Los Angeles, New York, Washington, DC, and Newark, NJ are also four of the ten most corrupt cities in the U.S. according to a new study out of the University of Chicago. The more corrupt cities are distinguished by the extent of city officials excepting payoffs, demanding kickbacks and participating in "pay to play schemes" while passing populist measures that help placate the electorate, but which are anti-market in their effect and which ultimately hurt the economy.

We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

The consumer price index is low right now, but that will not last. History has shown us that once rent control is passed, it is seldom rescinded, and once allowable rent increase rates under rent control are lowered, they are seldom raised again (unless the state overrules the city, and that is not likely to happen in California in the near future). Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of rent-controlled rental units. In many areas, where rent controls have been particularly draconian, have reduced upkeep and even abandoned their buildings in the worst cases, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum

allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on investment.

No one can deny that we do not have enough housing to meet demand right now without driving rents up. That shortage is not because rents are too high or too low. It is because the boom and bust roller coaster economy in Silicon Valley is currently experiencing another economic boom. Normally, when this takes place and the availability of housing tightens, developers begin developing additional housing, stabilizing rent increases. The boom is then invariably followed by a slowdown in the economy, vacancy rates begins to rise, and rent increases slow and rents level out. The best way we can address housing affordability is to allow the economy to run its course. Government can help this process by supporting the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

We were just about to refinance our current building in order to purchase another one. We like San Jose, but we will not invest further in it if this ordinance passes, and we will sell our existing building, hopefully not at a loss this time. This reaction of landlords *en masse* will have the effect of reducing real estate values and weakening the economy. This result is not our intent, but it will be the result of landlords – real estate investors - trying to protect our investments.

Thank you for your consideration.

Sincerely,

George Denise and Kathy Denise
[redacted] Saratoga, CA 95070
[redacted] h: (408) 253-3774

From:	Dan Flees
To:	The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; District 10; Fedor, Denelle; City Clerk; Grabowski, Ann
Subject:	No to CPI-U increase
Date:	Monday, March 14, 2016 12:23:51 AM

Dear Council Members,

I would like to give you a small landlord's perspective on the prospect of tightened rent control ordinance(s) in San Jose being proposed and considered by the council. We got into the rental business in hopes of funding our kids' college education. We purchased a few single family homes and duplexes over the past 7 years, including one duplex near San Jose. For each property when we purchased it, the return on investment was minimal. We were counting on slow steady increases in rent, rise in property value and slow payoff of the mortgages. Our rents are generally slightly below market and we don't raise them much year-over-year if we have good tenants. Now our best yielding property returns ~ 6% … 3% after the state and federal income tax bite. 3% is not bad in this low interest rate environment, but we are hardly getting rich off rent. We do advertising, tenant search, screening, gardening and much of the building maintenance ourselves, taking time away from our family and primary jobs. Costs for taxes, insurance, water, sewer, garbage, and maintenance go up year after year, in some cases by double digit increases. On each property we are only one bad tenant/eviction or major repair away from losing money in any given year. Federal tax policy classifies rental income as passive income, but any landlord can tell you that it is anything but passive in terms of the amount of work required.

The proposed rent control tightening is a poor policy direction. What is it really trying to accomplish? Look at cities that have rent control ordinances around the country … do they have low rents? The answer is only for people who are lucky enough to live in the same spot for many years … everyone else pays the price. More strict rent control will have the following effects on the rental market

1) create perverse incentives for large landlords to increase tenant turnover at the same time it creates a dis-incentive for tenants to move who may need to for reasons such as job/status changes.
2) drive out small landlords such as ourselves who are willing to take a smaller ROI, because with strict rent control we have even less control over the risk of monetary loss. Is the city going to mandate that we don't have vacancies, property taxes don't increase, water/sewer/garbage rate increases don't exceed the allowed rent increase?
3) create additional burdensome rules that make it not worth the effort of being a small landlord.
4) increase rental prices for market rate units … if a fraction of rental stock is held significantly under market rate by rent control , then the remaining rental units will necessarily rise in price to compensate. Small landlords don't have many units so they can't balance costs and rental income across many properties.
5) serve as a disincentive to put capital investment back into properties. If the costs can't be recouped, there will be less investment in maintaining properties. Small landlords don't have administrative staffs to fill out pass thru paperwork with a city department and petition for the rent they need to make a property financially viable.

We understand that the city feels compelled to do something about large rent increases and a region-wide housing shortage that has been driven by imbalance between supply and demand, but rent control is the wrong solution. If you want to moderate rents, only an increase in supply will do that, or a decrease in demand during the next recession. Please consider very carefully if the city government can really predict what rents are required for a long-term robust rental market as the population grows. We believe the market and property owners who bear the risks of escalating costs, taxes, vacancies, delinquent tenants , and property maintenance deserve a significant amount of discretion in determining an acceptable rent to offset the risks and hard work that goes into managing properties. One needs look no further than San Francisco to see that aggressive rent control policies do not insure an adequate supply of affordable housing and lead to perverse incentives for both landlords and tenants.

Regards,

Daniel Flees / Annie Liu

From: Sam X
To: Grabowski, Ann
Subject: Say NO to rent control
Date: Monday, March 14, 2016 12:59:56 AM

Dear Sir/Madam

As a resident/investor/voter who cares about our City, San Jose, I urge you to say “NO" to annual allowable rent increase on CPI-U; which is unreasonably low now at 2% to 3%.

Otherwise, small landlords will be forced out of business & will face foreclosure very soon.

The housing staff does not recommend fix percentage because it does not reflect the operating cost or market condition. Likewise, the CPI-U does not represent the operating cost or market condition.

Nowadays all workers e.g. contractors, roofers, plumbers are very expensive e.g. 7 or 8 years ago it only cost $60 for a plumber to unclog a drainage, nowadays it cost over $100; average 8% increase annually.

While the City cannot control the cost of labor, utilities, permit fee etc. and tie these operating expenses to CPI, it is grossly unfair to tie the hands of small mom and pop owners to CPI.

While the big investors can afford to tear down housing units to build newer and bigger buildings not subject to ARO, small property owners canNOT!

The housing staff said “Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small.” There is no logical relationship between small landlords’ actual low annual rent increase vs. small "allowable" rent increase.

Higher allowable rent increase is necessary for the following reasons:
8% would be an insurance cushion for small landlords to deal with special but expected circumstances such as bad tenants’ costly damage of properties, over-throwing garbage clean up cost and City penalties for tenant’s misbehavior etc.

Without this insurance, small landlords would easily suffer negative cashflow.
During economic downturns, Landlords cannot increase rent and may even lower the rent, with no subsidize from the City. 8% allowance will help remedy the loss Landlords suffer from downturn years with no or negative rent increase.

Savings for rainy days are regular business practice. In bad years, landlords' kindness in not raising rent on tenants or dropping the rents should not be used to punish Landlords. The CPI would punish landlords without any protection.

As mentioned in the staff report, MNOI is proposed to ensure "fairness" to makeup for years with too low CPI.

However, MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City.

Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.

The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure !

Instead, it is more cost effective to use the program implementation fee to provide financial assistance to low income families.

It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,

Sam

Sent from Outlook

From: Gary Collins
To: Grabowski, Ann
Subject: Objection to the Proposed Amendments to the City's Apartment Rent Ordinance (ARO)
Date: Monday, March 14, 2016 8:00:11 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

- Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities.
- Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled units.
- Forcing owners to "justify" whether or not they can make a profit shouldn't be the basis for passing on capital improvement costs.
- A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal.
- San Jose doesn't need 30 new employees to regulate the housing industry.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our communities problems.

Sincerely,

Gary Collins

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utilities.

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- A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal.
- San Jose doesn't need 30 new employees to regulate the housing industry.

From:	Teresa Barker
To:	Grabowski, Ann
Subject:	No rent control in San Jose!
Date:	Monday, March 14, 2016 8:41:02 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Respectfully,

Teresa Barker
Regional Property Supervisor
[redacted]
www.usapropfund.com

USA PROPERTIES FUND

From: Robert Schraeger
To: Grabowski, Ann
Subject: Please no rent control in San Jose
Date: Monday, March 14, 2016 9:26:32 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Respectfully,

Robert C. Schraeger
Vice President of Property Operations
USA Properties Fund, Inc.
3200 Douglas Blvd., Suite 200
Roseville, CA 95661
[redacted]
916-773-5866 Fax
www.usapropfund.com

From: Andrew Lui
To: Grabowski, Ann
Cc: Andrew Lui
Subject: No rent control
Date: Monday, March 14, 2016 9:22:54 AM

Dear Sir,

I owned a 4-plex in San Jose since 2007. Before each year I need to pump money into the 4-pex about $3000 per month. I increased the rent by $50 annually for some years to current rent of $1350-$1400 per month for 2 br and 1 ba so that I can reduce my loss to $1000 per month ($4500 mortgage, $1000 property tax, $1000 for all the utilities). Now if you control the rent increased by 2.5%, ie, $34, per year, how can I maintain the house? The business license increases from $230 to $500, 100% increase, while the water increases from $90 to $190. Tell me how to survive???? It will force me to take action, eviction or sale of the houses.

Please, do consider my case and request. Don't put the rent control to the low rent housing. This kind of house is benefit to the renter and provides low rent to the poor people, who chooses to stay in San Jose area.

Thanks so much for your attention.

Andrew Lui

[redacted]

From: Janet Wright
To: Grabowski, Ann
Subject: Rent Control
Date: Monday, March 14, 2016 9:46:43 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

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Sincerely,

Janet Wright

From: Janet Wright
To: Grabowski, Ann
Subject: Rent Control
Date: Monday, March 14, 2016 10:23:42 AM

Dear San Jose Housing Department,

I am very upset by the proposed change in the rent control rules, limiting increases to 2% per year. If you look at your own consultant's report you will see that in Chapter 4 which has a table showing actual rents in units built before 1980, rent increases from 2005 to 2014 averaged 3.3% per year. Between 2005 and 2011, the increase averaged 1.75% per year as in some years there were no rent increases or there were actual declines.

This is the reality. Rents will stay flat for years or go down depending on the local economy and then go way up for a couple of years. That is when the landlord makes up for the rent increases that were not able to be given in prior years, although it may take several years even at 8% to get back to market. In fact the landlord may never get the rents to market as the rental market cools and rents drop.

When rents drop as they always do when the local economy cools, the landlord has to drop everyone's rent or they will move out to find a cheaper place.

Tenant's actually benefit from the combination of rental cycles and the 8% limit on rents. It would be far better for the landlord to increase rents every year at say 3-4% and get that cash each year, than to get no increases for several years and then get an 8% increase for several years. But as it is, the tenants get to avoid increases for years, keep the savings during those years and then finally start paying rent at where it would have been anyway if annual rent increases had been given.

I know it won't happen, but if tenants would figure into their budget annual increases of say 3-4%, and look at years of no increases or modest increases as a bonus, then mentally they would be ready when rents finally go up to where they would be anyway.

Janet Wright

From: Paulo J. Oliveira
To: Grabowski, Ann
Subject: Rent Control Ordinance
Date: Monday, March 14, 2016 10:17:31 AM

Dear San Jose Housing Department:

As a property owner, Real Estate Broker, and Property Manager in San Jose, I am extremely troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

The proposed changes complicate the process in such a way, many property owners of smaller units and older units will be able understand. Why are the ordinances focused on older unit only.
Where was the Housing Department when rents were went from $1,700 for a 2 bedroom unit to $1,100. We had to bear the burden. Now that we're finally able to recover some of our losses and have profits to improve our properties, you show up to prevent that from occurring. With regulation so complex many small property owners will not be able to understand. No profits, we'll have to keep patching things up, rather than doing significant property improvements. There is of course the option, as many of my clients are doing, to get out of San Jose and invest in Cities who appreciate Owners who provide good and fair housing. They say, "The City of San Jose is just not business friendly to smaller property owners".

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Paulo J. Oliveira
Broker/President
DRE #01023624

Jacky Morales-Ferrand and Housing Department Staff
City of San Jose Housing Dept.
200 East Santa Clara Street
San Jose, CA 95113
Email: maria.haase@sanjoseca.gov, wayne.chen@sanjoseca.gov, ann.grabowski@sanjoseca.gov,

Dear Housing Staff,

Over the past six months small rental owners have steadfastly attended ten ARO committee meetings. Many owners expressing their concerns over being able to properly service their residents and maintain their properties while receiving a reasonable return on their investment. You have listened to story after story from owners who started out with nothing. Rental owners were tenants themselves at one time. They lived modestly and worked long, hard hours so that one day they could own an investment property and plan for their senior years. Most people do not have pension plans. They have to plan their own subsidy to the fixed income of social security that they will one day rely on.

Now, after six months of anxiously waiting to see what you would ultimately recommend, they feel as though they've been kicked in the stomach and the rug has been ripped out from under them. The Housing Staff did not hear one word owners said when nearly begging to maintain a reasonable return. All those years of planning and saving could now be taken away. The Housing Department declares owners are making too money and therefore they should share what they've prospered and subsidize others who have not made the same sacrifices.

Under your proposal very few small rental owners will ever see market rents again because no one will move. Why would they? They now know that their rent is locked in for life, never having to face more than a small incremental increase in any given year. The only ones who will benefit from your proposal will be those tenants under rent control today. All future low-income tenants will have to find somewhere else to live because San Jose will have no vacancy, accept for the large, luxury apartments who don't fall under rent control.

Beacon Economics, January 2016 Analysis of Rent Control Ordinances in California states that rent control laws come with unintended consequences.
"Cities like Santa Monica or San Francisco maintain artificially low rents on otherwise expensive properties, while market-rate rentals in those cities not only remain unaffordable to most, they actually rise in cost because growth in the supply of housing has been discouraged following the implementation of rent control laws."

State of California, February 2016 Non-Partisan Legislative Analyst's Office, references the **"Lock–In" Effect.** *Households residing in affordable housing or rent–controlled housing typically pay rents well below market rates. Because of this, households may be discouraged from moving from their existing unit to market–rate housing even when it may otherwise benefit them—for example, if the market–rate housing would be closer to a new job."*

Sincerely a very frustrated and disappointed housing representative,

[redacted]
[redacted]
San Jose, CA 95120
[redacted]

Jacky Morales-Ferrand and Housing Department Staff
City of San Jose Housing Dept.
200 East Santa Clara Street
San Jose, CA 95113
Email: maria.haase@sanjoseca.gov, wayne.chen@sanjoseca.gov, ann.grabowski@sanjoseca.gov,

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Sincerely a very frustrated and disappointed housing representative,

SANDY ADAMS
PRESIDENT, RENTAL HOUSING NETWORK
RESIDENT & PROPERTY OWNER IN SAN JOSE
[redacted]

Jacky Morales-Ferrand and Housing Department Staff
City of San Jose Housing Dept.
200 East Santa Clara Street
San Jose, CA 95113
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Sincerely a very frustrated and disappointed housing representative,

[redacted]
Ann Yap
[redacted]
San Jose, CA 95111

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[redacted]
[redacted]
San Jose, Ca 9

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Sincerely a very frustrated and disappointed housing representative,

Fran Turner

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[redacted]
[redacted]
San Jose, CA 95124-1241

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Sincerely a very frustrated and disappointed housing representative,

[redacted]
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Sincerely a very frustrated and disappointed housing representative,

Roger Pennington
[redacted]
Campbell CA 95009-0624
[redacted]

Un "Just" Un Constitutional "TAKING"
Anarc

Jacky Morales-Ferrand and Housing Department Staff
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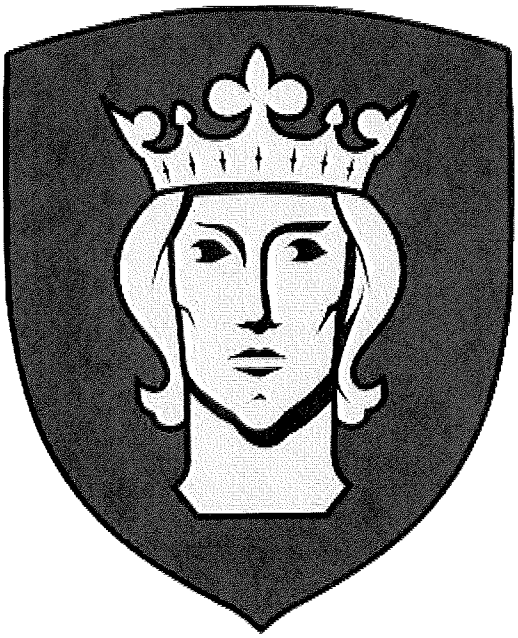
Andrew Do
[redacted]
San Jose, CA 95148

Smart Growth Seattle



A Letter from Stockholm on Rent Control

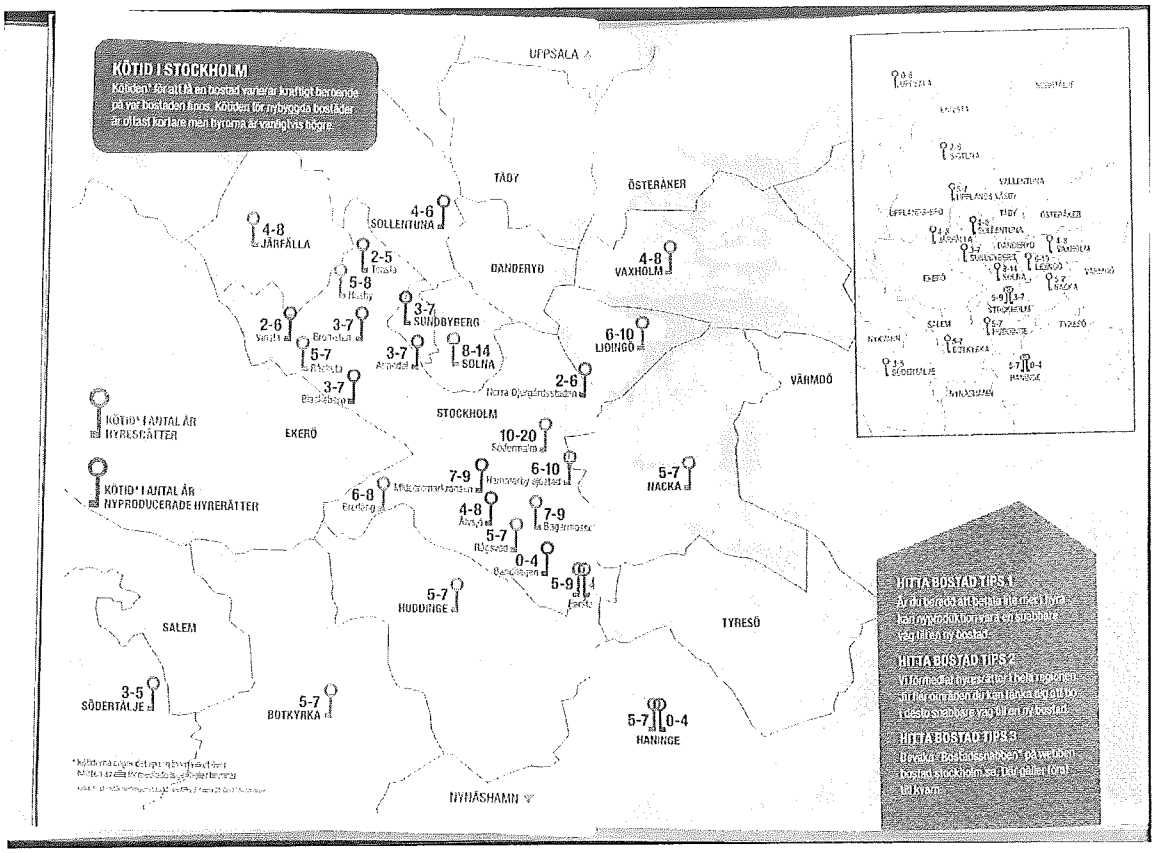
Posted by Roger Valdez on Monday, July 20, 2015 · Leave a Comment

(The following was written by a resident of Stockholm as a letter from Stockholm to Seattle. You can watch last week's rent control debate in it's entirety here)

Dear Seattle,

I am writing to you because I heard that you are looking at rent control.

Seattle, you need to ask your citizens this: How would citizens like it if they walked into a rental agency and the agent told them to register and come back in 10 years?



I'm not joking. The image above is a scan of a booklet sent to a rental applicant by Stockholm City Council's rental housing service. See those numbers on the map? That's the waiting time for an apartment in years. Yes, years. Look at the inner city – people are waiting for 10-20 years to get a rental apartment, and around 7-8 years in my suburbs. (Red keys = new apartments, green keys = existing apartments).

Stockholm City Council now has an official housing queue, where 1 day waiting = 1 point. To get an apartment you need both money for the rent and enough points to be the first in line. Recently an apartment in inner Stockholm became available. In just 5 days, 2000 people had applied for the apartment. The person who got the apartment had been waiting in the official housing queue since 1989!

https://bostad.stockholm.se/Lista/details/?aid=111690

Hornsgatan 134

Tillbaka till bostadslistan

Annons publicerad: 2015-03-23

Anmälningsbar till: 2015-03-25

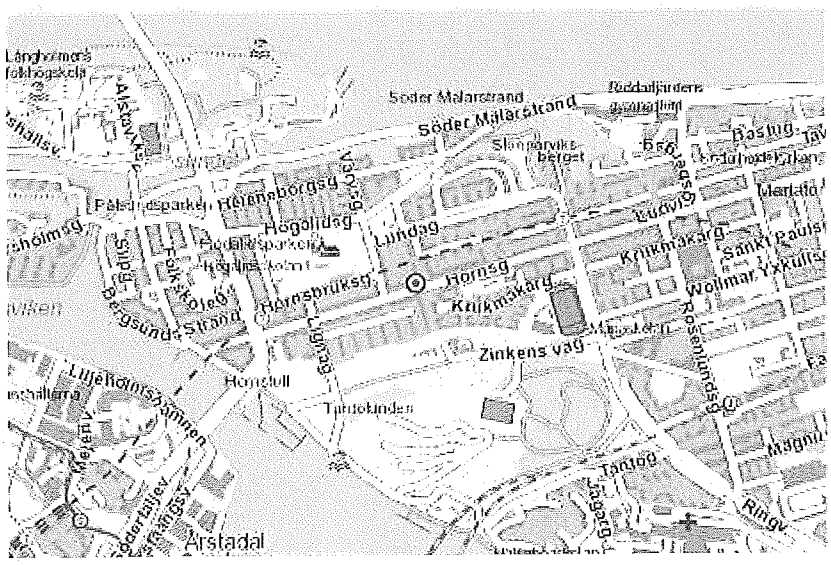
Din preliminära plats just nu: 1679 av 1982

Din kötid: 2014-11-10

Anmäl intressa

Karta

Nearly 2000 people waiting for this 1 apartment!



Fakta om bostaden

Adress:	Hornsgatan 134
Antal rum:	4
Yta:	90 m²
Hyra:	8614 kr/mån
Våning:	3
Inflyttning:	2015-05-01
Lägenhetsnummer:	74380043

Egenskaper

Kök
Badrum
Balkong
Hiss finnes, uppgift om tillgänglighet saknas

Om bostaden

På den stora gården i kvarteret planerar Svenska Bostäder att bygga ett runt hus på gården

Rent controls reduced my housing supply and promoted a lack of availability in my existing housing stock. This was a surprise because the Swedish Government didn't cap rents directly- it limited rises to those negotiated between the landlord and tenant associations; based on analysis of costs and apartment 'utility values' that described location and apartment quality.

I also noticed landlords started selling off rental apartments to owner-occupiers. Why? The rent control means rental apartments have two sale values simultaneously – a value as a rental apartment, and a higher value as a private condominium. Because rent control lowers a property's value *as a rental apartment*, landlords withdrew rental apartments and started selling them at a higher price *as private condominiums*. This reduced the number of rental apartments available within the existing housing stock. So, if you don't want to wait you have to save 20% deposit and buy the place you want.

It gets worse. Rent control divided renters into two distinct classes – 'first-hand' contract renters and 'second-hand' contract renters. The first hand renters generally enjoy unlimited tenure security and low, rental increases. The 'second-hand' contract renters have been reduced to hopping between short term sublet rooms or sublet apartments the first hand renters hold when the first hand renters go on summer vacation, move in with their new partner or move to another city for work. In other words, tenure security was extended for some renters only by reducing it for other renters.

It must be remembered that the social function of profit is to signal to society where more resources need to be invested and provide the incentive for people to invest in accordance with those needs. The higher the profit, the greater the need, and the more powerful the incentive is to meet that need.

Government does have a role to help move things along and speed things up. A stick-and-carrot approach of a land tax on the value of all land (i.e. ignoring the value of buildings) to fund subsidies and co-investments for new apartment construction, and rental relief payments, should be seriously looked at before it is too late. Land value taxation promotes construction, isn't passed on to renters, and generates increasing revenue as land values increase.

Subsidies for new rental apartments also promote construction.

Rising rents and housing affordability do require collective political action. But rent controls are not the answer; they will make the problem even worse because they will destroy housing availability and not build a single new house. Land value taxation and new apartment subsidies are answers.

Seattle, rent controls don't work – just ask my good friend, San Francisco.

With Love,

Stockholm.

Linked material:

What we do – Hyresgastforeningen
http://www.hyresgastforeningen.se/In_English/Sidor/What-we-do.aspx

"Your rent is basically determined by the 'utility value' of your apartment. Utility value means that the rent should be proportionate to the quality and standard of the apartment. We think this is reasonable because it results in fair rents for everyone. The rent should reflect the general value that tenants assign to various characteristics of their housing. This includes things like the size of the apartment, number of rooms, floor plan, standard, condition, the housing environment, the location of the building, local services and the attractiveness of the area."

Rent Setting in Sweden SABO
http://www.sabo.se/om_sabo/english/Documents/Rent%20setting%20in%20Sweden.pdf
Swede endures 28-year wait for Stockholm flat
http://www.thelocal.se/20130328/46996

Stockholm City Council Housing Service waiting statistics (in Swedish –use Google translate to read)
http://bostad.stockholm.se/statistik/

Swedish Housing Crisis Committee Report (2014)
http://www.bokriskommitten.se/wp-content/uploads/2014/09/Bokriskommitten_eng_web.pdf

Land value taxation- Earthshare Canada
http://www.youtube.com/watch?v=jFQgOy-5Tng

Land Taxation – Tax Justice Network
http://www.taxjustice.net/cms/upload/pdf/TJF_6-1-1.pdf

Why land value taxes are so popular, yet so rare
http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-0

"Landlords are unable to pass the tax on to tenants, because the supply and demand of rented land is unchanged"

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From: Andrew Lui
To: Grabowski, Ann
Cc: [redacted]
Subject: RE: No rent control
Date: Monday, March 14, 2016 11:42:00 AM

Dear Sir,

Also, for the low rent housing, since their rent is below the market rent. If you use CPI to calculate it, it will never catch up the market rent.

Like my case, $1350 per month, every year I can raise rent by $33.75 but actually with the market rent $1800, it should be $45 per year so actually, I am losing $10 per year. When the inflation is coming higher and higher, I am losing more and more, right??????????????????????????

Please, don't put the rent control to the low rent housing. I hope can understand my situation!!!!!!!!!!!!!!!!!! I don't want to evict all my tenants out because I am running out of money to support them in the future.

Please, think it twice!!!!!!!!!

Best Regards,

Andrew Lui

[redacted]

From: Andrew Lui
Sent: Monday, March 14, 2016 11:21 AM
To: 'ann.grabowski@sanjoseca.gov'
Cc: Andrew Lui [redacted]
Subject: RE: No rent control

Dear Sir,

If my rent matches the market rent, like at least $1800 per month for 2 bedroom to make it break even including the maintenance and repair expenses, then I can survive with the rent control.

Now every month I need to pump the money into this property with $1350 rent per month. Please, consider my problem as well, not just consider the renter side.

Thanks so much.

Andrew Lui

408-921-6362

From: Andrew Lui
Sent: Monday, March 14, 2016 9:23 AM
To: 'ann.grabowski@sanjoseca.gov'
Cc: Andrew Lui [redacted]
Subject: No rent control

Dear Sir,

I owned a 4-plex in San Jose since 2007. Before each year I need to pump money into the 4-pex about $3000 per month. I increased the rent by $50 annually for some years to current rent of $1350-$1400 per month for 2 br and 1 ba so that I can reduce my loss to $1000 per month ($4500 mortgage, $1000 property tax, $1000 for all the utilities). Now if you control the rent increased by 2.5%, ie, $34, per year, how can I maintain the house? The business license increases from $230 to $500, 100% increase, while the water increases from $90 to $190. Tell me how to survive???? It will force me to take action, eviction or sale of the houses.

Please, do consider my case and request. Don't put the rent control to the low rent housing. This kind of house is benefit to the renter and provides low rent to the poor people, who chooses to stay in San Jose area.

Thanks so much for your attention.

Andrew Lui

[redacted]

From: Chris Wencel
To: Grabowski, Ann
Subject: Rent Control Proposal - Annual Allowable Rent Increase to CPI by City of San Jose
Date: Monday, March 14, 2016 2:07:04 PM

Dear Mayor and San Jose Council Members,

I am a partial owner of a small apartment property in downtown San Jose by Japantown. I am by no means "rich" since I have an average annual income of around $60,000 (depending if there's a recession or a strong economy). The recent proposal by the City to link annual allowable rent increases to the Consumer Price Index is not fair and flawed in my opinion for three reasons:

1) My property is already subject to rent control
2) There is no protection for the property owner when there is a downturn in the economy which makes all rents go down
3) Rent control has the OPPOSITE effect by incentivizing richer renters to stay for life in their rent controlled apartment thus "blocking" poorer renters from moving in.

As a policy, rent control is flawed. I live in a rent controlled apartment which is great for me as a renter since I pay only $745 but it actually hurts poorer renters because I will NEVER move out. I can easily afford a newer, nicer apartment with more expensive rent but I choose to stay in my rent controlled apartment because it's so cheap. I am consciously occupying an apartment that I know should go to a poorer person than me but the rent control policy has the OPPOSITE effect and incentivizes me to stay where I am.

If the new rent control tied to the CPI is enacted, I can assure you that small property owners will find a way around the ordinance because we are more determined than the city employees are committed to enforcing the ordinance because our livelihood is at stake.

The new [rent control] proposal does not take the property owner into consideration at all; it only looks at the renter needs. I don't increase rents on my existing tenants because I like my tenants and I don't want them to move out (which costs me time, money, and headache). If the City is willing to compensate property owners when there is a recession and rents go down, then the new ordinance would be fair but I know this will never happen because the elected officials figure they can get more re-election votes from renters than property owners.

I urge you to scrap the CPI rent control because from my personal experience, more rent control hurts poorer renters since it incentivizes people who currently live in rent controlled apartment to STAY PUT and "block" poorer people from moving into rent control apartments. Naturally, most people would rather live in a newer and nicer apartment than an older,

"junkier" and lower quality apartment. Rent control apartments are almost always older, not as nice, have old appliances, old carpets, etc than market rate apartments so as a renter in a rent controlled apartment gets promoted at their job and becomes righer, they naturally want to move to a newer apartment or buy a house; this makes room for a poorer person to move into the rent control apartment. But rent control incentivizes renters to stay put even if they become richer because it's just "too good of a deal" to let go.

Sincerely,
Chris Wencel

From: mike chen
To: Grabowski, Ann
Subject: No Rent Control
Date: Tuesday, March 15, 2016 9:04:47 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents. I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock. Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business." Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.
Sincerely,

Chung Chen

From: mike chen
To: Haase, Maria; Chen, Wayne; Grabowski, Ann
Subject: No Rent Control
Date: Tuesday, March 15, 2016 9:09:09 AM

Dear Housing Staff,

Over the past six months small rental owners have steadfastly attended ten ARO committee meetings. Many owners expressing their concerns over being able to properly service their residents and maintain their properties while receiving a reasonable return on their investment. You have listened to story after story from owners who started out as tenants themselves at one time. They lived modestly and worked long, hard hours so that one day they could own an investment property and plan for their senior years. Most people do not have pension plans. They have to plan their own subsidy to the fixed income of social security that they will one day rely on.

All those years of planning and saving could now be taken away. The Housing Department declares owners are making too much money and therefore they should share what they've prospered and subsidize others who have not made the same sacrifices.

Under your proposal very few small rental owners will ever see market rents again because no one will move. Why would they? They now know that their rent is locked in for life, never having to face more than a small incremental increase in any given year. The only ones who will benefit from your proposal will be those tenants under rent control today. All future low-income tenants will have to find somewhere else to live because San Jose will have no vacancy, accept for the large, luxury apartments who don't fall under rent control.
Beacon Economics, January 2016 Analysis of Rent Control Ordinances in California states that rent control laws come with unintended consequences. "Cities like Santa Monica or San Francisco maintain artificially low rents on otherwise expensive properties, while market-rate rentals in those cities not only remain unaffordable to most, they actually rise in cost because growth in the supply of housing has been discouraged following the implementation of rent control laws."

State of California, February 2016 Non-Partisan Legislative Analyst's Office, references the "Lock–In" Effect. Households residing in affordable housing or rent–controlled housing typically pay rents well below market rates. Because of this, households may be discouraged from moving from their existing unit to market–rate housing even when it may otherwise benefit them—for example, if the market–rate housing would be closer to a new job."

Sincerely,

Chung Chen

From: PDNNLLC
To: Grabowski, Ann
Date: Monday, March 14, 2016 7:21:16 PM

"My name is Dinesh Tandan, I am one of the owner of property located at 2980 Huff, San Jose. There 24 units in the apartment and was built in 1958. We have made heavy investment based on future rents increases even though we were limited by the San Jose Rent control. After purchasing we find that cost building improvements are very high but we continue to put additional investment to make sure the renters have quality maintained residence. With proposed new rent control, we believe that we will not be able to do it.

I have following questions:

1) Should we believe we made error in investing in San Jose and NEVER make any new investment in future?

2) Is San Jose going to control all businesses to CPI -Why not control commercial Business rents to CPI. Why not restaurants, clothing shops and even minimum wage- Does San Jose city believes in keeping tax increases within CPI

3) Can they limit my loan interest rate increases to CPI

4) Limit PG& E, Garbage and Water charges to CPI

5) Can San Jose limit Repair Cost to CPI: it has gone up by almost 50 to 100%

If not, please do consider that the proposed rent control is not good for San Jose and even for renters. It will make further issues and rents will continue to increase.

From: [redacted]
To: Grabowski, Ann
Cc: [redacted]
Subject: Response to Proposed Amendments to the Apartment Rent Ordinance
Date: Monday, March 14, 2016 6:32:42 PM

Dear San Jose Housing Department

My partners and I have attended the Advisory Committee meetings and have listened to the spirited discussions of all the affected stakeholders at the various meetings. We have read the 165 page consultant report that was generated at the request of the City Council. We are deeply troubled and concerned by the proposed amendments to San Jose's Apartment Rent Ordinance as outlined on March 1, 2016.

The Legislative Analyst's Office of the State of California, recently published a report entitled "Perspectives on Helping Low Income Californians Afford Housing." In short the report states that "elected officials should focus more on encouraging private residential development and less on existing government programs that subsidize construction or impose rent control." The 4 key points emphasized in the report are:

1. Expanding rent control does not increase the supply of housing, in fact, it likely would discourage new construction.
2. Remove barriers to private development will help improve the housing supply. (Local community resistance and CEQA) limit the amount of housing built in California – both private and subsidized.<!--[if !supportLists]-->
-[if !supportLists]-->3. 3. Increased supply places downward pressure on prices and rents.
-[if !supportLists]-->4. 4. Increased development of market rate housing experienced considerably less displacement than areas where development was lacking.

We are a family owned business, operating property in San Jose since 1979. We have 3 buildings covered by the ARO, comprising a total of 105 units (32 and 37 unit buildings in district 1 and a 36 unit building in district 6.) We are fair landlords who take care of their buildings as evidenced by the fact that we have a tenant in one of the buildings who has been there since 1979. We have several tenants across the 3 buildings that have been there 5, 10 and 15+ years. Our tenants stay an average of 4.5 years.

The proposed amendments regulate only 1/3 of the city's available rental housing stock and are punitive to the responsible landlords who own these units. This proposal is contrary to the City of San Jose's commitment of "being open for business." These amendments will only increase the bureaucracy within San Jose and pass those costs on to responsible landlords. Landlords should not have to petition the city to add regulations for capital improvements and investments. Because of the uncertainty of whether improvement costs can be passed-through, needed improvements and investments in the housing stock will decrease, which will lead to the deterioration of rent controlled units.

Rental owners, like their residents, value certainty, reliability, and stability. A fixed rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. The CPI does not take into account the rising costs of insurance, taxes, maintenance and utilities while ensuring a fair return on my investment. The return on my investment is not for the City of San Jose or the courts to determine. The proposal of "rent roll back to January 1, 2015" is not a fair and equitable solution and will be legally challenged in the courts.

We have used the current "No Cause" process, WITH CAUSE, 4 times over the last 2 years. We made a conscious decision to terminate the tenancies for the following reasons: 1) continuous late rental payment trends 2) lack of adherence to community rules 3) damage to the property 4) threat of physical harm to our staff and 5) lack of adherence to local, state and federal laws and ordinances. In each case we filed the required documentation with the City of San Jose and we complied with renting the unit to

the new tenant at the existing rate. In each of the cases we provided the tenant with 120 days' notice of the termination. These decisions were made with the rest of the apartment community in mind and this was used as a last resort. This process was implemented in 2003 and it works.

No one can deny that we have a serious housing shortage. The only way to address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. The proposal outlined on March 1, 2016 does not solve the problem.

Frank Bommarito
Housing Provider

From: Ron Granville
To: Grabowski, Ann
Subject: San Jose Rent Control
Date: Monday, March 14, 2016 5:29:16 PM

Dear San Jose Housing Department:

As a professional manager of apartments in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I have operated apartment properties in San Jose for over 40 years; I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock, as it has in other cities with this type of regulation. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

Even though I steadfastly believe that rent control is bad for the community, the existing San Jose rent ordinance has worked reasonably well for both renters and property owners for many years, both through times of a tight rental market like now and during times of a soft rental market like during the recent recession. Please don't ruin what has worked

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Ron Granville, CPM®
CEO
Woodmont Real Estate Services
1050 Ralston Avenue | Belmont | CA | 94002
[redacted] **| (f) 650.591.4577**
[redacted]
BRE License No. 00688241

WOODMONT
Real Estate Services

From: Joann Wang
To: The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; Fedor, Denelle; City Clerk; Grabowski, Ann
Subject: Against new Rent Control
Date: Monday, March 14, 2016 5:16:06 PM

Dear Honorable Mayor/ Council Members,

I am resident of San Jose. I am against new proposed Rent Control. The reasons are as below:

1. CPI-U does not represent the operating cost. This rate can't cover house base maintenance, and other utilities increase. Such as, my rent property's HOA increased 20% in 2015.
2. Invest on rent is very important finance plan for a family. That even could be a part of income for retirement. When we decided to buy and hold, our investing plan was based on current rate. If the rate was reduced to 2-3%, this would break my retirement plan. That is unfair for us.
3. This new strict RC rule potentially will break the relation between tenants and landlords.
4. Too strict RC rule will hurt a healthy housing market. It will let new buyer hesitate to get in. That eventually will hurt our city economy.

I understand all council members of San Jose are working hard to make an efficient plan to help the tenant, to help them to have an affordable place to living. That is the responsibility of government. But no matter which plan, should not hurt current owners, should not let investing become a burden.

Sincerely

Wenjuan Wang
Weiguo Du

[redacted]

From: [redacted]
To: Grabowski, Ann
Cc: [redacted]
Subject: Draft Recommendations for Modifications to the ARO
Date: Monday, March 14, 2016 5:00:12 PM

Dear San Jose Housing Department,

I am writing to you today to share my extreme concerns over the changes that have been proposed in the Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance.

My parents purchased their first rental property in San Jose in 1979 and I have been involved in the management of our complexes since 1992. The buildings now belong to me, my siblings and our spouses. I am very dissatisfied with the recommendations that have been made by the Housing Department, and I am deeply troubled that we will not be able to maintain the necessary maintenance for our buildings due to rent increases that would correlate with the CPI-U.

We have three complexes in San Jose, all of which are part of The City of San Jose ARO. These buildings have all been well maintained and cared for. We have long term residents who enjoy where they live due to the affordability of our apartments and the upkeep of the apartment homes that we provide to them. But as the age increases in a property, so do the costs of maintenance and upkeep. Some examples of the expenditures that are needed in our buildings are: new plumbing for the individual apartments (this is an ongoing project due to the expense), a new roof, painting of the exteriors and earthquake retro-fits. Not to mention the additional costs of routine maintenance, repairs, and ongoing increases by utilities, vendors, insurance and taxes.
I am deeply troubled that proposed rent increases to correlate with the CPI-U will not allow us to maintain our buildings as they are now. We will not be able to save funds to do these necessary improvements. A fixed rate allowable rent increase will allow both the tenants and the owners to plan for the future.

I have attended almost every ARO Advisory Committee Meeting. These meetings are extremely frustrating, as no one is compromising. It is my understanding that the committee was formed to come up with solutions for both parties involved. This Draft Recommendation for Modifications is very one sided for the tenants. I am well aware that there is a housing shortage. San Jose has many homeless and people who need affordable housing. As responsible property owners we have followed the ARO, and provide an affordable and a well maintained home for our residents. Modifying the allowable rent increases to the CPI-U will not solve the shortage of housing or the amount of the homeless. It will only add to the lack of quality apartment homes and create more unkept properties. This recommended solution only creates more problems…….Meet in the middle. A fixed rate increase of 5 or 6 % that is fair to both property owners and tenants.

Sincerely,

From: [redacted]
To: District1
Cc: Grabowski, Ann
Subject: Rent Control
Date: Monday, March 14, 2016 4:53:15 PM

Dear Mr. Jones,

I am writing about the rent control policies the council is considering. We own a property in your district that is under the current rent control policies. More restrictive rent control policies will hurt small property owners like my husband and me and the tenants we love. We have owned this fourplex in San Jose for approximately 3 years. For landlords like us, the most important thing is tenant retention. Bad tenants and tenant turnover can cost us in lost rent revenue and/or property damage. We would prefer to keep our rents lower and retain our great tenants. If we have to advertise for a new tenant, we open our apartment to an unknown.

We have long term tenants. One of our tenants has lived in his unit almost 20 years. They are good people, and we trust them to take care of our rental units. As a result, we keep our rents reasonable. For the first time since we have owned the property, we will be raising the rent on our units by 4%. Our costs have increased. Garbage has increased. Utilities have increased. Taxes have increased. Water has increased. Repair costs have increased. Just about every expense has increased. We have resisted raising our rent as long as we could. We must be able to pass on some of the costs we are incurring.

We have spent a lot of money on improvements. Some of them have been necessary repairs--water proofing porch and steps, new fence (required by code enforcement), new plumbing, new furnace, new refrigerator, to name a few. Some of them have been to help our tenants save money and be more comfortable. We increased the attic insulation and installed new windows and toilets. Despite investing in high efficiency toilets, washer and dryer for the tenants, our water bill has increased.

The City of San Jose raises prices on the services they provide. How can you not expect that to have an impact on landlords? Recently, a code inspector made us get a permit for work that had been done by the previous owner. We understand that at times there might be safety issues, and for those reasons we appreciate these inspections. However, in our case, we felt like it was a money maker for the City. How can landlords keep up with repairs and safety issues if they can't pay for those?

The bottom line is that landlords like us appreciate our tenants. A lot of the small landlords are just like us. If you make more restrictive policies, we would have to figure out what we need to do to protect our investment. Do we need to automatically raise rents a small amount every year just to make sure we don't end up in a situation we can't afford? In that case, rents in San Jose might be rising where they wouldn't normally. If we find that we no longer enjoy our investment because of tenant turnover or other issues, we will end up hiring a property manager. You will end up

with more corporate landlords that can handle tenant turnover, will raise rents every year however much they can and then deal with the turnover. Again, this is not good for tenants.

We are not greedy. If you ask our tenants if they are happy about how we are treating them, they will tell you we are great landlords. It's a great relationship that we hope will continue.

Please consider that changing the current rent control restrictions may cause changes in San Jose that will be worse than the rising rents. Are you sure the rising rents are coming from the rent control areas and not from outside those areas. It seems like the newer properties would have more ability to raise their rents than properties in the rent controlled areas.

Like we said earlier, we love our tenants. We love San Jose. We hope the City Council does the right thing and doesn't approve the changes that are being considered.

Sincerely,
Lisa and Ed Baumann
[redacted]

From: Eileen Evan
To: Grabowski, Ann; Eileen Evan
Subject: Please consider updated the rent control cut off date
Date: Monday, March 07, 2016 8:09:53 PM

Cal Property Office
[redacted]
San Jose, CA 95110
[redacted]

To whom it may concern:

My name is Eileen Evan and I have owned and managed duplexes and apartments in San Jose for twenty years. My husband and I current own and manage two apartment buildings, 37 units, built before September 7, 1979 in downtown San Jose.

In the course of my rental experience I have met many prospective tenants that have come to inquire about my units after receiving large rent increase, $100 to $200, from their current apartment building. Sometimes they complain that they were given a large rent increase and then six months later they received another rent increase.

I find this unfair. I am glad that the current Rental Rights and Referrals Program of San Jose limits apartment buildings constructed before September 7, 1979 to a 8% rent increase (one which I never reach when I raise rents) and to only one rent increase per year.

It seems to me that this policy was created many years ago. I know I have been following these rules for at least 20 years and find them fair. My question is why not leave the present rent control rules in place and broaden the number of apartment buildings under its competent umbrella? In other words, why not move the arbitrary date of September 7, 1979 to September 7, 1999? That would give more tenants the protection of the present rent control and lower the number of rent raise abuses now occurring in San Jose.

Thank you for your time in reading this letter.

Sincerely,

Eileen Evan

From: Varouj Baghdasarian
To: Grabowski, Ann
Subject: Rent Control
Date: Tuesday, March 15, 2016 11:09:14 AM

ARO committee,

I am the owner of 2949 Magliocco dr. San Jose CA, a 13 unit (50+ year old) building. During economic downturn, I reduced my rents to help out my tenants survive the tough times. Recently, I have started raising the rents to help me catch up with my expenses, but are still below market rents. With the proposed rent control measures, I will not be able to keep up with the required maintenance of my building. It is unfair and discriminatory to target rent control to older building and not the newer ones. If anything, older buildings need more maintenance than newer building, so, why is it that there is no rent control on newer buildings? Why isn't city imposing rent control on new developments? They charge what the renter is willing to pay. Why is it that the city does not impose price control on asking price of apartment buildings? If you want rents to be controlled, you should also impose measures to control building prices. Why does the city allow price of an apartment building to be driven by what the buyer is willing to pay (supply and demand), but does not allow the same for rental values? This is unfair and unjust. Like every owner, I worked hard to make sure I have a retirement income, and for me, this is it. City will not help me if I needed, will it? If city wants to help its residents, get them a place to sleep so they don't end up in my hallways or my laundry room floors. City should focus their efforts in creating affordable housing from the developers of new complexes (Multi-million $ corporations, who recover their investment in no time) rather than owners of older buildings (Mom & Pop types). If city want to make a change, make a change based on what makes sense, not what renters want. I as an owner want to remove rent control all together and let the market set the rent, like most cities around here. Could someone explain why rent is the only target? Why not bread? Why not water? Why not milk? Why not gas? If nothing else, the older buildings but not the newer ones?

Respectfully,

V. Baghdasarian

This message (including any attachments) may contain confidential information intended for a specific individual and purpose. If you are not the intended recipient, you should delete this message and any attachments.

From:	Son Nguyen
To:	Grabowski, Ann; The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10
Subject:	Rent Control - Feedback on preliminary recommendations
Date:	Tuesday, March 15, 2016 11:35:51 AM

Hello,

My wife and I own a property in ARO. We both have full-time jobs but I still take care of the little things, including mowing the lawn myself. We do it because it's our biggest investment. We are really worry about the future because the new proposals are:

Too Complicate
The existing ARO is simple & easy to understand. Therefore, it is easy to understand, follow, and enforce by all parties (landlord, tenant, city). The new proposals are complicated, with many additional rules, scenarios and requirements. It will be difficult for landlords and tenants with various educational background and experience to understand and follow. Complicate rules look complex but do not solve problems. They create more questions than answers.

- What exactly is base rent? What if we just bought the property? What if we have new tenant between Jan 2015 and now?
- What if the lease is shorter than one year? What if the tenant move out before the lease ends?
- Why don't we just use the current rent? It would be much simpler and easier to keep track and understand.
- Registration is costly and time consuming. San Francisco does not have registration, why should San Jose have it?
- We have many more questions but it's really just overwhelmed to try to understand the proposals and the many what-ifs

Additional Staff
By making the rules really complicate, it means that there are more people needed (and unfortunately more bureaucracy) to educate, train, report, monitor and enforce the rules. Hiring is easy, firing is hard. The cost of all additional staff and program unfortunately is placed on a limited number of landlords.

Not a Comprehensive Solution
This will not solve the issue with high rent in San Jose. Rent will be even higher with more rent control. Under a tighter rent control, the gap between existing rent and market rent will be much bigger. Because rent control artificially depresses existing rents, landlords will have to set higher market rent on available/new units to cover/subsidy lower rents on current tenants. San Francisco is an example. Furthermore, it can cause undesirable tension between existing and new tenants (one pays really low, one pays really high).

With only 44300 ARO units, there are many more non-ARO rental units and those don't have the same treatment. The proposals try to squeeze more out of a small pool and so it will NOT solve the big issue or address the big picture.

Overall, we feel that the proposals put too many restrictions, limitations and burdens on the few landords. We don't see anything in the proposals that offers compromises, we only see more restrictions. It is as if the city wants to take away as much as possible from the ARO landlords.

We sincerely hope that they're just preliminary proposals and that staff and city council will open to landlord's feedback and offer compromises

Sincerely,
Son Nguyen

From:	Joseph Sturkey
To:	Grabowski, Ann
Cc:	The Office of Mayor Sam Liccardo; Herrera, Rose; Oliverio, Pierluigi; District1
Subject:	Proposed Amendments to the Apartment Rent Ordinance
Date:	Tuesday, March 15, 2016 12:21:12 PM
Attachments:	Rent Control's Last Gasp - City Journal.pdf ATT00001.htm

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To: San Jose Housing Department
Subject: Proposed Amendments to the Apartment Rent Ordinance

I have reviewed the San Jose Housing Department's proposed amendments to the city's Apartment Rent Ordinance, and I have some concerns.

Rent controls have been invoked a many times and in many different cities, and I think we should take advantage of the experience gained from those efforts. For example, the City of New York has had various forms of rent controls since the end of World War II. I have attached a document published by The Manhattan Institute which summarizes the experience from that lengthy experiment.

The following excerpts from the document provide a good summary:

> *"... rent controls, far from solving the city's housing problem, are a prime cause of it. As New York's Citizens Budget Commission has put it,* ***"The most fundamental criticism of rent regulation is that it perpetuates the very problem it was designed to address: a housing shortage."*** *Indeed, with 1.1 million rent-regulated apartments, the city is a showcase for the distorting effects of controls: a minuscule vacancy rate, middle-class families trapped in apartments too small for their needs, wealthy retirees paying a pittance for three bedrooms, and virtually no new construction to relieve the strain and to upgrade the housing stock. Finding a decent apartment in New York City—and especially Manhattan—is a harrowing ordeal, and New Yorkers are fed up with it."*
>
> ***"… rent regulation comes at a steep but hidden price: decades of deferred maintenance and substandard services.*** *As the HUD study concludes, "The benefits of rent control, from the tenant's standpoint, are likely to decline steadily over time, as the quality of the unit deteriorates." "*

Although the intention is to help low and middle income families, surprisingly:

> *"Harvard's Joint Center for Housing Studies discovered that Manhattan's high-income neighborhoods and a few wealthier areas in Queens won the lion's share of New York's rent subsidies." ("rent subsidy"* being the difference between the maximum rent for a regulated apartment and the actual rent for a comparable unregulated unit.)

Why?

> *"The greatest subsidies go to stable households living in desirable apartment buildings and neighborhoods, a class composed mainly of affluent whites, usually singles or couples, often elderly. At the same time,* ***most poor and minority families, especially large households with children, don't benefit in the least from rent controls."***

Unfortunately, I will be unable to attend the Advisory Committee Meeting on Wednesday, March 16, but I hope that the extensive experience of other cities with rent controls will be taken into consideration.

Rent controls have been tried many times and in many cities, and the results have been entirely consistent: A reduction in the quantity and quality of rental housing.

Let’s not make the same mistake here in San Jose!

Thank you for considering my views.

Regards,

Joseph Sturkey

CITY JOURNAL

FROM THE MAGAZINE

Rent Control's Last Gasp

At long last, Albany is poised to liberate the city's housing market—and New Yorkers will benefit greatly.

Peter D. Salins

At long last the seems at hand—something two generations of housing experts thought they'd never live to see.

In Albany and elsewhere, the complex drama of achieving it—which will be filled with hidden machinations, unlikely bargains, and plenty of scare talk—has already begun. Senate Majority Leader Joseph Bruno, without whose support rent regulation cannot survive, has announced his willingness to let it die on the day in mid-June when it automatically sunsets unless renewed. Governor Pataki, on the record as opposed to rent control, has replied that phasing controls out may be better than ending them suddenly. The *New York Times*, somewhat unexpectedly, has given its editorial blessing to some sort of gradual demise, while New York City politicians have declared their determination to hold the line, knowing that for many of their constituents retaining controls is the *only* issue. When all the deal making is finally accomplished in Albany—when Assembly Democrats have offered up as yet unnamed concessions to Republicans in exchange for going easy on rent-control reform—some significant change is bound to emerge, but its precise shape is guesswork for now.

That discontinuing rent controls is even on the agenda in New York is something of a miracle. Rent regulation has been a fixture of life in the city for decades, seemingly no less permanent than yellow taxis or the Knicks. No one

thought it could ever be gotten rid of.

So what happened? For one thing, the state has watched as one liberal redoubt after another—Massachusetts, California, Washington, D.C.—has eliminated or scaled back rent regulations in recent years, without creating the Dickensian misery predicted by the hysterical defenders of controls. As Boston Globe columnist Jeff Jacoby writes, "Remember the housing crisis that exploded in Boston after voters approved Question 9 [in 1994] and abolished rent control in Massachusetts? Remember the tidal wave of evictions, the masses of poor senior citizens kicked out of their homes? . . . Of course you don't. It never happened. There was no crisis." And there wouldn't be one in New York either, as many of the city's residents have come to realize.

Moreover, it has finally dawned on many New Yorkers that rent controls, far from solving the city's housing problem, are a prime cause of it. As New York's Citizens Budget Commission has put it, "The most fundamental criticism of rent regulation is that it perpetuates the very problem it was designed to address: a housing shortage." Indeed, with 1.1 million rent-regulated apartments, the city is a showcase for the distorting effects of controls: a minuscule vacancy rate, middle-class families trapped in apartments too small for their needs, wealthy retirees paying a pittance for three bedrooms, and virtually no new construction to relieve the strain and to upgrade the housing stock. Finding a decent apartment in New York City—and especially Manhattan—is a harrowing ordeal, and New Yorkers are fed up with it.

The regulatory edifice responsible for this crisis started off innocently enough. In the late forties the city decided to continue wartime rent controls, fearing that prices would skyrocket in a market where no new housing had been built for half a decade. But the controls on existing apartments remained in place long after construction revived, so by 1969, rents for hundreds of thousands of new apartments, exempt from controls, far outstripped those of older apartments, still frozen at their 1947 levels. The City Council responded by imposing a somewhat more flexible system called rent *stabilization* on all rental units not covered by rent *control*. Today rent stabilization dwarfs rent control, covering over 90 percent of regulated apartments.

Both sorts of regulation provide essentially the same benefits. In the first place, of course, they hold down rents. Since 1970, rent control has allowed a landlord to raise an apartment's rent by 7.5 percent a year until hitting a "maximum base rent" well below the market price. Prices under rent stabilization are the domain of the Rent Guidelines Board, a body appointed by the mayor. Its determinations have fluctuated wildly over the years, but the overall effect has been to keep rent increases below the rate of inflation and, in the city's best neighborhoods, far below market levels.

Rent regulation also gives tenants a hefty bundle of entitlements. The most important of these, arguably even more valuable than the limits on rent hikes, is the right of tenants *and their relatives* to occupy their apartments for as long as they wish, whether their landlords want them to stay or not. This means that landlords have to get the permission of tenants or the state to do things with their property that they could do as a matter of course elsewhere, from performing renovations to tearing down their buildings or turning them into co-ops or condominiums.

Rent regulation in New York still operates under the pretense of being a temporary, emergency measure. The law's expiration every three years is supposed to give the State Legislature a chance to re-evaluate, but like clockwork the New York City Council proclaims that New York's housing crisis endures. How does it know? Because for years now, the U.S. Census Bureau's triennial survey of the city's housing has found a vacancy rate of less than 5 percent, and this, according to a state commission, is "prima facie evidence of a continued 'housing shortage.'"

But rent regulation itself helps to create this dearth by putting an enormous damper on housing construction. Developers respond to economic incentives as any other business would, and when they look at rent control, they see a policy that cuts deeply into the profitability of rental properties and discourages affluent tenants with rent discounts from shopping around for the new apartments that developers would build. Why put up a new building under such constraints? Indeed, since the fifties housing construction in New York City has fallen steadily and precipitously. Before rent stabilization arrived on the scene in 1969, New

York built 35,000 dwellings a year on average. In the early seventies, the rate dropped to 20,000 a year, and a decade later, to 10,000. So far in the nineties, housing construction has crept along at a dismal pace of fewer than 8,000 units a year, the lowest level since the Depression. This steady long-term trend defies simple explanation—the city's general economic woes have certainly played a role, as have restrictive zoning, environmental, and building laws—but it confirms what every introductory economics textbook teaches about the effect of rent controls on the supply of housing.

Rent controls also interfere with the dynamics of the housing market in more subtle ways. Because discounts under rent regulation increase the longer a tenant occupies an apartment, they create an incentive not to move that grows stronger over time. The result: little turnover in the housing stock. As the U.S. Department of Housing and Urban Development reported recently, "Even moderate rent-control ordinances reduce mobility noticeably, thereby leading tenants to occupy units whose characteristics are not well-suited to their current circumstances, such as family size and job location." That's why so many elderly singles in New York live in spacious apartments while families with two or three children live doubled up with friends or relatives.

Rent regulation has also had perverse effects on the character of housing in New York. Its financial benefits have discouraged millions of New Yorkers from owning rather than renting their homes, leaving them with a homeownership rate of 28 percent, less than half that of Americans in other large cities. And the unqualified right of regulated tenants to stay put has made it impossible for owners to tear down their buildings when they are half empty or no longer financially viable. There's only one avenue open to disgruntled landlords who want to get out of the housing business: abandonment—which explains why New York City has come to own 40,000 apartments and inherits an additional 5,000 to 10,000 units a year.

What is perhaps most galling about rent regulation in New York is that the housing scarcity it generates affects the entire city while its benefits fall to a select few. Cocktail-party talk about movie stars who pay a song for luxury apartments isn't so far off the mark. The greatest subsidies go to stable households living in

desirable apartment buildings and neighborhoods, a class composed mainly of affluent whites, usually singles or couples, often elderly. At the same time, most poor and minority families, especially large households with children, don't benefit in the least from rent controls.

A number of studies have tried to figure out the full extent of this inequity, calculating the subsidy—that is, the difference between the maximum rent for a regulated apartment and the actual rent for a comparable unregulated unit—enjoyed by New Yorkers of different neighborhoods, races, and household sizes. Harvard's Joint Center for Housing Studies discovered that Manhattan's high-income neighborhoods and a few wealthier areas in Queens won the lion's share of New York's rent subsidies. In 1989 the typical discount on the Upper East Side, for example, was $432 a month, while in East New York and most of the Bronx and Brooklyn, the discount was actually *negative*, meaning that landlords were unable to find tenants willing to pay the maximum allowable rent. The consulting firm Arthur D. Little Associates estimated in 1986 that rent regulation in New York amounted to an annual subsidy of $754 million. White households received 95 percent of that sum, though they constituted only 56 percent of tenants; black and Hispanic households received just 2 percent. The study also found that one- and two-person households received 74 percent of the rent-regulation subsidy, while families with children got under 1 percent.

Even for the lucky if undeserving few who reap its windfall, rent regulation comes at a steep but hidden price: decades of deferred maintenance and substandard services. As the HUD study concludes, "The benefits of rent control, from the tenant's standpoint, are likely to decline steadily over time, as the quality of the unit deteriorates." As a class, landlords are neither altruistic nor dumb, so they pass along the cost of rent regulation as best they can. The most recent Census Bureau data on housing conditions in New York City show that regulated apartments are far more likely to have serious maintenance problems: in 1993 the incidence of one or more serious defects in a building was only 7.4 percent among unregulated units but 11.7 percent among rent-stabilized ones and 17.6 percent among those under rent control. The trend in maintenance goes in opposite directions too. From 1987 to 1993, the incidence of defects among unregulated units *fell* by 35 percent while it stayed the same among

rent-stabilized apartments and increased by 8 percent among rent-controlled ones.

Fifty years of destructive housing policy are quite enough: it's time for New York's legislators to proclaim rent regulation a failure and end it. But how exactly should the coup de grâce be administered?

The simplest way would be to follow Massachusetts's example and allow controls to expire on a fixed date. Senator Bruno has proposed 1999; Charles Urstadt, housing chief under Governor Rockefeller, has suggested immediate abolition. But while it is true that such a clean break would make a big impression on New York's housing market, giving both tenants and landlords an unambiguous economic signal and a schedule by which to make their future plans, going cold turkey would deliver an unnecessarily harsh shock, even if tempered by exceptions for low-income, elderly, and disabled tenants, as suggested by both Bruno and Urstadt. Instant decontrol may be a good cudgel with which to threaten Assembly Democrats, but even the most intrepid foes of rent regulation are unlikely, for good reason, to embrace it.

Governor Pataki has endorsed a somewhat more humane and orderly approach to delivering the fatal blow: far-reaching vacancy and luxury decontrol. The state has tried both before, if somewhat tepidly. In 1971, Governor Rockefeller, at Urstadt's urging, pushed through legislation that allowed all controls to lapse as apartments were vacated. When Rockefeller left office to become vice president in 1974, the State Legislature quickly restored a version of the status quo ante by passing the Emergency Tenant Protection Act, the law that currently governs rent regulation. During the triennial review of rent regulation in 1993, Albany did impose luxury decontrol on the city's most expensive apartments, but with a laughably stringent standard—a monthly rent of more than $2,000 and a household income of over $250,000 (for two years in a row, no less).

The most desirable way to phase out rent regulation would be to take something from each of these approaches: immediate vacancy decontrol, an income threshold of $100,000 for luxury decontrol (the furthest one can possibly stretch

the definition of "middle income"), and termination of all controls in five years, with a Rent Hardship Board (as Urstadt would call it) to extend controls for hardship cases for another five years.

A year ago, Albany insiders would have instantly dismissed even so moderate a proposal for deregulation. Phasing out rent control simply wasn't on the table. But the political tides have shifted so profoundly that such an agenda is now squarely in the mainstream.

True, such reforms would not liberate New York's housing market overnight. In the five years before all controls disappear, a $100,000 income limit for luxury decontrol would only affect an estimated 35,000 apartments, or 3 percent of New York's regulated rental housing. Vacancy decontrol over the same stretch of time would also make just a modest dent. Assuming that it would operate at roughly the same rate as vacated rent-controlled units have come under rent stabilization over the last two decades—about 7 percent a year—only 40 percent of the housing stock would be free of controls by 2002.

Vacancy decontrol might quicken this pace by giving landlords an incentive to track down illegal tenants. Thousands of apartments now maintained as inexpensive pieds-à-terre (unlawful because only primary residences are subject to rent control) or illegal sublets would disappear from the regulated housing rolls. And vacancy decontrol should allow only a spouse to take over a lease, so that tenants of record can't pass on controlled apartments as legacies to children, other relatives, or companions—a practice common today.

Deregulation along these lines would also create an immediate boom in housing renovation in New York's better neighborhoods, according to Dale Hemmerdinger, president of ATCO Prop- erties, a firm that owns and manages many luxury rental buildings in the city. Landlords would be able to get the market-level rents that deregulation would permit, he says, only if they thoroughly modernized their properties so as to match housing standards in the suburbs and other cities. They would have to reverse the under-maintenance that has allowed them to defray the costs of rent control.

Over the course of the next decade, as controls disappear entirely and refugees from regulated apartments push up demand in the housing market, residential development would also revive. Empty-nest couples and widows who, under rent controls, rattle around indefinitely in the three-bedroom homes of their child-rearing years would move into newly available one-bedroom and studio apartments. The middle-income families and singles who now live in Manhattan's best neighborhoods at bargain rents would settle for cheaper—and probably better—apartments in less fashionable parts of the city; and the young couples who under rent regulation now hang on to apartments poorly suited for raising families would become homeowners.

If such forecasts come true even in part, deregulation would mean big dividends for the city's economy. Housing renovation and construction might generate as many as 100,000 jobs and $500 million in tax revenues. And if New York provided housing that was better maintained and more fairly priced, it could attract more middle-income people to the city and hold on to those who have been leaving in order to escape their cramped, expensive dwellings.

Who, then, stands against such obviously reasonable reforms? Who leaps to the defense of millionaires enjoying deep rent discounts? Who objects to a policy that allows widows to live out their remaining years in the secure enjoyment of their rent-controlled apartments? Look no further than the New York State Tenants and Neighbors Coalition, the noisiest and most influential of the state's rent-regulation advocates—and a group increasingly on the defensive as its reactionary views clash with current thinking.

In a recent interview Michael McKee, manager of the group's rent-law campaign, took the view that no reform is good reform. Like other devotees of rent regulation, McKee does not distinguish between this or that beneficiary; the whole system serves the cause of "affordable housing" and "social justice," and it stands or falls as a piece. Rich tenants get an undeserved windfall? It doesn't matter, because low rents are a universal entitlement, akin to Social Security, says McKee. Rent controls cause scarcity and deterioration in the housing stock? He dismisses the notion with an ideological wave of the hand. Left to its own devices, he says, the marketplace inevitably exploits hapless tenants, subjecting

them to "rent gouging" and "unjustified evictions."

McKee's one soft spot shows just how distant he is from the real world of housing. He sympathizes with the complaint of small landlords that current rents are too low to make their buildings profitable. The law should assure them a "fair" return on their investment, he says. And what might that be? McKee suggests 1 percent over the long-term mortgage rate—an amount that landlords could easily make without the trials of running a building by investing in risk-free certificates of deposit.

Thankfully, such views no longer prevail in Albany. Now, only the Assembly, with its Democratic majority, shares the advocates' nonchalance about the harmful effects of rent regulation. So rent regulation in New York is finished, right?

Not necessarily. In Albany, change of any kind—much less a monumental change like doing away with rent controls—never comes easily and seldom depends on the merits. Though fighting a rearguard action, urban Democrats are passionately determined to maintain the status quo. Republican senators from upstate and the suburbs have little to lose if they allow rent controls to die, but they haven't much to gain either. As a result, the Senate may be willing to continue rent regulation in exchange for concessions from Assembly Democrats on issues like welfare reform, business deregulation, and further reductions in state taxes. Deferring across party lines to others' regional interests, especially on hot-button issues, is a venerable Albany tradition. If the Senate refuses to participate in such horse-trading, the Assembly leadership may try to get its way by holding hostage the whole legislative docket, including the budget.

In the end, only Governor Pataki can ensure the triumph of rent deregulation, and he too will have trade-offs dangled before him by desperate Assembly Democrats. To bolster the governor's resolve, the opponents of rent regulation must convince the state's opinion elite and the public at large that controls really are harmful, not just to New York City residents but to the economic vitality of the entire state, whose fortunes rise and fall with the city's.

If such a convergence comes about—if rent controls finally breathe their last—it would be an incredible watershed for New York. It would show that deal making need not scuttle every promising reform that dares to show its head in Albany. It would show that Governor Pataki is serious when he talks about transforming the state's political culture. And, perhaps above all, it would show that reviving the New York City economy is not a lost cause.

From: The Foothills Apartments
To: Grabowski, Ann
Subject: opposed to proposed amendments to rent control ordinance
Date: Tuesday, March 15, 2016 2:21:45 PM

Dear San Jose Housing Department:

I am opposed to the changes that are being proposed to the rent control ordinance. As a property manager here in San Jose I have dealt with the current ordinance for the last 19 years. Limiting the rate of increases to the CPI will only lower the quality of housing that we will be able to offer to our residents. Because our units are all on the older side, maintaining them costs more each and every year. The current market is very strong so in order to be competitive we have to improve units accordingly to compete with the newer high end units that are flooding the market right now. Affordable housing needs to be built in San Jose, not the high end "resorts" that are being built everywhere. Offering affordable housing will not only stabilize the market but will offer to the general public quality housing that they deserve. Lowering the rate of increase will only cause these older buildings to deteriorate and jeopardize safe, quality housing because the funds will not be there to maintain them properly. Using the CPI fails to take into account the rising cost of insurance, taxes, maintenance, utilities and employee expenses.

Another issue of this proposed change is the Just Cause Eviction. I do not know of anyone that serves a notice with out a reason. These reasons are justified, but usually very hard to prove. How do you "prove" that someone is dealing drugs even though the traffic is in and out at all hours of the day or night. Contact the police dept. and see how much help you receive, they are so short handed they can't offer any help at all. How do you "prove" extra people are living in the apartment. You see them everyday but when approached they deny they live there. Noise problems, residents complain about but they don't want to get involved so they move instead. Going to arbitration is out of the question. No one will go to testify so its managements word against the word of the person you have served. Extending the time will only effect the quality, and peaceful enjoyment of others that live surrounding the offending person.
Having to hire more city workers to supervise these new programs is so unnecessary.

Stricter regulations will not solve the housing issues that we are experiencing. It will only make matters worse.

I say leave it the way it is and the owners can operate their properties that will serve the community in the best possible way and the renters are protected against the huge rent increases that the uncontrolled, newer properties are giving. If anything they should be included in the rent control program to limit the amount of the rent increases that they

impose on their renters each and every year.

Sincerely,
Jackie Caves
Manager

The Foothills Apartments
6184 Cottle Road
San Jose, CA 95123
Phone: [redacted]
Fax: 408-225-8699
[redacted]
http://TheFoothillsApartments.com/

Disclaimer & Confidentiality:

Until a rental agreement has been signed by both parties pricing and availability are subject to change at any time without notice.

This e-mail message and any attachment(s) are confidential and are intended only for the personal use of the recipient(s) named above. If the reader of this message is not the intended recipient you are hereby notified that you have received this document in error and any dissemination or distribution of this message is prohibited.

Dear San Jose Housing Department:

I am the Community Manager of Museum Park in San Jose and I am very troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations are not going to foster safe, quality housing for our residents.

We do not need additional rent control regulations for the quantity of the city's rental housing stock.

Rent control measures can lead to troubling consequences for our communities. Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of the rent-controlled rental communities. If upkeep is reduced, it will create blighted neighborhoods.

Petitioning the city to add regulations for capital improvements and investments should not have to occur. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements. I feel that this proposal goes against the city's' commitment of "being open for business."

Rental owners and their residents value certainty, reliability, and stability. A fixed-rate maximum rent increase with a clear process for passing on capital expenses far superior to the staff proposal. Using CPI does not take into account rising costs of insurance, taxes, maintenance and utilities while ensuring a fair return on investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Natasha Raiburn

Dear San Jose Housing Department:

As a supervisor of the Property Operations for several rental communities in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures will lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating unsavory neighborhoods where rental housing is clustered. We should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments. This proposal is contrary to the city's' commitment of "being open for business."

Our residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a fair return on investment.

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Sincerely,

[redacted]

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Sincerely,

[redacted]

Monica Yoshihara
Division Manager, Northern California

Dear San Jose Housing Department:

I am the Community Manager of The Carlyle in San Jose and I am very troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations are not going to foster safe, quality housing for our residents.

We do not need additional rent control regulations for the quantity of the city's rental housing stock.

Rent control measures can lead to troubling consequences for our communities. Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of the rent-controlled rental communities. If upkeep is reduced, it will create blighted neighborhoods.

Petitioning the city to add regulations for capital improvements and investments should not have to occur. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements. I feel that this proposal goes against the city's' commitment of "being open for business."

Rental owners and their residents value certainty, reliability, and stability. A fixed-rate maximum rent increase with a clear process for passing on capital expenses far superior to the staff proposal. Using CPI does not take into account rising costs of insurance, taxes, maintenance and utilities while ensuring a fair return on investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Pablo Mendoza

Dear San Jose Housing Department:

I am the Community Manager of Willow Lake Apartments in San Jose and I am very troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations are not going to foster safe, quality housing for our residents.

We do not need additional rent control regulations for the quantity of the city's rental housing stock.

Rent control measures can lead to troubling consequences for our communities. Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of the rent-controlled rental communities. If upkeep is reduced, it will create blighted neighborhoods.

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Sincerely,

[redacted]

Monica Guarino
Community Manager

From: Carol Meyer
To: Grabowski, Ann
Subject: Proposed Rent Control Ordinance
Date: Tuesday, March 15, 2016 3:03:20 PM

Dear San Jose Housing Department.

I oppose the proposed amendments to the city's Apartment Rent Ordinance.

Rent control does not lead to more and affordable housing. Rather, it leads to deterioration in the rental stock because any incentive for upgrading and maintaining property is diminished.

It also results in a windfall for highly paid professionals who then will not move over time because of the "good deal" they are getting. That is not to say there aren't very needy residents who can't afford current rents. I must say however that the salaries of a staff of 30 more people would go a long way to subsidizing those rents.

The proposed CPI index is just plain unfair. My expenses may go up far more than the CPI. As any working person knows, you expect a raise every year. My personal groceries don't have price controls and my plumber, electrician, appliance dealer, utility providers, managers, etc. all want a raise every year. As my returns go down, the value of my investment goes down and my income goes down-- providing me a double penalty. In 2011 rents rent down by double digits. With CPI restrictions, I would be locked down for years and years, unable to recover as the market came back.

The debt service pass through is also unfair. Debt service is a legitimate cost. To not allow debt service pass though is basically a taking of the value of my property.

The rent rollback is punitive. I am a responsible caring landlord and I provide a very high level of service for the rent that I charge. Most of my residents pay less than the market rate. To not allow me to catch up to the market over the next few years is tantamount to penalizing me for being a fair landlord. This kind of "forced subsidy" penalizes the very people who provide safe clean homes for rent.

Just cause eviction is abused more than it helps. There are professional disruptive tenants that use just cause eviction to avoid paying rent. San Francisco is famous for this abuse. It ties the hands of landlords for legitimate evictions and the cost of getting rid of a truly terrible tenant is outrageous. I am in the business of providing nice places to live. Please don't tie my hands when a tenant is ruining quiet enjoyment for everyone living at the property. This is a very bad idea.

While I do not deny there are some greedy landlords there is another side to the issue. I would like to share a personal story. My grandmother, who lived to ninety eight, owned a small apartment building in Berkeley. She purchased it at the depths of the depression in 1936 with money her parents had saved from earnings from their bakery business. It was her retirement nest egg. She kept her rents on the low side. When rent control came to Berkeley she was caught with low rents and an inadequate way to raise her rents anywhere near market. Over time, my legally blind, wheelchair confined grandmother was forced to subsidize able bodied students going to U.C. Berkeley. Without rent control she would have

had a much more reasonable life. Just because one gets their livelihood from renting property does not mean they can afford to give away their income.

So, how to "fix" the problem? Encourage builders to "build over the store" or over property with other uses. Support construction with fast track processing. Use common sense to allow commercial and residential to exist together. I am positive that if you ask for help from the community of landlords you will be surprised with the innovative and doable solutions to this very real problem.

Penalizing property owners is NOT the way to fix this problem

Very truly yours,

Carol Meyer
[redacted]
Fremont, CA 94539

Dear San Jose Housing Department:

I am the Community Manager of 101 San Fernando Apartments in San Jose and I am very troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations are not going to foster safe, quality housing for our residents.

We do not need additional rent control regulations for the quantity of the city's rental housing stock.

Rent control measures can lead to troubling consequences for our communities. Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of the rent-controlled rental communities. If upkeep is reduced, it will create blighted neighborhoods.

Petitioning the city to add regulations for capital improvements and investments should not have to occur. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements. I feel that this proposal goes against the city's' commitment of "being open for business."

Rental owners and their residents value certainty, reliability, and stability. A fixed-rate maximum rent increase with a clear process for passing on capital expenses far superior to the staff proposal. Using CPI does not take into account rising costs of insurance, taxes, maintenance and utilities while ensuring a fair return on investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Vivian Ho

Community Manager

Dear San Jose Housing Department:

I am the Community Manager of One South Market in San Jose and I am very troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations are not going to foster safe, quality housing for our residents.

We do not need additional rent control regulations for the quantity of the city's rental housing stock.

Rent control measures can lead to troubling consequences for our communities. Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of the rent-controlled rental communities. If upkeep is reduced, it will create blighted neighborhoods.

Petitioning the city to add regulations for capital improvements and investments should not have to occur. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements. I feel that this proposal goes against the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Elissa Norman

From:	Neville Batliwalla
To:	The Office of Mayor Sam Liccardo; Herrera, Rose; Jones, Chappie; Kalra, Ash; Peralez, Raul; Matthews, Margie; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Rocha, Donald; Khamis, Johnny; City Clerk; Grabowski, Ann; Chen, Wayne; jacky.morales@sanjoseca.gov
Subject:	Comments on Rent Ordinance study
Date:	Tuesday, March 15, 2016 3:47:29 PM

Ladies and Gentlemen,

We have read the Draft Report and Draft Modifications to the City of SJ Apartment Rent Ordinance.
It is disturbing to read how both these report proposals are Pro Rent Control.

At the numerous meetings owners have made abundant recommendations to the City's Department of Housing ("Staff") which they have chosen to ignore.
It was our hope that Staff would issue an unbiased report.

Nobody will argue that the issue here is the low supply of new rental units.
As I understand the ratio of new jobs created to new housing units in SJ is about 10:1.
Recently I sent an e mail to "Staff" asking for data on this and the response was two links that sent me to sites with more links!
This leads me to believe that "Staff" either does not have the data or is ashamed of providing it.
Clearly this is not being addressed by the city and owners are being blamed and forced to provide short term relief to tenants.

We are small time owners who have saved and worked hard to provide a retirement income for ourselves and our families. We do not have any other retirement benefits or income.
We have also improved the condition of the properties and provided employment for our contractors, gardeners etc.
It will be very challenging at our age to lose our retirement income and to find jobs if these modifications are adapted.

San Jose has done some excellent work creating new jobs.
The focus now also needs to be on creating affordable housing and new housing for the working family.

This great city needs an unbiased report focused on the short and long term.
The current Housing Department does not have the desire or will to provide this.

Regards

Neville Batliwalla

From: Jill Uda
To: Grabowski, Ann
Subject: Please help...San Jose Rent Control Proposal
Date: Tuesday, March 15, 2016 4:17:53 PM

Dear Mayor and Council,

I am a property owner and I provide jobs and housing. Rent Control is proposed as a solution to our housing crisis but it does not create more affordable housing. Simply put we need more housing supply in San Jose and Santa Clara County due to the growth in jobs.

In addition to rent control restrictions a "just cause" provision in the law would make it difficult to evict tenants engaged in illegal activity and may endanger other residents when a problem tenant lives nearby. We have current laws that are not being enforced that would go a long way to stopping the most egregious abuses being touted by concerned tenants. Let's enforce the laws we have before adding something that will make our communities less safe.

Safe, quality housing is important to all of us. I take pride in my business and my community.I encourage you to consider the many small property owners who will be affected by increased restrictions on rent control. Please vote against increased rent control restrictions in San Jose.

I have invested in this community and I stand ready engage with the City of San Jose on real solutions.

Kind regards,

Jill Uda, Realtor

Coldwell Banker The Professional Group
2860 Zanker Rd., Ste. 204
San Jose, CA 95134
Direct: [redacted]
Email: [redacted]
BRE# 01778145

From: Maria 3 Arteaga
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 12:39:30 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Sent from my iPad
Best to reach me by text @
[redacted]. Abel
San Francisco- San Jose Bay Area , CA

From:	Owen Zhu
To:	Grabowski, Ann
Subject:	Re: Rent Control- ARO
Date:	Wednesday, March 16, 2016 12:39:14 PM

Dear San Jose Housing Department:

Rent Control is having anyone but a property owner determine rent.

Can we control property price ? say, a single residential house selling price is not allowed over one million in San Jose?

Can we control all business owners / employers increase employees' wage min. 10%/yearly?

Can we do control Apple i-phone selling price $200 instead of $800 - $1000 /each?
……
Obviously, we can not do All these "control" in this demand and supply economy market environment.

So why we do "rent control" to the mom-papa run the apartments?

Thank You!

Owen Zhu - Apt manager
Acorn Hills Property Management, LLC.

From: Joanne Conca
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 12:06:04 PM

To Whom It May Concern,

As a real estate agent and investor, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

My husband and I are real estate investors. We've owned apartments and duplexes in Colorado and we enjoyed providing great homes to many University of Denver students and families. When we moved back to Santa Clara County a couple years ago, we found that we were disinterested in buying residential real estate in certain areas like San Jose because of the threat of ever increasing restraints on rent due to rent control laws. It's a matter of economics. When we invest money in a project or in a house, we have to make sure that we get a certain return on our investment. This return is calculated using predictions of what future rent could be. Simply put, rent control deters people like me and my husband from investing in and creating new rental units for families who desperately need housing in tight areas like San Jose. We would rather invest our money in other areas or other types of investments.

It's a small world. It is so easy to search for investment properties throughout the country and throughout the world on the internet these days. So my proximity to San Jose doesn't prevent me from purchasing more property in Denver. If I owned property in San Jose and the proposed changes to the Apartment Rent Ordinance passed, I would very likely sell my San Jose investments.

If you really want to give a boost to the rental market for renters, then the answer is take efforts that boost the rental housing stock in San Jose. These changes to the rent ordnance will only motivate landlords to sell their properties and further diminish the supply of rentals in the city. In fact a recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

I respectfully request that you modify your recommendation to the city council to address the above concerns.

Thank you,

Joanne Conca, CRS
REALTOR/Real Estate Broker
Cal BRE License #01276831
Beyond Homes-Real Estate Services Beyond Your Expectations
www.BeyondHomes.com
[redacted]

From: Mike Tay
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 11:58:24 AM

Ann,
I want to let you know that I am totally against the proposed changes to the Rent Ordinance.

Many apartment owners like myself, are barely breaking even. Engineers like myself put our entire life savings into purchasing a multi unit apartment and you know how very high the prices of real estate here are. For 12 years, I lost money each and every month. Yes, loss. Between the extremely high mortgage payment, and property tax and expenses, I lost money. I have been "subsidizing" my tenant's rent using my own retirement saving. This proposed ordinance changes does not help with affordable housing. It discourages real estate investments in SJ. Many of us landlords are NOT wealthy, means spirited individual evicting poor tenants. Quite the contrary, many of us are small time investors. I know all my tenants. Yes, each one of them in each family. They are my friends. Please keep us in mind when you are considering rent ordinance change.

Regards,
Mike

From: Bill Welch
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 11:43:53 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely, Bill Welch, Small Business owner.

From: Gary Rost
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance, and Other Property Rent Control
Date: Wednesday, March 16, 2016 11:40:48 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Gary Rost
Vice President
COLDWELL BANKER - The Real estate People

From: Xiaoping Song
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 11:35:14 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Kevin Song

From: Le, Thanh C
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 11:15:00 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

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Sincerely,
Thanh Le

From: Brian Chuck
To: Grabowski, Ann
Subject: Rent Ordinance
Date: Wednesday, March 16, 2016 10:43:05 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Brian

From: Calvera Management
To: Grabowski, Ann
Subject: Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 10:42:04 AM

Dear San Jose Housing Department:

As a rental property manager in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

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No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Brian

From: John Belveal
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 10:27:39 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From: Roger Pennington
To: Roger Pennington
Subject: Unwarranted Rent Control for questionable motives.
Date: Wednesday, March 16, 2016 10:26:51 AM

Jacky Morales-Ferrand, acting director of *San Jose's Housing* Department,
Appears to be expediting an Apartment Rental Ordinance for 2016 to evade "due process" (a legal challenge) and to increase the budget size of her department and for her own personal purposes as the number of complaints from American's does not support any need for changes with the current rent control of 1979

I have some doubts if the 1979 rent control act followed due process and judicial tests but I agree 8% rent increase limits would not have caused a disturbance among owners in 1979.

It appears that rent control being around for 36 years would make one ignorant public to think government has a right to control rentals but the supreme court judges have warned in the past that "Rent control" maybe considered "TAKING" and a violation of the Fifth and Fourteenth Amendments.

The CPI is a manipulated number and the study is a manipulated study.

Rent on the older properties already under rent control is already below average rental rates by far and no further action needs to be taken.

After the ARO study the market corrected itself further and there are no victims, only volunteers.

We are not seeing any substantial volume of complaints from legitimate renters complaining about already rent controlled property owners.

This is government over-reaching for power and discourages the middle class and those who may seek to be ambitious to become middle class.

R. Pennington

From: [redacted]
To: Grabowski, Ann
Cc: [redacted]
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 10:23:02 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

David A. Giarritta
Broker Associate
Fireside Realty
2111 Lincoln Ave
San Jose, CA. 95125
[redacted]
Fax: 408-267-1364
CalBRE # 01235871 - Office CalBRE # 00777402
Email [redacted]

From: Barbara Welt
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 10:03:15 AM

- **Eliminates the Debt Service Pass-Though**
- **Multi-Million Dollar Increase in Staffing: The Housing Department is proposing hiring up to 30 new employees to monitor and enforce the ordinance AND require owners to register their units, the rents paid, and turnover data with the city.**
-
- *These two items could cause a flood of income properties to be put on the market, which could cause a general depression in real estate prices and a shortage of rental properties.*
-

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

From: Anne Hansen
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 9:59:32 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From: Natalie Swerkes
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 9:46:37 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Natalie McNany

From: Linda Weathers
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 9:37:16 AM

I am very concerned with this recommended change both as a Realtor, a business owner and more importantly as a renter. This country is based on freedoms and our biggest strength is our independent business owners and the fair market trade we have. Government does not need to manage our lives in every aspect. We need to keep our freedoms. If the market rent is going up, then you should not keep owners from raising rents. They also do not need to report to the city what they already report to the IRS. You do not need to spend money on staffing that the city doesn't have. You should be working on the homeless problem, not on controlling investors income.

Instead of hiring 30 employees at City Government wages with benefits, spend that money on making more low income housing supply available.

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,
Linda Weathers, BRE #01854612

From: [redacted] on behalf of Sandy Adams
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 8:49:16 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Sandy Adams
President
Rental Housing Network
San Jose Resident

From: [redacted]
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 8:19:34 AM
Attachments: 05707E7C-52C9-4C71-AB37-FCD452B1A1B3[11].png
9DDB1AC6-215F-4ED0-BB4D-9158B4287B5C[11].png
B9A59CC9-0B7B-4EFC-B164-90F8DEEB8945[11].png

Dear Ann,

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Sincerely,

Kip Barnard

KIP BARNARD

BROKER ASSOCIATE | COLDWELL BANKER
[redacted] | www.KipandTam.com
DRE# 01428934 | Our Newsletter
INTERNATIONAL PRESIDENTS CIRCLE
TOP 5% INTERNATIONALLY

yelp Linkedin facebook

If there are attachments to this email, I have not verified any of the information in documents that were prepared by others.

The information in this electronic mail message is the sender's confidential business and may be legally privileged. It is intended solely for the addressee(s). Access to this internet electronic mail message by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful.

The sender believes that this E-mail and any attachments were free of any virus, worm, Trojan horse, and/or malicious code when sent. This message and its attachments could have been infected during transmission. By reading the message and opening any attachments, the recipient accepts full responsibility for taking protective and remedial action about viruses and other defects. The sender's company is not liable for any loss or damage arising in any way from this message or its attachments.

Nothing in this email shall be deemed to create a binding contract to purchase/sell real estate. The sender of this email does not have the authority to bind a buyer or seller to a contract via written or verbal communications including, but not limited to, email communications.

From: Raul Richardson
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 8:05:02 AM

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The LAO report concludes that, "There are no quick and easy fixes," and, %E

From: AJS-G
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 8:04:28 AM

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From your favorite Real Estate
& Mortgage Broker
Andy Lam
of Andy Just Sold, Inc
I love referrals!!!
[redacted]

From: Steven Luethje
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 7:52:17 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Sellers: Your Home Sold Guaranteed or I'll Buy It*
Call [redacted] oday to get your home sold and START PACKING!

Buyers: If You are not Completely Satisfied with Your Home Purchase I'll Buy It Back - GUARANTEED*
Steven Luethje
Phone: [redacted]
RealtyOne Group Infinity
910 E. Hamilton Ave Suite 100
Campbell, CA 95008

Accredited Platinum Real Estate Professional

Your Referrals Help the Kids! We make a donation to Make A Wish Foundation with every Transaction. Visit www.StevesReferralRewards.com to make a referral.

From: Donald Tanner
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 7:28:32 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Donald N. Tanner Jr.
Real Estate Broker

TANNER Homes
Direct 1-888-665-8832 or [redacted]
Email [redacted]

www.TANNERHomesRE.com & www.LiveInSantaClara.com

CA BRE# 01002105

Oh, by the way® ... if you know of someone who would appreciate the level of service I provide, please call me with their name and business number. I'll be happy to follow up and take great care of them.

From: Adeline Johnson
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 7:22:20 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Adeline Johnson
[redacted]

From: James
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 6:47:45 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Dr. James Dill

From: Susan Maggi
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 6:38:22 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

Susan Maggi

Realtor, Powerful Agents, Inc.
"Putting the Power of Experience to Work for You"
Cell: [redacted]
Office: 916-791-7653
Fax: 916-791-7653

From: Gmail
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 6:16:28 AM

I am concerned and opposed to the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Erik Mitlo

Erik Mitlo - Realtor® - CDPE
"*Top 10 Producer"*
Intero Real Estate Services - Willow Glen
2061 Lincoln Ave
San Jose, CA 95125
email: emitlo@interorealestate.com
Cell: [redacted]
DRE # 01954101
web | facebook | linkedin

From: Steve Hanleigh
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 5:58:00 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Steve Hanleigh

From: Jeff
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 4:01:06 AM

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Sincerely,

Jeff Chyu

Sent from my iPhone

From:	Roger Pennington
To:	Grabowski, Ann
Subject:	If the city council wants to provide housing put it to the voters to build some projects. Constitutional Rights of the individual protected.
Date:	Wednesday, March 16, 2016 12:19:27 AM

The U.S. Constitution was written for the people, by the people to be understood without a lawyer for interpretation.

The courts have gotten some things wrong before because the litigants were not focused and the courts refused to hear their appeals. It must be done right the first time.

Not this time, the study is a distraction, the study is flawed, it's a decoy from the real problem, it's like negotiating with terrorists, American's don't negotiate with Terrorists.

As Perry Mason would say "Your study is Irrelevant, incompetent and immaterial.

I think Santa Clara owners should raise their voices and if every one of us evicted one tenant at the same time that would be a $1,000 donation to put 4,000 angry renters on the look to move out of town, the courts and media would listen to what private owners have to say.

Fifth Amendment

Before interpretations, original text

, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Article Six establishes the Constitution, and the laws and treaties of the United States made according to it, to be the supreme law of the land, and that "the judges in every state shall be bound thereby, any thing in the laws or constitutions of any state notwithstanding."

in case of a conflict, state judges are legally bound to honor the federal laws and constitution over those of any state.

Due Process Clause

The guarantee of due process for all citizens requires the government to respect all rights, guarantees, and protections afforded by the U.S. Constitution and all applicable statutes

before the government can deprive a person of life, liberty, or property. Due process essentially guarantees that a party will receive a fundamentally fair, orderly, and just judicial proceeding. While the Fifth Amendment only applies to the federal government, the identical text in the Fourteenth Amendment explicitly applies this due process requirement to the states as well.

Courts have come to recognize that two aspects of due process exist: procedural due process and substantive due process. Procedural due process aims to ensure fundamental fairness by guaranteeing a party the right to be heard, ensuring that the parties receive proper notification throughout the litigation, and ensures that the adjudicating court has the appropriate jurisdiction to render a judgment. Meanwhile, substantive due process has developed during the 20th century as protecting those right so fundamental as to be "implicit in the concept of ordered liberty."

Just Compensation Clause

While the federal government has a constitutional right to "take" private property for public use, the Fifth Amendment's Just Compensation Clause requires the government to pay just compensation, interpreted as market value, to the owner of the property. The U.S. Supreme Court has defined fair market value as the most probable price that a willing but unpressured buyer, fully knowledgeable of both the property's good and bad attributes, would pay. The government does not have to pay a property owner's attorney's fees, however, unless a statute so provides.

In *Kelo v. City of New London*, the U.S. Supreme Court rendered a controversial opinion in which they held that a city could constitutionally seize private property for private commercial development. 545 U.S. 469 (2005).

From: Erin Belk
To: Grabowski, Ann
Subject: Rent Ordinance
Date: Tuesday, March 15, 2016 10:15:26 PM

Dear Mrs. Grabowski,

As a rental property owner in San Jose, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will do nothing to help create safe housing for anyone.

I am a responsible landlord and follow the rules of the law. We don't need rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Erin Belk

From: [redacted]
To: Grabowski, Ann
Subject: Rent Control Proposal
Date: Tuesday, March 15, 2016 6:31:17 PM

I thank you for the opportunity to be able to give you some input on the proposed changes.
As you know, rentals are primarily a business, which depends on income to sustain not only the business, but also to be profitable, so that the property can be maintained properly.
The proposal, does not address the automatic increases in expenses for most properties. Please check with the County Of Santa Clara, and find out what rate of increase in property taxes is "automatic"
Check with the San Jose water company and ask them what their "normal" increases have been over the last 5 years. Check with any commercial insurance broker and ask how much premiums have increased over those same 5 years. Of course, there are painter, landscapers, plumbers, electricians, and many more, that a business has to hire to do work... Does the City really think that expenses would not exceed the increase ceiling proposed?
I understand that San Jose is attempting to get control of the rising rental rates... However it should not be in the business to constrain market demand. What will happen, of course this is just my opinion of owning property for 50 years, is that most owners will reduce upkeep, and services because they will no longer be cost effective. I am sure the city already has enough landlords, who own "blight" properties.

Unless the city is ready to keep vendors, the County, the City, and everyone else to keep their rates the same, the plan would be asking Property Owners to "gift" money to tenants.
Perhaps the City is ready to suspend License Fees, Construction Permits, Enforcement Departments so that you too can participate in "no Increase in rates."

8 percent to be honest has not been enough in order to maintain property let alone improve them

Thank you again for giving the public a chance to voice their concerns, without having to make the trip to City Hall. At my age, its a chore.

Dennis Campoy

From: Keegan, Curt
To: Grabowski, Ann
Subject: Ammendments to Apartment Rent Ordinance
Date: Tuesday, March 15, 2016 6:30:44 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance.

The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. My rents are below current market rents and I have seldom raised my rents

8% in any given 12 month period from the last increase. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental

Housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration

and under maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods

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This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical

Investments in our city's housing stock. This proposal is contrary to the city's commitment of "being open for business".

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process

For passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes,

Maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more

Housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Curt Keegan

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From: Dias, Jerry
To: Grabowski, Ann
Subject: Ammendments to Apartment Rent Ordinance
Date: Tuesday, March 15, 2016 6:14:42 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance.
The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. My rents are below current market rents and I have seldom raised my rents
8% in any given 12 month period from the last increase. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental
Housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration
and under maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods
where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments.
This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical
Investments in our city's housing stock. This proposal is contrary to the city's commitment of "being open for business".

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process
For passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes,
Maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more
Housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Jerry Dias
Coldwell Banker
1712 Meridian Ave.

San Jose, CA 95125
408-445-5505 DL
[redacted]
408-723-1950 Fax
jdias@cbnorcal.com
BRE: 00551558

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From: Roger Pennington
To: Roger Pennington
Subject: Rent Control takes us in the wrong direction and creates problems that the current free market system handles well.
Date: Tuesday, March 15, 2016 5:47:05 PM

American's work harder to overcome and do not settle.
they work harder to overcome and to obtain the American dream and to own their own business and property and to sell their time to the highest bidder by agreement whatever 2 people agree, by agreement and there is no one with the right to claim victim.

Rent on the older properties already under rent control is already below average rental rates by far and no further action needs to be taken.

After the ARO study the market corrected itself further and there are no victims, only volunteers.

My tenants only need save 30% of the value to buy me out and become the landlord so they need to work hard, plan and partner and be responsible to their employers and then they can buy a piece of property to let strangers occupy it for an agreed rental price.

My smartest tenants bought their own homes, moved back home to get a better education or joined the military or got married and bought their own property to avoid becoming a chronic renter, if rents increases are fixed to CPI or anything other than what an able and willing market is willing to pay renters will become chronic renters and not buy their own house, condo or be motivated to make better decisions they will instead become dependent upon the government to solve their problems, increase minimum wage and provide more reasons to buy marijuana, squat in a rent controlled property and wait until the owner wants to buy them out and call code enforcement every time they think they saw a cock roach instead of putting the cat food away that is attracting them inside the building.

R Pennington

From: Roger Pennington
To: Roger Pennington
Subject: Super PAC against Rent control, Rent Control by any name is Un-American and Un-Constitutional
Date: Tuesday, March 15, 2016 5:32:43 PM

Pass everything on and send me email addresses for other interested in creating a Super PAC aimed at informing American's of their Constitutional Rights to prevent further encroachments on private property rights, this government was created with "We the people" as an equally and fully powerful branch of the government to protect individuals from encroachments from the masses who vote for public officials to take private property for the public use. Government is supposed to protect individual rights until people forget to defend themselves, don't forget.

When private property rights are no longer protected people will stop working hard and innovating to buy property, they'll do the minimum, settle for minimum wage, smoke their medical marijuana for depression and to pursuit happiness and vote for a city council to approve rent controls so the most deserving don't have access to all of the available rentals they might want to rent.

R. Pennington

From: Roger Pennington
To: Roger Pennington
Subject: Rent control, if it"s not working, abolish it.
Date: Tuesday, March 15, 2016 5:27:09 PM

Rent control annualized the need for rent increases.

Before “rent control”, rents only increased when an owner had a reason and not always annually.

After rent control of 1979 rent’s needed to be evaluated annually for the need to increase rents to avoid falling too far behind fair market value and not being able to catch up.

Losing control of ownership of property is to be guarded against encroachment weather by strangers and the public through government encroachment.

Rent control should be appealed and abolished, it doesn’t work, economists agree. You already know why. Those of you with eyes to see can see those who can’t see are thieves and bullies.

R Pennington.

From: Travis Wyckoff
To: Grabowski, Ann
Subject: San Jose ARO proposal
Date: Tuesday, March 15, 2016 4:42:32 PM

Dear San Jose Housing Department

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize the safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add capitol improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's stock. This proposal is contrary to the city's commitment of "being open for business".

Rental owners, like their tenants, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet the demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problem.

Sincerely,
Travis Wyckoff

From: Dan Decker
To: Grabowski, Ann
Subject: Housing Crisis Mercury New Article by Ms Giwargis 3/16/16
Date: Wednesday, March 16, 2016 9:12:39 AM

Hello Ms. Grabowski,
Todays Mercury News article is a good example why your current rent control proposal will not help and have widespread unintended consequences.

The three women whom Ms Giwargis set as an example for this new ordinance would not benefit from your proposal.

1.Ashley McClintock
Ashley moved out of her apartment not because of a rent increase but because she got laid off. The ordinance allows landlords to bring rents to market after a voluntary turnover. Your current proposal does not address this issue nor should it. Maybe your next move is to set the price for all rentals.

2. Nahima Aquiniga
Divorced with two kids had to move to Tracy when she left her husband. She did not get a rent increase. This area is too expensive to live on minimum wage and take care of a family of three.

3. Patrica Huizache
Lives in a warehouse. I think this is illegal. She was "thrown out of her apartment" because she complained about a broken stove burner. First I don't believe a landlord would do that. You know most stove has four burners. Your current ordinance does not allow the landlord to raise the rent when he throws a tenant out of their home, only upon a voluntary vacancy or a legal eviction. The landlord must rerent it at the same rate under the current law.

How can you think the proposed changes will help your city when your own reporter cannot give us one example how your recommendations will help members of the community.

This is a power grab. This will only make apartments more expensive. Maybe I should support it as an apartment investor?

Her article is only an emotional argument not set in facts. I like the part where her apartment was too small for a Christmas tree. You need an ordinance to say that apartments must be big enough for a six foot Christmas tree.

Daniel Decker

From: Matt Radchenko
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 12:57:14 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

Best regards,

Matt Radchenko
Plaza Loans | Vice President
1155 Meridian Ave. Suite 100
San Jose, CA 95125
office 408-754-3854
mobile [redacted]
matt@plazaloans.com
NMLS: 1410973

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From:	Janis Welsh
To:	Grabowski, Ann
Subject:	RE: Rent Control- ARO
Date:	Wednesday, March 16, 2016 2:59:04 PM
Attachments:	City of San Jose.pdf

Please find attached my letter voicing my concerns about the proposed Rent Control changes in the city of San Jose.

Thank you,

Janis Welsh

Acorn Hills Property Management LLC
[redacted]

Acorn Hills Property Management LLC

252 Calle Marguerita
Los Gatos, CA 95032

March 16, 2016

Dear San Jose Housing Department,

Four years ago my husband and I chose to invest in rental properties as a way to diversify our retirement finances. A criteria was to purchase a property in San Jose so we could actively care for the property and residents I am very aware of the difficulties low income residents face. I have many, many residents who I know are living paycheck to paycheck. I have listened to many stories of residents who have had ridiculously high rent increase, or property owners who supply substandard living conditions. I find these situations deplorable. But, I can a match each of these stories with stories of my own where my property has been exploited by a resident. I have worked with residents when they have not paid their rent and trusted they would pay "next week" only to have them drag out for weeks then skip out in the night.

An important key to providing quality housing is good managers. While costly to have on site managers in small buildings it improves resident satisfaction, safety and protects our investment. My seven managers include senior citizens, single mothers and several first generation immigrants, and I pay them above market wages. I have created jobs. If revenues are restricted the result will be the elimination of these jobs as the income to expense gap narrows.

Our vision for our properties in San Jose was not only to secure our retirement years but also to run a good business. In 2014 we purchased a property built in 1958. When the water heat failed and we used this as an opportunity to upgrade the system with a high efficiency water heater. The cost was double that of a standard heater. We have added gates and video cameras to improve security and energy efficient lighting. Our building achieved the Association for Energy Affordability "green" standard for improvements in energy use. But better than that, our residents are enjoying improved plumbing, higher security and improved housing. I am proud of what we have accomplished but these improvements can only be made when we are confident it is a sound financial plan with a fair return on investment.

The old buildings that are under the existing rent control ordinance are the buildings in greatest need of maintenance and have the highest maintenance costs. When property owners can no longer afford to do maintenance, they will skimp and you are condemning old neighborhoods to become rundown ghettos. My husband and I did not invest in San Jose to be regulated into becoming slumlords.

Do not support CPI as the rent increase maximum. The current rate does achieve the balance that protects residents from excessive rental increases while allowing owners to afford to maintain and improve their properties for the benefit of their residents, the city neighborhoods as well as protecting their investment in the City of San Jose.

Sincerely,

[redacted]

President

Dear San Jose Housing Department:

I am the Community Manager of Epic in San Jose and I am very troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations are not going to foster safe, quality housing for our residents.

We do not need additional rent control regulations for the quantity of the city's rental housing stock.

Rent control measures can lead to troubling consequences for our communities. Limiting annual rent increases to CPI will lead to an increase in the deterioration and under-maintenance of the rent-controlled rental communities. If upkeep is reduced, it will create blighted neighborhoods.

Petitioning the city to add regulations for capital improvements and investments should not have to occur. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements. I feel that this proposal goes against the city's' commitment of "being open for business."

Rental owners and their residents value certainty, reliability, and stability. A fixed-rate maximum rent increase with a clear process for passing on capital expenses far superior to the staff proposal. Using CPI does not take into account rising costs of insurance, taxes, maintenance and utilities while ensuring a fair return on investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Davina Slusher

Dear San Jose Housing Department:

As a supervisor of the Property Operations for several rental communities in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures will lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating unsavory neighborhoods where rental housing is clustered. We should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments. This proposal is contrary to the city's' commitment of "being open for business."

Our residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a fair return on investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Shannen Floyd

Regional Portfolio Manager

Essex Property Trust

From: Kevin Cole
To: Grabowski, Ann
Cc: Kevin Cole
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 3:22:35 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, %E

From: Christine LeQuang
To: Grabowski, Ann
Subject: Fw: NO new Rent Ordinance!!!
Date: Wednesday, March 16, 2016 3:19:29 PM

> Dear Ms. Grabowski and City Council,

> The current proposal, if implemented, will assuredly not
> making it possible for me, as the rental owner, to continue
> to offer my properties up for rent due to the increasing
> cost of ownership/ maintenance/improvements, and increasing
> debt serving. As it is, I am barely hold on by the
> thread. I had had to liquidate one of my properties in San Jose
> very recently at a deep discount due to the damages caused
> by the tenants and raising taxes and cost of ownership... One less property off
> the rental pool.
I imagine there are other landlords who had
> experienced the same thing as I had. The proposal will
> make it impossible for me to continue to stay as a landlord,
> offering my properties up for rent.
This proposal will backfire!!!
> What happen to free market enterprise?

> I am very concerned by the proposed amendments to the
> city's Apartment Rent Ordinance. As an advocate for
> private property rights I believe that we can find solutions
> that benefit all. Unfortunately the Housing Department's
> proposal does not create one unit of affordable housing to
> help solve our housing crisis in Silicon Valley.
>
> A recent report from the California Legislature's
> Non-Partisan Fiscal and Policy Advisory, the Legislative
> Analysts Office (LAO) titled Perspectives on Helping
> Low-Income Californians Afford Housing, discusses the
> adverse effects of rent control on overall housing prices
> and concludes that increased supply is the real solution.
>
> Rent control measures lead to troubling consequences.
> Limiting annual rent increases to CPI will reduce the income
> of property owners and according the LAO report, "Over
> time, this can result in a decline in the overall quality of
> a community's housing stock."
>
> Rental owners like myself value certainty, reliability, and
> stability. The current 8% fixed-rate maximum allowable
> rent increase combined with an improved process for passing
> on capital expenses would be superior to the staff
> proposal. Using CPI fails to take into account rising
> costs of insurance, taxes, maintenance, and utilities while
> ensuring a return on my investment.
>
> The LAO report concludes that, "There are no quick and
> easy fixes," and, "suggest policy makers primarily focus
> on expanding efforts to encourage private housing

> development” in order to successfully address housing
> affordability. Stricter regulations won't solve our
> problems.
>
>
> Sincerely,
>
> Christine T. LeQuang MBA, ABR®, CDPE, SFR
>
> RDCPro™ REO Default Certified Professional®
> DREO™ REO Specialist
> Certified HAFA Specialist®
> CDPE-Certified Distressed Property Expert®
> SFR-Short Sales & Foreclosure Resource
> Certified®
> [redacted]
> www.ChristineLeQuangRealEstate.com
> CalBRE#01269736
>
>

From:	Dale Frost
To:	Grabowski, Ann
Subject:	San Jose Rent Ordinance
Date:	Wednesday, March 16, 2016 4:10:31 PM

To: ARO Advisory Committee

From: Dale A. Frost
San Jose Apartment Investor

RE: San Jose Rent Ordinance

It does not make sense to choose the oldest properties in San Jose to restrict rents. These buildings already have the lowest rents in San Jose. In some cases this is due to the rent control ordinance already in place, but even if that rent control didn't exist, by the nature of their age, these apartments would still have the lowest rents in town.

What I don't think has been discussed by anybody is the simple fact that the oldest buildings in town also require the most money spent on repairs and maintenance. Our property off Cottle Road in San Jose was built in 1970 and you are welcome to visit it at any time. It is well maintained precisely because we have the money to do so.

So, because these buildings are the oldest that means our rents will always be the cheapest anyway; and we will spend more money on maintenance and repairs per unit than the newer properties. We need the freedom to raise rents as needed, and the 8% limit we can live with. If you feel the need to restrict rents, restrict the newer properties. They have the craziest rents.

The other thing to keep in mind is a lot of these properties are owned by small landlords who once were tenants themselves, including yours truly. Let us do our job and you focus on other ways to encourage housing through zoning or other land use regulations.

Thank you.

Sincerely,

Dale A. Frost
President

The Park Place Group
2960 Camino Diablo, Suite 300
Walnut Creek, CA 94597

Tel: [redacted]

From: Gene Hunt
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 4:48:10 PM

Ms. Grabowski,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

Additionally, I'd like to say the overall impression I got from attending the Rent Control Advisory Committee meeting was that it didn't matter what was said, the city staff had already determined to make a change to something they were unable to document was a problem. In my opinion, the "show" that was put on was disrespectful of the people in the city for which they govern.

Best,

W. Gene Hunt
[redacted]

From:	Sheila Kay
To:	Grabowski, Ann
Subject:	Proposed response to Ordinance meeting on Wed 3/16 at SJ City Hall at 6;00pm,
Date:	Wednesday, March 16, 2016 4:48:03 PM
Attachments:	Menker Proposal response second draft.pdf

Hello Ann,

Below is a detailed response to the Housing Dept Proposed Modification to the Ordinance.

QUESTIONS:

1.What is the procedure to review these detailed responses?

2.When will these issues be addressed?

3.Will they be included in the CON response presented to the City Council on April 19, 2016 meeting?

Please confirm receipt of this email and a response to the questions.

Appreciatively,

S.Kay

Hi All,

I met with a hearing officer (lawyer) of the Housing Dept at a pre-filing meeting as outlined in the ordinance to review the current vs. the proposed ordinance related to the Capital improvements and Debt Service provision of the existing ordinance. . No Capital Improvements or Debt Service will be allowed under the new proposal except strictly limited guidelines which will basically gut this provision.
Please send me the name and contact info on SJ Advisory Panel Members who were selected to represent the landlord's interests?. Would you consider contacting your network to see if we can meet OR WORK ONLINE TO REVISE OUR EMAILS IN ORDER TO PREPARE A COHERENT UNIFIED STATEMENT? IN NUMBERS THERE IS STRENGTH WE NEED TO AVOID INDIVIDUAL ANECDOTAL COMMENTS.
(IN MY OPINION Personal hardships about retirement income, being a reasonable landlord who does not raise rent are true but MAY not prevent this proposal from being approved) .
Below are my suggested statements that may influence the outcome of the proposal. I suggest anyone who owns a small building built prior to 9/1979 be present at the meeting to show strength. HERE IS MY PROPOSED EMAIL. If landlords want to add to these statements and add any specific comments to this email please feel free to include your thoughts related to the issues and again not personal situations.
I believe that we can be more successful at the March 16, 2016 meeting at 6:00pm at City Hall if we present a coherent unified voice..

BAHN and other who are interested in adding or revising this statement are welcome to comment. II look forward to seeing you at the meeting.Thank you for taking the time to comment.
Appreciatively,
S.Kay, Broker

TO;
Advisory Panel / ann.grabowski@sanjoseca.g
FROM: Landlords of property built prior to 1979
[redacted]

We respectfully request that the panel: review the issues addressed below, research and respond in writing prior to ANY panel approval of the proposed modification plan as presented by the Housing Dept PRIOR TO PRESENTING IT TO THE CITY COUNCIL FOR CONSIDERATION.

The Capital Improvement and Debt Service provision as proposed will be eliminated . If the goal of the proposal is to provide habitable, affordable housing and Capital Improvements(roofs, kitchen and bath remodels, low flow toilets, landscape to eliminate need for excessive water usage, appliances)to extend the useful life of the aging property that is subject to the Ordinance , than the proposal should include a capital improvement provision to include roofs, upgrade aging bathrooms and kitchens, flooring, low flow toilets, plumbing upgrades etc.It is understood that Normal expenses of repairs, utilities are normal operating expenses.
The proposal identified as a valid landlord expense the cost for ADA compliance which is an expense covered by Federal Funds to provide housing to tenants with disabilities. The Housing Dept proposal analysis on this expense is incorrect for buildings built prior to 1979 which is the scope of the Ordinance..

Debt Service Cash Out The purpose of a debt service cash out for capital improvements needs to be included in any future proposal as an allowable bases for purposes of a rental increase and not an ordinary expenses as proposed by Housing Dept. It is false to assume that tenants will “usually vacate” a unit when they are paying significantly below market rents. When landlords needs to make capital improvements consistent

with maintaining affordable habitable units, the costs of such improvement need to be treated as a basis for a rental increase and not a normal expense. In the current period landlords need to have a grandfathered in date to complete any work in a reasonable time period with the expectation that the rental increase will be based on the existing formula no sooner than Dec 31, 2016.

CPI-U Formula does not take into consideration the expenses of yearly increases in taxes, permits, license fees, debt service the added fees per unit from Housing Dept.. The proposal does not recognize these in establishing a formula for rent increases. While there is no guarantee of return on investment to the landlord the proposal places responsibility for affordable housing SOLELY on the property owners who own buildings built prior to 1979. When the city solicits big developers to build housing don't they consider the return on investment for these big developer projects when agreeing to sweetheart deals? Why not share this financial cost for affordable housing with ALL property owner regardless of date of construction if the goal is truly affordable housing in San Jose?
Banking formulas and administration of this proposal is costly and, creates added bureaucracy including added "expenses" to the landlord. This is an example of a win for tenants.

Rent Ordinance is in conflict Federal Guidelines for rent in the SJ area.

Landlords should have the right to rent to Housing Authority Tenants (low to moderate income families and veterans.) who are in need of affordable housing based on market rents in the city of SJ.

Some tenants claim economic hardship while they hold job that are paid in cash, do not pay taxes and claim poverty.
Landlords on the other hand cannot claim poor return on their investment and are subject to restrictive ordinances limiting their rights to a fair return on their investment

.

See Attached Housing Authority Owner Bulletin Issue 2 Winter/Spring 2016 with detailed analysis of market rate rents based on Federal Guidelines. *Just Cause Notice* creates the need to increase legal fees to the basic expenses for a landlord in order to remove undesirable tenants. Fear of retribute from "gangs" in the city of SJ further limits landlords .

$3.2M$4.5 M in added expenses to City Budget to implement proposal or added landlord expenses to fund the proposal. no recoverable pass through added costs. Add landlord management costs(accounting and reporting) to maintain a registry with no recoverable pass through for a rent increase based on these additional costs.

From: Matthew Bowen
To: Grabowski, Ann
Subject: Drastic Rent Control Changes
Date: Wednesday, March 16, 2016 4:53:24 PM

Hello Ann Grabowski,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Respectfully,

Matthew D. Bowen - Realtor
Real Estate Solutions
[redacted]
CalBRE# 01917943
My Facebook Page
My YouTube Channel

From: Doug Yip
To: Grabowski, Ann
Subject: Against New San Jose Rent Control Proposals
Date: Wednesday, March 16, 2016 5:02:39 PM

I am against linking annual rent increases to CPI retroactive to January 1, 2015 with a floor of 2% and ceiling of 8%(CPI averages 2.5 percent).

The problem is with the rising cost of maintenance and repair, your 2% minium increase will not be enough
to cover and provide proper return of investment.

e.g. I want to put in a new roof for the apartment building. This will cost more than $20,000.
With the proposed annual rent increase, there is no way I can do that because I will not be able to recover the
improvement within reasonable time frame.

To address the high rise of rent, the city needs to think of way or incentive to increase number of rental units.
If the supply is greater than demand, the rental will eventually become more affordable.

Regards,

Doug

From: Dan Decker
To: Grabowski, Ann
Subject: cpi rent increases
Date: Thursday, March 17, 2016 9:58:25 AM

Ann,
I attended last nights meeting.

The proposed changes to the rent control ordinance will be devastating.

Those landlords who have not kept up with an 8% increase are way behind and will never catch up or be able to maintain their properties and provide for their families.

Multifamily housing owners in San Jose should sell now because when the next downturn hits and rents drop 40%, it will take 30 years to recover not 15.

Its too much work and too much legal exposure for too little return.

My stories will curl your toes!

We should move our capital to business friendly cities.

At the meeting last night I suspect there were housing business owners managing over 100 million dollars in annual income.

35 million dollars of that income go to create jobs in San Jose.

I bet these people donate to San Jose charities too. I bet it may be more close to 1 million dollars a year.

You are forcing us to be a charity. Why donate to other causes?

You cannot expect Landlords to pay for the housing of a $12.00 hour worker. That person cannot live on their own yet.

We are not the city's safety net.

The current law works.

You already have a strong rev limiter on the economic engine the drives apartment rents.

I currently have one bedrooms renting for $1575.00 and two bedroom renting for $1860.00.

In 2004 they were renting for $825 for ones and $925.00 for twos.

Rents have doubled in 12 years but they are the same rate they were in 2000 with 8 percent rent increases.

That is 16 years without a pay raise.

The San Jose Mercury News R Giwargis wrote an article yesterday which is a good example why the current rent control proposal would not help any of the people she uses as examples.

1. Ashley McClintock

Ashley moved out of her apartment because she got laid off not because of a rent increase.

2. Nahima Aquiniga

Nahima got divorced and move to Tracy. She didn't get a rent increase. This area is too expensive to raise a family of three on a minimum wage job even at the lowest rents.

3. Patricia Huizache

Patricia lives in a warehouse. I think this is illegal. She says she was thrown out of her apartment because she complained about a broken burner on her stove. That is hard to believe. Let's say that is the case. Under the current rent control ordinance the landlord must rent her unit for the same price under the current rent control ordinance because she did not leave voluntarily. I believe she may have a retaliation case against this landlord. There are already laws to protect Patricia.

As you can see the new changes will not change the circumstances of these people.

But the news uses sad stories to trick people instead of smart discussion to solve problems.

I hope the council will stop this monstrous law.

Daniel Decker
Owner/Operator

From: Susan G
To: Grabowski, Ann
Subject: No rental control
Date: Thursday, March 17, 2016 2:07:28 PM

Dear city housing,

**Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities.
**Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled units.
**Forcing owners to "justify" whether or not they can make a profit shouldn't be the basis for passing on capital improvement costs.
**A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal.
**San Jose doesn't need 30 new employees to regulate the housing industry
Increase the vacancy rate declared as a "tight market to 5%": This would extend the days required on move-out notices to tenants
Implement a Full Rent Registry, requiring all tenant information to be provided to the Housing Dept。
sincerely,
Susan

Sent from my iPhone

From:	Scott Reinert
To:	Grabowski, Ann
Subject:	Amendments to Apartment Rent Ordinance
Date:	Thursday, March 17, 2016 10:13:10 AM
Attachments:	San Jose Housing Department Letter 3.16.16.pdf

Please find attached a letter in opposition to the Housing Department staff's amendments.

Thank you.

_____

Scott Reinert | Group Vice President, Operations
Essex Property Trust, Inc.

1100 Park Place, Suite 200
San Mateo, CA 94403
[redacted]
Fax 650.655.7812

Find your new home at
EssexApartmentHomes.com

Disclaimer: This message and any attachments may be privileged, confidential or proprietary. If you are not the intended recipient of this email or believe that you have received this correspondence in error, please contact the sender through the information provided above and permanently delete this message.

ESSEX

PROPERTY TRUST, INC.

March 16, 2016

Dear San Jose Housing Department:

As a Group Vice President of Operations for eleven rental communities in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures will lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating unsavory neighborhoods where rental housing is clustered. We should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments. This proposal is contrary to the city's' commitment of "being open for business."

Our residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a fair return on investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

[redacted]

Scott Reinert
Group Vice President, Operations

1100 Park Place, Suite 200 San Mateo California 94403 telephone 650 655 7800 facsimile 650 655 7810
www.essexpropertytrust.com

From: Sheila Kay
To: Grabowski, Ann
Subject: Fw: Proposed response to Ordinance meeting on Wed 3/16 at SJ City Hall at 6;00pm,
Date: Thursday, March 17, 2016 10:08:17 AM

Hi Ann
Can you please forward these questions to members of city council and mayors office?
Please cc to me and then I will keep their contact info.
Thank you again.
Appreciatively,
S.Kay

Sent from Yahoo Mail for iPhone

Begin forwarded message:

On Wednesday, March 16, 2016, 4:54 PM, Grabowski, Ann <ann.grabowski@sanjoseca.gov> wrote:

Hi Sheila –

Thank you for your response. All public comments will be read by Housing staff and posted on our website (comments received earlier in the process already appear online) for the City Council to review. We anticipate that the proposal will be taken up by the Council in mid-April, likely April 19th.

Thank you –

ann

From: Sheila Kay [mailto [redacted]
Sent: Wednesday, March 16, 2016 4:48 PM
To: Grabowski, Ann <ann.grabowski@sanjoseca.gov>
Subject: Proposed response to Ordinance meeting on Wed 3/16 at SJ City Hall at 6;00pm,

Hello Ann,

Below is a detailed response to the Housing Dept Proposed Modification to the Ordinance.

QUESTIONS:

1.What is the procedure to review these detailed responses?

2.When will these issues be addressed?

3.Will they be included in the CON response presented to the City Council on April 19, 2016 meeting?

Please confirm receipt of this email and a response to the questions.

Appreciatively,

S.Kay

From: Ken
To: [redacted]
Subject: Opposing new San Jose rent control
Date: Thursday, March 17, 2016 9:20:35 AM

Dear Housing Staff,

Over the past six months small rental owners have steadfastly attended ten ARO committee meetings. Many owners expressing their concerns over being able to properly service their residents and maintain their properties while receiving a reasonable return on their investment. You have listened to story after story from owners who started out as tenants themselves at one time. They lived modestly and worked long, hard hours so that one day they could own an investment property and plan for their senior years. Most people do not have pension plans. They have to plan their own subsidy to the fixed income of social security that they will one day rely on.

All those years of planning and saving could now be taken away. The Housing Department declares owners are making too much money and therefore they should share what they've prospered and subsidize others who have not made the same sacrifices.

Under your proposal very few small rental owners will ever see market rents again because no one will move. Why would they? They now know that their rent is locked in for life, never having to face more than a small incremental increase in any given year. The only ones who will benefit from your proposal will be those tenants under rent control today. All future low-income tenants will have to find somewhere else to live because San Jose will have no vacancy, accept for the large, luxury apartments who don't fall under rent control.

Beacon Economics, January 2016 Analysis of Rent Control Ordinances in California states that rent control laws come with unintended consequences.

"Cities like Santa Monica or San Francisco maintain artificially low rents on otherwise expensive properties, while market-rate rentals in those cities not only remain unaffordable to most, they actually rise in cost because growth in the supply of housing has been discouraged following the implementation of rent control laws."

State of California, February 2016 Non-Partisan Legislative Analyst's Office, references the

"Lock–In" Effect. *Households residing in affordable housing or rent–controlled housing typically pay rents well below market rates. Because of this, households may be discouraged from moving from their existing unit to market–rate housing even when it may otherwise benefit them—for example, if the market–rate housing would be closer to a new job."*

Sincerely,

Kennith Y

Sent from my iPhone

From: Ken
To: Grabowski, Ann
Cc: [redacted]; Roger Grossenbacher
Subject: Opposing new San Jose rent control
Date: Thursday, March 17, 2016 9:10:55 AM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
Kenny Going

Sent from my iPhone

From: Devlin Creighton
To: Grabowski, Ann; The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; District6@sanjoseca.gov; District7; District8; District9; District 10
Subject: Rent Control Changes are a Bad Idea
Date: Wednesday, March 16, 2016 11:32:20 PM

Gas prices can be vary volatile! I would also like the City to establish a gas price control ordinance. Gas prices should never increase more than inflation. And Gas stations should report their prices every week to a large government organization who tracks everything to make sure everyone is following the rules. When you're done controlling gas prices in San Jose, can we talk about milk prices? All grocery stores should have to report each month what the price of milk is...!

It is OKAY for rents to change based on market demand. Focus on building more supply. Focus on providing more low income units. Focus on voucher programs. Making landlords the bad guys here is just wrong.

From: Eileen Parks
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 9:56:22 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From: Carol Lansen, Realtor
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 9:43:45 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Carol Lansen
Realtor
Real Estate Broker Services, Inc.
Lic. No. 01782502
[redacted]

From: [redacted]
To: Grabowski, Ann
Subject: Price Controls on Rental Units
Date: Wednesday, March 16, 2016 9:40:31 PM

The staff proposal to implement these restrictions on rental property owners show a surprising lack of clear thought.

Look, I get it. Our tech companies have created many, many new jobs, and resulted in many new people coming to our valley. The high salaries they are paid have allowed them to bid up rental prices, as well as house prices, and this has made it difficult for those in lower income levels. If we, as a society, feel that the lower income levels should receive subsidies so that they can live here, that's fine. Let's pass a tax on everyone and provide the subsidy.

But, your proposal targets a much smaller group, who didn't create this problem, and who provide the housing so desperately needed. Most of these owners have properties that are all 50 to 60 years old, and the most in need of ongoing maintenance.

Your proposal to put price controls on income, knowing full well that there are not limits on expenses, reveals a lack of common sense. Has anyone over there actually run a apartment building (without subsidized financing)? My plumbing bills are going up faster than CPI, my property taxes have been rising faster than CPI (yes, you heard right), costs to rehab a unit are not limited to CPI, etc. Do you know how much a paint job costs, regularly done after a tenant moves out? A new roof? A re-pipe? A new water heater? How about my costs to the city for a business license, an occupancy permit, and the fees paid to housing so hey can regulate all these rental units - are those going to be limited to CPI?

This push for price controls always comes at market peaks, and I am already seeing flat market rents, and the beginning of price declines. When we are in the down part of the cycle, which is where we will be in several years, when the market will require that I lower my rents (last time by over 30%), is the city going to help me cover my costs. Can I get price controls and subsidies from the city to get me through those times? Will staff recommend payments to these owners to make it "affordable" for me to provide housing?

We know what the answer is. In your tally of these emails, put me down as strongly against this poorly thought out proposal that discriminates against a smaller group of owners (the very ones whose support you need the most).

_____
Jim Claus

From:	Mike D"Ambrosio
To:	Grabowski, Ann
Subject:	I"m against Changes to Apartment Rent Ordinance
Date:	Wednesday, March 16, 2016 8:43:36 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Mike D'Ambrosio

Real Estate Professional

Assistant Manager, Intero Los Gatos

[redacted]

CalBRE # 01841982

www.MikeSellsSiliconValley.com

For Business Development, Marketing or Radio Opportunities, please contact my assistant:

Laura Pesavento

[redacted]

From: noreen nemec
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 7:09:43 PM

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Sincerely,
Noreen Nemec

Noreen "Reeno" Nemec, Real Estate Agent 01399960
Coldwell Banker, 950 Tennant Station, Morgan Hill, CA 95037
Direct: 408 776 7168 Fax: 408 778-2899 Mobile: [redacted]
Website: http://www.NoreenNemec.com Email: [redacted]
By the way, I'm never too busy for your referrals!

From: Rita Kimble-Tyburski
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 6:44:21 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

Warm regards,

Rita Kimble-Tyburski
DRE#00695978
Professionalism with a Personal Touch!

Intero Real Estate
[redacted]
Remember I am never too busy for your referrals.

From:	Craig Gorman
To:	Grabowski, Ann
Subject:	I"m against Changes to Apartment Rent Ordinance
Date:	Wednesday, March 16, 2016 6:40:33 PM

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The LAO report concludes that, "There are no quick and easy fixes."

Sincerely,

Craig Gorman
Intero Real Estate Services
2015 President of the Santa Clara County Association of Realtors

From: Ann Murano
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 5:55:18 PM

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Sincerely,
Scott Murano

From: Dave Walsh
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 5:39:26 PM

Dear Ms. Grabowski,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Dave Walsh

Homeowner and Multiple Units owner in San Jose

From: Rick Smith
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 5:24:00 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Rick Smith
Broker, Cal BRE# 00907087

President Elect 2016, Santa Clara County Association of REALTORS
Director California Association of REALTORS
CAR Ombudsman
Owner, RCSProperty Management www.rcsproperty.com

Windermere Silicon Valley
950 Monroe St. Santa Clara, CA 95050
P: 408.615.1000
F: 408.200.1510
[redacted]

Windermere
REAL ESTATE

From: Melissa Chan
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 16, 2016 5:21:42 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From:	Roger Pennington
To:	Roger Pennington
Subject:	Studies show that Homeless populations are highest in New York where rent controls have existed the longest - LA comes in 2nd highest in homelessness
Date:	Thursday, March 17, 2016 3:00:16 PM

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http://www.huffingtonpost.com/joel-john-roberts/who-is-the-homeless-capit_b_4886379.html

LA came in second highest in homeless populations, and they have Los Angeles Rent Stabilization Ordinance [LARSO]

We don't need this here problem in San Jose, WE'RE SMARTER THAN THAT.

ARO rentals are substantially lower than those mentioned in the studies to support the need for rent control.

8% flexibility is needed to allow rents to be relaxed to retain better tenants longer while affording catch ups as needed for various reasons pertaining to keeping control of peaceful enjoyment of premises by all members of society in my area without having to hire a property manager who would not be better than myself and would increase my cost of doing business.

R. Pennington

From: Theo Hart
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 17, 2016 3:13:00 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Theo Hart

From:	Karen Johnson
To:	Grabowski, Ann
Cc:	The Office of Mayor Sam Liccardo
Subject:	Opposed to Housing Staff recommendations
Date:	Thursday, March 17, 2016 11:22:21 PM

I see from the staff report that few if any building owners have requested capital gain pass-through over and above the 8% currently allowed over the years. Perhaps this is because the ability to increase rents up to 8% annually is considered sufficient to cover thee myriad of building costs.

However, in our particular building, with an average rent of less than $1400 a month, if rent increases are capped at 2%, this would give only a $28/month or $336 a year per apartment in additional income.

This does not go very far toward the number of maintenance issues we have faced in the last few years, nor the annual increases in taxes and insurance, nor the huge amounts spent on capital improvements to make this a better building for the tenants.

In the last 5 years or so, we have done these improvements:

8 bathrooms

6 kitchens

Installed a security system

Replaced the sprinkler system

Replaced rotted eaves and fascia boards

Repainted the building

And just this last month, spent $55,000, at the "request" of our property insurance company to replace all the iron railings around the upper floor and staircases to update to current code. This sum is close to half the year's gross rents from the property. Would we ask for a capital gain pass through for this project were this proposal to be passed? Absolutely. But, do we really need such a bureaucracy?

The proposal to step back the rents to what they were a year ago, is a definite slap in the face to those owners who have dutifully continued to maintain their buildings over the last year, planning that the rents would be increased 8% to help cover the expense.

Additionally, in the report there was no mention of what happens when a landlord REDUCES the rent, such as during the dot com bust, when we reduced the rents 10%, and kept them near the same amount for years. Shouldn't that be considered in the calculations?

I urge you to reject more stringent rent control. The problem with too little income to rent apartments in this area has more to do with businesses that only pay a minimum wage, and too few housing units, rather than the 1/3 of apartment owners who are already restricted from raising rents more than 8%. Do we really need to become another San Francisco or New York, where stringent rent control keeps apartments from turning over for decades? The last thing we need is to lock in a low rent, preventing tenants from moving, and tying up what little low income housing there is available.

From: Jennifer Liu
To: Grabowski, Ann
Subject: Against tightening Rent Control
Date: Thursday, March 17, 2016 11:27:58 PM

Dear Ann,

I'm a small landlord, and I'm very concerned about the proposal to tighten the rent control and associate it with the CPI.

Currently the CPI is only about 2.5%. However this doesn't reflect the increase of expenses for us landlords. According to statistics, the residential construction costs has increased more than 20% for the past two years, and water bills also increased significantly and much more than 2.5%. It doesn't make sense to force us to cap the rent increase to 2.5%.

I'm shocked to learn that the city of San Jose needs to increase the Housing Dept staffing from 1.5 people to 15-30 people. That's an increase of 10-20 folds, which is outrageous. It's an abuse of us tax payers money. Please use this money to help those tenants who really need help.

Thank you very much!

Jennifer, [redacted]

From: Raymond Ong
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 17, 2016 11:32:28 PM

Hello Ann,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Raymond Ong

Broker, CCIM, SRES, CDPE, CNE, e-Pro

DRE Lic # 01113341

Oh, by the way, I am Never too busy for Your Referrals.

[redacted]

Office (408) 737-1898
Fax (408) 624-1013

[redacted]

What is a CCIM? (Click Here)

Want to know your home price? click here:

RaymondOng.smarthomeprice.com

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Broker
(408) 737-1898 Work
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(408) 624-1013 eFax
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19925 Stevens Creek Blvd
Cupertino, CA 95014
United States of America

From:	Sandra Youssefpour
To:	Grabowski, Ann
Subject:	opposal to rent control
Date:	Thursday, March 17, 2016 10:37:53 PM
Attachments:	Rent Control Letter03_16.docx

Ann,

See attached letter to explain my concerns regarding the rent control and just cause issues. We are very concerned about our future in being able to support our units, and keep them up to standards. The costs have increased outrageously for permits, utilities, taxes, materials, labor and insurance. We will not be able to stay in business, or not be able to give our tenets the services they need to live. I really feel our constitutional rights are be discriminated. I support more units for the homeless, but this must go through a different avenue. Please help us..

Thank you for your time.

Sandra Youssefpour
[redacted]

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,
David and Sandra Youssefpour

From:	Isaac Agam
To:	The Office of Mayor Sam Liccardo; Scally, Katie; Weerakoon, Ru; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; Grabowski, Ann
Cc:	Howard, Josh; Mary Driedger; "Raul Richardson"; Simon Bloch (simonbloch7@gmail.com)
Subject:	Response to the Draft Recommendations for Modification to the City Apartment Rent Ordinance
Date:	Friday, March 18, 2016 1:26:17 AM
Attachments:	Response to the Draft Recommendations for Modifications to the.docx FBI 2015 CRIME INDEX, CA CITIES, RANKED.pdf

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Dear Mayor and Council Member.

Please find attached a response to the Draft Recommendations for ARO.

Thank you for your attention and cooperation.

Isaac Agam

Landlord

A Response to the Draft Recommendations for Modifications to the City of San Jose ARO

Major Omissions in the Recommendations.

1.1 – Effect of Rent Control on the Community.

Rent Control brings crime. According to the 2015 FBI Report, ALL the Rent controlled cities in CA have the highest crime rate in California!

See Appendix "A" – FBI Crime Index in California Cities, Ranked.

The Committee Recommendations rely heavily on the 7 (1.5%) cities with rent control in California out of 466. However, it completely ignores the 98.5% cities without rent control and therefore ignores the effect of rent control on the community.

The following is a list of the rent controlled cities and their rank in the FBI CA Crime Index.

*** Oakland** is number 7 out of 466 municipalities at the top of the list with a rank of **98.7%** percentile on the Crime Index. In addition, according to the FBI, "Oakland is the most crime-ridden city in California and the second most dangerous city in the US".

*** Berkeley, San Francisco, and East Palo Alto** are at the **93%** Crime Index percentile and ranked numbers **31, 32, and 33** respectfully out of 466.

*** West Hollywood** is number **43** out of 466 and ranked **90.8%** on the Crime Index.

West Hollywood also known for its high number of prostitutions on Hollywood Blvd.

*** Santa Monica** is at the **122** out of 466 and ranked **73.8%** on the Crime Index.

*** Los Angeles** is surprisingly at the **125** out of 466 and is ranked at the **73.18%** on the Crime Index. Since Los Angeles I known for its high crime rate, one can assume that the reason for the relatively low rank of Los Angeles City is because some of the highest crime municipalities are located in the LA Basin but are not counted in Los Angeles City itself, such as Vernon (#1), Industry (#2), Irwindale (#4), and Compton (#17).

In other words, 5 out of the 7 most restrictive rent control municipalities in CA are ranked at the 90% percentile of the FBI Crime Index and the other two are ranked at the **81.5% (Hayward)** and **73.6% (Los Angeles, may be).** Nothing to be proud of.

At this time, **San Jose** is ranked **52.79%** on the Crime Index and located at the **220** place.

1.2 - However, should a tighter rent control is implemented in San Jose, San Jose will become again a crime city, joining Oakland, Hayward, Berkley, San Francisco, and East Palo Alto.

1.3 - On the other hand, San Jose has been improving dramatically in the past 15 years.

This improvement took place primarily thanks to investments in apartment housing by landlords.

<u>This important contribution of landlords to the City of San Jose has been completely ignored by the Committee.</u>

1.4 - A few reasons for the deterioration of rent-controlled municipalities are:

A – Creating poor neighborhoods with typical consequences such as crime, drugs, prostitution, gangs, and violence.

B – Creating crowded living as families will not leave their apartments even when the family grows because they would want to keep the rent low.

C – Create slums that require greater police and social services budget by the City.

D - Discourages people from buying homes. Home ownership is one of the most impotent elements for keeping good and caring neighborhoods. Low rent discourages people from buying homes.

E – Disincentive landlords from improving their units. They will keep them safe to meet City guidelines, but will not have the budget or the incentive to improve the units so tenants can enjoy a better standard of living. Many tenants will happily pay for such improvements as they do now.

It should be noted that out of <u>466 municipalities</u> in California, only <u>9 municipalities</u> have some sort of rent control.

Out of the 9, two have relaxed rent control of 8% (San Jose) and 10% (Beverley Hills).

So in reality, only 7 municipalities, **<u>or 1.5%,</u>** out of 466 CA municipalities practice rent control.

It would be incomprehensible to ignore the other 459, or 98.5% of CA municipalities that elects not to implement rent control **and let the free market determine the rent**. What is it that 98.5% of CA municipalities know that 1.5% knows better?

In looking at the FBI Crime Index of all of CA municipalities, one doesn't need much of explanation as to why 98.5% elected not to implement rent control.

This correlation between crime and rent control as is evidenced in the FBI Crime Index chart attached was completely ignored by the Committee despite the fact that it was pointed out to them many times and the fact that it is very easy to obtain.

<u>2 – The Recommendation ignores the economy and the effect of free and competitive rental market</u>.

In reading the Recommendations, one gets the impression that rent levels are determined only by landlords. As in other segments of the Recommendations, it demonstrates an ignorance of

businesses and economic forces. **It ignores the fact that the rental market is free and competitive.** There is no monopoly in the rental market and landlords actually compete against each other.

2.1 - The reality is that landlords can only charge the rent that willing and able tenants are willing to pay.

2.3 - In other words, the vast majority of tenants in San Jose are able to pay the market rent. There is no such thing as "unaffordable rent". This is just a hollow slogan. Why? Because tenants pay the rent! Tenants may not want to pay the market rent, but they can afford it. For otherwise they would have moved to different neighborhoods or different cities. **This is what free market is all about.**

2.4 - In addition, rent levels vary by up to 27.5% from one San Jose neighborhood to another.

Rent by Neighborhood in SJ - December '15

Neighborhood	Avg. Rent, all Beds	% Difference
Rose Garden	$2,870	
North San Jose	$2,793	-2.7%
Downtown	$2,766	-1.0%
Almaden Valley	$2,666	-3.6%
West San Jose	$2,644	-0.8%
North Valley	$2,487	-5.9%
Cambrian Park	$2,467	-0.8%
Blossom Valley	$2,442	-1.0%
Fairgrounds	$2,417	-1.0%
Willow Glen	$2,398	-0.8%
Santa Teresa	$2,338	-2.5%
Evergreen	$2,284	-2.3%
Alum Rock-East Foothills	$2,226	-2.5%
East San Jose	$2,085	-6.3%
Difference, Min to Max:		**-27.4%**

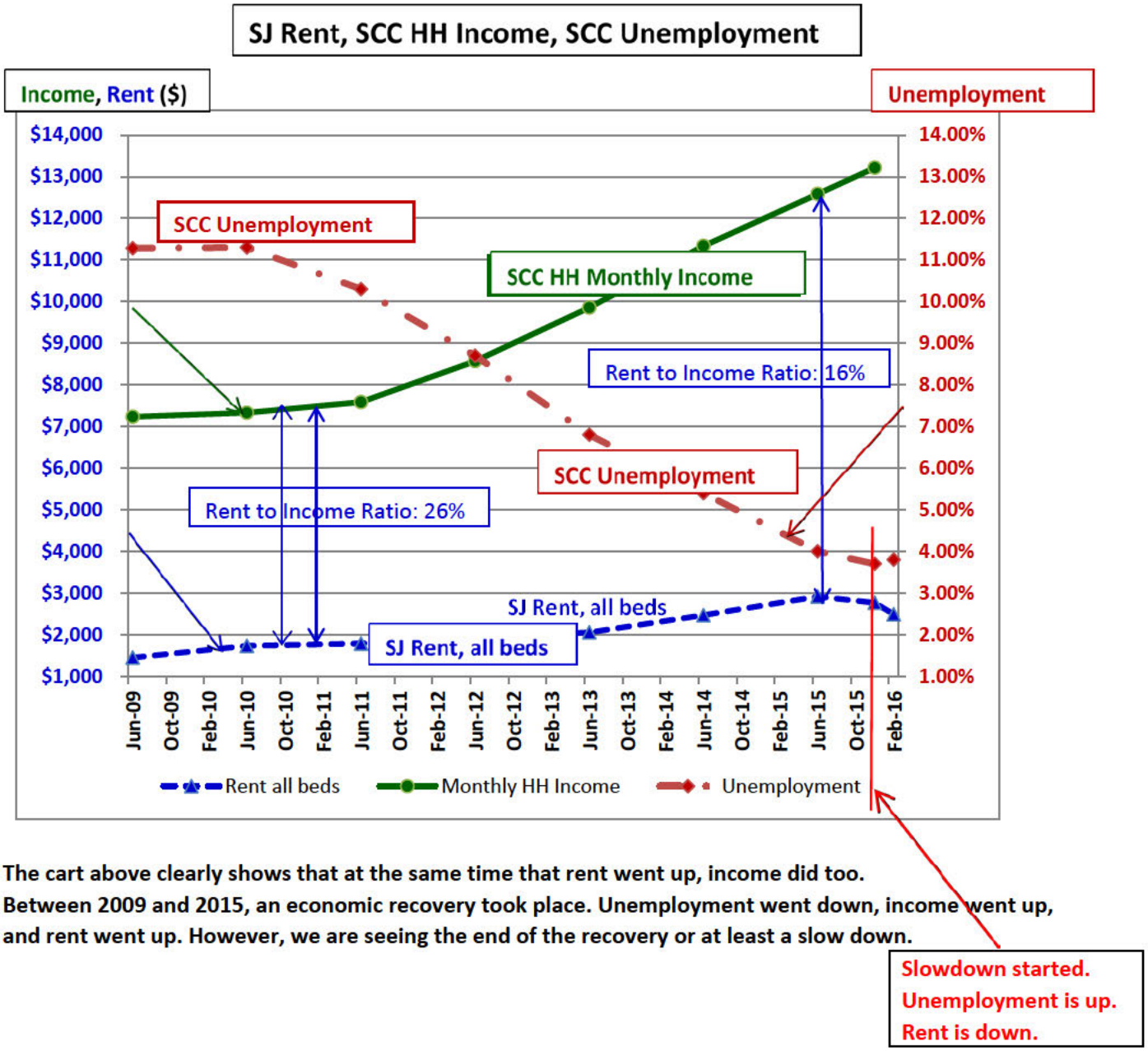
Therefore, the argument that the rent is "unaffordable" in San Jose is false and grossly misleading. It is certainly not quantified. Nowhere did the Commission demonstrate that San Jose citizens indeed cannot afford to pay the market rent nor, if some do, how many or **how low the income should be the for the City force landlords to accept it?**

For the few and yet unidentified number of prospective tenants that indeed can't afford the market rent, the City should not create a huge bureaucracy and change the rules of the free market rent, by which the City confiscates landlords from their legitimate money.

For such a few people, **the City can utilize its general budget,** to which landlords contribute relatively high percentage, rather than confiscating the retirement money of a small group of hard working landlords.

2.6 – The statement that income did not go up as much as the rent is false.

In fact is that the only item that brings rent up is the tenants' income. See chart below.



The cart above clearly shows that at the same time that rent went up, income did too. Between 2009 and 2015, an economic recovery took place. Unemployment went down, income went up, and rent went up. However, we are seeing the end of the recovery or at least a slow down.

Slowdown started.
Unemployment is up.
Rent is down.

2.5 – DS and improvements pass-through. In all the discussions of DS and improvement passthroughs, the Recommendation brings up all kind of reasons why landlords don't frequently utilize these "allowances" but they are all speculative. Unlike the myth around it, landlords can only increase the rent to the **market rent.** It doesn't help landlords that they are "allowed" to increase the rent. This is a myth. Landlords can only charge market rent. Therefore, "allowing" landlords to charge more, in most cases, is not practical because **the market determines the rent, not the landlord.**

In addition, it is a grossly misleading to state, as was stated in the Housing Department initial report, that DS and improvements allowances are IN ADDITION to the 8% annual increase. This is not the case. They are limited to the total of the 8% annual increase. This is another reason why landlords don't utilize these features as frequent as one may think.

2.6 - No rent control benefits both landlords and tenants. Tenants enjoy a higher standard of residence and a better and safer community and landlords have enough income to improve their units, improve the community, and yes, make money. Making money is not a sin in the US.

3 – Rent levels depend on the economy of the area, not on landlords' greed.

The chart above clearly shows the correlation between rent, the economy as expressed by the unemployment, and household income.

It shows that in the years 2009-2015, the economy recovered from the 2007-2008 recession. Hence unemployment came down, income increased and rent increased.

In fact, household income increased faster than the average rent!

3.1 – The Chart clearly shows that the average rent in San Jose is far lower than 30% of the average household income. However, December 2015 and the beginning of 2016 already show a slowdown of the economy as reflected by both unemployment increase and a rent decrease**.**

3.2 – It seems that with the proposed ARO, the City is attempting to solve a short term temporary problem, to the extent it exists, by implementing long term policies that would deteriorate the City, waste a huge budget, create an unnecessary bureaucracy, create more expanses to the otherwise budget stripped landlords, and confiscates the money of hard working landlords.

4 – Socialism comes to San Jose

4.1 - Any fiscal policy that ignores the effects of free economy and good business environment is Socialism,

The Committee Recommendations do not mention anything about free market forces hence it involves in Socialism.

However, all the countries that experienced Socialism **ran away from it as soon as they could, as fast as they could, and as far as they could.** With the US free economy as the beacon of success in their mind. Indeed, these countries quickly became free economy countries with all the people of the countries enjoying better life and higher standard of living. Except for the old bureaucrats. They needed to go to work.

In a recent speech, the Prime Minister of Denmark made it clear that anyone that calls Denmark a Socialist country is completely wrong. Denmark has a free market economy, free of excess regulations and free of anti-business policies. It is NOT a Socialist country.

How ironic it is that the Capital of the Silicon Valley, the heart of free innovations, free innovations, free economy, free market, and the envy of entire the world, is now going Socialist due to pressure from Tenants' Special Interest Group that don't care about the quality of the community, crime, and the quality of living conditions. They only care about one thing: Not paying market rent.

4.2 – Sharp increases have been taking place for other goods and services in the County.

Most notable **home prices, corporate profits, new cars, hotel rooms, restaurant food**, and others.

Is the "caring" city of San Jose plans to restrict the prices of these goods and services?

They are all a result of the improved economy and higher household income in the area just like the rent. But don't they cause "hardship", "non-inclusiveness", and "un-affordability" to "some people" in San Jose? Shouldn't the city form committees to confiscate the money of home owners, stock options owners, Hi-Tech corporations, car dealership, restaurants, hotels, and others? After all, they all "become rich on the back of the consumers".

5 – Cheating landlords out of their retirement investment for the benefit of Tenants' Special Interest Group.

The Recommendation discusses "due diligence" by landlords. The way the Recommendations put it; it is one of the most derogatory term used against landlords in the Recommendations for the following reasons:

5.1 – Says who that landlords have not applied good due diligence in their decisions? The only thing that they didn't take into account was that the City one day would attempt to severely restrict their income in the name of yet to be quantified problem and under pressure from Tenants' Special Interest Groups. Otherwise, landlords took into account the current City guidelines of 8% limited on rent increase annually and 21% increase in two years.

Based on that, landlords invested millions of dollars in developing the residential areas of the San Jose, constantly improving the quality of life in the City. They also read the City Charter stating that San Jose is a city that is business friendly. Nowhere in the Charter of San Jose it is suggested that the City's goal is to be "inclusive" and would take the money from landlords only to achieve this yet to be determined and quantified "goal".

The business environment is now being changed by the City, not the landlord. In other words, it is that **City** that didn't do its due diligence, not landlords.

5.2 - I personally invested $695,000 in improvements of one apartment building in a ten year span plus $70,000 in down payment. I also invested $218,000 in improvements in a 2nd apartment building in a span of 1.5 years plus down payments of $1,708,000. That money came from sale of other properties in other cities.

At age 70, after a severe heart attack and cancer, and after many years of hard work, if the ARO is implemented, **this huge amount of my savings will now go to drain.** The City may save a few "needy" people using my money but at the same time will **destroy the livelihood landlords.**

5.3 – How about Tenants' due diligence? Their education trough College was paid by the people of California including in large part – landlords. No student was deprived from College education because of financial difficulties. This gave each Californian an equal opportunity when they start their lives. Equal opportunity. Not equal money. From there on, it is up to the individual to make it. Their own decisions and **due diligence** would determine their future. Coming back to landlords and force them out of their hard earned retirement money is NOT due diligence. It is robbery. Even if it might be legal, it is a robbery. Many nations legally robed properties from their people. Most of them either Socialist or Tyrannical regimes.

5.4 – If the City would implement any stricter rent control other than the existing 8%/21%, It should be applied ONLY to properties hat were bought AFTER that stricter rent control is implemented because only those buyers know about the change of the City's rental policy. Applying any stricter rent control for properties bought before it is implemented is a major infringement to landlords' property rights. In fact, it would constitute an **Eminent Domain** for which landlords are entitled to compensation from the City just like any eminent domain event.

6 – Broken promises by the City

10 years ago, in year 2005, when San Jose practiced business encouragement policies, the City took landlords in tour busses and pointed out to them which areas of San Jose the City wish to elevate by investing in the rental properties there. The areas were primarily Down Town San Jose and the San Carlos Corridor. I might miss a few areas.

The financial argument of the City was that if many landlords would invest in these areas, the population would improve and landlords would be able to collect higher rent for a return on their investment. A win-win situation the City said.

Indeed, Down Town San Jose finally became an area that people are willing to come to at night for entertainment and leisure without worrying about crime. **This was achieved thanks to investment of the landlords,** which followed by other businesses such as restaurants, cafes, shops, hotels, clubs, etc.

Now the City essentially tells these landlords "it was nice to see your hard earned money developing our city. But now the City will not let you enjoy the fruits of your investments. The City will give your money to the "needy" and while doing so will explode the bureaucracy and budget of the City at your expense".

Simply put in a straight talk, the City cheated landlords from millions of their Dollars.

7 – Un-Quantified rent "problems".

The City never published the number of people that indeed REALLY need help with their rent or identified how poor a person can be to get help for renting an apartment in San Jose. This is the biggest problem in the City's approach to "affordable" rent.

All the justifications for a stricter rent control and robbing landlords from their money are generalized in phrases such as "inclusive", "hardship", "unaffordable"' "some people" etc. But we don't know the real extent of a problem with San Jose rent levels except that in reality, tenants are able and willing to pay the rent **because they do. Except that some Tenant's Special Interest Groups don't want to pay the rent**.

The City provided one exception: A criteria of "hardship" to be 30% of the income going to rent. However:

A – The 30% "hardship" is an unproven theory and is NOT a hardship because landlords accept tenants at much higher rent-to-income ratio.

B- It is very difficult to establish the actual income of many tenants who are either self employed or get bonuses or overtime or second jobs or get financial help from parents and other sources. To be fair, it is not easy to determine the real numbers. But some effort should have been done by City and provided to the public before they suggested revolutionizing the rental business.
For exactly the same reasons, President Bill Clinton kept his campaign promise and eliminated the Federal and State welfare programs simultaneously with a bill called **The Personal Responsibility and Work Opportunity Reconciliation Act of 1996** (**PRWORA)** (https://aspe.hhs.gov/report/personal-responsibility-and-work-opportunity-reconciliation-act-1996) **,** arguing that in the US, there is no reason that a person would not find a good job within two years. As a result, millions of Americans went back to work and Billions of Dollars were saved by eliminating the bureaucracy that handled Welfare. Now the City wants to go back to the failed welfare program. The City may want to look at the **1996** (**PRWORA)** welfare reform act and learn from it instead of going backwards.

8 – Indexes for rent increases.

The CPI index as criteria for rent increase is simply a bad joke.
A – Other major landlords' expenses increase by as much or more than the CPI.
B – Landlords invested hundreds of thousands or even millions of dollars in their properties and took major risks. By that, they also improved the people of the City and their places of living. Landlords have every right to have full return on their investments without anyone looking behind their shoulder how much is their return. Certainly not people who themselves never took such risks nor understand what it takes.
If the City wants, it can use some of its huge budget, or the budget that will be allocated to take landlords money by a sugar coating it "rent control", buy apartment houses and do whatever they want with it. But the City doesn't have the right to confiscate the money that was invested by landlords. **It prefers to use landlords as its scapegoats.**
On the other hand, this Reply does not attempt to discuss criteria for rent control simply because there is an excellent criterion for rent level. **It is called free and competitive market.**
No other criteria are justified.
8.1 - There is no "unreasonable rent increase by landlords" as stated in the Recommendations. **Rent level is determined by one thing alone: The free market rent.** If it is "unreasonable" for anyone, that person or institution can buy apartment houses, make the investments, take the risks and manage them differently.

Landlords simply cannot increase rent as much as they want. The free market will not let them. They will not get tenants.

The good of the community require <u>NO rent control</u> as discussed above. The proposed type of rent control is practiced by only 1.5% of California municipalities and there is no reason to believe that 98.5% CA municipalities care less for their citizens or for the needy in their cities. In fact, as the FBI CA Crime Index clearly shows, the municipalities with rent control practices are **<u>much worse off</u>** than the non-rent controlled municipalities.

Therefore, a more restricted ARO **<u>does not "improve the health, safety, and welfare of the citizen of San Jose"</u>** as stated in the Recommendations. **<u>It clearly does the opposite</u>**. Except that the Committee chose to ignore the data contradicts the assumptions above. One would think that the goal of the Committee was to explore the accuracy of these assumptions and not just do all they can do to justify them. Assumptions are just that. Assumptions. **They need to be proven.**

In all the Pros and Cons of the Recommendations, there is no mention of the effect of an ARO on the community or the role that the free market plays in the rent levels in San Jose.

In any case, any stricter rent control in San Jose is **unjustified, unjust, ineffective, destroy the community and most importantly, confiscates the hardly earned retirement money of landlords** by changing the rules of their investments after they had already invested their money. **At best, it is immoral. At worst, illegal.**

<u>9 – Recommendations:</u>

9.1 - Eliminate rent control of any sort due to its damage to the City by bringing crime and deteriorating neighborhoods, by increasing bureaucracy and City expenses, and because it immorally robs landlords from their hard earned legitimate retirement money. The existing rental policies have been working well for many years as it is. Except for some hollow slogans, there is no proof that the existing system doesn't work well. If it's not broken, don't fix it.

To the extent that there are a few problems with a few tenants, yet to be identified, it can be dealt with on an individual basis within the City budget without changing the entire system.

9.2 – Leave the no-cause eviction method that has been working very well for the benefits of tenants and landlord alike for many years. If it's not broken, don't fix it.

To the extent that there are a few problems with a few tenants, it can be dealt with on an individual basis within the City budget without changing the entire system.

9.3 – The City should establish a budget to help needy people and establish a mechanism to make sure that they are indeed needy. That budget is expected to be far lower than the proposed $3.5M - $4.5M budget to implement a stricter ARO.

9.4 – Should the City elect to implement any stricter rent control, the same limitations on income and benefits should be applied to all City and City Departments' employees even if a person is promoted because the rent control is not related to landlords' promotions. **The basis for the City employees' income** will be the same as the rent control basis and income and benefits be rolled back accordingly.

9.5 – Should the City elect to implement any stricter rent control, only 50% of those limitations will be allowed to all City related fees including license fees, inspection fees, required repairs, utilities, etc.

9.6 – Should the City elect to implement any stricter rent control, it will be applied only to properties that are bought AFTER the new rent control in implemented.

9.7 – Should the City implement stricter rent control for properties bought before it is implemented, <u>the City should pay Eminent Domain compensations</u> to those landlords that bought their properties before the stricter rent control is implemented.

9.8 – Should the City need more funds to take care of the "needy", they should establish charity funds for that purpose. While the City can apply to all its citizens for contributions, they should focus primarily on the rich Hi-Tech and Wall Street people to contribute to it.

9.9 – The City should carefully study the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (**PRWORA)** enacted by President Bill Clinton, and implement it.

10 – I apologize if the language of this Response is sometimes rough. It is an extremely emotional issue for me because of my financial retirement future as I erroneously invested a major part of my retirement money in San Jose. In addition, it is by far not as bad language that was used by Tenant's Interest Groups during the discussions about rent control in San Jose.

Respectfully,

Isaac Agam

A Proud San Jose Landlord

<u>Attachment:</u> FBI 2015 Crime Index in California Municipalities ranked from worst to best, showing the rent-controlled municipalities are at the top (worst) of the Crime Index.

Appendix - A

Crime index in CA ranked by City. The higher the Index, the higher the crime rate

Rank	Crime Index ▲	City / Population	Percentile	
1	*199,187*	*Vernon, CA / 59*		*LA Basin*
2	*126,554*	*Industry, CA / 384*		*LA Basin*
3	12,157	Sand City, CA / 355		
4	**7,576**	**Irwindale, CA / 1,530**		LA Basin
5	6,413	Colma, CA / 1,837		
6	6,041	Emeryville, CA / 10,497		
7	**5,053**	**Oakland, CA / 402,339**	**98.5%**	
According to the FBI, Oakland is the most crime-ridden city in California, and the second-most dangerous city in the US				
8	4,321	Blue Lake, CA / 1,258		
9	*4,221*	*Commerce, CA / 12,975*		*LA Basin*
10	4,186	Desert Hot Springs, CA / 27,678		
11	4,034	Oroville, CA / 16,015		
12	3,947	Stockton, CA / 297,223		
13	3,769	Richmond, CA / 106,469		
14	3,688	Santa Fe Springs, CA / 16,859		
15	3,527	Sonora, CA / 4,844		
16	3,517	Orange Cove, CA / 9,473		
17	3,496	Trinidad, CA / 236		
18	*3,473*	*Compton, CA / 97,663*		*LA Basin*
19	3,393	San Pablo, CA / 29,516		
20	3,351	San Bernardino, CA / 213,044		
21	3,312	Eureka, CA / 27,039		
22	3,297	Vallejo, CA / 118,078		
23	3,188	Red Bluff, CA / 14,069		
24	3,129	Barstow, CA / 23,110		
25	3,003	Capitola, CA / 10,043		
26	2,980	Palm Springs, CA / 45,827		
27	2,951	Marysville, CA / 12,144		
28	2,943	Sacramento, CA / 476,075		
29	2,869	Big Bear Lake, CA / 5,104		
30	2,817	Santa Cruz, CA / 62,045		
31	2,815	Modesto, CA / 205,984		
32	**2,793**	**Berkeley, CA / 115,688**	**93.1%**	**Position of San Jose if ARO is implemented**
33	**2,735**	**San Francisco, CA / 829,072**	**92.9%**	
34	**2,731**	**East Palo Alto, CA / 28,920**	**92.7%**	
35	2,722	Anderson, CA / 10,066		
36	2,697	Dinuba, CA / 22,828		
37	2,684	Gridley, CA / 6,566		
38	2,680	Montclair, CA / 37,685		
39	2,649	Selma, CA / 23,808		
40	2,649	Tulare, CA / 60,663		
41	2,643	Huntington Park, CA / 58,787		
42	2,641	Clearlake, CA / 15,121		
43	2,609	Isleton, CA / 792		

44	**2,606**	**West Hollywood, CA / 35,053**	**90.6%**
45	2,600	Dos Palos, CA / 5,023	
46	2,596	Merced, CA / 80,490	
47	2,582	Fresno, CA / 506,132	
48	2,558	Antioch, CA / 105,630	
49	2,535	Bakersfield, CA / 358,700	
50	2,530	El Centro, CA / 43,268	
51	2,522	Weed, CA / 2,937	
52	2,493	San Leandro, CA / 87,159	
53	2,491	El Cerrito, CA / 24,136	
54	2,476	Salinas, CA / 154,077	
55	2,447	Hemet, CA / 81,203	
56	2,445	Arvin, CA / 20,028	
57	2,393	Needles, CA / 4,923	
58	2,375	Visalia, CA / 126,942	
59	2,368	Turlock, CA / 69,875	
60	2,350	Redding, CA / 90,725	
61	2,348	Parlier, CA / 14,750	
62	2,339	Corning, CA / 7,617	
63	2,306	Inglewood, CA / 111,133	
64	2,303	Victorville, CA / 119,603	
65	2,293	Huron, CA / 6,777	
66	2,283	Alturas, CA / 2,714	
67	2,269	Coachella, CA / 42,576	
68	2,267	National City, CA / 59,543	
69	2,261	Fort Bragg, CA / 7,274	
70	2,248	Pinole, CA / 18,754	
71	2,234	Delano, CA / 52,883	
72	2,195	Signal Hill, CA / 11,245	
73	2,194	Lynwood, CA / 70,789	
74	2,190	Pomona, CA / 151,142	
75	2,188	Atwater, CA / 28,686	
76	2,179	Ukiah, CA / 15,956	
77	2,151	Grass Valley, CA / 12,861	
78	2,146	Crescent City, CA / 7,295	
79	2,137	Hawthorne, CA / 85,889	
80	2,123	Paramount, CA / 54,813	
81	2,121	Jackson, CA / 4,616	
82	2,108	Ceres, CA / 46,570	
83	2,098	Indio, CA / 82,539	
84	2,097	Brawley, CA / 25,478	
85	2,087	Sanger, CA / 24,587	
86	**2,069**	**Hayward, CA / 149,596**	**81.5%**
87	2,061	Monterey, CA / 28,053	
88	2,056	Adelanto, CA / 31,773	
89	2,050	Lancaster, CA / 159,092	
90	2,043	Del Mar, CA / 4,242	
91	2,040	Watsonville, CA / 52,085	

92	2,036	Porterville, CA / 54,949	
93	2,030	Riverside, CA / 313,041	
94	2,023	Nevada City, CA / 3,051	
95	2,011	California City, CA / 13,243	
96	2,011	Madera, CA / 62,559	
97	2,010	Oakdale, CA / 21,260	
98	2,009	Avalon, CA / 3,768	
99	2,000	Pismo Beach, CA / 7,789	
100	1,999	Yreka, CA / 7,675	
101	1,997	King City, CA / 13,171	
102	1,996	Lakeport, CA / 4,746	
103	1,986	Lodi, CA / 63,158	
104	1,977	South Gate, CA / 95,515	
105	1,971	Palm Desert, CA / 49,953	
106	1,970	Long Beach, CA / 468,594	
107	1,969	Perris, CA / 71,377	
108	1,965	Fairfield, CA / 107,983	
109	1,952	Santa Maria, CA / 101,468	
110	1,949	Shafter, CA / 17,261	
111	1,943	Greenfield, CA / 16,715	
112	1,940	Colton, CA / 53,129	
113	1,936	Rialto, CA / 101,367	
114	1,933	Citrus Heights, CA / 84,678	
115	1,923	Pleasant Hill, CA / 33,842	
116	1,922	Lindsay, CA / 12,688	
117	1,915	Rancho Cordova, CA / 67,167	
118	1,913	West Sacramento, CA / 49,946	
119	1,913	Bishop, CA / 3,851	
120	1,910	San Jacinto, CA / 45,497	
121	1,893	South El Monte, CA / 20,375	
122	1,880	Moreno Valley, CA / 198,872	
123	**1,879**	**Santa Monica, CA / 91,619**	**73.6%**
124	1,873	San Luis Obispo, CA / 45,911	
125	1,846	Gardena, CA / 59,682	
126	**1,845**	**Los Angeles, CA / 3,862,210**	**73.0%**

The LA rank is misleading because many cities within the Los angeles basin have very high crime rate. Such as Vernon, Industry, Commerce, Compton, and others

127	1,845	Redlands, CA / 69,787	
128	1,845	Bellflower, CA / 77,521	
129	1,842	Newark, CA / 43,635	
130	1,841	Concord, CA / 125,017	
131	1,825	Culver City, CA / 39,353	
132	1,823	Pittsburg, CA / 65,761	
133	1,822	El Cajon, CA / 101,582	
134	1,818	Reedley, CA / 24,858	
135	1,810	Lemon Grove, CA / 25,963	
136	1,808	Fowler, CA / 5,908	
137	1,808	Banning, CA / 30,281	

138	1,807	Mendota, CA / 11,360
139	1,802	Palmdale, CA / 155,810
140	1,798	Calexico, CA / 39,281
141	1,797	Rancho Mirage, CA / 17,634
142	1,797	Arcata, CA / 17,679
143	1,794	Willows, CA / 6,118
144	1,793	La Quinta, CA / 38,774
145	1,791	Highland, CA / 54,032
146	1,786	Coalinga, CA / 17,235
147	1,785	Carson, CA / 92,475
148	1,783	Livingston, CA / 13,461
149	1,781	Downey, CA / 113,082
150	1,780	Kerman, CA / 14,110
151	1,779	Chico, CA / 87,517
152	1,773	Cathedral City, CA / 52,550
153	1,769	La Mesa, CA / 58,239
154	1,763	Taft, CA / 9,063
155	1,754	Mammoth Lakes, CA / 8,154
156	1,745	Ontario, CA / 166,892
157	1,737	Manteca, CA / 70,693
158	1,734	South Lake Tahoe, CA / 21,394
159	1,726	Fortuna, CA / 11,863
160	1,723	Gilroy, CA / 50,776
161	1,713	Covina, CA / 48,429
162	1,692	Biggs, CA / 2,010
163	1,688	Union City, CA / 71,675
164	1,685	Exeter, CA / 10,468
165	1,685	Montebello, CA / 63,353
166	1,683	Gustine, CA / 5,610
167	1,680	Woodlake, CA / 7,452
168	1,679	Hawaiian Gardens, CA / 14,432
169	1,666	Placerville, CA / 10,415
170	1,665	Blythe, CA / 20,101
171	1,664	Hanford, CA / 54,523
172	1,655	San Diego, CA / 1,341,510
173	1,654	Patterson, CA / 20,736
174	1,652	Imperial Beach, CA / 26,857
175	1,650	San Rafael, CA / 58,588
176	1,648	Santa Barbara, CA / 89,669
177	1,645	Lompoc, CA / 43,045
178	1,634	Albany, CA / 19,020
179	1,633	Lake Elsinore, CA / 56,243
180	1,632	El Segundo, CA / 16,839
181	1,631	Kingsburg, CA / 11,582
182	1,628	Escondido, CA / 147,603
183	1,604	Yucca Valley, CA / 21,083
184	1,603	Upland, CA / 75,089
185	1,603	Los Banos, CA / 36,626

186	1,601	Waterford, CA / 8,579		
187	1,593	Woodland, CA / 56,390		
188	1,591	Orland, CA / 7,451		
189	1,589	Campbell, CA / 40,327		
190	1,582	Yuba City, CA / 65,141		
191	1,579	Vista, CA / 96,181		
192	1,578	Willits, CA / 4,853		
193	1,570	Lemoore, CA / 24,788		
194	1,563	Ridgecrest, CA / 28,282		
195	1,560	Farmersville, CA / 10,675		
196	1,560	Ventura, CA		
197	1,547	Sutter Creek, CA / 2,271		
198	1,538	West Covina, CA / 107,441		
199	1,534	Dixon, CA / 18,718		
200	1,533	Pico Rivera, CA / 63,698		
201	1,527	Paso Robles, CA		
202	1,527	Oceanside, CA / 171,400		
203	1,525	Clovis, CA / 98,815		
204	1,517	Cerritos, CA / 49,599		
205	1,516	El Monte, CA / 115,243		
206	1,515	Hollister, CA / 36,067		
207	1,513	Bell Gardens, CA / 42,712		
208	1,510	Apple Valley, CA / 70,561		
209	1,509	Norwalk, CA / 106,455		
210	1,504	Azusa, CA / 47,420		
211	1,502	Pasadena, CA / 139,065		
212	1,495	Beverly Hills, CA / 34,536		
213	1,489	Escalon, CA / 7,252		
214	1,489	Santa Ana, CA / 331,266		
215	1,487	Riverbank, CA / 23,310		
216	1,487	Santa Rosa, CA / 170,782		
217	1,486	Bell, CA / 35,896		
218	1,480	Anaheim, CA / 342,973		
219	1,480	Lawndale, CA / 33,155		
220	1,478	Cudahy, CA / 24,073		
221	**1,474**	**San Jose, CA / 986,320**	**52.58%**	**Now. Will be at ~ 90% percentile if ARO is implementec**
222	1,471	Lakewood, CA / 80,926		
223	1,465	Indian Wells, CA / 5,089		
224	1,462	Whittier, CA / 86,400		
225	1,455	Mcfarland, CA / 12,784		
226	1,449	Suisun City, CA		
227	1,449	Hesperia, CA / 91,757		
228	1,444	Hermosa Beach, CA / 19,725		
229	1,442	Costa Mesa, CA / 111,635		
230	1,431	Fontana, CA / 201,355		
231	1,427	Fullerton, CA / 137,945		
232	1,424	Chula Vista, CA / 253,031		
233	1,419	Walnut Creek, CA / 65,923		

234	1,412	Martinez, CA / 36,876
235	1,408	Roseville, CA / 124,250
236	1,408	Tehachapi, CA / 13,818
237	1,399	Galt, CA / 24,280
238	1,398	Oxnard, CA / 201,744
239	1,390	Marina, CA / 20,198
240	1,385	Westminster, CA / 91,255
241	1,385	Auburn, CA / 13,690
242	1,377	Maywood, CA / 27,703
243	1,371	Redwood City, CA / 79,736
244	1,365	Rosemead, CA / 54,457
245	1,364	Dunsmuir, CA / 1,482
246	1,364	Baldwin Park, CA / 76,411
247	1,358	Firebaugh, CA / 7,935
248	1,347	Brea, CA / 40,443
249	1,338	Carmel, CA
250	1,336	Buena Park, CA / 82,191
251	1,333	Artesia, CA / 16,698
252	1,332	Davis, CA / 66,093
253	1,329	Chino, CA / 80,810
254	1,323	Loma Linda, CA / 23,648
255	1,316	Grover Beach, CA / 13,337
256	1,310	Dorris, CA / 1,115
257	1,305	Milpitas, CA / 69,346
258	1,304	Lomita, CA / 20,539
259	1,301	Rohnert Park, CA / 41,352
260	1,293	La Puente, CA / 40,342
261	1,289	Napa, CA / 78,511
262	1,287	American Canyon, CA / 20,089
263	1,281	Beaumont, CA / 39,620
264	1,280	Norco, CA / 27,143
265	1,280	Seaside, CA / 33,729
266	1,279	Susanville, CA / 16,537
267	1,271	Alameda, CA / 75,763
268	1,270	Paradise, CA / 26,246
269	1,269	Gonzales, CA / 8,336
270	1,269	Brisbane, CA / 4,421
271	1,265	Cotati, CA / 7,347
272	1,264	Sonoma, CA / 10,818
273	1,249	Colusa, CA / 5,962
274	1,241	Stanton, CA / 38,455
275	1,240	San Fernando, CA / 24,050
276	1,240	Rio Dell, CA / 3,373
277	1,229	Garden Grove, CA / 173,853
278	1,228	Santa Paula, CA / 29,990
279	1,225	Port Hueneme, CA / 21,949
280	1,223	Tracy, CA / 84,573
281	1,221	Elk Grove, CA / 158,455

282	1,220	Angels, CA / 3,782
283	1,219	Monrovia, CA / 37,035
284	1,216	South San Francisco, CA / 65,537
285	1,210	Los Alamitos, CA / 11,598
286	1,208	Atascadero, CA / 28,792
287	1,205	Sausalito, CA / 7,043
288	1,203	Duarte, CA / 21,676
289	1,202	Chowchilla, CA / 18,411
290	1,200	Santa Clara, CA / 119,525
291	1,198	Alhambra, CA / 84,400
292	1,195	Arcadia, CA / 57,251
293	1,193	Burlingame, CA / 29,618
294	1,186	Calimesa, CA / 8,143
295	1,179	Newman, CA / 10,553
296	1,166	San Mateo, CA / 100,114
297	1,162	Vacaville, CA / 93,994
298	1,160	Claremont, CA / 35,569
299	1,156	Burbank, CA / 104,484
300	1,149	Temecula, CA / 104,955
301	1,147	La Habra, CA / 61,341
302	1,138	Mount Shasta, CA / 3,331
303	1,131	San Bruno, CA / 42,090
304	1,129	Broadmoor, CA / 4,734
305	1,125	Redondo Beach, CA / 67,511
306	1,118	Mountain View, CA / 76,741
307	1,117	Corona, CA / 157,395
308	1,115	Laguna Beach, CA / 23,114
309	1,110	Livermore, CA / 83,901
310	1,108	Wildomar, CA / 33,601
311	1,106	Twentynine Palms, CA / 25,601
312	1,100	San Gabriel, CA / 40,173
313	1,097	Fremont, CA / 221,654
314	1,096	Grand Terrace, CA / 12,252
315	1,095	Rio Vista, CA / 7,646
316	1,094	Rancho Cucamonga, CA / 170,170
317	1,082	San Marcos, CA / 87,808
318	1,076	Newport Beach, CA / 86,594
319	1,076	Carlsbad, CA / 109,296
320	1,073	Malibu, CA / 12,830
321	1,067	Healdsburg, CA / 11,466
322	1,067	Santee, CA / 55,435
323	1,062	Brentwood, CA / 54,062
324	1,057	Solana Beach, CA / 13,146
325	1,056	Del Rey Oaks, CA / 1,727
326	1,051	Petaluma, CA / 58,912
327	1,050	Oakley, CA / 37,391
328	1,048	Piedmont, CA / 10,957
329	1,038	Huntington Beach, CA / 195,686

330	1,037	Glendora, CA / 50,855
331	1,029	Montague, CA / 1,504
332	1,027	Pacific Grove, CA / 15,365
333	1,026	Arroyo Grande, CA / 17,536
334	1,023	Menlo Park, CA / 32,792
335	1,022	Manhattan Beach, CA / 35,534
336	1,019	Scotts Valley, CA / 11,711
337	1,013	San Dimas, CA / 33,896
338	1,009	Daly City, CA / 103,897
339	1,009	La Verne, CA / 31,592
340	1,006	Sebastopol, CA / 7,535
341	993	Ojai, CA / 7,558
342	992	Fountain Valley, CA / 56,440
343	988	Monterey Park, CA / 60,966
344	983	South Pasadena, CA / 25,914
345	981	Winters, CA / 6,843
346	980	Williams, CA / 5,166
347	980	Morgan Hill, CA / 39,875
348	974	Palo Alto, CA / 65,998
349	974	Novato, CA / 53,451
350	973	Torrance, CA / 147,181
351	971	Tustin, CA / 77,765
352	969	Encinitas, CA / 61,008
353	967	Menifee, CA / 81,658
354	964	Atherton, CA / 7,034
355	964	Buellton, CA / 4,924
356	953	Cloverdale, CA / 8,692
357	951	Fort Jones, CA / 848
358	950	Hughson, CA / 6,895
359	949	Yucaipa, CA / 52,406
360	931	Millbrae, CA / 22,177
361	920	Ripon, CA / 14,645
362	917	Calistoga, CA / 5,244
363	914	Benicia, CA / 27,450
364	910	San Anselmo, CA / 12,527
365	903	Seal Beach, CA / 24,477
366	900	La Mirada, CA / 49,038
367	894	Folsom, CA / 73,334
368	890	Fillmore, CA / 15,203
369	886	Morro Bay, CA / 10,383
370	884	Holtville, CA / 6,067
371	873	Coronado, CA / 24,333
372	870	Orange, CA / 138,980
373	869	Half Moon Bay, CA / 11,803
374	866	Santa Clarita, CA / 179,030
375	865	Hercules, CA / 24,596
376	863	Soledad, CA / 26,008
377	862	Los Gatos, CA / 30,163

378	857	Rocklin, CA / 59,002
379	845	Carpinteria, CA / 13,323
380	832	Placentia, CA / 51,860
381	828	Avenal, CA / 14,553
382	827	Fairfax, CA / 7,546
383	826	Sunnyvale, CA / 145,921
384	824	Cypress, CA / 48,748
385	819	Kensington, CA / 5,351
386	810	Rolling Hills Estates, CA / 8,184
387	806	Pacifica, CA / 38,283
388	805	Glendale, CA / 195,380
389	804	La Palma, CA / 15,791
390	800	Windsor, CA / 27,113
391	799	Westlake Village, CA / 8,393
392	785	Dublin, CA / 49,694
393	784	Laguna Hills, CA / 30,768
394	782	San Carlos, CA / 29,166
395	778	Diamond Bar, CA / 56,259
396	778	Solvang, CA / 5,345
397	776	Truckee, CA / 16,191
398	770	Wheatland, CA / 3,494
399	766	Lafayette, CA / 24,685
400	765	Corcoran, CA / 23,634
401	755	Murrieta, CA / 106,326
402	752	Eastvale, CA / 55,298
403	749	Pleasanton, CA / 73,164
404	740	Poway, CA / 49,040
405	736	Ione, CA / 7,318
406	734	Dana Point, CA / 33,861
407	733	Walnut, CA / 29,822
408	731	Yountville, CA / 2,977
409	729	Simi Valley, CA / 125,699
410	718	Goleta, CA / 30,333
411	707	Temple City, CA / 36,006
412	706	Camarillo, CA / 65,985
413	702	Belmont, CA / 26,503
414	698	La Canada Flintridge, CA / 20,477
415	686	San Marino, CA / 13,294
416	684	San Juan Capistrano, CA / 35,562
417	681	Cupertino, CA / 59,787
418	680	Canyon Lake, CA / 10,810
419	680	Guadalupe, CA / 7,160
420	672	Saint Helena, CA / 5,895
421	649	Mill Valley, CA / 14,178
422	645	Agoura Hills, CA / 20,630
423	642	San Ramon, CA / 73,826
424	641	Thousand Oaks, CA / 128,126
425	639	Chino Hills, CA / 76,187

426	625	Villa Park, CA / 5,911
427	615	Sierra Madre, CA / 11,060
428	612	Tulelake, CA / 1,029
429	607	San Clemente, CA / 64,673
430	597	La Habra Heights, CA / 5,398
431	596	Lincoln, CA / 44,397
432	593	Lake Forest, CA / 78,940
433	582	Irvine, CA / 229,850
434	579	Calabasas, CA / 23,956
435	560	Clayton, CA / 11,328
436	557	Moorpark, CA / 35,033
437	555	Ferndale, CA / 1,456
438	553	Stallion Springs, CA / 2,983
439	548	Westmorland, CA / 1,747
440	544	Foster City, CA / 31,809
441	536	Yorba Linda, CA / 66,335
442	532	Rancho Palos Verdes, CA / 42,282
443	532	Orinda, CA / 18,390
444	503	Mission Viejo, CA / 95,246
445	499	Bear Valley, CA / 43
446	490	Danville, CA / 42,891
447	485	Ross, CA / 2,227
448	484	Moraga, CA / 16,549
449	471	Etna, CA / 750
450	461	Los Altos, CA / 29,762
451	454	Tiburon, CA / 9,100
452	454	Saratoga, CA / 30,627
453	448	Monte Sereno, CA / 3,462
454	442	Laguna Niguel, CA / 64,299
455	435	Aliso Viejo, CA / 49,437
456	428	Belvedere, CA / 2,036
457	426	Imperial, CA / 15,782
458	422	Bradbury, CA / 845
459	380	Palos Verdes Estates, CA / 13,568
460	362	Los Altos Hills, CA / 8,244
461	338	48,758
462	335	Hidden Hills, CA / 1,749
463	325	Hillsborough, CA / 11,148
464	319	Rolling Hills, CA / 1,689
465	299	Laguna Woods, CA / 16,302
466	235	Calipatria, CA / 7,599

From: Jose Reyes
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Friday, March 18, 2016 11:51:32 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Jose Reyes

From: John Wunderlich
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Friday, March 18, 2016 10:56:09 AM

Dear Mrs. Grabowski,

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Sincerely,

John Wunderlich
Broker / REALTOR(R)
Wunderlich Realty
[redacted]
CalBRE #01739226
2013 President - South County Realtors Alliance

From:	Li Xia
To:	The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; District 10; Fedor, Denelle; City Clerk; Grabowski, Ann
Subject:	Please say "NO" to annual allowable rent increase on CPI-U
Date:	Friday, March 18, 2016 1:37:32 PM

Dear Honorable Mayor/ Council Members,

As a resident/investor/voter who cares about our City, San Jose, I urge you to say "NO" to annual allowable rent increase on CPI-U; which is unreasonably low now at 2% to 3%.

Otherwise, small landlords will be forced out of business & will face foreclosure very soon.

The housing staff does not recommend fix percentage because it does not reflect the operating cost or market condition. Likewise, the CPI-U does not represent the operating cost or market condition.

Nowadays all workers e.g. contractors, roofers, plumbers are very expensive e.g. 7 or 8 years ago it only cost $60 for a plumber to unclog a drainage, nowadays it cost over $100; average 8% increase annually.

While the City cannot control the cost of labor, utilities, permit fee etc. and tie these operating expenses to CPI, also there are lots of not normal operating maintenance expenses, such as roof, plumbing, asbesto removal, etc., and Capital Improvements/Debt Service, and older building need major investments, it is grossly unfair to tie the hands of small mom and pop owners to CPI.

While the big investors can afford to tear down housing units to build newer and bigger buildings not subject to ARO, small property owners canNOT!

The housing staff said "Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small." There is no logical relationship between small landlords' actual low annual rent increase vs. small "allowable" rent increase.

Higher allowable rent increase is necessary for the following reasons:
8% would be an insurance cushion for small landlords to deal with special but expected circumstances such as bad tenants' costly damage of properties, over-throwing garbage clean up cost and City penalties for tenant's misbehavior etc.

Without this insurance, small landlords would easily suffer negative cashflow.
During economic downturns, Landlords cannot increase rent and may even lower the rent, with no subsidize from the City. 8% allowance will help remedy the loss Landlords suffer from downturn years with no or negative rent increase.

Savings for rainy days are regular business practice. In bad years, landlords' kindness in not raising rent on tenants or dropping the rents should not be used to punish Landlords. The CPI would punish landlords without any protection.

As mentioned in the staff report, MNOI is proposed to ensure "fairness" to makeup for years

with too low CPI.

However, MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City.

Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.

The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure !

Instead, it is more cost effective to use the program implementation fee to provide financial assistance to low income families.

It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,

Li Xia

From:	Denise Hays
To:	The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10
Cc:	Grabowski, Ann
Date:	Friday, March 18, 2016 2:05:58 PM
Attachments:	San Jose Apartment Rent Ordinance-Steve Speno.pdf

---

Dear Mayor and fellow Councilmembers,

On behalf of Steve Speno, see attached letter regarding the proposed San Jose Apartment Rent Ordinance.

Thank you for your consideration.

Denise Hays
Preferred Community Management
142-A South Santa Cruz Avenue
Los Gatos, CA 95030
(408) 395-2468 Ext. 205
(408) 395-7806 Fax

PREFERRED COMMUNITY
MANAGEMENT

March 19, 2016

Mayor & Councilmembers
City of San Jose
200 East Santa Clara Street
18th Floor
San Jose, CA 95113

Dear Mayor & Councilmembers:

I want to begin by thanking the City of San Jose for its thorough and thoughtful review of its Apartment Rent ordinance. I have owned and managed small apartment buildings in San Jose and surrounding cities for many years, and I actively participated in San Jose's adoption of its rent control ordinance many years ago.

Like all legislation, modifications of the Apartment Rent Ordinance will prove most effective if specific provisions are carefully reviewed and analyzed for how they impact all stakeholders as well as unintended consequences that may result. There are a large number of proposed changes to the Apartment Rent Ordinance, and each should be thoroughly reviewed, and many stakeholders have a lot to offer, but I would like to limit my comments today to a few critical areas.

First, it is very important to consider this issue in the appropriate context. The Draft Recommendations compare San Jose's existing rent ordinance with the rent increase provisions of a number of other cities that have rent control ordinances, but it makes no mention of other cities which have no rent control whatsoever. It makes no mention of rent control provisions, nor does it compare San Jose's existing rent levels, with those in the surrounding communities of Palo Alto, Mountain View, Sunnyvale, Cupertino and Santa Clara, or Milpitas. It is important to understand San Jose's rent levels, as well as what San Jose is already doing to control rents, in comparison with adjoining communities.

Second, it is important to keep in mind that the apartment units and the property owners that will be impacted by the proposed modifications are currently providing some of the most affordable rent opportunities in the City of San Jose. The proposed changes will not apply to the newer and larger complexes (built after 1979) which typically have the highest rents. The proposed changes only apply to older units, often smaller complexes, which represent only one third of San Jose's rental units, and where existing rents are already the most reasonable throughout the City. To the extent the proposed amendments further restrict and prohibit owners of such older properties from earning reasonable returns on their investments, more of these properties will be redeveloped into new apartment complexes that are exempt from rental control and only available at substantially higher rents.

Third, the modifications to the ordinance should not punish or discourage property owners who have been the most responsible in keeping rents reasonable. Those owners who have kept their rents the lowest should not be penalized, and forced with a de-valuation of their property values when selling their buildings. This was, in fact, one of the major reasons why the existing ordinance provides for a debt service pass-through upon the sale of a property. While the debt service pass-through provision was capped, allowing only 80% of the increased debt service to be passed-through, up to a maximum 70% of loan to value to discourage speculation, it was essential in assuring that owners who kept rents the lowest would not suffer a loss in the value of their properties upon sale.

Either the debt service pass-through provision must be retained, at least upon the sale of an asset, or the new owner must be allowed to re-cast base rents to allow a reasonable return on investment for new owners. Absent these provisions, the most responsible apartment owners, those who have kept rents the lowest, will suffer a substantial loss in property value when they sell their properties.

REAL ESTATE SERVICES

142-A S. Santa Cruz Avenue ▪ Los Gatos, CA ▪ 95030 ▪ 408/395-2468 ▪ Fax 408/395-7806

An unintended consequence of deleting the debt service pass-through provision will be to encourage property owners to increase rents to the maximum level, for existing residents, even when they may otherwise choose to keep rents lower. For example, an owner of a duplex may be willing to accept a rent of $400 per month less than market for each tenant, foregoing $9,600 per year in income. But they are far less likely to do so if the lower rents cause them to lose $192,000 of value when selling their property (assuming a 5% cap rate). Deleting the debt service pass-through provision is likely to have the unintended consequence of increasing rents for many existing tenants.

Fourth, the CPI and the 2% minimum allowable rent increase is unreasonably low given the actual cost structures property owners typically experience in the Bay Area. Some of the largest cost components associated with owning, operating and maintaining apartments are property taxes and utility expenses. Property tax increases often exceed 2% per year when one considers increases in sewer service and use charges, increases in parcel taxes, or additional school bonds. And utility rates for PG&E, water and garbage typically far exceed 2%. Approved regulatory increases for utilities have often been 6-8% per year or higher. We would all like to experience more limited cost increases, but if rent increases can not legitimately keep pace with increased operating costs, the maintenance and quality of this critical rental housing stock will deteriorate. A more reasonable minimum allowable rent increase should be at least 4-5% per year to provide for adequate maintenance and support of this existing rental housing stock.

Finally, while some improvements in the existing ordinance may be legitimate, great care should be taken not to over-regulate and excessively expand bureaucracies to administer such regulations. Implementing a full rent registry is administratively burdensome and inappropriate given that nearly two thirds of San Jose's rental housing isn't even subject to the Apartment Rent Ordinance. Increasing the proposed staffing from 1.5 positions to 15-30 positions is totally excessive and inefficient, and increasing program fees from $12.25 per unit per year to $73-$102 per unit per year, representing an increase of 600%-800% is completely unwarranted, especially when our goal should be to moderate the costs of providing rental housing in the City of San Jose.

Thank you for your consideration.

Sincerely,

[redacted]

Steve Speno

From: Monica Yeung
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Friday, March 18, 2016 3:27:44 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

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The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Monica Yeung
tel: [redacted]

From:	Isaac Agam
To:	The Office of Mayor Sam Liccardo; Scally, Katie; Weerakoon, Ru; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; Grabowski, Ann
Cc:	Howard, Josh; Mary Driedger; "Raul Richardson"; Simon Bloch
Subject:	RE: City of Mountain View Voted No on Rent Control
Date:	Friday, March 18, 2016 3:53:46 PM

On Tuesday night, after hours of public testimony, the City Council decided that whatever short-term relief tenants would gain from rent control would be outweighed by the potential hardship it would inflict on the local housing market.

http://www.mv-voice.com/news/2016/03/16/city-drops-rent-control-from-relief-package

Please see the result of a thorough review of a rent control proposal that has been declined by the City of Mountain View on Tuesday 3/1/5/16.
The arguments are the same as in san Jose, but the City of Mountain View decided against it.
Curtsey of Simon Bloch, a residence of Mountain View.
FYI.
Isaac Agam

From: [redacted]
To: Grabowski, Ann
Cc: Rich Kwok
Subject: Comments - San Jose Rent control
Date: Sunday, March 20, 2016 11:48:36 AM

Ms. Grabowski,

I take this opportunity to comment on the proposed changes to the San Jose Apartment Rent Ordinance. Please share my thoughts with all those empowered to make decisions regarding modification and approval of the Ordinance. Below are my thoughts for your consideration:

The proposed ordinance is unfair in that it targets and therefore discriminates against older properties.
It is counter productive by targeting older rentals - the ones most needing to be upgraded. The debt service pass-through elimination and the just cause eviction are both impediments for owners to improve and upgrade the condition of their properties.

Many of us older Mom & Pop rental owners have kept our rents low for many years because we were OK with well-below market rents during our own working years. With these changes we will be penalized by severely limiting rent increases, now that we need something closer to market rents during our retirement years.

The additional reporting burden placed on the rental property is unconscionable, not to mention the extra cost. This is another example of government intrusion at its worst.

It would appear that all the efforts to provide meaningful input and guidance during the review period essentially have been ignored. The original proposed elements are seemingly unchanged and more egregious elements have been added.

In my view, this is another example of City Government *empire building* at it worst: an additional bureaucracy expansion that imposes additional cost and reporting requirements on property owners and other taxpayers.

Thank you for the consideration.

Gerald "Jerry" Burnette
Broker Associate
Fireside Realty
Ph/Fax [redacted]
CalBRE #00385735

From: Eli Gonzalez
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 11:10:03 AM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

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The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Sent from my iPhone

From: Jess Wible
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 10:54:42 AM

Dear Mayor and Council,

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The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy%

Jess Wible
VP Managing Officer - Intero Cupertino
Intero Real Estate Services, Inc.
[redacted]
JWible@InteroRealEstate.com
www.InteroRealEstate.com

Sent from my iPad

From: Jorge E. Gosalvez
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 10:51:05 AM

Dear Mayor and Council,

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The LAO report concludes that "There are no quick and easy fixes,"

Jorge E. Gosálvez
Broker Associate, GRI, SRES, CDPE | BRE: 00811940
INTERO Real Estate Services, a Berkshire Hathaway affiliate
10275 N. De Anza Blvd. | Cupertino, CA 95014
[redacted] | (408) 904-5465

Jorge@BrokersForLife.com | www.BrokersForLife.com

By the way, I am never too busy to take care of your referrals.

If buying or selling real estate or in need of property management, please send me a note or call me.

P.S. DON'T KEEP ME A SECRET!! Referrals are the lifeline of my business. If you have a family member, friend or co-worker that needs my assistance, please feel free to contact me. I promise to treat them with respect and the highest level of integrity. Your personal referrals are the greatest compliment I can receive. Thank you. Serving Clients Since 1981.

LinkedIn "Over 100 million professionals use LinkedIn to exchange information, ideas and opportunities."

From: Carla Griffin
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 8:24:20 AM

Dear Mayor and Council,

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Sincerely,

Carla Griffin
Broker/CRS/SRES
B & A Realtors
[redacted]
CalBRE#00710852

From: Tornincasa, Donald
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 8:22:22 AM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Regards,
Don Tornincasa
Coldwell Banker, Saratoga
Manager DRE# 01041285
[redacted]
Sent from my iPad, please forgive any typos or grammatical errors.

The information in this electronic mail message is the sender's confidential business and may be legally privileged. It is intended solely for the addressee(s). Access to this internet electronic mail message by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful.

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Nothing in this email shall be deemed to create a binding contract to purchase/sell real estate. The sender of this email does not have the authority to bind a buyer or seller to a contract via written or verbal communications including, but not limited to, email communications

From: Patrick Crema
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 7:56:10 AM

Dear Mayor and Council,

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Sincerely,
Pat Crema

From:	Veronika and Peter Suess
To:	Grabowski, Ann
Subject:	I"m against Changes to Apartment Rent Ordinance
Date:	Sunday, March 20, 2016 7:33:52 AM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,
Peter Suess

Veronika & Peter Suess

Alain Pinel Realtors

5353 Almaden Expy. #A150

San Jose, CA 95118

Veronika: [redacted]

Peter: [redacted]

Cal BRE #01435928 & 01435950

From: Paul D.
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 7:21:52 AM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Paul Drozdiak
"The Best of the Best"

From: Brent Payton
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 7:21:10 AM

Dear Mayor and Council,

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Sincerely,
Brent Payton

From: Denise
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 7:09:08 AM

Dear Mayor and Council,

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Sincerely,
Denise Payton

From: James
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 6:21:06 AM

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Sincerely,

James Dill
REALTOR\Broker/Veteran
James & Associates

From: Sg123
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 5:37:31 AM

Dear Mayor and Council,

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Sincerely,

From: Garlen Han
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 3:47:46 AM

Dear Mayor and Council,

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Sincerely,

Garlen Han
Sent from my iPhone 6 S Plus

From: Sue Bose
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 1:28:14 AM

Dear Mayor and Council,

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Sue Bose MBA, CRS, GRI
BoseHomes.com
[redacted]
DRE# 01379753

From: Caroline Nguyen
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 11:45:06 PM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

From: Charles Shao
To: Grabowski, Ann
Subject: Rent Control Provisions
Date: Saturday, March 19, 2016 10:32:57 PM

March 19, 2016

Dear Ann,

The undersigned is a fourplex owner in San Jose, and is greatly disturbed by some of the provisions unnecessarily attached to the Rent Control as explained below:

1. Code Violation Report Rule

The purpose of this "code violation report rule" by the tenant is to prevent the landlord from neglecting his/her responsibility and protect the welfare of the tenants, which is an absolutely good rule. However, this good intention can be purposely used by bad tenants to file false reports against the landlord. This regulation needs additional provisions to make it not only fair to both the tenant and the landlord, but also to achieve its intended purpose.

I would like to make one suggestion to make this rule more balanced and fair. The code violation reported by a tenant should go through a fair and independent verification to attest its validity. Assuming a party is guilty only based on a one-sided report without solid evidence is against the principle of our society. Also, a clause should be included that when the tenant's accusation is proven to be false, the landlord has the right to evict the tenant based on this finding. This clause protects the landlord from being deliberately falsely accused and will reduce instances of false accusation – saving government manpower, too. After all, only a fair, unbiased rule can be respected and observed.

2. Just Cause Rule

This "Just Cause Rule" is totally unnecessary. With the rent is

being held constant by the rent increase limitation rule, the landlord has absolutely no incentive to evict a good tenant. It is an obvious fact that landlords lose at least one to two months of rent, including fix up costs, when changing tenants. Only an insane, stupid landlord is going to evict a good tenant. When a landlord decides to take several thousand dollars of loss to evict a tenant, there must be a good reason behind it. The city government has no right to meddle in this business decision as long as there is no violation of any discrimination laws, which is already enforced by existing federal laws. If these just cause rules are enforced, the city would force landlords to spend several thousand dollars on lawyer's fee on top of the several thousand dollars loss of rent to evict a bad tenant. Most of the landlords would be unable to afford to do so, and the result would be disastrous – helping bad tenants and criminals, who would ruin the neighborhood. In the end, bad guys win and everybody else loses, including the landlord and other neighboring tenants. In conclusion, this "Just Cause Rule" is a bad rule and should not be part of the rent control.

3. All Provisions in Rent Control other than Rent Increase Limitation

If all these other provisions are so good, then they should be uniformly applied to all apartments, built before 1979 or not. The city Housing Department can not and should not claim that these are good rules but then apply them to a fraction of the apartments. Is this hypocrisy? Applying any rule non-uniformly is very un-American, isn't it? Some of these rules may even infringe on the basic constitutional rights of the business owners. If these rules create a hostile environment that is bad enough, it may induce a class action lawsuit and the penalty to the city could run into millions of dollars.

I sincerely urge you to seriously consider deleting the aforementioned provisions before casting your vote.

Sincerely,

Charles Shao
[redacted]
Tel: [redacted]

From: Kenneth Wong
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 10:03:47 PM

Dear Mayor and Council, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

From: Bryan Ringsted
To: Grabowski, Ann
Subject: More rent control won"t solve housing issues... more houses will
Date: Saturday, March 19, 2016 9:44:15 PM

Dear San Jose Housing Department/Ann Grabowski

I am a San Jose theater teacher who uses rental income to offset the astronomical housing prices here in San Jose. With my tiny public servant salary I could never afford to purchase a home... except that I rent out rooms. This has allowed me to buy a second home and make it available at slightly below market value to a deserving couple.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

Especially taxes! What was a good investment 3 years ago becomes a money sink when the home price is taxed at 200k more then the purchase price. I don't want to lose my home because I can't raise rent to match tax assessments.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

-Bryan Ringsted
Theater teacher and landlord
San Jose, CA

From: ezequiel pando
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 9:32:02 PM

Dear Mayor and Council,

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Sincerely,

Ezequiel Pando
[redacted]

From: Steve Hanleigh
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 9:12:16 PM

Please be very careful of any reliance you have on information gathered from the MLS service. Just a heads up to save everyone major embarrassment. The information is defective and unreliable

Dear Mayor and Council,

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Sincerely,

Steve Hanleigh
Sent from my iPhone

From: Gilley Jacoby
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 7:44:11 PM

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Sincerely,

Gilley jacoby
[redacted]
Sent from my iPhone

From: McPhee, Joanne
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 7:40:14 PM

Dear Mayor and Council,

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Sincerely,

JOANNE McPHEE
Realtor | BRE #01713548
[redacted]

Sent from my iPhone

The information in this electronic mail message is the sender's confidential business and may be legally privileged. It is intended solely for the addressee(s). Access to this internet electronic mail message by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful.

The sender believes that this E-mail and any attachments were free of any virus, worm, Trojan horse, and/or malicious code when sent. This message and its attachments could have been infected during transmission. By reading the message and opening any attachments, the recipient accepts full responsibility for taking protective and remedial action about viruses and other defects. The sender's company is not liable for any loss or damage arising in any way from this message or its attachments.

Nothing in this email shall be deemed to create a binding contract to purchase/sell real estate. The sender of this email does not have the authority to bind a buyer or seller to a contract via written or verbal communications including, but not limited to, email communications

From: AL ARIAS
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 7:18:23 PM

Dear Mayor and Council, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,
Al Arias

From: Grace Vaccaro
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 6:36:01 PM

Dear Mayor and Council, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

It's a good life,
Grace Vaccaro
DIRECT LINE: [redacted]
CELL [redacted]
CalBRE# 00760365

Oh By The Way...if you know someone who would appreciate my services, please call me with their name and number and I will be happy to help them.

From: Mary
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 6:23:32 PM

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The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy%

Sent from my iPhone

From:	Victoria Torres
To:	Grabowski, Ann
Cc:	Victoria Torres
Subject:	I"m against Changes to Apartment Rent Ordinance
Date:	Saturday, March 19, 2016 6:17:23 PM

Dear Mayor and Council, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

Victoria Torres, MBA,Broker,CWMBE,CDPE,SFR
VICTORY AMERICA
BRE 01432648
Certified Women Minority Business Entrepreneur
Certified Distressed Property Expert
Certified Short Sale Specialist
Certified Pre-Foreclosure Specialist
Certified Foreclosure Specialist
Certified REO Listing & BPO Specialist
Certified Home Retention Consultant
Certified RES.NET
Member Equator Committee
Member NAHREP
[redacted]
Daly City, CA 94015
Phone [redacted] Fax (888) 381-7857

From: Scott Grant
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:50:16 PM

Dear Mayor and Council,

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Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

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Sincerely,

Scott Grant
Grant, Griffith & Jones
Ranked in the top 1,000 agents in America by the Wall Street Journal

Intero Real Estate Services, Inc.
A Berkshire Hathaway Affiliate
[redacted]

From: Fabian Cantu
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:48:07 PM

Dear Mayor and Council,

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The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From: Paul Corsbie
To: Grabowski, Ann
Cc: Corsbie Paul
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:46:04 PM

Dear Mayor and Council,

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Sincerely,

Best Regards,
Paul W. Corsbie
Sent from my iPhone

From: Kevin Ding
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:38:10 PM

Dear Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Kevin Ding
President, Broker
First PHD Capital, Inc
[redacted]
San Jose, CA 95130
Tel: [redacted]

From: Will Carrillo
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:35:02 PM

Dear Mayor and Council,

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Sincerely,

Will

Will Carrillo
Calbre # 00981185
RE/MAX Real Estate Services
1-800-753-9083
[redacted]
www.houseshopper.net

From:	JLynn Manley
To:	The Office of Mayor Sam Liccardo; Grabowski, Ann
Subject:	NO additional Burdens for owners please
Date:	Saturday, March 19, 2016 5:34:06 PM
Attachments:	image003.png image002.png

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

These impractical ideas will open up a can of worms that will be worse for owner's, tenants and the City.

Please THINK THIS THROUGH AND THE RAMIFICATION ANY OF THESE UNREALISTIC IDEAS BEFORE ACTING ON WHAT WILL CREATE HARDSHIPS FOR all.

Open dialog with people on the street that work in this industry, owners, and people who live in San Jose. All these talented people can come up with better ideas that will benefit all, than the destructive proposals that you are considering.

Thank you!

Atlantis PROPERTIES
A Real Estate Corporation

JLynn Manley |

California Real Estate Broker
CalBRE # 01786339 |

Direct Line [redacted] |
jmanley@atlantisproperties.net |

Atlantis Properties |
[redacted] Los Gatos, CA 95030
P: [redacted] | F: 408.354.2626 |
www.atlantisproperties.net |

PMC PROPERTY MANAGEMENT CERTIFICATION MLS

From: Diorena Aguinaldo
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:31:24 PM

Dear Mayor and Council,

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Sincerely,

Sent from my iPhone

From: Mark Devlin
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:31:21 PM

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Sincerely,

Mark Devlin
Real Estate Consultant
Certified International Prop Specialist
Findlosgatoshomes.com
Cal BRE# 01853765
Keller Williams Silicon Valley
[redacted]
Sent from my iPhone

From: Ivonne Valdes
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:25:34 PM

Dear Mayor and Council, I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

View all listings in one place:

[redacted]

Your Real Estate Team Website: www.weliveinsanjose.com/
Market and Economy Updates: www.ivonnevaldestrends.com/
Personal Profile at Coldwell Banker: www.coldwellbanker.com/agent

CalBRE # 01502965 1096 Blossom Hill Dr Suite # 200 (@ Almaden Expressway), San Jose CA 95123

From: Jones, Jackie
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Saturday, March 19, 2016 5:19:59 PM

Dear Mayor and Council,

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Sincerely,

Sent from my iPhone

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Nothing in this email shall be deemed to create a binding contract to purchase/sell real estate. The sender of this email does not have the authority to bind a buyer or seller to a contract via written or verbal communications including, but not limited to, email communications

From:	Ray Shih
To:	The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; City Clerk; District 10; Fedor, Denelle
Cc:	Grabowski, Ann
Subject:	Oppose Annual Allowable Rent Increase on CPI-U in San Jose
Date:	Saturday, March 19, 2016 4:29:35 PM

Dear Honorable Mayor/ Council Members,

As a resident/investor/voter who cares about our City, San Jose, I urge you to say "NO" to annual allowable rent increase on CPI-U; which is unreasonably low now at 2% to 3%.

Otherwise, small landlords will be forced out of business & will face foreclosure very soon.

The housing staff does not recommend fix percentage because it does not reflect the operating cost or market condition. Likewise, the CPI-U does not represent the operating cost or market condition.

Nowadays all workers e.g. contractors, roofers, plumbers are very expensive e.g. 7 or 8 years ago it only cost $60 for a plumber to unclog a drainage, nowadays it cost over $100; average 8% increase annually.

While the City cannot control the cost of labor, utilities, permit fee etc. and tie these operating expenses to CPI, also there are lots of not normal operating maintenance expenses, such as roof, plumbing, asbesto removal, etc., and Capital Improvements/Debt Service, and older building need major investments, it is grossly unfair to tie the hands of small mom and pop owners to CPI.

While the big investors can afford to tear down housing units to build newer and bigger buildings not subject to ARO, small property owners can NOT!

The housing staff said "Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small." There is no logical relationship between small landlords' actual low annual rent increase vs. small "allowable" rent increase.

Higher allowable rent increase is necessary for the following reasons:
8% would be an insurance cushion for small landlords to deal with special but expected circumstances such as bad tenants' costly damage of properties, over-throwing garbage clean up cost and City penalties for tenant's misbehavior etc.

Without this insurance, small landlords would easily suffer negative cashflow.
During economic downturns, Landlords cannot increase rent and may even lower the rent, with no subsidize from the City. 8% allowance will help remedy the loss Landlords suffer from downturn years with no or negative rent increase.

Savings for rainy days are regular business practice. In bad years, landlords' kindness in not raising rent on tenants or dropping the rents should not be used to punish Landlords. The CPI would punish landlords without any protection.

As mentioned in the staff report, MNOI is proposed to ensure "fairness" to makeup for years with too low CPI.

However, MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City.

Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the
capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.

The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure !

Instead, it is more cost effective to use the program implementation fee to provide financial assistance to low income families.

It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,

Shih Family

From:	Barbara Kuang
To:	Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; Fedor, Denelle; City Clerk
Cc:	Grabowski, Ann
Subject:	FW: say "NO" to annual allowable rent increase on CPI-U
Date:	Thursday, March 17, 2016 8:28:25 PM

Dear Honorable Council Members,

As a resident/investor/voter who cares about our City, San Jose, I urge you to say “NO" to annual allowable rent increase on CPI-U; which is unreasonably low now at 2% to 3%.

Otherwise, small landlords will be forced out of business & will face foreclosure very soon.

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It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,

Barbara Kuang

From: Neville Batliwalla
To: The Office of Mayor Sam Liccardo; Herrera, Rose; Jones, Chappie; Kalra, Ash; Peralez, Raul; Matthews, Margie; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Rocha, Donald; Khamis, Johnny; City Clerk; Grabowski, Ann; Chen, Wayne
Subject: And I thought San Jose was a business friendly city!!
Date: Monday, March 21, 2016 8:49:52 AM

Dear Mayor, Council Members and Housing Staff,

While I was listening to the presentation on March 16th from the City Housing Department on their rent ordinance recommendations I started wondering whether I was in The Capital of Silicon Valley or in a Socialist, Dictatorship like Cuba!!

It is unfortunate that the City's Housing Dept. has completely ignored and discredited the six owner representatives on the Advisory Committee who have voiced their unequivocal opposition to the new proposed rent ordinance.

Many articles about this meeting have been published. Below is the link from The Silicon Valley Business Journal with the title "San Jose landlords slam rent control recommendations and housing department"
http://www.bizjournals.com/sanjose/news/2016/03/17/san-jose-landlords-slam-rent-control.html.

On March 15th the Mountain View City Council had a meeting to vote on rent stabilization. And in case you missed this article from the same business publication "Mountain View nixes rent arbitration"
http://www.bizjournals.com/sanjose/news/2016/03/16/mountain-view-city-council-shoots-down-binding.html?ana=e_du_pub&s=article_du&ed=2016-03-16&u=6ycIOn9%2FPWg9Z9Cm9%2BMF2g00fef161&t=1458489611&j=71484632

The City Housing Board should be more focused on increasing the affordable housing stock, assist the few hundreds with their rent payments rather than change an entire system that has been working well for both landlords and tenants for many years.

These unilateral changes will result in major damage to the City budget, City crime rate, tenants quality of life and to the detriment of the small landlords.

Regards
Neville Batliwalla

From: Devlin Creighton
To: Grabowski, Ann; The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; District7; District8; District9; District 10
Subject: Rent Control is Bad
Date: Monday, March 21, 2016 10:02:32 AM

Dear City of San Jose Council Member,

If my rental increases are limited to lets say 2% in a given year... shouldn't the City be limited to a maximum of 2% increases on water, trash, business fees, occupancy tax, property taxes etc... And maybe we can get other business like my insurance company to limit any increases to 2% as well! Lets tie all increases to City bills to to the CPI! ;)

The following has always been good advise: "Keep it simple stupid." Your rent control proposal is not simple. It's a horrible idea.

The current system of 8% annual increases is adequate to prevent huge annual increases but does allow flexibility. It's also a simple program. Do not change what already works.

Thanks,
Devlin Creighton
[redacted]

From: Ivan Margaretich
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Sunday, March 20, 2016 9:16:24 PM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Ivan Margaretich

From: Carol Meyer (cmeyer)
To: Grabowski, Ann
Subject: FW: OPPOSE RENT CONTROL
Date: Monday, March 21, 2016 1:25:49 PM

Honorable Mayor, City Council Members and Housing and Community Development Commissioners,

I am opposed to additional rent control.

1. Many, if not most of the units that you propose to additionally regulate are owned by retirees, many on fixed incomes. You are asking these retirees to subsidize many residents making more than their housing providers. I acknowledge there are lower income people who need help with housing. Ask everyone in the city, not just housing providers to share this burden. If the City wants to subsidize rents for lower income residents, the City can take property taxes, the cost in lieu the additional 30 staff to regulate rentals, and or pass a tax on EVERY housing unit to pay for this. You do not ask grocery stores to sell food and other items at a and only raise prices based on the CPI.
2. Exclude duplexes at the very least. These regulations are extremely complex and #1 applies even more to duplexes.
3. The CPI proposal does not increase rents enough to cover expense increases. Every dollar spent including management, maintenance, capital expenditures and even debt service is a real cost.
4. No rollback in starting rents. It is just plain unfair to retroactively roll back rents.
5. Rent control is a help only to those who are in a unit at the time it is enacted. It encourages those "lucky" ones to stay put and never move. Decontrolled rents rise so every future resident pays more. It is so much better for the City to directly subsidize needy households than to subsidize EVERY renter (even affluent ones).
6. Staff says that very few debt service requests have been filed. Why are you trying to make a problem for everyone when it affects almost no one? The same is true for capital expenses —only one request. If that request lead to a large increase it must have been a very large improvement to the building—an improvement that would probably not have been made if it could not be passed on so as to recapture the cost via rent.

Why not just prepare a disclosure notice to give to residents when they sign their rental agreement or lease that explains that the City will mediate various rental issues, including rent increases.

Very truly yours,

Carol Meyer

From:	Carol Meyer (cmeyer)
To:	The Office of Mayor Sam Liccardo
Cc:	Grabowski, Ann
Subject:	Rent conrtol
Date:	Monday, March 21, 2016 1:24:17 PM

Honorable Mayor, City Council, Housing Committee,

CPI index.

I just calculated the increase in my expense for 2013 to 2015 (the latest numbers I have) it averaged over 7 percent per year for these two years, including a very large increase in utilities, building maintenance, an increase in my variable interest rate on my loan, property taxes, accounting, etc. so much for the CPI.

Very truly yours,

Carol Meyer

From: Sue Anderson
To: Grabowski, Ann
Subject: Apartment Rent Ordinance Advisory Committee Feedback
Date: Monday, March 21, 2016 1:19:07 PM

Hello City of San Jose Council leaders,

This is in response to the recommendations by the advisory committee related to updating rent control ordinance for San Jose. First let me give you some background about our situation. My Father has lived on S. 7th since the 1950's and he still lives there at 83 years old has Alzheimer disease. For the last three years my brothers and I are helping him with the small rental business. The units range in age from 75 years old to 140 years old. When we stepped in to help the business was barely breaking even due to vacant properties that needed significant renovations, other vacancies and low rents,

Since then we have added 4 units to the market after full renovation (at significant cost). We manage the tenant turnover so the time the unit is vacant (and not collecting rent) is reduced. There is a lot of deferred maintenance that is required on these units. We need roofs, new sewer and water lines, some need updated electrical, windows and siding. The bathrooms and kitchens are original in some units and we have run in to a lot of dry rot and termites. The cost of the work needed is very significant. We do not have the financial resources to cover these costs with the limitations this proposal puts on us.

We feel that it is very unfair to impose these rent limitations on us. We treat our tenants very well and are fair. We are very responsive to any issues that they have and we are very safety conscious The long term tenants get moderate increases periodically. Even when listing units after the tenants leave, we are below current market rents. We address tenant issues so that everyone can have quiet enjoyment in their home. Problem tenants are asked to leave.

We are strongly against the proposal for the new ARO regulations. For one, why only target these older units that have a higher cost of maintenance? How can the city decide what is a "Fair and reasonable return"? The proposed system is complicated and cumbersome. It is a heavy burden to put on individual small landlords. I am a fairly competent person and I have a difficulty to understand the formula as outline in your proposed modifications.

The January 1, 2015 base rent date is unfair. Are we supposed to roll back rents? This is ridiculous. You note that the CPI-U reflects a substantial portion of the operating costs. However, it does not reflect 100% of the operating costs.
With the proposal there is no capital improvement pass-through. There is no incentive to upgrade the unit. This also reduces the value of the property, quality of living for the tenants and the tax write offs as well. It is unfair since the properties you are targeting are older and therefore do have a lot of capital improvements needed to replace old systems such as sewer, water pipes, electrical, roofs, windows, kitchens, bathrooms, etc.

Perhaps owners did not take advantage of the capital improvement pass-through in the past since the 8% rent increase if utilized did cover the cost of these improvements. Also, I was not aware this this existed. However, with the new proposals the capital pass--through is needed. I can assure you that I will utilize it. Do not remove this from the any new guidelines.

In conclusion, I feel like this whole proposal goes against our democracy and free trade. It is over reach by government and unfair to the business owners. We disagree with the proposal and are strongly oppose it.

With regards,
Sue Anderson

From:	Melissa Morris
To:	Grabowski, Ann; Lopez, Robert (HSG)
Cc:	Chen, Wayne; Jacky Morales-Ferrand [redacted]
Subject:	Renters" Rights Coalition Comments on Staff Recommendations
Date:	Monday, March 21, 2016 12:43:25 PM
Attachments:	image005.png image006.png Response to Staff Recommendations_3.21.2016.pdf Letter Regarding Staff Recommendations_3.21.2016.pdf

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Dear Ann and Robert,

Please find attached a brief letter and a longer memo in response to staff's recommended changes to the Apartment Rent Ordinance. Robert, please share these comments with the members of the HCDC for this evening's meeting—I apologize for sending them so last-minute.

Thank you for all of your work on this.

Many thanks,

Melissa A. Morris | Senior Attorney
Public Interest Law Firm
melissam@lawfoundation.org | p 408.280.2429 | f 408.293.0106

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WORKING PARTNERSHIPS USA

March 21, 2016

SENT VIA EMAIL: ann.grabowski@sanJoséca.gov

Ann Grabowski, Department of Housing
200 E. Santa Clara St.
San José, CA 95113

Re: Draft Recommendations for Modifications to the City of San José Apartment Rent Ordinance

Dear Ms. Grabowski:

San José is in the midst of a rental housing crisis.[1] Rents are unaffordable to all but the wealthiest members of our community and are increasing at rates that far outstrip the ability of low- and moderate-income renters to afford them. Average rent for a two-bedroom apartment is $2750, meaning that families must earn $110,000/year just to afford a place to live.[2] In contrast, workers in many occupational categories, make under $60,000/year in Silicon Valley.[3] Seniors, people with disabilities, and the working poor find themselves forced out of their homes—and often out of Silicon Valley altogether—by exorbitant rent increases and unfair evictions. The tenants displaced by this crisis are the workers who drive our economy, the students who attend our schools, and the neighbors who make our community strong.

Well-crafted, vigorously enforced rent control policies provide stability for tenants and neighborhoods.[4] However, San José's existing Apartment Rent Ordinance (ARO) is ineffective at stabilizing rents, and tenants in ARO units overpay for housing and live in

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[1] *See, e.g.,* Memorandum of Mayor Sam Liccardo, et al., to the Rules Committee of San José City Council (May 6, 2015) 3 ("We face a crisis of affordability in housing.").
[2] City of San José, *San José Housing Market Update: Q4 2015*, 2, available at < http://www.sanJoséca.gov/DocumentCenter/View/54617>.
[3] Silicon Valley Indicators, "Median Wages for Various Occupational Categories," available at <http://siliconvalleyindicators.org/data/economy/income/median-wages-for-various-occupational-categories/>.
[4] For a very brief overview regarding the effectiveness of rent control at preventing displacement, *see* Mitchell Crispell, *Rent Control Policy Brief* (Feb. 2016) <http://www.urbandisplacement.org/sites/default/files/images/urbandisplacementproject_rentcontrolbrief_feb2016_revised.pdf>.

overcrowded conditions at even greater rates than tenants in non-ARO rental housing.[5] And, although average rents for ARO units are lower than rents in non-rent controlled units, they are increasing at a greater rate than rents not subject to the ARO.[6] **We need strong rent control and just cause eviction protections now to prevent the further destabilization of our neighborhoods, damage to our workforce, and loss of our community's economic and racial diversity.**

We call on the City of San José to adopt changes to the ARO that include:

- Annual allowable rent increases tied to the annual change in the Consumer Price Index (CPI). Specifically, the ARO should allow annual increases of 75% of the annual change in CPI-U, with a floor of 0% and a ceiling of 4% or 5%, depending on allowable banking and pass-throughs.[7]
- Elimination of the existing ARO's debt service pass-through.
- A prohibition against no-cause evictions.
- An ordinance prohibiting retaliation against tenants, with meaningful penalties for landlords who violate the ordinance.
- A robust, fully staffed program within the City of San José to enforce the above policies, including a rent registry.

The attached comments discuss these and other recommendations, and they respond to the Draft Recommendations by staff released for public comment on March 1, 2016. While we acknowledge that staff's recommended policy changes would represent a dramatic improvement over the existing ARO, these recommendations fall short of what is needed to protect San José renters from displacement. We are especially concerned about the "Anti-Retaliation and Protection Ordinance (ARPO)" proposed by staff in lieu of just cause eviction protections. The ARPO would not protect vulnerable tenants from retaliatory evictions, would be incredibly difficult to administer, and would have a disparate impact on immigrants, people of color, and people with disabilities. Our comments address each of the recommendations, including the ARPO, in turn.

We appreciate the tremendous amount of work that staff has done to study the existing ARO, to solicit input from various stakeholders, and to craft policy recommendations. We look forward to working with staff further to develop policy options that will help to provide safety and stability for renters in our community.

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[5] *See* Kenneth Baar, et al., *Study of the Apartment Rent Ordinance of the City of San José: Preliminary Report* (January 2016) 3, available at <http://www.sanJoséca.gov/DocumentCenter/View/53420>.
[6] *Id.* at 2.
[7] Such limitations would be subject to certain adjustments in order to ensure that landlords are able to obtain a fair return. We support staff's recommendation of using the MNOI formula for such adjustments.

If you have questions about these comments, please contact Melissa A. Morris at the Law Foundation of Silicon Valley at melissam@lawfoundation.org or (408) 280-2429.

Thank you,

Law Foundation of Silicon Valley
Affordable Housing Network of Santa Clara County
People Acting in Community Together
Working Partnerships USA
Silicon Valley De-Bug
Sacred Heart Housing Action Coalition
Sacred Heart Renters' Organizing Committee
Sacred Heart Community Service
Tenants Together

cc: Mayor and City Councilmembers
Members of the Housing and Community Development Commission (c/o Robert Lopez, staff to HCDC)

WORKING PARTNERSHIPS USA

To: Ann Grabowski, Department of Housing
From: Silicon Valley Renters' Rights Coalition
Date: March 20, 2016

COMMENTS ON THE DRAFT RECOMMENDATIONS FOR MODIFICATIONS TO THE CITY OF SAN JOSÉ APARTMENT RENT ORDINANCE (RELEASED FOR PUBLIC COMMENT MARCH 1, 2016)

The Silicon Valley Renters' Rights Coalition[1] thanks the Housing Department staff for their diligent and thoughtful work to prepare preliminary recommendations for changes to the Apartment Rent Ordinance (ARO). While the recommended changes would represent an improvement over the existing ARO, they still fall short of what is needed to protect tenants from exorbitant rent increases and unjust evictions. This memorandum addresses each of the 10 recommendations in turn.

1. Annual Allowable Rent Increase

San José's existing annual allowable rent increase of 8% was set in 1979, when inflation was over 10%. In contrast, the percent change in the Consumer Price Index (CPI) for the San Francisco-Oakland-San José Metropolitan Service Area for December 2015 was 3.2%.[2] In many years, average wages increase even less than the rate of inflation, and wages in many sectors of our local economy have been stagnant (or declining) over the past five years.[3] Seniors and people with disabilities who rely on Social Security benefits to meet their basic needs have had cost of living adjustments of less than 2% since 2013, and they received zero cost of living adjustment for 2016.[4] It is no surprise, then, that rent increases of 8% annually far outstrip the ability of San José's low- and moderate-income tenants to afford those increases.

In order to modernize its Apartment Rent Ordinance, and to make it responsive to changes in the economy over time, **San José should link the annual allowable increase to changes in the CPI**. The ARO's static 8% annual allowable increase is an artifact of the late 1970's. Its

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[1] The individual member organizations of the Renters' Rights Coalition who have reviewed and endorsed these comments are: Law Foundation of Silicon Valley, Affordable Housing Network of Santa Clara County, People Acting in Community Together. Working Partnerships USA, Silicon Valley De-Bug, Sacred Heart Housing Action Coalition, Sacred Heart Renters' Organizing Committee, Sacred Heart Community Service, and Tenants Together.
[2] Bureau of Labor Statistics, "Consumer Price Index, San Francisco Area — December 2015" <http://www.bls.gov/regions/west/news-release/ConsumerPriceIndex_SanFrancisco.htm>.
[3] Silicon Valley Indicators, "Median Wages for Various Occupational Categories," < http://siliconvalleyindicators.org/data/economy/income/median-wages-for-various-occupational-categories/>.
[4] Social Security Administration, "Prior Cost of Living Adjustments," <https://www.ssa.gov/news/cola/facts/>.

inflexibility prevents it from adapting to changes in the economy, and it is far out of step with today's economic reality.[5] Most California cities with rent control link their annual allowable increases to CPI,[6] and courts have upheld CPI-based rent control formulae.[7]

a. **Percentage of CPI**

Staff recommends an annual allowable rent increase equal to 100% of the annual change in the CPI-U for the San Francisco-Oakland-San José Metropolitan Service Area, with a floor of 2% and a ceiling of 8%.[8] While this formula would be an improvement over the existing ARO, we urge the City to consider adopting an annual allowable increase of **75% of the annual change in CPI-U, with a floor of 0% and a ceiling of 4%.** Other cities, notably Santa Monica and West Hollywood, use 75% of CPI as the benchmark for their rent control ordinances, and the 4% ceiling would provide predictability for landlords and tenants alike.[9]

b. Banking Rent Increases

Staff also recommends allowing landlords to bank unused rent increases year over year, so long as proper notification procedures are followed, and so long as the total increase in any given year does not exceed 8%.[10] While banking of rent increases creates less predictability for tenants, and could result in relatively large increases in any given year, we believe that allowing banking—with certain essential restrictions—is a reasonable response to landlords' expressed desire to be able to "catch up" following a down market. However, any allowance for banking of rent increases must include the following conditions:

- A **firm cap on the total rent increase in any given year**, including the annual allowable increase, any banked increases, incentivized capital improvements pass-throughs, and pass-throughs of fees for the administration of the ARO.[11] The 8% cap recommended by staff is too high, and could still lead to incredibly high rent increases in a single year. We suggest setting the cap at 5% instead of 8%.
- **Reset of the bank at zero *any* time there is a vacancy**. Because vacancy decontrol allows landlords to establish rents at the market rate for new tenants, allowing banked

[5] For historical background an analysis, *see* Kenneth Baar, et al., *Study of the Apartment Rent Ordinance of the City of San Jose: Preliminary Report* (January 2016), 74-75, available at <http://www.sanjoseca.gov/DocumentCenter/View/53420>.
[6] *Id.* at 75.
[7] *See Fisher v. City of Berkeley* (1984) 37 Cal.3d 644.
[8] "Draft Recommendations for Modifications to the City of san Jose Apartment Rent Ordinance" (released for public comment March 1, 2015), 3.
[9] 75% of the annual change in CPI has only exceeded 4% once in the last three decades. *See* Baar, *supra* note 5 at 82, Table 4.5. For 75% of the annual change in CPI-U to exceed 4%, the annual change in CPI-U would need to be at least 5.33%. The annual change in CPI-U for the Bay Area was 5.4% in 2001 and has otherwise been below 5.33% since 1984.
[10] Draft Recommendations, *supra* note 8 at 3.
[11] Using the MNOI formula, landlords would still be able to exceed the cap if they could demonstrate that abiding by the cap would cause their actual net operating income to be less than fair net operating income, discussed in greater detail in Section 3, below.

rent increases to carry over from prior tenancies would unfairly burden new tenants, who are already paying market rates, and would create a windfall for landlords.[12]

The ARO's current banking scheme, which allows for single increases of up to 21% if the rent has not been increased in the past 24 months, allows landlords to issue incredibly large rent increases to tenants who have been in place for two years or more, and rent increases of 21% are unsustainable for families who may already be overpaying for housing. Allowing for banking of CPI-based increases, with the above limitations, would provide landlords with flexibility in determining the timing and amount of rent increases over time, while tempering the shock of banked increases on long-term tenants.

c. Base Year

We agree with staff's recommendation to **establish the base year rent as of January 1, 2015.** Through our participation in the ARO Advisory Committee meetings, we have heard landlords state repeatedly on the public record that they have increased their rents in anticipation of San José's strengthening its rent control ordinance, or that they intend to increase rents before changes to the ARO take effect. These landlords are trying to preemptively circumvent the requirements of an improved ARO, and they are acting in direct contravention of the ARO's purposes. Setting a base rents at the beginning of 2015, shortly before Council directed staff to work on improvements to the ARO, is essential to furthering the purposes of the ARO and to ensuring fairness for those tenants whose landlords would flout the ARO's requirements.

2. Debt-Service Pass-Through

The ARO's debt service pass-through, though seldom utilized, has authorized rent increases as high as 78%.[13] Most California rent control ordinances do not allow landlords to pass through the cost of debt service for the purchase or refinance of the property, nor does San José's Mobilehome Rent Ordinance.[14] It is unfair to allow the purchasers of rent-controlled properties to insure the risk of their mortgage loans on the backs of long-term tenants, especially where owners of ARO properties benefit from both dramatic appreciation in the value of their investment[15] and the ability to deduct mortgage expenses and interest payments from their income tax.[16] Debt service pass-throughs are not necessary to ensure a fair return to landlords, and allowing landlords to pass through the costs of debt service serves neither the interest of the community nor the purposes of the ARO. We support staff's recommendation to **eliminate the debt service pass-through**.

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[12] Staff recommends a reset of the bank for voluntary vacancies only. However, vacancy decontrol also applies when tenants are evicted for cause, and the bank should be reset for those vacancies as well. We disagree with staff's recommendation to maintain the existing regime of no-cause evictions, but, even if the City continues to allow no-cause evictions from rent control units, it would be unfair for landlords to carry over banked increases to the new tenants who move in following those evictions. We do not understand staff's recommendation to "allow the owner to immediately restart the bank" in a down market and would like clarification.

[13] *See* Baar, *supra* note 5 at 122.

[14] *Id.* at 123.

[15] *See* Baar, *supra* note 5 at 4. "Average [ARO apartment] values doubled from 1995 to 2000 . . . and doubled again since 2000."

[16] *See* IRS Pub. 527 (2015) available at <https://www.irs.gov/publications/p527/ch01.html>.

3. Capital Improvement Pass-Through and Limited Capital Improvement Incentive Program

Because well-constructed rent control ordinances allow for pass-throughs or adjustments to account for capital improvements and other costs, rent control policies do not create a disincentive for landlords to maintain and improve their properties. Indeed, studies from around the country have shown that rent controlled properties are as well-maintained as similar market-rate properties.[17] A provision allowing landlords to request adjustments to the annual allowable rent increase is a necessary component to a fair, legally sound rent control policy.

a. Maintenance of Net Operating Income Formula (MNOI)

We support staff's recommendation to use the MNOI formula for determining adjustments to the annual allowable rent increase. Staff recommends transitioning from the ARO's existing pass-through provisions to rent adjustments based on Maintenance of Net Operating Income (MNOI). The MNOI methodology is used by a number of other cities—as well as by San José in its Mobilehome Rent Ordinance—and has been repeatedly upheld by courts because it allows landlords to obtain a fair return.[18] MNOI is based on the premise that landlords are entitled to growth in net operating income over time.[19] A base year is established, and the fair net operating income is calculated using a multiplier of 100% of the annual change in CPI each year since the base year.[20] If a landlord can demonstrate that the actual net operating income for a property is less than the fair net operating income, then the landlord may obtain a rent adjustment to exceed the annual allowable increase so that the landlord is able to receive a fair return.[21]

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[17] *See, e.g.*, Nandinee K. Kutty, *The impact of rent control on housing maintenance: A dynamic analysis incorporating European and North American rent regulations*, 11 Housing Studies 69 (1996) (finding that landlords with rent-stabilized units will maintain properties as if there was no rent regulation, as long as (i) re-investment is allowed a market return and (ii) landlords are able to increase rents when they increase housing services); John Gilderbloom & Lin Ye, *Thirty Years of Rent Control: A Survey of New Jersey Cities*, 29 J. Urban Affairs 207 (2007) (finding that 76 New Jersey cities' rent stabilization had no significant impact on housing quality as compared to the rest of New Jersey cities without rent stabilization between 1970 and 2000, except for a potentially small increase in number of rooms per unit); John Gilderbloom & John Markham, *Moderate Rent Control: Sixty Cities over 20 Years*, 18 J. Urban Affairs 409, 425 (1996) (same findings as previous, but in 60 cities over 20 years); Choon-Geol Moon & Janet G. Stotsky, *The Effect of Rent Control on Housing Quality Change: A Longitudinal Analysis*, 101 J. Pol. Econ. 1114, 1123 (1993) (finding that rent-stabilized units in New York had very similar quality standards to entirely decontrolled units, especially as compared to classically rent-controlled units); David Sims, *Out of Control: What can we learn from the end of Massachusetts' rent control?*, 61 J. Urban Econ.129, 143 (2007) (finding no significant difference in major maintenance problems and small differences in aesthetic maintenance problems before and after ending Boston's rent stabilization regime).

[18] *See, e.g., Kavanau v. Santa Monica Rent Control Bd.* (1997) 16 Cal.4th 761; *Stardust Mobile Estates, LLC v. City of San Buenaventura* (2007); *Colony Cove Properties, LLC v. City of Carson* (2013) 220 Cal.App.4th 840 (holding that an MNOI standard, as applied to mobilehome parks "'permits park owners to obtain a just and reasonable return under general marketing conditions in any given year" and 'reflect[s] the tenant's interest by giving the park owner an incentive to incur all reasonable expenses for maintenance and services'" (internal citations omitted).)

[19] *See* Baar, *supra* note 5 at 110.

[20] *Id.* at 111-112.

[21] *Ibid.*

b. Incentivized Capital Improvement Pass-Throughs

While we do not object in principle to capital improvement pass-throughs designed to incentivize certain types of improvements that benefit both tenants and the community, staff's recommendation provides little detail on how such pass-throughs would work. Over what time period would the cost of improvements be amortized? To what extent would the costs of these improvements be factored into the MNOI calculation, and would landlords be able to double-charge tenants for such improvements by filing an MNOI adjustment and limited capital improvement petition in the same year? How will the program take into account the availability of grants, low-interest financing, and rebates for certain identified improvements (e.g., for energy efficiency)? We believe that the incentivized capital improvements program should not permit landlords to reap a windfall by utilizing duplicative pass-throughs or rebates, and that it should be designed with an eye toward preventing the types of extremely high increases that cause the displacement of tenants. We look forward to providing feedback to staff as they flesh out this proposal.

We agree with staff's recommendation that **pass-throughs for these limited capital improvement should not become part of the base rent.** We also agree that the total rent increase in any given year should be capped (absent an MNOI adjustment).

4. Revised Notification Requirements for Notices to Vacate and Rents Charged to Tenants in Properties Subject to the ARO

We support increasing outreach, education, and notification to both tenants and landlords of their rights and responsibilities under the ARO, generally. We also agree that notifying individual tenants about the maximum rent increases that their landlords may give them will help tenants to better understand and assert their rights under the ARO. However, **increased tenant notification should be viewed as a complement to—not a substitute for—stronger policy choices.**

The existing 60/90/120-day requirement is not effective at preventing unjust evictions or the displacement of tenants, as discussed in greater detail in item 9, below. For the ARO to be truly effective in stabilizing rents, preventing displacement, and achieving balance between tenants and landlords, the City must adopt just cause eviction protections.

5. Amendments to the Monitoring and Enforcement of the ARO

A robust program of monitoring and affirmative enforcement is essential to making the ARO's provisions meaningful. Such provisions must include significant penalties for landlords who retaliate against tenants or otherwise seek to evade the purposes of the ARO. They should provide remedies for tenants who have been harmed by landlords' illegal behavior, as well as attorneys' fees for private enforcement of tenants' rights under the Ordinance. We support staff's recommendations for the creation of a rent registry, for increased staffing to monitor and enforce the ARO, and for outreach and education on the changes to the ARO. We look forward to working with staff as they develop a more detailed vision for how this system will operate.

6. Evaluation of the Staffing Levels to Effectively Monitor, Enforce, and Analyze the ARO Program

San José's existing Rental Rights and Referrals Program (RRRP) currently has 1.5 staff to enforce the ARO, which covers over 44,000 housing units. The City's inadequate investment in enforcing the ARO, coupled with an enforcement structure that is almost entirely complaint-driven, contributes to the existing ARO's ineffectiveness. There is little understanding in the community—on the part of both tenants and landlords—of what the ARO requires and which rights it protects. And tenants, who may have limited English proficiency, who may be undocumented and therefore fearful of government agencies, who may not be aware of the RRRP's existence, who may fear retaliation from their landlords, or who may be in crisis due to evictions or rent increases, face many barriers to making complaints against their landlords.

We support the creation of a thorough, fully staffed, rent control enforcement program within the City of San José. The staff recommendation describes such a program in broad strokes, and we look forward to providing additional feedback when more details are available. If landlords will be allowed to pass on a portion of the fees for the program to their tenants in the form of rent increases, the total increase including the fee should not exceed the annual ceiling, and the fee should not become part of the base rent.

7. Evaluation of the Inclusion of Duplexes as Part of the ARO

Duplexes represent over 10,000 housing units in San José, but duplexes are not currently covered by the ARO. Including duplexes would increase the total number of covered housing units by over 20%, significantly increasing the number of tenant families who would be protected from displacement by exorbitant rent increases. Contrary to staff's recommendation, **the ARO should be expanded to cover duplexes.**

The state Costa-Hawkins Act imposes limitations on which housing units can be covered by local rent control policies. In addition to requiring vacancy decontrol, Costa-Hawkins exempts the following types of properties from rent control:

- Properties with a certificate of occupancy issued after February 1, 1995;
- Properties that were already exempt from a local rent control ordinance as part of an exemption for new construction as of February 1, 1995;
- Condominiums;[22]
- Single family homes.[23]

This state law severely restricts San José's ability to expand the coverage of the ARO. However, under Costa-Hawkins the City is permitted to expand the ARO to include duplexes. San José should not squander this opportunity to expand the protections of the ARO to thousands of additional renter households.

[22] With some exceptions. *See* Civ. Code, § 1954.52, subd. (3)(B).
[23] With some exceptions. *See* Civ. Code, § 1954.52, subd. (3)(B).

8. Consideration of Income Eligibility Criteria

We support staff's recommendation not to develop income qualification criteria for the ARO. Requiring tenants to income-qualify at the beginning of a tenancy is opposed by landlords and tenants alike. And allowing landlords to raise rents to market if in-place tenants make "too much" would create an incentive for landlords to discriminate against low-income tenants, would remove units from the rent controlled housing stock, would penalize tenants for growing their household income, and would defeat the purposes of the ARO.

The discussion of income qualification has highlighted one of the benefits of rent control: rent stability creates opportunities for low-income families to build wealth. If rent remains affordable to a family, even as their income grows, then they are able to save for the future, create a financial cushion for emergencies, minimize their debt, and spend money at local businesses. In this way, rent control not only benefits individual tenants; it benefits the community as a whole.

9. Consideration of a Good Cause Eviction Ordinance

Under California law, and currently in San José, a landlord may evict a tenant without any justification. There is no requirement that a landlord prove an objective reason why the tenant is being forced out of her home. Indeed, under our current legal framework, a tenant does not even have a right to know why she is being evicted. Although it is illegal for a landlord to use a no-cause eviction to retaliate or discriminate against a tenant, retaliation and discrimination can be extremely difficult for tenants to prove in court, especially when most tenants are not represented by attorneys and many do not speak English. Such cases generally come down to the tenant's word against the landlord's, and the legal presumption is in the landlord's favor. The existence of no-cause evictions exacerbates the stark imbalance of power between property owners and renters. Many landlords use no-cause evictions to retaliate against tenants, to discriminate against particular groups, and to circumvent San José's existing ARO. **To prevent these unfair evictions, to provide tenants with safety and security in their homes, and to further the purposes of the ARO, San José should adopt just cause eviction protections for tenants in all rental properties**.

a. Just Cause Eviction Protections

Most California cities with rent control also have just cause eviction protections for tenants, and at least one California city has just cause eviction protections without rent control.[24] One purpose of such protections is to make rent control meaningful. As we have seen in San José, without just cause eviction protections, landlords use no-cause evictions to circumvent rent control. Because the state Costa-Hawkins Act mandates vacancy decontrol, landlords use no-cause evictions to remove in-place tenants, then raise rents to market-rate. This practice is technically prohibited by the ARO, which provides that landlords are still bound by its rent

[24] In order "to promote stability in the San Diego rental housing market and limit adverse impacts on long-term residential tenants displaced and forced to find replacement housing in the expensive and limited San Diego housing market," San Diego provides just cause eviction protections for tenants who have been in place for 2 years or more. San Diego Mun. Code, §§ 98.0701, 98.0730.

control provisions "where the vacancy arises from the landlord issuing a tenant a notice to vacate, which notice does not state a reason for eviction that would legally entitle a landlord to evict a tenant on three days [sic] notice under Section 1161(2) through 1161(4) of the California Code of Civil Procedure."[25] However, this provision is nearly impossible to enforce. The tenant who has been evicted is no longer in the unit (and may still be in crisis as a result of being forced from his home); the new tenant doesn't know what the old tenant was paying. Landlords are left to comply voluntarily—or not—without effective oversight by the City or recourse for tenants. Just cause eviction protections would more effectively further the purposes of the ARO.

Furthermore, just cause eviction protections mandate that tenants may not be deprived of their homes without meaningful due process of law, and they require that landlords act in a fair, businesslike way. While most of our discrimination and retaliation protections are retrospective, meaning they allow a tenant to get relief (usually money damages) *after* the discrimination or retaliation has occurred, just cause eviction protections *prevent* discriminatory and retaliatory evictions from happening in the first place because they require the landlord to state a lawful justification for evicting the tenant.

Just cause eviction protections also create an environment in which tenants are empowered to assert their rights. In expensive housing markets like San José's, low-income tenants' housing options are extremely limited. They know that if they lose the housing they have, there is a very real chance of their becoming homeless due to the lack of alternative housing. As a result, tenants are afraid to request repairs, to complain about the conditions of housing, or to challenge discriminatory practices by landlords and property managers. As discussed in greater detail below, the proposed Anti-Retaliation and Protection Ordinance would not provide meaningful protection to these tenants, but a true just cause eviction ordinance would.

We recommend a just cause ordinance that would prohibit evictions except for the following reasons:

- Failure to pay rent;
- Breach of the lease;[26]
- Nuisance, including damage to the property and interference with the quiet enjoyment of the landlord or of other tenants;
- Failure to allow the landlord to access to the unit purposes of showing the unit to prospective purchaser or mortgagee or making necessary repairs or improvements required by the laws of the United States, the State of California, or any subdivision thereof (after the landlord has provided reasonable written notice).
- Owner move-in;
- Demolition;
- Removal of the property from the rental market.

[25] San José Mun. Code, § 17.23.190, subd. (B)(2).
[26] Such a provision would require additional language to prevent landlords' use of unilateral lease modifications to circumvent the ordinance, to provide protections for families whose composition changes, etc.

For tenants evicted for owner move-in, demolition, or removal of the property from the rental market, the ordinance should require meaningful relocation assistance, a right to return, and a right of first refusal if the unit later returns to the rental housing market.

Contrary to arguments by landlords and their lobbyists, just cause eviction protections do not make it "impossible" or even particularly difficult for landlords to evict tenants. Most evictions are for non-payment of rent, which is easy for landlords to prove, especially if they maintain documentation of the rent payments they receive. For other causes, such as disturbing the quiet enjoyment of other tenants, the testimony of the owner or property manager will usually be enough to prove the reason for eviction. Just cause eviction protections encourage landlords to be aware of what is happening on their properties, to have clear written leases and tenant rules, and to maintain careful business records. Responsible landlords who follow these best practices will have the tools they need to evict tenants who are violating their leases, breaking the law, or causing problems for their neighbors.

Another common misconception regarding just cause eviction protections is that they drag out the eviction process. However, the unlawful detainer process—the court process by which a landlord obtains an eviction judgment—is the same regardless of whether a landlord has given the tenant a 90-day no-cause eviction notice or a 3-day eviction notice for cause. It is an expedited process in which the court *must* set the trial date no later than the 20th day after the landlord requests the trial.[27] Because the legally required written notices for cause (e.g., for non-payment of rent, for nuisance, or for lease violations) tend to be 3 days rather than 30, 60, 90, or 120 days, landlords evicting tenants for cause can typically remove "problem tenants" more quickly than they would through no-cause evictions.

b. The Anti-Retaliation and Protection Ordinance

Rather than recommending just cause eviction protections, staff has recommended an Anti-Retaliation and Protection Ordinance (ARPO). **The ARPO would not achieve the goals of just cause, would not protect the most vulnerable tenants from retaliation, and would be incredibly difficult to administer.** While we believe that the City of San José should adopt a strong local anti-retaliation ordinance that provides significant relief for tenants and penalties for landlords in the event of retaliation, we do not believe that the ARPO is the appropriate policy choice.

First, the ARPO frames just cause eviction protections as a punishment for "bad" landlords. Just cause eviction protections do not punish landlords any more than stop signs punish drivers for driving. They place reasonable limits on particular activity in order to protect the public's interest in preventing unfair, unnecessary, or illegal evictions.

The ARPO as proposed is designed *not* to protect those tenants who are most vulnerable to retaliatory eviction, and it raises fair housing concerns. The ARPO provides just cause eviction protections for only a very small subset of tenants: those who have requested repairs in writing, whose landlords have not made repairs following the request, and who have filed a substantiated complaint to Code Enforcement. The staff recommendations propose that only

[27] *See* Code Civ. Proc., § 1170.5, subd. (a).

certain (unspecified) violations would qualify for the ARPO program, further narrowing the number of tenants who would qualify for the protection. Tenants who have already requested repairs in writing and who have substantiated code enforcement complaints already have evidence to help prove retaliation if they are served no-cause eviction notices; tenants who have made oral requests only, or who have not contacted Code Enforcement about their complaints, are much more vulnerable to retaliation than those tenants who have already documented their complaints and requested help from a government agency.

The requirement that tenants request repairs in writing would have would essentially require tenants to be literate in order to qualify for its basic protections. Tenants who cannot read or write in English already tend to be vulnerable to intimidation and exploitation, and the ARPO would effectively deny legal protections to those tenants who need them most. And, in placing this restriction on who is and is not protected by just cause, the ARPO would have a disparate impact on immigrants, people of color, and people with disabilities; as such it could run afoul of state and federal fair housing laws.

Additionally, requiring that requests for repairs be made in writing is unrealistic, especially for tenants experiencing extreme code violations. Some landlords do not give tenants a way to contact them in writing except for when tenants pay their rent. A tenant who has a plumbing leak, or who has no hot water, or who has a dangerous electrical problem, should not have to wait several days—or even weeks—for the landlord to respond to a written request for repairs.

The ARPO would be extremely difficult, time consuming, and costly for the City to administer, and we are wary of its reliance on Code Enforcement as the arbiter of which tenants receive protection from no-cause evictions. Such a role is outside the scope of Code Enforcement's purpose, would increase the administrative burden on its staff, and could cause confusion in the community.

Furthermore, the ARPO would do nothing to protect the vast majority of tenants from unfair or retaliatory evictions. For example, the ARPO would provide no protection for tenants in the following circumstances:

- A tenant requested repairs and, when the landlord did not make the repairs, the tenant made the repairs herself. When the tenant asked for reimbursement from the landlord, the landlord gave her a 90-day notice.
- A tenant requested repairs orally, and the landlord served him with a 90-day notice. If the eviction goes to court, the landlord will deny that the tenant requested any repairs.
- A tenant participated in a meeting with the Mayor about the housing problems in his neighborhood. When he came home from the meeting, he found a 90-day notice taped to his door.
- A tenant received a 90-day notice after rejecting the unwanted sexual advances of her landlord.
- A Section 8 tenant in a downtown apartment building received a 90-day notice. The manager told her it is because the landlord no longer wants to accept Section 8 and plans to evict all of the Section 8 tenants.

- After living in his home without any problems for over 10 years, a tenant received a 90-day notice. He has no idea why he received the notice. He moved out before the notice expired and is now homeless.
- A tenant in a rent controlled apartment received a notice that her landlord was going to start charging her separately for water and sewer. Because the rates in the notice were so high, the tenant contacted the water company and confirmed that the rates the landlord wanted to charge her were much higher than the rates the landlord was actually paying to the water company. The tenant confronted her landlord, and the landlord served her with a 90-day notice. Even though the tenant would likely be able to prove retaliation, she moved out because she did not want to go through the eviction process.
- A tenant's brother, who does not live with him, used to be best friends with the tenant's landlord, but they had a falling out. Now the landlord has given the tenant a 90-day notice because he is angry with the tenant's brother.
- A tenant told his landlord that, if the landlord didn't do something about the cockroaches in his building, the tenant would call the city. The landlord said that, if the tenant called the city, then the landlord would call immigration, and the tenant would be deported. Because the tenant is undocumented and afraid of being separated from his family, he decided not to call Code Enforcement and stopped complaining about the cockroaches.
- A victim of domestic violence called the police on her abuser, and they came to her apartment, where they took a report and arrested the abuser. The following day, the landlord served her with a no-cause notice.
- A tenant's 4-year-old son developed asthma, and her son's doctor believed that the mold in the family's poorly ventilated apartment was a contributing factor. However, the family did not have any other housing options, and the tenant knew she could be evicted without cause, so she never asked her landlord to do anything to correct the mold infestation. Her son continues to have asthma symptoms.

These examples, drawn from the stories of actual tenants, represent only a few of the situations in which the ARPO would not provide any protection to tenants. They also illustrate why just cause eviction protections are necessary for tenants to have safety and stability in their homes. Some of the above tenants would have affirmative legal remedies if they could prove discrimination or retaliation. Others, such as the 10-year tenant who does not know why he received a no-cause notice, the Section 8 tenant whose landlord no longer wants to accept Section 8, or the tenant whose brother is a former friend of the landlord, have no legal remedy under existing law. However, just cause eviction protections would protect *all* of these tenants from being displaced unless the landlord could prove that she had a lawful, objective reason for evicting them.

10. Other

San José should adopt a moratorium on rent increases and no-cause evictions while staff drafts the updated ARO and related policies.

a. Temporary Moratorium on Rent Increases and No-Cause Evictions

We support staff's recommendation of a **temporary moratorium on rent increases** while staff drafts an ordinance (or ordinances) to update the ARO. As discussed above, the public record includes numerous statements from landlords that they intend to increase rents before the passage of stronger rent control protections. A moratorium will help to stabilize rents in the short term while staff takes the time to create ordinance language.

We recommend that Council also adopt a **moratorium on no-cause evictions** during the interim period between Council's direction to staff and staff's return to council with an ordinance. Otherwise, landlords will have an incentive to use no-cause evictions to remove tenants so that they can raise rents to market-rate prior to the adoption of stronger rent control and eviction protections.

b. Additional Policies

Finally, we support the development of complementary ordinances to buttress the ARO's rent control protections, including an **Ellis Act ordinance** and **updates to the demolition and condominium conversion ordinances**. We look forward to providing feedback to staff and Council as these ordinances are developed.

From: Robert Miroyan
To: Grabowski, Ann
Subject: further rent controls in San Jose
Date: Tuesday, March 22, 2016 9:54:02 AM

Ann,

As a property owner of several properties I wanted to write you and express my feelings on furthering rent controls.

1. Its not necessary, let the market place work itself out. Rents rise and rents fall, as do prices of other products in society.
Why do you feel the power to inflict government intervention on us ? You would never do this to the restaurant industry and regulate the price of meals on a menu ? But you think you can do so effectively with respect to housing ?

2. In so doing owners will not reinvest nor have the capital to improve and keep up the condition of their properties. The housing stock in San Jose is already 50+ years old, with these restrictions the rental property segment of our area will decline and be even more sub standard in 15 years.

3. While you effect rents you effect value. These properties will not function like they have for the last 40 years, you will change the complete dynamic by which private citizens wish to own and operate them. Without such investors they will wither away, and people will take their dollars and invest in other things, furthering the decline in all such properties of this multifamily type here in our area.

4. Rent controls all over the country have more or less failed. Its not a system that works as politicians hope it will. Let the market take its own course, thats democracy, thats free enterprise, it takes patience and understanding.
I hope you have both.

Bob Miroyan

From: Chunchi Ma
To: Grabowski, Ann
Subject: against rent control and some sensible solution to SJ
Date: Tuesday, March 22, 2016 10:32:44 AM

Hi, My name is Chunchi Ma, I am a small housing provider in bay area, I am against rent control in SJ, here are reasons why:

The root cause of the rental problem is supply vs. demand. One short story: during 70s the oil crisis, a city in peninsular got smart and started to cap the maximum gas price for gas stations in their city, however, some months later, gas station closed down one by one and residents had to go out of city to fuel. So setting a cap can only act to constrain the supply side and add fuel to the fire.

I am a first generation immigrants like many here tonight, had $2000 in my pocket when arrived in US attending college. The reasons that I left a communist country in China and came to America, was because I believe that America is a land of free, with a free market economy system fair to all side. Such rent control measure, even in communist China, is seldom practiced there nowadays.

Economy is now into its 7th year expansion since 2009, and even economy has its 7th year itch just like a marriage. During down-cycle, landlords have to offer free rent to fill up empty units, and run into financial difficulty such as meeting mortgage obligation, do you think banks will feel sorry and let owners off the hook?

I was asked to look at some investment opportunity of an off market deal close to San Jose State U, it looks fairly good on paper as building a bit run down but fixable. However, I was very frank and honest with the broker, if new RC is passed

here in SJ, I will not look at SJ, as I am working in investment industry now, and it doesn't make sense for any investor, to cap its upside potential to CPI, while there is NO floor on the downside. If your financial advisor told you: your portfolio can only go up no higher than CPI per year, while lost could be unlimited, will you invest there? I think there are many investors who think likewise, and the end result is more run-down buildings will be kept as is, without proper maintenance by owners since unable to justify for the reasonable ROI.

We are restoring one unit now, the renter who didn't pay, got help from free eviction lawyer, and we end up spending 4500 on lawyer fee and settled. No rent for 6 months, thrashed the place up badly before leaving, costing another 5 grands in restoration, adding together that is almost 20k, a very deep hole to climb out of for any mom and pop landlord, in a city without just cause eviction. Now where in the consultant report do you factor in such turn-over cost to the landlord? Does CPI capture this cost? Just one case like that will ruin the cash flow for several years….

ıdging from the lack of attendances in more than a dozen advisory board hearing meeting at SJ, and the numbers of complains over the year at SJ, out of the 44000 ARO units, amount to <1%, indicating most of the tenants living at ARO units are satisfied with their current situation and rent control is NOT their top priority in life.

Regarding sensible solution, try to think outside of box: A). forming a committee as you did now and holding open hearings are good first step. B). volunteering effort from landlord to control rent increase to within 6% max in return for some sort of incentives program such as voucher from city. C). Solve the problem via fixing its root, city council can work closely with developers to consider rezoning more area

for high density housing projects. D). The housing crisis is a community problem, need to chip in from everyone in community, and corporations are part of our community. This means working with major high tech companies in SJ area for possible contribution for funding for housing their employees, they can help restoring the competitive edge for Silicon Valley. E). Not binding hearing for landlords who raised >6% year over year, and let landlord group/CAA to put more pressure for such landlord education. All these are part of constructive solution, which landlord group would be glad to be a part of.

In summary, I want to support SJ city council's goal of finding sensible solution for the current housing crisis in the city. I like to be a part of the solution, I support finding a way to encourage/expedite the developers to build more affordable and high density housing in the area, but I am against rent control, since it never works, and would create more problem like SF!!

Best Regards,

Chunchi Ma

From: Jaime Gonzalez
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Tuesday, March 22, 2016 3:36:07 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems. Sincerely,

From:	Fred Ling
To:	The Office of Mayor Sam Liccardo
Cc:	Grabowski, Ann
Subject:	Rent control will destroy San Jose and us!
Date:	Wednesday, March 23, 2016 12:00:36 PM

Dear Honorable Mayor,

As a voter who cares about our City, San Jose, I urge you to say “NO" to annual allowable rent increase on CPI-U; which is unreasonably low now at 2% to 3%.

Otherwise, small landlords will be forced out of business & will face foreclosure very soon.

The housing staff does not recommend fix percentage because it does not reflect the operating cost or market condition. Likewise, the CPI-U does not represent the operating cost or market condition.

Nowadays all workers e.g. contractors, roofers, plumbers are very expensive e.g. 7 or 8 years ago it only cost $60 for a plumber to unclog a drainage, nowadays it cost over $100; average 8% increase annually.

While the City cannot control the cost of labor, utilities, permit fee etc. and tie these operating expenses to CPI, also there are lots of not normal operating maintenance expenses, such as roof, plumbing, asbestos removal, etc., and Capital Improvements/Debt Service, and older building need major investments, it is grossly unfair to tie the hands of small mom and pop owners to CPI.

While the big investors can afford to tear down housing units to build newer and bigger buildings not subject to ARO, small property owners canNOT!

The housing staff said “Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small.” There is no logical relationship between small landlords’ actual low annual rent increase vs. small "allowable" rent increase.

Higher allowable rent increase is necessary for the following reasons:
8% would be an insurance cushion for small landlords to deal with special but expected circumstances such as bad tenants’ costly damage of properties, over-throwing garbage clean up cost and City penalties for tenant’s misbehavior etc.

Without this insurance, small landlords would easily suffer negative cashflow.
During economic downturns, Landlords cannot increase rent and may even lower the rent, with no subsidize from the City. 8% allowance will help remedy the loss Landlords suffer from downturn years with no or negative rent increase.

Savings for rainy days are regular business practice. In bad years, landlords' kindness in not raising rent on tenants or dropping the rents should not be used to punish Landlords. The CPI would punish landlords without any protection.

As mentioned in the staff report, MNOI is proposed to ensure "fairness" to makeup for years with too low CPI.

However, MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City.

Small landlords would be required to track each year’s CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the
capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.

The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure !

Instead, it is more cost effective to use the program implementation fee to provide financial assistance to low income families.

It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,

Fred Ling

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From:	Rob Moore
To:	Chen, Wayne
Cc:	Grabowski, Ann; The Office of Mayor Sam Liccardo; Henninger, Ragan; Lujano, Jose; Khamis, Johnny; Connolly, Shane Patrick; Salcido, Jose; Peralez, Raul; Ramos, Christina M; membership@caanet.org; Howard, Josh
Subject:	Request for ARO Staff Recommendation Process Clarification
Date:	Wednesday, March 23, 2016 1:48:43 PM

In response to 03/23/16 email from Jacky Morales-Ferrand: "Cancelled: ARO Owner Workshop"

Dear Wayne -

Thank your of the opportunity to ask questions regarding the processes your team is using to develop preliminary staff recommendations on changes to the current ARO.

My 2nd job is owner/operator of a 1963 4-plex in District 10 that I purchased in 2010 as income property. Over the past months I have attended four ARO Advisory Council and Housing Commission meetings in which I heard many stories and arguments from both the provider and owner side. I have also followed progress online.

My 1st full-time job is program manager in enterprise software (working for the company that sponsors the Shark Tank ;-) In context of software "black box testing" I would, and I believe the public would, like to understand the algorithms used in your teams' black box. That is, what is the scoring and selection processes used to assign values and weigh data and feedback received from public meetings and public comment, from the consultant report, and from Housing Department research with other ARO cities?

Frankly, I'm not seeing expected outputs in the "Preliminary Staff Recommendations" document given the inputs I have heard in the public meetings and public comments online. The draft recommendations appear heavily weighted towards tenant rights and to support a self-funding registry mechanism for the Housing Department to hire additional staff for policing ARO owner/tenant relationships. I understand it is a draft but it appears very incomplete with regards to: enforcement and penalties, education/outreach to owners and tenants, registry processes, definitions of sustainable capital improvements and cost recovery, etc.

In addition I would like to know:

How you are parsing and using inputs from ARO vs. non-ARO relevant data sources? For example, many tenants at the Housing Commission meeting on March 21st spoke of rent spikes and eviction notices in a rental house or duplex property, non-ARO units. To accurately examine if the current San Jose ARO situation is working or not, are you tossing out such non-ARO inputs as not relevant to the staff recommendations?

I would also like to request that you include statistical information (summary of counts/percentages) from public comments and public meetings about who speaking up on topics relevant to ARO vs. non-ARO. These counts would be ideally placed in the 'C. Rationale" sections of the staff recommendation document. For example, total counts of opposing vs. supporting comments with an explanation how you are weighing owner letters vs. signatures on boiler plate letters from PACT, South Bay Tenants Union, Presentation High

School, Affordable Housing Network, and Sacred Heart / SJSU Housing Action Committee? Do letters signed by children and uninformed citizens who do not understand the differences between ARO and non-ARO units nor implications of the proposed changes weigh the same (more or less) as owner/provider letters and comments?

Explanations and inclusion of such clarified data will help readers of staff recommendations discern between the "apples and oranges" (ARO vs. non-ARO) source data you appear to be including in the document. Preferably, please identify and inform us of which is which, and remove non-ARO data, arguments, and influences, so we can focus and decide on issues affecting ~44k ARO units only.

Please note I have copied Ann Grabowksi for pubic record, the Mayor's office, the office of my district Councilmember Johnny Khamis, the office of Councilmember Raul Peralez per the original proposal for changes to ARO, and the California Apartment Association Tri-County FYI.

Thank you in advance for your consideration and for your reply to my questions.

Regards,
Rob Moore
San Jose Resident and Rental Housing Provider

From:	Evelyn Chen
To:	The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; District 10; Fedor, Denelle; City Clerk; Grabowski, Ann
Subject:	Re: "NO" annue on CPI-U. Say NO to rent control and say "NO" to Just Cause Eviction!!!
Date:	Tuesday, March 22, 2016 9:36:33 PM

On Tuesday, March 22, 2016 2:10 PM, Evelyn Chen <evelynxc@yahoo.com> wrote:

Dear Honorable Mayor & Council Members,

As a resident/investor/voter who cares about our City, San Jose, I urge you to say “NO" to annual allowable rent increase on CPI-U; which is unreasonably low now at 2% to 3%.

Otherwise, small landlords will be forced out of business & will face foreclosure very soon.

The housing staff does not recommend fix percentage because it does not reflect the operating cost or market condition. Likewise, the CPI-U does not represent the operating cost or market condition.

Nowadays all workers e.g. contractors, roofers, plumbers are very expensive e.g. 7 or 8 years ago it only cost $60 for a plumber to unclog a drainage, nowadays it cost over $100; average 8% increase annually.

While the City cannot control the cost of labor, utilities, permit fee etc. and tie these operating expenses to CPI, also there are lots of not normal operating maintenance expenses, such as roof, plumbing, asbesto removal, etc., and Capital Improvements/Debt Service, and older building need major investments, it is grossly unfair to tie the hands of small mom and pop owners to CPI.

While the big investors can afford to tear down housing units to build newer and bigger buildings not subject to ARO, small property owners can NOT!

The housing staff said “Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small.” There is no logical relationship between small landlords’ actual low annual rent increase vs. small "allowable" rent increase.

Higher allowable rent increase is necessary for the following reasons:
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Without this insurance, small landlords would easily suffer negative cashflow.
During economic downturns, Landlords cannot increase rent and may even lower the rent, with no subsidize from the City. 8% allowance will help remedy the loss Landlords suffer from downturn years with no or negative rent increase.

Savings for rainy days are regular business practice. In bad years, landlords' kindness in not raising rent on tenants or dropping the rents should not be used to punish Landlords. The CPI would punish landlords without any protection.

As mentioned in the staff report, MNOI is proposed to ensure "fairness" to makeup for years with too low CPI.

However, MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City.

Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the
capability of small mom and pop owners, who could not afford professional assistance.
MNOI does not ensure fairness.

The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure !

Instead, it is more cost effective to use the program implementation fee to provide financial assistance to low income families.

It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,

Evelyn Chen

From: Julie Vuong
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Monday, March 21, 2016 10:56:25 AM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Julie Vuong
REALTOR(R)

From: Jim Chien
To: Grabowski, Ann
Subject: strongly oppose the city"s draft of rent control recommendation with limit rent increase to CPI
Date: Friday, March 18, 2016 5:27:56 PM

Hi Head of housing department, Jacky!

I am strongly oppose to tie the ARO rent increase to CPI.

The current recommendation is so cumbersome, so confusing, as a housing provider, I have to track the yearly CPI, track how much I did not increase, compare with MNOI, and report each units' tenant info, rent, increase, and forms to this huge registry bureaucracy. This process so tedious it's beyond the capability of small mom and pop operator like me. And with limited
rent increase, I won't have money to hire a CPI just to track these either. I can't help but ask what motive do you have behind this? Are you on a power trip? Are you trying to justify building another IRS?

You report is so full of misinformation or information twisted to your agenda. You said that of 11 California cities only three do not tie to CPI, Beverly hills, Los Gatos, and San Jose. Well this is just not true. Hayward, Alameda, San Leandro all have fixed percentage and none of the none sense. Just a few days ago, city of mountain view adopted 7.2% annual increase.

I fully agree that people need to have a roof over their head. But this proposal does nothing at all to solve this. It does not add supply, but do the opposite. further, ARO are older units and is only
44000 units in the city which is a small fraction of the supply. By spending this kind of money from owner and Tenant and build a big bureaucracy that does nothing is not prudent to put it politely!

San Jose does not have a crisis with ARO units, we are facing something bigger! More sensible thing to do is augment the current rule but not turn it upside down. I think 7% is very fair!

citizen and voter
Jim Chien

From: Ray McMains
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 24, 2016 12:16:29 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,
Kristina McMains
[redacted]

From: Ray McMains
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 24, 2016 12:14:00 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,
Ray McMains

Sent from Ray's iPhone
[redacted]

From: Joyce Ren
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 24, 2016 11:47:30 AM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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Sincerely,

Joyce

From: J&W Rental
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 24, 2016 2:38:42 PM

Dear Housing Committee,

I'm a new owner of a 4-plex in San Jose and very concerned over the proposed changes. The changes will likely put us out of business and even cause bankruptcy for us. We put in our hard earned money to purchase an income generating property in hope that we can rely on this income when we retire. Since house price is extremely high right now, we carry a huge mortgage and the property is at negative cash flow now. We were told the rent is below market and we can gradually bring them to market and hopefully break even. With the new changes, we may have to operate at a loss forever. What's even worse is the operating cost such as insurance and utils is increasing faster than CPI. Less than half year of acquiring this 4-plex, the garbage fee increased by 5%. If you're going to limit rent increase to CPI, please ask City of San Jose to limit their util increases to CPI as well. We should also be provided with affordable insurance.

Don't get me wrong about rent control. I don't believe in huge rent increase either. We give long-term tenants incentives to stay. However, we need a balance point where both sides can survive. If our operating cost increases faster than allowed rent increase, we'll not be able to carry on.

I'd also like to point out that the current rules are already complicated enough for newbie like me and the new rules will make it impossible for us to follow as both my husband and I work full time to make living possible for our children. Currently, there are city inspection and codes then housing rent control and procedures. City inspection, although for good intention, is rather complicated. To add security measure for our building, we need permit, approval and inspection. I like to make my building just like what I'd like for my own house. Yet, there are tons of city regulations when it comes to 4-plex. Even city inspector told me not to make my building so perfect as some of the ideas require city planning approval. All these current regulations are already taking a toll on us. I was told that with the new housing regulation, we may need to register every tenant and rent in the future. The new regulations will be even more work for us. You can always argue that we should hire professional to manage the property. Unfortunately, managing company is so costly such that we can't afford them. I also don't like the quality of the work they put into rental properties.

Oh, I was also told that we can no longer give 90-day notice to tenant. This is also an issue for us. We had a trouble making tenant when we first acquired this property. Instead of doing eviction, we gave them 90-day notice so we part in a friendly way. With the new rule, we'll have to consult an attorney every time there's a trouble making tenant. Attorneys always say eviction (to make money). I think it's bad for the tenants and extremely costly for the owners.

Please make the new rules simple to follow instead increasing the work on already complicated system. Please consider the increase of operating cost when it comes to rent control.

Sincerely,

Wendy Wang

(Owner of a 4-plex in San Jose)

From:	Mary Shao
To:	Grabowski, Ann; The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; Fedor, Denelle; District 10; City Clerk
Subject:	Please say " No" On " Just Cause Eviction"
Date:	Thursday, March 24, 2016 3:02:59 PM

Dear Honorable Mayor/ Council Members:

As a resident/voter/investor who cares about our City, San Jose, I urge you to say “NO" on “Just Cause Eviction”.

If San Jose Rental Control adds “Just Cause Eviction”, all good residences, homeowners, and landlords will be impacted negatively by this “lose-lose” policy. And, you will lose tens of thousands of the voters’ supports!

There is no need “ Just cause eviction” at San Jose. Average 70 complains per year on rent increase over 44000 units amounts to 0.16% of complains. Most complains at average 200 per year are related to service deduction, not rent increase. The complain about “no cause eviction” are even less at average 30 complains per year, out of 44000 ARO units, so average less than 0.1%.

In fact, there is no intention for landlord to evict good tenants. "Just Cause Eviction” would make it difficult to evict tenants engaged in illegal activity and may endanger other residents when a problem tenant lives nearby. When bad tenants stay and good tenants leave, our communities will become less safe. Please look at SF, Berkeley, EPA, they have higher crime rates after they implemented “Just Cause Eviction”. “Just cause eviction” will stop more investors to enter San Jose…

The main purpose to implement a new San Jose Rental Control is to permit owners a fair and reasonable return on the value of their property while protecting tenants from excessive and unreasonable rent increases. The main purpose is to solve any issue instead creating more issues. However, “Just Cause Eviction” only creates more problems. Please reject “Just Cause Eviction.” for San Jose residents/voters.

Sincerely,

Mary

From: Ante Jakovcevic
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 23, 2016 9:53:46 PM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From:	Devlin Creighton
To:	Grabowski, Ann; The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; District7; District8; District9; District 10
Subject:	Rent Control changes are a problem
Date:	Wednesday, March 23, 2016 8:20:31 PM

Dear City of San Jose Council Member,

Retroactive implementation is a bad idea when it comes to rent control. Say that a Landlord planned to increase the rent 21% after no increase for 2 years. This rent increase would occur on February 1st 2017. Based on your formula, of using January 2015 numbers to set base rent, this Landlord would be absolutely screwed. Any implementing of changes to the rent control policy should not take effect for 24 months after the passing of the new rules! (if you do decide to pass any changes... which you shouldn't!)

Consider this... 10 or 20 years from now, do you really want three neighbors in an apartment complex (all living in the same type of apartment) to have the following rents... $1500, $3000, and $4500? No!!! Rents go up and at times people might have to move. This is just a fact of life. Having such disparity in a building actually causes more problems.

Please don't try to become San Francisco or Oakland. Their housing situation is a mess because of the implantation of stricter rent control measures. You are going to make things worse here in San Jose, not better. The proposed rent control changes will be the only thing that will give Measure B a run for its money as the WORST idea San Jose politicians ever tried to implement.

Thanks for listening.

From: Gurumurthy Srinivasagam
To: Grabowski, Ann
Subject: Opposition to the ARO recommendations
Date: Wednesday, March 23, 2016 6:02:40 PM

Hello Ann,

As a Housing Provider in San Jose, I want to voice my opposition to the recommendations by the Housing Department on changes to the Apartment Rent Ordinance (ARO). As a responsible housing provider, I feel that the recommendations the Housing Department has put forth will not help in providing additional affordable housing, rather it will only hurt the tenants.

Under the proposed recommendations, the reduced cap on rent increases and restrictive capital improvement pass through will lead to the further deterioration and deferred maintenance of the older stock of ARO housing. The elimination of the debt-service pass through will deter any investment in San Jose's housing stock, further reducing the quality of housing in the City. The maintenance of net operating income standard does not take into account the huge increase in the expenses we as housing providers face on an annual basis. And the increase of as many as 30 staff positions to monitor the ARO program is a poor use of resources when other City departments are severely understaffed.

As a Housing Provider, the solution to our affordability crisis is to increase supply. It is supply and demand problem. To solve the problem, we need to increase the supply, not adding more regulations and bureaucratic processes and making it worse. Hope you understand as an economist. I would encourage you and our city leaders to explore ways that would increase our supply not increase burdensome regulations. Please vote to do no harm and reject these onerous proposals.

Sincerely,

Gurumurthy Srinivasagam

From: Fran Turano
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Wednesday, March 23, 2016 4:06:55 PM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

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The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Fran Turano

From: Sam X
To: City Clerk; Grabowski, Ann
Subject: Say no to rental control in San Jose
Date: Monday, March 28, 2016 4:00:50 PM

**Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities.
**Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled units.
**Forcing owners to "justify" whether or not they can make a profit shouldn't be the basis for passing on capital improvement costs.
**A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal.
**San Jose doesn't need 30 new employees to regulate the housing industry
Increase the vacancy rate declared as a "tight market to 5%": This would extend the days required on move-out notices to tenants
Implement a Full Rent Registry, requiring all tenant information to be provided to the Housing Dept
Establish and fund an "Anti-Retaliatory Clinic" to proactively monitor, analyze, educate and enforce the ARO.
Provide "Just Cause" protections against retaliation for tenants living in units that are substandard or have code violations (Tenants are already protected by state law) The proposal is a huge, multi-million dollar expansion of the San Jose Housing Department.
The Annual Allowable Rent Increase on 100% CPI-U, which is around 2-3% now, is way too low. MNOI is too complicated to small landlords and has no guarantee to be approved by city. Here is the analysis for our cost increase each year:
Vacancy (5% at economy booming and 20% at economy recession);

Sent from Outlook

From: Margaret Flores
To: Grabowski, Ann
Subject: ARO concerns
Date: Monday, March 28, 2016 2:39:16 PM

To Whom It May Concern,

I am an rental owner of a fourplex in an ARO area. I am asking you to reconsider the many proposals that I believe are extremely punitive and unfair to small business owners. These entire debate these few months categorized owners as the both greedy and bad, and this is not the case. I believe that these changes will only lead to blight and provide no incentive to improve units in my neighborhood.

Unless, you are an owner you will not observe the rising difficulty of doing business in San Jose. Many of these older building are in need of constant maintenance. The proposed CPI will not allow owners a fair rate of return.

Many ongoing improvements must be made to these building including seismic retrofits. How do your proposed modifications allow for this? They do not. These proposals make a very difficult and questionable way to pass on costs to tenants.

The so called “good cause” incentive will only give a lot of power to bad tenants. Bad tenants will be able to cause undue stress on good landlords and still be able to stay in their units. Does undue stress and mental health of the landlord fall under “good cause”, I myself have encountered this even though I extended a move out period 6 extra months.

Please reconsider these proposed modifications.

Mrs. Flores
Rental Owner

From: Sue Anderson
To: Grabowski, Ann
Cc: Steve Flemmer; Anne Flemmer
Subject: Fwd: Apartment Rent Ordinance Advisory Committee Feedback
Date: Monday, March 28, 2016 12:27:42 PM

3/28/16

Hello Ann,

I had written an email to you last week. I had further thoughts on the subject and wanted to expand on my email. We are against changing the ARO rules. For one, the CPI does not take in to account the increasing costs of property taxes, insurance, maintenance and utilities. Due to the strong economy contractor's prices are increasing rapidly and material costs are also increasing. Can the city freeze the property taxes on ARO apartments? Why should the owner bear all of the cost of providing lower cost housing? We did not sign up for this.

You will see more run down properties with the proposal to cap the rents so owners can not afford to properly maintain the properties. Is this what we want? Forcing owners to justify whether they can make a profit shouldn't be the basis for passing on capital improvements. It is unfair to the owners. I believe a fixed rate maximum allowable rent increase with a clear process for passing on capital expenses is much better than the staff's proposal. It is less complex and cumbersome for owners and the city. The city will not need the significant staffing to monitor and regulate these ARO units. Do you really want to build a big organization in the city to do this? It does not make sense.

Lastly, we purchased this property to be our retirement. We are now in retirement. You want to roll back rents and limit our ability to support ourselves. How can this be legal? If you are willing to put some of your own city benefits and future retirement to supporting the cause to control rents, then I am in too. However, to put this burden on the small owners it totally unfair and should be illegal.

With regards,
Sue Anderson

3/21/16

Hello City of San Jose Council leaders,

This is in response to the recommendations by the advisory committee related to updating rent control ordinance for San Jose. First let me give you some background about our situation. My Father has lived on S. 7th since the 1950's and he still lives there at 83 years old has Alzheimer disease. For the last three years my brothers and I are helping him with the small rental business. The units range in age from 75 years old to 140 years old. When we stepped in to help the business was barely breaking even due to vacant properties that needed significant renovations, other vacancies and low rents,

Since then we have added 4 units to the market after full renovation (at significant cost). We manage the tenant turnover so the time the unit is vacant (and not collecting rent) is reduced. There is a lot of deferred maintenance that is required on these units. We need roofs, new sewer and water lines, some need updated electrical, windows and siding. The bathrooms

and kitchens are original in some units and we have run in to a lot of dry rot and termites. The cost of the work needed is very significant. We do not have the financial resources to cover these costs with the limitations this proposal puts on us.

We feel that it is very unfair to impose these rent limitations on us. We treat our tenants very well and are fair. We are very responsive to any issues that they have and we are very safety conscious The long term tenants get moderate increases periodically. Even when listing units after the tenants leave, we are below current market rents. We address tenant issues so that everyone can have quiet enjoyment in their home. Problem tenants are asked to leave.

We are strongly against the proposal for the new ARO regulations. For one, why only target these older units that have a higher cost of maintenance? How can the city decide what is a "Fair and reasonable return"? The proposed system is complicated and cumbersome. It is a heavy burden to put on individual small landlords. I am a fairly competent person and I have a difficulty to understand the formula as outlined in your proposed modifications.

The January 1, 2015 base rent date is unfair. Are we supposed to roll back rents? This is ridiculous. You note that the CPI-U reflects a substantial portion of the operating costs. However, it does not reflect 100% of the operating costs.
With the proposal there is no capital improvement pass-through. There is no incentive to upgrade the unit. This also reduces the value of the property, quality of living for the tenants and the tax write offs as well. It is unfair since the properties you are targeting are older and therefore do have a lot of capital improvements needed to replace old systems such as sewer, water pipes, electrical, roofs, windows, kitchens, bathrooms, etc.

Perhaps owners did not take advantage of the capital improvement pass-through in the past since the 8% rent increase if utilized did cover the cost of these improvements. Also, I was not aware this this existed. However, with the new proposals the capital pass--through is needed. I can assure you that I will utilize it. Do not remove this from the any new guidelines.

In conclusion, I feel like this whole proposal goes against our democracy and free trade. It is overreach by government and unfair to the business owners. We disagree with the proposal and are strongly oppose it.

With regards,
Sue Anderson

From: Clive
To: Grabowski, Ann
Subject: ARO
Date: Monday, March 28, 2016 9:28:15 PM

Please find herewith our comments on the ARO proposals:

The recommendations open with the lofty goal that includes the following statement:
"and the assurance to landlords of a fair and reasonable return on the value of their property".
They then proceed to add nothing but provisions to gradually chip away at that and to put the burden of maintenance onto owners and taxpayers by adding reams of bureaucracy to enforce it all.

We are the owners of a set of 5 units which are unfortunately in San Jose. Thus we are small owners who are trying to gradually improve the units and prepare them for our retirement income. We use a very good property management company and we are very fair to our tenants. The rent on these units has not been increased for 2+ years, except for one tenant who had a sweetheart deal when we bought them. It's clear the rents are not at market value. In general we find the proposals to be burdensome and to some extent insulting. We already pay large amounts of property tax and the ridiculous city business tax. If these sorts of 'heavy' constraints are going to be imposed, we may decide to sell up and explore rentals in a city with a more welcoming climate eg Campbell. Our final general comment is that sadly this current set of recommendations will do nothing but screw the sale price of units in San Jose.

Some more specific comments:
Allowable rent increase:

1. Leaving aside our objection to the use of the CPI rather than market forces, it's well documented that the CPI itself does a poor job of measuring medical inflation. Medical inflation is almost certainly one of the most important factors likely to affect owners especially those relying on rental income in their retirement. If an index has to be proposed, perhaps there is more of a case for using the PCE price index.
2. The proposal assumes that the current rents being charged are at market value. What happens when this is not the case? It is not at all uncommon for rents to be well below what could be charged for numerous reasons eg a good tenant.
3. The above point also applies to determining the base year for MNOI. Once again it assumes rents were at market value for the arbitrary base year.
4. Your point 5 of Rationale basically admits that current rents are probably not at market value.

Debt service pass-through:

1. This recommendation is confusing. We have a 7-year loan that will need to be refinanced in 2020 at who knows what interest rate. Under this provision what is my position with respect to debt pass-through at that time?
2. Rationale 4 provides that the courts have determined that debt pass-through is not necessary to provide a fair return. Where and under what circumstances was such a ruling made?

Capital improvement pass-through:

1. How long is it expected for the filing of a “fair” petition return to be resolved?

Limited capital improvement incentive program:

1. We see a serious increase in taxpayer burden here.

Revised notification requirements:

1. We see the requirement to provide all the information described as a burden that will be borne by our property managers and will likely result in an increase in their charges to us which will lead to an increase in rent one way or another.
2. On what survey is the 5% based? Is it HVS, AHS, Bureau of Census? Each of these has associated accuracy issues.
3. We see the provision to inform tenants of the amount of allowable rent increase as pretty much a guarantee that it will be increased. If the tenant has to be informed as to what his rent could become then it’s highly likely that we’re going to do the increase – just because we were forced to go through the procedure of informing.

Amendments to facilitate monitoring:

1. Who makes the determination in an appeals process? Unless it is an outside referee, we fail to see how an appeals process controlled by the department can be impartial and independent.

Evaluation of the staffing levels:

1. The cost estimates manage to ignore the not-insignificant capital costs of computer acquisition/expansion and program development.
2. What is the rationale for allowing owners to only pass on 50% of the annual fees to tenants? After all, the program is being set up for the benefit of renters.

Yours sincerely,
Clive Philbrick

From: Charles Shao
To: Grabowski, Ann
Subject: Rent Control Law
Date: Sunday, March 27, 2016 10:51:31 PM

Dear Ann,

I would like to share more ideas on the pending Rent Control legislation.

Although I am a landlord, I do have deep sympathy for many renters who are productive and contribute to the welfare of our society. In recent years, the rent in our area has skyrocketed through the roof, affecting the life of many low income families, and rocking the very foundation of Silicon Valley. To solve this problem from its root, we all, especially leaders in governmental office, need to find innovative ways to face these challenges. We are, instead, copying what others have done, even when the success of their method is questionable. In my humble opinion, the current Rent Control law and the proposed changes are not a creative or a permanent solution. These laws are nothing but a band aid that, in the long run, will forsake some areas of San Jose, leaving them in a dilapidated state. We know this, because, most of these proposed provisions are copied after other cities, who have well documented blight, crime, and public safety issues. It is palpable that the long term results of implementing this ill-devised rent control law are devastating -- taking somebody else's medicine may not help your illness. A great city like San Jose should take more innovative approaches and design a just, fair, and functional solution.

This proposed legislation can be greatly improved by including a few provisions as follows…

Instead of making a permanent revision to the Rent Control law, just pass the proposed revision as a transitional law that needs to be renewed every three to five years. This will give the San Jose government officials more time to find and implement a more permanent solution. During this transition time, San Jose

can, and should, build more affordable housing, like many other surrounding cities, such as Mountain View, are doing. This is a suggestion that landlords and tenants, alike, will support, regardless of if rent control measures are temporarily passed. However, building more affordable housing might not fully resolve the housing problems in San Jose. We CAN and we NEED to do more. We can also expand social services such as Section 8 as a resource to help distressed and needy people.

Unlike the current Section 8 – which pays very large portion of rent, a modified and expanded program could subsidize low income families by providing incremental rent increases. This approach, with the same amount of available funds, would help more needy families. Any extra funds can be generated from property tax or from all landlords in the city or even from the Bay Area. This approach is far fairer than the current rent control law, which arbitrarily dumps the problem on a small number of landlords. By spreading the burden to all tax payers instead of just on a limited number of people, we can ensure that those who believe that the rich should help the poor, are ALL contributing from their own pocketbook, rather than simply voting to make somebody else pay. The current rent control law puts the burden unfairly on just a fraction of the landlords. Helping the poor should NOT be something that a few people are doing for ALL of society. The burden of providing help to needy families is the responsibility of the entire Bay Area. Other Bay Area regions cannot just dump their poor and their disadvantaged onto San Jose and Oakland and force US to take care of their problem for THEM. How irresponsible are they to just dump their issues onto everybody else, and consider the problem solved? One cannot expect to just dump their unwanted garbage into the middle of the street and expect others to clean up after them. Any solution SHOULD include all other Bay Area regions, not just San Jose and Oakland, and should include ALL voters who believe there is an income disparity problem in the Bay Area. Complaining about a problem is far easier than actually opening up your own pocketbook to help out. The current rent control law is not only unfair but also would aggravate the existing “illnesses” in San

Jose. Without a well-thought out, permanent solution, the problem will only get worse as time goes on.

I would like to point out that the ideas I have proposed would be supported by landlords and tenants alike. These are ideas that UNIFY landlords and tenants, rather than dividing them. What tenant wouldn't want more affordable housing and an expanded Section 8? Regardless of if rent control passes, these are proposals that tenants would also accept. Landlords would also accept these proposals, as they would spread the burden of helping the poor onto all taxpayers, rather than just them.

Sincerely,

Charles Shao
[redacted]

From: David Yan
To: Grabowski, Ann
Subject: Fw: Opinions and concerns about rent control ordinance modification proposals
Date: Sunday, March 27, 2016 3:57:47 PM

----- Forwarded Message -----
From: David Yan [redacted]
To: "johnny.khamis@sanjoseca.gov" <johnny.khamis@sanjoseca.gov>
Cc: "ann.grabowski@sanjoseca.go" <ann.grabowski@sanjoseca.go>; "cityclerk@sanjoseca.gov" <cityclerk@sanjoseca.gov>; David Yan [redacted] Lisa Xiang [redacted]
Sent: Sunday, March 27, 2016 3:55 PM
Subject: Opinions and concerns about rent control ordinance modification proposals

Dear Mr. Khamis,

First of all, please allow me to introduce myself. My name is David Yan. I live in Brookfield community, which was newly constructed two years ago. In the past two years I had a few opportunities to see you and talk to you when you came to our community meetings to address our concerns on Guadalupe Mines Waste Management's power plant relocation proposal and our neighborhood safety issues. Through those meetings you successfully built a very positive image among our community.

Today I am writing this email to you regarding the proposed San Jose rent control ordinance modifications. I learned that on April 19 there will be a city council meeting in which the council members will vote on the proposed modifications. In the past few weeks I learned about some of the proposed changes and I am very concerned about those proposals.

I own a few rental properties in San Jose. All my rental properties are single family houses. So the current rent control ordinance does not really affect me much. However, As a concerned citizen who has been living in San Jose for the last twenty one years I'd like to share my opinions on this matter because I feel we are in completely wrong track in attacking the housing shortage problem that the entire Bay Area is currently facing.

No one can deny that in recent years the rental cost in all Bay Area cities are increased significantly and some tenants feel the pain. The fundamental reason behind this phenomenon is the imbalance of supply and demand. Bay Area has been very successful in attracting high tech businesses. Plenty of job opportunities drives a lot of people moving in. The construction of housing cannot keep up with the increase of the population. This caused the rent to increase. Lately I saw a lot of multi-level apartment buildings and mixed-use buildings being constructed everywhere in the Bay Area, and I believe they eventually help to release the housing pressure. The government policy should encourage such business activities. However, if we pass unreasonably strict rent control ordinance, we send

business world a wrong message, and it ultimately discourages the construction of new apartment buildings and complexes. This will cause the housing market to get worse.

Among the staff recommendations to rent control modifications I found two unreasonable items: 1) Just cause eviction, and 2) Tie rent increase limit to CPI-U. In my opinion, just cause eviction does not help tenant, it only helps to promote attorney business and hurts the housing business. Ultimately the increase of the property management cost pushes the rent to increase more. Tying rent increase to CPI-U is extremely unfair to the landlords. When we are in the up market we should always bear in mind that market goes up and down. In the down market the ordinance cannot guarantee landlords stable rental income. They have to take loss for property vacancy or rent decrease. So I think tying the rent increase to CPI-U is too extreme, and does not provide equal protection to everyone. In fact if we look at the surrounding cities. I know that recently Mountain View had similar proposal and it was rejected by its city council. The city of Mountain View decided on a fixed number of 7.2%. This provides an excellent reference to San Jose when we face the similar issue.

Thank you very much for spending time reading my email. I hope my input is useful to you when you make your voting decision on April 19 meeting.

Best regards

David Yan
District 10 resident

From: l s
To: Grabowski, Ann
Subject: Opposition to San Jose Rent Control Amendments
Date: Sunday, March 27, 2016 11:53:25 AM

Dear San Jose Housing Department:

As a resident in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

The change in proposed rent and eviction provisions will make tenants and landlords's life worse. Stricter regulations won't solve our problems but makes mon and pap out of business and housing supply be shorter to tenants.

Sincerely,
Anna Huang

From: [redacted]
To: Grabowski, Ann
Subject: Oppose Rent Control Ordinance
Date: Sunday, March 27, 2016 11:17:54 AM

Dear San Jose Housing Department:

As a resident in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

The change in proposed rent and eviction provisions is not necessary and not worth to do. They will make both tenants and landlords's life worse. No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. San Jose doesn't need 30 new employees to regulate the housing industry that will cost too much taxpayer's money. Stricter regulations won't solve our problems.

Sincerely,

Jiaheng Liu

From:	Faith Z
To:	Grabowski, Ann
Subject:	public comments for preliminary recommendations for new rental control
Date:	Sunday, March 27, 2016 11:12:45 AM

Dear housing staff:

The following is my feedback for the preliminary recommendations:

<!--[if !supportLists]-->1) <!--[endif]-->Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities.

<!--[if !supportLists]-->2) <!--[endif]-->I bought the rental property two years ago, it barely make even between payment and income, I plan to upgrade the air conditioner, heater, change double panel window. Due to limiting annual rent increases to CPI, this process will be seriously delayed.

<!--[if !supportLists]-->3) <!--[endif]-->A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff's proposal.

<!--[if !supportLists]-->4) <!--[endif]-->San Jose doesn't need 30 new employees to regulate the housing industry. It costs taxpayer money.

Please file this as public record.

Faith

From: Adeles Fan
To: Grabowski, Ann
Subject: Pls remove CPI as one of San Jose rent control ordinance
Date: Sunday, March 27, 2016 10:22:31 AM

Hi Ms Grabowski,

I have attended many San Jose rent control meeting and workshop that organized by housing department. I am a housing provider and job provider, which qualify as small business owner to the local city. Regarding the CPI and just caused eviction that added to the discussion, which is non-sense to everyone. Everything is expensive today, how city can guideline the rent increase rate and tight it with local CPI? Do your stuffs really study the impact of a rent control to the city? We are small business owner and just want to do business in the city, however we felt we are being treated unfair from the ordinance.

Thanks for your time and hopefully we will have better policy and better solution to both local residents!

Adeles

Sent from Yahoo Mail for iPhone

RECEIVED
MAR 23 2016
San José Housing Dept.

March 21, 2016

Jacky Morales-Ferrand
Director, Housing Department
City of San Jose
200 E. Santa Clara Street
San Jose, CA 95113

Regarding: Proposed Amendments to City's Apartment Rent Ordinance (ARO)

Dear Ms. Morales-Ferrand

As managers of seven family owned duplexes in San Jose Council **District Three,** we have followed closely the rent control discussions and, after attending PACT's March 7th meeting at Overfelt High and ARO Advisory Committee's January 27th and March 16th meetings, we feel that we must submit our comments as long time responsible landlords.

At the March 7th evening PACT meeting, valid presentations were made of instances of severe and undue rent increases and/or evictions without cause but also, there was a clear implication that landlords, as a class, were all guilty of these excesses. At March 16th's ARO meeting, at least 50 landlords and a few tenants spoke one minute each. Most were cut off for lack of time to express themselves. Also, the problem landlords were probably not in attendance. Being small family owned duplex owners ourselves, we can identify with the grave concerns of other duplex, 4-plex and small residential property owners.

1) The proposed 2% does not allow for reserve funds for roofing, water damaged bathroom floors, extraordinary plumbing bills, or capitol improvement (which will not be allowed to pass through)
2) A 2% annual allowable rent increase is not enough to cover annually increasing property taxes, scavenger and utility, especially water bills.
3) The majority at the ARO meeting were strongly against the requirement to register with the City when their tenants move in and out as complex, time consuming, and invasive of rental property business.
4) Evidentially the consultants gathered their rental statistics from readily available data from large apartment complexes and it was understood that, smaller property owners were not contacted. Therefore the consultant's study can't be considered a complete picture of current San Jose rents.

At the March 16th meeting it was evident that smaller landlords and a few larger owners feel alienated and not really heard in their arguments of why the current proposed amendments to the ARO are unfair, onerous and invasive.

Several owners told of large amounts of money poured into properties for needed major repairs and updates to older buildings, such as Victorians. Some speakers haven't raised rents on an annual basis, or taken advantage of the 8% maximum. Others spoke of their good relationship with tenants. Some landlords are relatively new to rental ownership and have not had time to build up a cushion of reserve funds. Some rents were lowered during the 2008-09 financial downturn and the owners are still catching up.

It is conceivable that some landlords could loose their properties with only a 2% allowable rent increase with no option to pass through capitol improvements. The proposed amendment may result in minimal upkeep, and no investment in large improvements.. Rents will still increase as owners will be forced to make annual increases just to keep up with increasing costs.

We are certain that there are many responsible small property owners such as our family that do not charge outrageous rents and have long time tenants and rents that are in line with our current rents:

North 12th St.	Unit A:	3 bdrm 2 ba.	$1,400/mo.	Same family since 11/2004
	Unit B:	3 bdrm 2 ba.	$1,350/mo.	Same family since 10/2001 - Section 8
North 18th St.	Unit A:	3 bdrm 1 ba.	$1,400/mo.	Same family since 10/2011
	Unit B:	2 bdrm 1 ba.	$1,250/mo.	" " " "
North 8th St.	Unit A:	1 bdrm 1 ba.	$910/mo.	Same tenant since 3/2009
	Unit B:	2 bdrm 1 ba.	$1,065/mo.	Same family since 8/2007
W. Taylor St.	Unit B:	3 bdrm 1.5 ba.	$1,650/mo.	Same family since 5/2009 – Section 8
N. 34th St.	Unit A:	2 bdrm 1 ba.	$1,440/mo.	Same family since 9/2011
	Unit B:	3 bdrm 2 ba.	$1,550/mo.	Same family since 12/1998
N. 34th St.	Unit A:	3 bdrm 2 ba.	$1,458/mo.	Same family since 12/2001
	Unit B:	3 bdrm 2 ba.	$1,700/mo.	Same family since 11/2008
N. 19th St.	Unit A:	2 bdrm 1 ba.	$1,350/mo.	Same family since 5/2008
	Unit B:	2 bdrm 1 ba.	$1,500/mo.	Same family since 1/2010

Our duplexes have yards and a garage or carport, are maintained in good condition and rents for families are kept affordable so as a result, we rarely have tenant turn over.

No Cause Eviction:

Landlords need to be able to evict problem tenants for safety reasons and the quiet enjoyment of the other residents. Legal eviction is NOT an easy process contrary to what the PACT representative stated. It creates tension, disruption and a long wait whereby tenants can legally delay the process for 2 or 3 months. It may be another month or longer before a unit can be re-rented due to the length of the process and the time that it takes to subsequently restore the unit.

Another PACT speaker said that landlord's expenses have NOT gone up over the years. This is simply not true. Property taxes, water, garbage, utilities and insurance are all increasing annually above the CPI index 2% a year. Repairs by technicians such plumbers and electricians have also been affected by over all rising costs. During the first 6 months of 2015 we had sudden unexpected capital expenses of $14,580 for plumbing repairs.

Yes, the City definitely needs more affordable housing built immediately, but the proposed drastic revisions to the ARO will not add a single new unit of affordable housing to the existing inventory.
Yes, there are problem landlords. But, the City already has the ability to go after those landlords through the City's Code Enforcement process and in instances of excessive rent increases, coordination with Project Sentinel and the Legal Aid Society. Do not punish all residential rental property owners because of the grievous actions of a few problem landlords.

We request that the City Council do what is right and fair for both renters and landlords with the proposed April changes to the ARO.

Sincerely,

[redacted]

Glenn and Marilyn Frizzell
Responsible San Jose Landlords since 1969

c.c. Mayor Sam Liccardo
Councilmember Peralez
Councilmember Carrasco

RECEIVED
MAR 24 2016
San José Housing Dept.

March 19, 2016

Ann Grabowski
200 E. Santa Clara St.
San Jose, Ca 95113

Attention: San Jose Housing Department:

My Husband and I purchased our first rental property in down town San Jose in 1959. We are responsible landlords and have always follow the rules and regulations of the law.

Punitive rent control leads to troubling consequences. Limiting yearly rent increases to CPI will cause an increase in the deterioration of controlled rental units. Using CPI fails to consider rising costs of real estate taxes, insurance, utilities, repairs while not allowing a fair return on our investment.

We respectfully request that you reconsider any further rent control or alteration to the present rules and regulations.

Sincerely,

[redacted]

Eleanor Perazzo
[redacted]
Saratoga, Ca
95070-0222

February 12, 2016

Dear Jacky:

Re: Proposed Changes to San Jose's Rent Control Ordinance (ARO)

We need your data to overcome the City's mistaken belief that landlords make too much money and can afford rent increases that will be below our costs.

The Housing Department's proposed recommendations ultimately will put many of us —with 3 to 12 units who provide affordable housing— out of business. The housing department has made it clear they will not get or analyze our data.

Instead, the Housing Department is relying on a biased San Jose ARO Study to support radical changes to our rent control with accurate financial data from buildings with 50 units or more. These buildings represent 9.4% of the ARO units. They operate with very different cost structures than smaller buildings. For example, following is the percent of rent for Property Management, Garbage, PG&E, and Water by building size:

- > 50 units = 8%
- 4 Plexes = 19%

I am requesting your help to enlighten the Housing Department and City Council to the realities of small building affordable housing providers, which are 90.6% of ARO units. I will analyze our data to help Council Members make the best decisions to protect affordable housing.

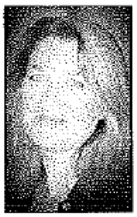
Attached is a Worksheet dated 2-12-2016. Please fill it out and return it to me by February 26th. If you need more time, let me know. Your building and contact information will remain anonymous. The analysis is available in bound report and/or PDF to participants upon request.

I look forward to your reply and/or call.

Regards,

Roberta Moore
ARO Advisory Council Member
4 Plex Owner

CC: Housing Department & City Council



Roberta Moore
Broker Associate . President's Club
CalBRE: #00791365
[redacted]
rmoore@apr.com
apr.com/roberta

Affordable Housing Provider Worksheet
February 12th, 2016

Purpose
* Overcome the City of San Jose's mistaken belief that landlords make too much money and can afford CPI or MNOI for allowable rent increases.
* Show the impact of proposed rent control changes on small, minority, & women owned affordable housing providers.
* Include in ARO public record and give to Councilmembers to help them make the best decisions for affordable housing.

Instructions
1. Put your information in the yellow boxes below. Use 1 sheet per building.
2. For privacy, do not include your full name or property address. If you attach your Schedule E, black out any personal information especially Social Security #.

Building Owner Information	
First Name or Initials Only	
Today's Date	
Source of Information	Schedule E or Other
ARO: Rent Controlled	Yes or No
Minority or Woman Owned	Yes or No
Small Owner	Yes or No

Property Information	
Zip Code	
# of Units	
Year Built	
Year Bought	

Cash Investment Required	
Down Payment	
Capital Improvements to Date	
Capital Improvements Reserves Required	

Send information to:
rmoore@apr.com
or
Roberta Moore, APR
5353 Almaden Exp, #150
San Jose, CA 95118

Questions, call or text: [redacted]

Annual Income & Expenses (Or Schedule E Attached)	**2013**	**2014**
Income		
Rental Income		
Laundry Income		
Other Income		
Expenses		
City Housing Fees		
Garbage		
HOA Dues		
Legal & Professional Fees		
Mortgage Payment		
Ofice Expenses		
Pest Control		
Phone		
Property Insurance		
Property Management		
Property Taxes		
Umbrella Insurance		
Utilities: Gas & Electric		
Utilities: Water		
Expenses (Not Included Above)		
General Administration		
Maintenance		
Miscellaneous		
Repairs		
Supplies		

From: [redacted]
To: Grabowski, Ann
Subject: Comments to draft recommendation
Date: Saturday, March 26, 2016 11:49:33 PM

- **Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities.
  **Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled units.
  **Forcing owners to "justify" whether or not they can make a profit shouldn't be the basis for passing on capital improvement costs.
  **A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal.
  **San Jose doesn't need 30 new employees to regulate the housing industry
- Increase the vacancy rate declared as a "tight market to 5%": This would extend the days required on move-out notices to tenants
- Implement a Full Rent Registry, requiring all tenant information to be provided to the Housing Dept
  Establish and fund an "Anti-Retaliatory Clinic" to proactively monitor, analyze, educate and enforce the ARO.
  Provide "Just Cause" protections against retaliation for tenants living in units that are substandard or have code violations (Tenants are already protected by state law) The proposal is a huge, multi-million dollar expansion of the San Jose Housing Department. CPI and MNOI are not fair to me. I agree with the Housing Department's Recommendation. It's too expensive and too complex. If the Council votes for this, you will force me to increase my rents every year to the maximum allowed and my renters will move out sooner. This will help me get to market rents sooner. But it won't be good for my renters who will be forced to move into a more dangerous less expensive neighborhood or move out of San Jose. I will feel bad for them, but the city is forcing me to think about my survival before my renters. Whereas now, I don't have to worry about that. If and when needed, the 21% gives a "banking" allowance without the expensive cost of building a registry. Fortunately, I haven't had to use it because I want to keep my current renters for as long as possible.

  - Only one-third of the rental units in San Jose (the older buildings) are under the ARO. These rental units are operated mostly by small business owners and mom and pop owners who rely on the rental income to support their family and their senior life. During my 21 years of stay in San Jose, I remember in the first 15 years the rental market is pretty flat. In other words there was almost no increase in the rent. The crazy rent increase all happened in the last 4-5 years. In the years between 2007-2009, the rents decreased by a large percentage. So the market is

always up and down. During those down or flat years the rent ordinance cannot force the tenant to stay or accept a 2% minimum annual increase. This is the reality of the market. Then how can the rent ordinance force such a tight limit of CPI-U (which is 2-3% in recent years) when market picks up?

- Rent increase tied to CPI is very unfair to the older rental unit owners. Many of the rental property owners are mom and pap type small business owners. Most of them work extremely hard and save every penny in their lifetime. At the age of 40-50 some of them can afford to buy a unit or two as supplement income for their retirement. These are financially responsible citizens and are positive contributors to our society. The government should reward them rather than punish them by denying their right to the ownership of their properties, and kill their business. Think of this, if an ARO property owner owns a property since 1995 (which is the year I moved to San Jose), from 1995 to 2007 he could not raise rent, his expense (insurance, property tax, maintenance) increased every year, he had to bare the lost of property vacancy during the tenant change over. In 2008 his tenant asked him to reduce the rent, or the tenant would move out, leave the apartment empty and hard to find the next tenant. Starting from 2012 the market started to pick up, but now the REO kicked in, limiting his rent increase to 2-3%. Let me ask the staff who made the recommendation: where is the fairness to those mom and pap business owner? I agree currently there is a social problem due to high rent. But the government should NEVER "solve" the problem by sacrificing some citizen's interest to please the majority group. We should NOT use government's force to deprive a group of people's right to satisfy another group of people. If we do that what's the difference between us and a socialist country, such as North Korea?
- Each year for the past 5 years, the City of San Jose's Housing Department reported the following on 44,300 units in 5,026 ARO buildings:
- Complaints filed against 81 owners (1.6% of ARO buildings)
- 156 tenant complaints (3/10th of 1% of ARO units)
- 47 excessive rent increase complaints (1/10th of 1% of ARO units)
- 28 termination of tenancy (< 1/10th of 1% of ARO units)

Several stakeholders on the ARO Advisory Council, including a tenant advocate have said numerous times, "*With these numbers why are we even here*."

Based on the above data, there is No need to change the current San Jose ARO!

- MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City. Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.
    - The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment &

retirement benefits total $4.5 million, an astronomical figure !

- I am also wondering how the tenants are going to feel about having their name registered each year with the city of San Jose and paying half the bill for being registered. One of the tenant advocates said “It’s like the Mafia. Pay and we will protect you.”
- There are other more cost effective ways to identify the bad landlords than building a staff to register the good ones. We could pay the rent of 267 veterans each year for this money.
- How will the tenants feel getting a bill for $54 per year for this apparent “protection”? At a fully loaded cost to hire the proposed 30 staff members, it can’t be much less than the high-end of the $9 per unit per month fee increase the Housing Department proposed on slide 65 of their presentation. My tenants can’t afford this bill and I do not want to pass it on to them.
- Housing is now charging me $113 per unit for code enforcement. 16% of the monthly rent I get goes towards city fees. 17% goes toward services to tenants such as water, garbage, and PG&E. This equals 33%. In their ARO study, they show all operating costs at 33.5%.

From: Brian & Jill Borders
To: Grabowski, Ann
Subject: Question re:"Other" in the Draft ARO
Date: Saturday, March 26, 2016 10:28:43 PM

Hello Ms. Grabowski,

I plan on emailing my comments regarding the Draft ARO by the deadline. I have a question though. Item #10 is listed as "Other" and under it are four sub items:

A. Create an Ellis Act Ordinance to address the process to be followed for ARO apartments to be removed from the rental business.
B. Update the City's demolition ordinance to address the demolition of ARO apartments.
C. Update the City's condo conversion ordinance to address the conversion of ARO apartments.
D. Create an urgency ordinance that provides a temporary pause in rent increases.

I am most interested in understanding items A and B. Will the Ellis Act Ordinance be worked on within in this ARO document in time for putting the plan forward to council? Also, it is my understanding that there is no City demolition ordinance currently. Rather than "update" the policy, should we be "creating" a brand new policy?

I just want to be clear on what is being thought about in the "other" section of the Draft ARO. The details seems to be left undone but before I comment I wanted to clarify.

Thank you so much,

Jill Borders

[redacted]

From: helen zheng
To: Grabowski, Ann
Subject: Strongly against rent control
Date: Saturday, March 26, 2016 9:42:16 PM

Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled units.

The Annual Allowable Rent Increase on 100% CPI-U, which is around 2-3% now, is way too low. MNOI is too complicated to small landlords and has no guarantee to be approved by city. Here is the analysis for our cost increase each year:

Vacancy (5% at economy booming and 20% at economy recession);
Property Tax (2% increase, plus new parcel tax);
Water & Sewer (20% increase);
Garbage (5% increase);
PG&E (10% increase);
Insurance (10% increase);
Repair, minimum (10% increase) including Plumbing, electrical, appliance, etc;
Other Expense, such as sidewalk repair (10% increase); cleaning: illegal dumping (10% increase) from other random people
Minimum repair & paint due to tenants' moving out (10% increase)

San Jose doesn't need 30 new employees to regulate the housing industry

Helen Zheng

Sent from my iPhone

From: Sujuan
To: Grabowski, Ann
Subject: Opposing San Jose Rent Controll
Date: Saturday, March 26, 2016 6:54:59 PM

Dear Ann,

I strongly oppose San Jose rent control and just cause eviction based on the following arguments:

**Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities.

**Limiting annual rent increases to CPI will result in the deterioration and under-maintenance of rent-controlled units.
**Forcing owners to "justify" whether or not they can make a profit shouldn't be the basis for passing on capital improvement costs.
**A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior than the staff's proposal. **San Jose doesn't need 30 new employees to regulate the housing industry.
Increase the vacancy rate declared as a "tight market to 5%": This would extend the days required on move-out notices to tenants

Implement a Full Rent Registry, requiring all tenant information to be provided to the Housing Department.

Establish and fund an "Anti-Retaliatory Clinic" to proactively monitor, analyze, educate and enforce the ARO.

Provide "Just Cause" protections against retaliation for tenants living in units that are substandard or have code violations (Tenants are already protected by state law) The proposal is a huge, multi-million dollar expansion of the San Jose Housing Department.

The Annual Allowable Rent Increase on 100% CPI-U, which is around 2-3% now, is way too low. MNOI is too complicated to small landlords and has no guarantee to be approved by city. Here is the analysis for our cost increase each year:
Vacancy (5% at economy booming and 20% at economy recession);
Property Tax (2% increase, plus new parcel tax);
Water & Sewer (20% increase);
Garbage (5% increase);
PG&E (10% increase);
Insurance (10% increase);
Repair, minimum (10% increase) including Plumbing, electrical, appliance, etc;
Other Expense, such as sidewalk repair (10% increase); cleaning: illegal dumping (10% increase) from other random people

Minimum repair & paint due to tenants' moving out (10% increase)

Why CPI? Why not S&P 500? In Bay Area, the rent/price is already the lowest nationwide. Does the city really want to push mom & pop owners to go out of state?

Rate of return on CPI must be "actual interest rate on loan servicing", not an arbitrary %, bc old building is difficult to get a prime loan.

Most ARO unit are mom and pop owners, and most of us have another job, because the rental income can't cover everything. We manage property, keep things in order and our neighborhood clean. Our contribution to our city should be recognized and respected. However, this new proposal penalized us, hard-working mom and pop owners. Think about it, in high vacancy years like 2003, 2009, we lose money. With the new proposal of ~2% cap and ~10% increases of expense, we have to lose money again. What's the incentive to do this? Do our city appreciate we mom and pop owners' work? Do our city want to push us away and create another ghost town like Detroit?

" Owners, especially of small apartment buildings, consistently indicate that – as a matter of their existing business practice – they do not increase rents on an annual basis or that any rent increases are small" There is no logic relationship between "small landlords' low annual rent increase " and "small allowable annual rent increase". Following are the reasons for much higher allowable annual rent increase:

8% is just like an insurance to small landlords to deal with extreme cases, such as bad tenants' costly damage of property, throwing garbage everywhere, fine from city for tenant's misbehaves, etc. without the insurance, small landlords will be easily pushed out of the business.

Landlords can't increase rent or even lower the rent during downturn of economy. No reimbursement from city. The CPI will only punish landlords without any protection. 8% will help make up the lose from downturn time. It can be predicted that the average rent increase in the future would be Zero with CPI increase during economy booming, no increase or even negative increase during recession.

It is just like to say: we save money, then we don't need money, which is definitely wrong.

This sentence is using landlords' kindness to punish them.

Page 5, item 2) staff does not recommend fix percentage because it does not reflect the operating cost or market condition! The CPI-U represents neither operating cost nor market condition! With current low CPI environment, contractors, roofers, plumbers are all much more expensive, landlords used to pay $60.00 7 or 8 years ago for a plumber to open a clogged drain, but now that price is $100.00. It is more than 8% increase every year. It will be fair if city can freeze all the labor cost, utility, permit fee to CPI. why is it fair to tie the hands of small mom and pop owners? The big guys could afford to tear down the units and build newer and bigger not subject to ARO.
Where is the fairness?

The cost to run MNOI from city is too much. It is better for city to have that money to support low income family for rent. Also landlords need to track each year's CPI when market is down. And tracking banking, fees, etc would be very time consuming and beyond capability of small mom and pop owners, who could not afford professional PM.

2013 will be set as the base year for MNOI: how about the buildings with ownership transferred after 2013? The property tax was tremendously increased because of the

ownership transferring. And also how about the rent for 2013 below the market which will be very likely for small landlords? MNOI needs to first adjust the base year rent to market rent in order to get fairness return. Read p.79 here, showing MNOI problems: http://www.stjohnandassociates.net/propertyManagementArticles/FRATCC.pdf
MNOI approach is widely used ONLY for Mobile Parks. It's uncommon for residential buildings.

page 11, B-2, in addition to the normal 30/60/90 day notifications, Owners need to provide new tenants break down of rent, including base, and fees, also inform the tenant of any banking of the rent charges accumulated from previous down years, etc, etc. These tedious requirements put undue burden on the small landlords and it is very easy for them to make mistakes, resulting in legal charges or penalty!

City estimated that these complications of the program will result in 30 FTE which is a very high pay. These positions come with huge benefit and fat retirement checks, which will cost 4.5 million! This money can definitely use for families in need. It is ridiculous to put additional burden on small owners on a program that can't benefit any families in real need.
In the report, they claim "26% of ARO units are voluntarily vacated annually, and 70% are voluntarily vacated within a four-year period. This allows owners to increase rents to market price and to supersede the ARO limits on rent increases." --- The above data is based on the existing 8% cap. Once the cap is much lower, tenants would be reluctant to move, and it takes landlords much longer to bring the rent to the market rate.

The report says an Investor when purchasing a building needs to do "due diligence": Investors purchase rental properties largely due to the "growth potential", not just the low return on rent controlled properties. Investors have No control on many factors including: interest rate, utility increases, vacancies, property tax increases, tenants severe wears and tears, frivolous lawsuits from tenants under rent control ordinance etc. A law should provide "equal protection" to everyone. If these uncontrollable, expenses go up,its wrong for the lawmaker to prohibit pass-thru to the ultimate "users" of the properties. When Cities want to increase property taxes by way of Measure Ballots, Tenants have a right to cast votes. Tenants are directly benefitted from these increase in housing cost eg. a school bond. Thus, Tenants are in an equal or better position to control housing cost as the Landlords. Requiring the Landlords to solely bare all increase in costs while Tenants enjoy the benefits create a serious problem in fairness, justice and lacks equal protection to the people.

It's "insane" to say that debt service is an investment but not operating cost - berkeley, Oakland & prob SF allows debt servicing pass thru. Capital improvements and debt service costs needed to be included in proposed modification ordinance. Older buildings need major investments(roof, plumbing, termite work, remodel kitchens and bathrooms) to maintain.

These are not usual and customary expenses and need to be included in any formula for a proposed rent increase.

CPI and MNOI are not fair to me. I agree with the Housing Department's Recommendation. It's too expensive and too complex. If the Council votes for this, you will force me to increase my rents every year to the maximum allowed and my renters will move out sooner. This will help me get to market rents sooner. But it won't be good for my renters who will be forced to move into a more dangerous less expensive neighborhood or move out of San Jose. I will feel bad for them, but the city

is forcing me to think about my survival before my renters. Whereas now, I don't have to worry about that. If and when needed, the 21% gives a "banking" allowance without the expensive cost of building a registry. Fortunately, I haven't had to use it because I want to keep my current renters for as long as possible.

Only one-third of the rental units in San Jose (the older buildings) are under the ARO. These rental units are operated mostly by small business owners and mom and pop owners who rely on the rental income to support their family and their senior life. During my 21 years of stay in San Jose, I remember in the first 15 years the rental market is pretty flat. In other words there was almost no increase in the rent. The crazy rent increase all happened in the last 4-5 years. In the years between 2007-2009, the rents decreased by a large percentage. So the market is always up and down. During those down or flat years the rent ordinance cannot force the tenant to stay or accept a 2% minimum annual increase. This is the reality of the market. Then how can the rent ordinance force such a tight limit of CPI-U (which is 2-3% in recent years) when market picks up?

Rent increase tied to CPI is very unfair to the older rental unit owners. Many of the rental property owners are mom and pap type small business owners. Most of them work extremely hard and save every penny in their lifetime. At the age of 40-50 some of them can afford to buy a unit or two as supplement income for their retirement. These are financially responsible citizens and are positive contributors to our society. The government should reward them rather than punish them by denying their right to the ownership of their properties, and kill their business. Think of this, if an ARO property owner owns a property since 1995 (which is the year I moved to San Jose), from 1995 to 2007 he could not raise rent, his expense (insurance, property tax, maintenance) increased every year, he had to bare the lost of property vacancy during the tenant change over. In 2008 his tenant asked him to reduce the rent, or the tenant would move out, leave the apartment empty and hard to find the next tenant. Starting from 2012 the market started to pick up, but now the REO kicked in, limiting his rent increase to 2-3%. Let me ask the staff who made the recommendation: where is the fairness to those mom and pap business owner? I agree currently there is a social problem due to high rent. But the government should NEVER "solve" the problem by sacrificing some citizen's interest to please the majority group. We should NOT use government's force to deprive a group of people's right to satisfy another group of people. If we do that what's the difference between us and a socialist country, such as North Korea?

Sujuan Cai
Sent from my iPhone

From: shen ye
To: Grabowski, Ann
Subject: Annual Allowable Rent Increase Tied on CPI-U is Extremely Unfair to Mom-and Pop Landlords
Date: Saturday, March 26, 2016 5:38:30 PM

Please file this to the public records

Dear Ann,

As a resident and small fourplex owner of city of San Jose, I am strongly oppose the current ARO recommendation from the housing department tie rent increase to CPI.

1) There are only 44000 ARO unit which is only about a third of the supply. These are older apartments build before 1979, mostly owned by small mom and pop operators. Since these are older, the rent is at the bottom of the market.

2) The new recommendation from housing tie rent increase to CPI, and ask to establish a huge housing registry department cost five million dollars a year with 30 FTE. Small operators has to register rent/forms of each unit, has to track banking of each unit during down years, and compare with MNOI etc etc. This is a huge task that is beyond most mom and pop owners, and is way too complicated. Is this a power grab by Jacky so that she could be some big housing director? I don't see this achieve anything else.

3) The housing department's own consultant report clearly state that ARO unit rent went from $628 to $1388 in 25 years. This is roughly the rate of inflation! The high rent that people see on paper are all from the large apartment which is not subject to ARO. Why using this excuse to punish the 100% of small mom and pop owners who are hard working, law biding and tax paying members who can least afford this?

This rent "crisis" is due to short supply, and the high rent is due to the two third apartment units build after 1979 who are not subject to ARO anyway, no matter how much bureaucracy you want to pile up on us.

Please don't support the rent increase tie to CPI. It is not fair, it is not American, and it does not solve anything and could achieve the opposite.

Your sincerely,
Shen

From: Bonnie Liu
To: Grabowski, Ann
Subject: Re: Against Draft Staff Recommendations for San Jose ARO
Date: Saturday, March 26, 2016 4:32:56 PM

Dear Ann,

(Please file this email to the public records)

Suggested solutions:
Keep the current rent increase cap at 8%
Enforce the existing Rental rights and referrals program
Offer workshops and seminars to educate both landlords and renters on their rights, responsibilities and obligations and where to seek help if issues coming up.

Your sincerely,
Bonnie Liu

From: Bonnie Liu [redacted]
To: "ann.grabowski@sanjoseca.gov" <ann.grabowski@sanjoseca.gov>
Sent: Saturday, March 26, 2016 4:22 PM
Subject: Against Draft Staff Recommendations for San Jose ARO

Dear Ann,

(Please file this email to the public records)

Rent increase tied to CPI is very unfair to the older rental unit owners. Many of the rental property owners are mom and pap type small business owners. Small landlords will be forced out of business & will face foreclosure very soon.

The CPI-U does not represent the operating cost or market condition. Nowadays all workers e.g. contractors, roofers, plumbers are very expensive. For example, seven or eight years ago it only cost $60 for a plumber to unclog a drainage, nowadays it cost over $100; average 8% increase annually.

Here is the analysis for cost increase each year:
o Vacancy (5% at economy booming and 20% at economy recession);
o Property Tax (2% increase, plus new parcel tax);
o Water & Sewer (20% increase);
o Garbage (5% increase);
o PG&E (10% increase);
o Insurance (10% increase);
o Repair, minimum (10% increase) including Plumbing, electrical, appliance, etc;
o Other Expense, such as sidewalk repair (10% increase); cleaning: illegal dumping (10% increase) from other random people

While the City cannot control the cost of labor, utilities, permit fee etc. and tie these

operating expenses to CPI, it is grossly unfair to tie the hands of small mom and pop owners to CPI.

While the big investors can afford to tear down housing units to build newer and bigger buildings not subject to ARO, small mom-and-pop property owners can NOT!

Higher allowable rent increase is necessary for the following reasons:
8% would be an insurance cushion for small landlords to deal with special but expected circumstances such as bad tenants' costly damage of properties, over-throwing garbage clean up cost and City penalties for tenant's misbehavior etc.

Without this insurance, small landlords would easily suffer negative cashflow.
During economic downturns, Landlords cannot increase rent and may even lower the rent, with no subsidize from the City. 8% allowance will help remedy the loss Landlords suffer from downturn years with no or negative rent increase.

Savings for rainy days are regular business practice. In bad years, landlords' kindness in not raising rent on tenants or dropping the rents should not be used to punish Landlords. The CPI would punish landlords without any protection.

As mentioned in the staff report, MNOI is proposed to ensure "fairness" to makeup for years with too low CPI. However, MNOI is too complicated for small landlords.
Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.

The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure!

Instead, it is more cost effective to use this program implementation fee to provide financial assistance to low income families.

It is imprudent to put severe burden to small owners on a program that apparently cannot benefit any families in real need.

Best regards,
Bonnie Liu

From: Frank"s email
To: Grabowski, Ann
Subject: ARO
Date: Saturday, March 26, 2016 4:07:11 PM

Dear San Jose Housing Department:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. We don't need punitive rent control regulations or robust bureaucracy to regulate 1/3 of the city's rental housing stock.

Punitive rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered. Rental owners should not have to petition the city to add regulations for capital improvements and investments. This uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock. This proposal is contrary to the city's' commitment of "being open for business."

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Frank Mandarino Sr.

From: Roger Pennington
To: Grabowski, Ann
Subject: Laws are made for people that don"t know better, not people that do good, Reason, explain then fight with all you have.
Date: Friday, March 25, 2016 9:14:23 PM

With all due respect:

I think it is offensive to call anyone an “actor” unless you are insinuating fraud or a theatrical professional. Stop doing it.
Owners were once referred to as “Landlords” for our God given authority to own land and control it. Property owner is accurate and not offensive to any and still elicits a sense of pride and accomplishment.

To create a strangling ARO regulation that further restricts only the 43,000 already regulated rent controlled units is unfair and unjust because some (a number you do not know) owners had at one time or another increased their rents the full 8% as allowed by the law, I am certain the rents of non-regulated properties still average 30% to 100% higher than my ARO property.

My rents are 41.7% below those rents shown in your study slides, my father’s rents were 60% to 100% below because he has a non-rent controlled duplex and he is not worried about control, he has it.

So what that a few owners felt the need to make the full 8% increase allowed by law, you don’t know the reasons why do you? there could be many reasons, perhaps they let their rents fall way behind because of a death or illness or because they felt generous, maybe they let the rents fall behind only because they knew they could go up 8% next year maybe that goes on for a few years like it did for my dad,. Many reasons, many you do not know, why did some go up 8% one year? maybe it was the most polite way to encourage them to move out on their own discretion rather than to just serving a notice to vacate and forcing them move on the owners schedule, at least they have an opportunity a chance to ask for a raise and explain to their employer they need more to live and work here and the employer can rightfully pass the higher cost of producing services in this area to the consumers who consume their services, put the kid to work, I was working at age 9, or take a second job at least that is your choice or maybe it’s not that much to you but enough to make them think about buying their own home instead of renting. There could be many good reasons for an 8% increase. YOU WILL NEVER KNOW.

Owners know more than you imagine, they had to make thousands or tens of thousands of good decisions to become an owner, renters could get valuable information instead of just seeking reductions, you need a rent reduction? Ask me what I see you could do to help yourself before I consider a rent reduction, I want to make sure you are doing all you can to help yourself, oh, proud don’t want my help, ok I won’t pry.

Owners discourage loitering at their level and police discourage loitering at their level and immigration discourages loitering at their level, let us do our jobs and protect our communities we

care about.

Relentlessly yours
Roger Pennington

From: Roger Pennington
To: Grabowski, Ann
Subject: This is my home, that is your rental, semantics v reality.
Date: Friday, March 25, 2016 9:13:52 PM

I bought this 4plex to be my home, my property and I rent out the apartments like one would rent out rooms in their house.
Who and how this became defined as someone else's home first is wrong, they can call it whatever they want but it's not theirs any more than one renting a hotel room can say that is their home, let us not take a figure of speech to literally expecting a renter who puts $750 down to enjoy home ownership rights where the leaking roof is their sole responsibility to fix.
I intentionally worked and saved and sacrificed so that I could buy property to call my home, I looked at duplexes in 1992 and a realtor said to buy a 4plex so I searched and saved another 6 years.
I intend to live in my building one day, just not now, I dream of renting the apartments to family and friends one day, to this intention was my dream and efforts to secure property.
I saved the 30% down which entitled me to a 30 year fixed rate mortgage, this was my rent control.
I still rent where I live and always planned for the day I might have to move.
The only thing preventing renters from having their own stabilized monthly payment is to secure a fixed rate mortgage and to buy a property, some need only 10% down.
In order to buy a rental property one must anticipate the difficulty in finding, selecting, choosing dependable renters, educating them and protecting them and risk losing their down payment if the housing market lowers rents.
This ARO could cause all recent buyers of multiple housing properties to default on their loans and walk away.
In the early 1980's in New York over 300,000 apartment buildings were abandoned I read because of rent controls. When repairs exceeded income, owners walked away, takes awhile.
This ARO starts that process by devaluing my property value and reducing the number of people willing and able to get a loan to buy and manage it.

Is that car yours or your rental? Is there a difference? One you will absolutely care more about and take better care of.
It's not your home while the government obligates me to maintain it for you.
I need 8% increase so I can let my rents fall behind further and still catch up if and when needed.
ARO units are already 40% below the rents you state they are in your study.
ARO rentals provide the most affordable rentals available.

R Pennington

From: Lisa Goodman
To: Grabowski Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Friday, March 25, 2016 5:32:33 PM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

—Lisa Goodman
—Owner, Realtor®, Property Manager - Buy, Sell, Rent!
—Certified in Property Management from CAR (California Associa ion of Realtors®)
—Past President of Santa Clara County Chapter of NARPM® (National Association of Residential Property Managers)
—Hours of Operation: Monday-Friday from 9am-6pm; Weekends for emergency calls or by appointment

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From:	K Two Global
To:	The Office of Mayor Sam Liccardo
Cc:	Grabowski, Ann
Subject:	NO to the proposed amendments to Apartment Rent Ordinance
Date:	Friday, March 25, 2016 4:13:07 PM

Dear Mayor Liccardo:

I am a small rental property owner in San Jose. I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance.

Limiting annual rent increases to CPI essentially forces rental property owners to conduct non-profitable business. This is entirely anti free-enterprise. This will only spark an increase in the deterioration and under-maintenance of rent-controlled rental units. As a result, the proposed regulations will jeopardize safe, quality housing for our residents.
<!--[if !supportLineBreakNewLine]-->
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I recognize San Jose, as well as other cities in the Bay Area, is facing affordable housing issue. This issue needs to be shouldered by all residents in San Jose. Forcing only landlords to carry the burden is unfair and won't solve our problems.

Sincerely,
C.P. Hu

From: Geny Teodoro-Morales
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Friday, March 25, 2016 1:09:53 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley. A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution. Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock." Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Genevieve Teodoro-Morales
Realtor/Mortgage Loan Consultant
Alliance Bay Realty
[redacted]
37600 Central Ct. Ste. 264, Newark CA. 94560
Direct: [redacted]
Office: (510) 742-6600
Fax: (510) 742-9100
BRE# 01491466

From: fran turano
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Friday, March 25, 2016 12:43:30 PM

Dear Mayor and Council,

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

From:	Chunchi Ma
To:	The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; manh.hguyen@sanjoseca.gov; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; District 10; danelle.fedor@sanjoseca.gov; City Clerk; Grabowski, Ann
Cc:	Adeles Fan
Subject:	the new rent ordinance for SJ is both unfair and unnecessary
Date:	Friday, March 25, 2016 11:14:09 AM

Dear Honorable Mayor and Council Members and City Staffs:

My name is Chunchi Ma, a concern citizen of SV, and small housing and job providers here in bay area. Firstly, I applauded city's recent action in helping to convert some run-down/shut-down hotels to solve homeless problem at SJ. I appreciate the chance to write and speak out again new ARO for city of SJ, with following reasons:

1. As we all realize, lack of supply is the root cause of the problem. From CA Realtor Assoc data, in city of SJ during the span of 2010 to 2015, there were 118k new jobs being created but only 23k new housing, so supply demand imbalance is the root cause of the problem. By setting artificial limit on rent increase, plus just cause eviction, will further constrain the supply and add fuel to the fire;

2. My background was engineering and now in financial/investment industry, I just love number crunching as data is NOT biased. Well, per Zillow survey of national economists, 64% said rent control won't work, only 2% support the idea. And per SJ own consultant report, only very tiny around 0.01% of the tenants made the complain about rent increase, out of 44000 ARO units. Coupling with the fact that, among about a dozen rent advisor committee hearings, landlords attendances outnumbered tenants by 5:1 to 10:1, all these tell me the rent situation in SJ is not as bad as someone tried to make it out to be, tenants have other higher priority than this subject;

3. Per SJ own consultant report, the rent for ARO units are about 1388, very reasonable, NOT the misleading >2500/month type rent which are from larger and newer complex, which are out of ARO control anyway. So why mess up something which is already working by market economy? The ARO rent increase limit of 8% is working, why mess with it? Just need to add teeth such as review board hearing making it mandatory for both sides, system should work.

4. Current cycle of economy expansion is in its 7th year, and there are many signs pointing to a possible turning point in the economy. When economy is booming, govt step in to cap the upside to help out tenants, but when down cycle is here, who will come to landlord's rescue? When we offer free month to fill empty units, do you think the bank will give us a break on mortgage payment? No...

5. As an investment professional, for example, your 401k investment, if your investment firm were to tell you that, your portfolio can only grow as fast as CPI, but there is no floor on the loss, can be infinite, will you still invest there? I was recently approached by a broker about a great off-market deal at SJ downtown. close to SJSU, building a bit run down but cash flow and cap very good. However, if SJ passed new ARO ordinance, deal is off, and I believe I am not alone in this situation. What is the outcome? SJ will be stuck with more run down buildings as landlords are slow to do necessary R&M, since unable to recover the investment since rent increase is capped.

6. Housing dept in SJ has to realize that, running and admin such complex program in SJ will be very costly, based on what we learned from Oakland, Berkeley, etc. Housing dept will needed to be expanded to maybe 50 staffs and tens of million of dollars in budget to setup the complex monitoring and execution system of proposed new ARO ordinances. Such amount of money, in my view, can be better spent on: beefing up permit dept and making it more efficient, maybe adding high density zoning, incentives for landlords to keep rent lower than market, like other cities chipping in and work with local developers to build more affordable housing to critical city staffs/employees/teachers/firefighters, making Govt bigger with more program is NOT the best way in spending tax payers $$

7. My personal story of normal eviction process of unpaid tenants, costing me of 6 months unpaid rent, plus lawyer fee of 4500, and cleaning out and rehab of the unit after they left in Feb another few grands, total cost close to 20k, does CPI can accurately capture such operating cost to landlords? NO. CPI is just a measure of the average price increase, BUT it is NOT tracking the cost of business operation (after tenant left, turning over of an empty unit is very costly) very accurately. You can talk to any contractors here in bay area, if you told them they can only increase their fee by CPI year over year, they would have laugh at you, and you won't be able to find anyone to work on your rehab/remodeling projects

8. At the end, I think the current ARO system in place is in good shape, 8% allowed limit is reasonable. If city had to act, I also understand, but please NOT to CPI, maybe 6% range is reasonable (San Leandro is 7%), also please reject just cause eviction. Look around FBI report, those cities with JCE, end up always on the top of the list of cities with the highest crime rate, since no landlord in their right mind, don't want to keep good tenants, since each turn over of unit, costing about 2 weeks downtime of lost rent and remodeling cost, often in thousands of USD. Once JCE enacted, then bad tenants are able to stay while driving good ones away, and landlords are the last one holding the bag!!

I encourage the city to think outside the box, creative and constructive solution to the housing problem, landlords and tenants are not enemy, we can work together, and the common thread, is NOT more rule and regulation on rent control, but finding way to increase the housing stock/inventory, especially in the affordable housing aspect,

Thank you very much for your patience in reading this long email and your understanding where we are coming from, the concerns from small mom and pop housing providers, with respect to the proposed new ARO ordinances.

Best Regards,

Chunchi Ma

From: LiDong
To: Grabowski, Ann
Subject: Wrong Data for the Council member about RC
Date: Friday, March 25, 2016 11:07:52 AM

Deasr Ann:

1. In the Preliminary report, They states that the ARO rents increased at fast rate the market rents, Which is not ture. Most of the ARO rents is below the market rent.
2. In Dept of Housing Memo to the Council dated June 5, 2015, They stated $2227 as the "Average San Jose Rents" as of Q1 2015. This is a basis to start the entire process, however this is a MISLEADING information. $2227 is not the "Average San Jose Rents", it is actually the "Average Entry Rent".
3. In NO way can any City's Rent Control Ordinance regulate the "Entry Rent"! It controls purely by supply and demand.
4. According to your consultant report, the "Average Rents of ARO units" as of 2014 is $1388, about 67% of the city's "Entry Rent" of the same period. Property owner is providing low rent housing for the City while we can charge a lot more. Now the City is giving us a punishment instead of a reward? How low do you want us to go? Free housing?

Best Regards
Dong

From:	Dan Flees
To:	The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; District 10; Fedor, Denelle; City Clerk; Grabowski, Ann
Subject:	Please reject "Just Cause Eviction"
Date:	Friday, March 25, 2016 10:42:05 AM

Dear Council Members,

As small landlords who work hard to manage our rental properties, I urge you to say "No" on "Just Cause Eviction".

I would like to give you a small landlord's perspective on the prospect of tightened rent control ordinance(s) in San Jose being proposed and considered by the council. We got into the rental business in hopes of funding our kids' college education. We purchased a few single family homes and duplexes over the past 7 years, including one duplex in San Jose. For each property when we purchased it, the return on investment was minimal. We were counting on slow steady increases in rent, rise in property value and slow payoff of the mortgages. Our rents are generally slightly below market and we don't raise them much year-over-year when we have good tenants. If San Jose Rental Control adds "Just Cause Eviction", all our good tenants and us will be impacted negatively by this "lose-lose" policy.

The proposed "Just Cause Eviction" is a poor policy direction. What is it really trying to accomplish? Look at cities that have this policy around the country ... , for example, San Francisco and Oakland, rental market in those places are far worse than what it now in San Jose. As a matter of fact, there is no intention for landlord to evict good tenants. "Just Cause Eviction" will make it difficult to evict tenants who have engaged in illegal activity and may endanger other residents in the neighborhood. In this situation, the good tenants will move out and leave our community deteriorated. When the rental market doesn't grow organically, we all have to pay for the price!

Regards,

Daniel Flees / Annie Liu

From: [redacted]
To: Grabowski, Ann
Cc: The Office of Mayor Sam Liccardo; Jones, Chappie; Kalra, Ash; Peralez, Raul; Nguyen, Manh; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Herrera, Rose; Rocha, Donald; District 10; City Clerk
Subject: Comments for draft
Date: Thursday, March 24, 2016 9:53:44 PM

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1)CPI and MNOI are not fair to me. I agree with the Housing Department's Recommendation. It's too expensive and too complex. If the Council votes for this, you will force me to increase my rents every year to the maximum allowed and my renters will move out sooner. This will help me get to market rents sooner. But it won't be good for my renters who will be forced to move into a more dangerous less expensive neighborhood or move out of San Jose. I will feel bad for them, but the city is forcing me to think about my survival before my renters. Whereas now, I don't have to worry about that. If and when needed, the 21% gives a "banking" allowance without the expensive cost of building a registry. Fortunately, I haven't had to use it because I want to keep my current renters for as long as possible.

2)Only one-third of the rental units in San Jose (the older buildings) are under the ARO. These rental units are operated mostly by small business owners and mom and pop owners who rely on the rental income to support their family and their senior life. During my 21 years of stay in San Jose, I remember in the first 15 years the rental market is pretty flat. In other words there was almost no increase in the rent. The crazy rent increase all happened in the last 4-5 years. In the years between 2007-2009, the rents decreased by a large percentage. So the market is always up and down. During those down or flat years the rent ordinance cannot force the tenant to stay or accept a 2% minimum annual increase. This is the reality of the market. Then how can the rent ordinance force such a tight limit of CPI-U (which is 2-3% in recent years) when market picks up?

3)Rent increase tied to CPI is very unfair to the older rental unit owners. Many of the rental property owners are mom and pap type small business owners. Most of them work extremely hard and save every penny in their lifetime. At the age of 40-50 some of them can afford to buy a unit or two as supplement income for their retirement. These are financially responsible citizens and are positive contributors to our society. The government should reward them rather than punish them by denying their right to the ownership of their properties, and kill their business. Think of this, if an ARO property owner owns a property since 1995 (which is the year I moved to San Jose), from 1995 to 2007 he could not raise rent, his expense (insurance, property tax, maintenance) increased every year, he had to bare the lost of property vacancy during the tenant change over. In 2008 his tenant asked him to reduce the rent, or the tenant would move out, leave the apartment empty and hard to find the next tenant. Starting from 2012 the market started to pick up, but now the REO kicked in, limiting his rent increase to 2-3%. Let me ask the staff who made the recommendation: where is the fairness to those mom and pap business owner? I agree currently there is a social problem due to high rent. But the government should NEVER "solve" the problem by sacrificing some citizen's interest to please the majority group. We should NOT use government's force to deprive a group of people's right to satisfy another group of people. If we do that what's the difference between us and a socialist country, such as North Korea?

4)Each year for the past 5 years, the City of San Jose's Housing Department reported the following on 44,300 units in 5,026 ARO buildings:
Complaints filed against 81 owners (1.6% of ARO buildings)
156 tenant complaints (3/10th of 1% of ARO units)
47 excessive rent increase complaints (1/10th of 1% of ARO units)
28 termination of tenancy (< 1/10th of 1% of ARO units)

Several stakeholders on the ARO Advisory Council, including a tenant advocate have said numerous times, "*With these numbers why are we even here*."
Based on the above data, there is No need to change the current San Jose ARO!

5)MNOI is too complicated for small landlords and there is no guarantee that the calculation would be approved by the City. Small landlords would be required to track each year's CPI when the market is down. The time consuming tracking, banking, fees, etc. is way beyond the capability of small mom and pop owners, who could not afford professional assistance. MNOI does not ensure fairness.

6)The City estimated that due to the complications of the program, it would require a high budget of 30 FTE. The salaries with employment & retirement benefits total $4.5 million, an astronomical figure !
I am also wondering how the tenants are going to feel about having their name registered each year with the city of San Jose and paying half the bill for being registered. One of the tenant advocates said "It's like the Mafia. Pay and we will protect you."
There are other more cost effective ways to identify the bad landlords than building a staff to register the good ones. We could pay the rent of 267 veterans each year for this money.
How will the tenants feel getting a bill for $54 per year for this apparent "protection"? At a fully loaded cost to hire the proposed 30 staff members, it can't be much less than the high-end of the $9 per unit per month fee increase the Housing Department proposed on slide 65 of their presentation. My tenants can't afford this bill and I do not want to pass it on to them.
Housing is now charging me $113 per unit for code enforcement. 16% of the monthly rent I get goes towards city fees. 17% goes toward services to tenants such as water, garbage, and PG&E. This equals 33%. In their ARO study, they show all operating costs at 33.5%.

Dan Pan

From: Eileen Parks
To: Grabowski, Ann
Subject: I"m against Changes to Apartment Rent Ordinance
Date: Thursday, March 24, 2016 8:59:43 PM

I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.

A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.

Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents, value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that, "There are no quick and easy fixes," and, "suggest policy makers primarily focus on expanding efforts to encourage private housing development" in order to successfully address housing affordability. Stricter regulations won't solve our problems.
I think you are shooting yourselves in the foot with this proposal

Sincerely, Eileen Parks, Real Estate Broker

From: Morales-Ferrand, Jacky
To: Grabowski, Ann; Chen, Wayne
Subject: Fw: Proposed Amendments to SJ Rent Ordinance.
Date: Thursday, March 24, 2016 7:56:57 PM

Landlord Recommendations

Jacky Morales-Ferrand
Director
City of San José Department of Housing
Jacky.Morales-Ferrand@sanjoseca.gov | www.sjhousing.org
408.535.3855
Our mission is to strengthen and revitalize our community through housing and neighborhood investment.

From: Cal T [redacted]
Sent: Thursday, March 24, 2016 5:12 PM
To: Morales-Ferrand, Jacky
Cc: Jones, Chappie; mayoremail@sanjose.gov
Subject: Proposed Amendments to SJ Rent Ordinance.

Dear Ms. Jacky Morales-Ferrand,

Let me start by saying yes we have a housing affordability problem in San Jose.
I am a tier 1 multi-family property owner in San Jose and I'd like to propose some alternatives to the ARO Rent Control measures.

- Work to bring the remaining 2/3 rental units into a unified rent control system. This will alleviate the inequity for the aging 1/3 bearing the burden for disenfranchised renters . Think of rent control as a brake to prevent excessive rent hikes in any given year. I support the current program of 8% rent control because I believe we have mostly good property owners, with some idiot landlords who would attempt to displace residents for personal financial gain. I would support a 7% change.
- In lieu of hiring additional FTE staff to oversee what becomes a bureaucratic system, tax ALL San Jose units, and use revenue to provide help to displaced or low income households. For example 125,000 rental units multiplied by $50 per year (per unit) gives you 6.25 Million to assist those impacted. In times of major housing crisis, you could adjust that tax level. It spreads the burden to all renters in San Jose, and makes the assistance available to those in need as opposed to everyone. You may also consider a .25% sales tax hike to support

housing needs.

- Increase minimum wages in SJ to $15 p/h so that all residents can afford to live here.
- All new housing developments must have a component that helps low income wage earners. For example, Pleasanton CA, provides affordable housing opportunities for low income earners alongside with all newly built homes. (based on household income and years of residency in Pleasanton) This means all new developments, SFH & Apartments must have a component that addresses needs of those that have household median income equal to or less than San Jose average. If developer wants to build 150 high end apartments, sure no problem, but developer has to provide 15% units for those in impacted segment.
- For several years now impacted cities are deploying micro units — efficiency studios as small as 250 square feet. They have been touted as a solution for the region's housing crisis, allowing developers to wring more units from dwindling resources. Who benefits from the current developments that create 1 and 2 bedroom units that start at $3,200+? Certainly not the most Impacted. We need smaller, cheaper units.
- Lastly, if your mandate is to ONLY solve housing crisis using the current 1/3 rent Controlled units, I suggest the following, rent increase to maximum of 7%. No cause termination possible but requires 120 days and $1,000 relocation payment for residents who have lived on property 1 year or more. Pass-through for new loan purchases of buildings to tenants suspended when vacancy is below 5%.

<u>Non Rent Controlled Building Setup:</u>
The philosophy is simple, do whatever it takes to please your tenants, they compensate owners. Property managers are incentivized to maintain and please residents.
The revenue is used for lush landscaping, new exterior paint every three years, granite counters, hardwood floors, car chargers, 24 hour emergency on-call availability.
We install security camera's, install security gates, ongoing support for any and all issues.

<u>Rent Controlled Building Setup:</u>
Especially where rent is way below market rent, the philosophy is, be unresponsive, take every opportunity to cite any violations the tenant may be responsible for. Paint exterior of building every 10-12 years. Respond to tenants maintenance issues in relaxed due time. Wherever possible install cheapest, ugliest faucets, fixtures, carpets & vinyl. Do as little as is feasible. Be unresponsive to neighborhood crime. Bill tenants for any negligent clogged drains or nuisance calls.

The above scenario is not a made up story, it happens.
This is what happens when excessive price controls are used, and every month the tenant is hundreds of dollars below market rent.
Don't accelerate the deterioration of the housing stock to satisfy short term goals.

Thank you for your time and consideration of this email.

Cal T
San Jose Property Owner.

From:	George Gipe
To:	The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10
Cc:	Chen, Wayne; Grabowski, Ann
Subject:	New owners would lose the most
Date:	Thursday, March 24, 2016 4:44:30 PM

Dear Mayor and City Counsel,

We all recognize that there is a housing affordability issue to deal with that could involve a sacrifice on the part of apartment owners. If new rent control rules are enacted, the Council should make every effort to make this sacrifice as equitable as possible.

The burden of the new rules would fall hardest on very recent investors. Due to the current market climate, apartment buildings are priced so high that they will yield very little return without the rent upside that stricter rent control rules will eliminate.

A few months ago, I used all of my inheritance to purchase a 7-unit building for retirement income. If new rules are applied so soon after my purchase, my property value will suffer a significant decline and the return will be insufficient to support my retirement.

If the City Council decides to change the rent control rules, there should be a phase-in period to soften the blow for new purchasers. Property owners should be allowed to continue with the rent control rules in place at time of purchase until three years after their purchase date. Turnover of these properties is very slow so only a low percentage of units would be involved - and some of those for only one or two years.

The number of impacted units could be further reduced if the Council limited this phase-in period for property owners with a total of fewer than 10 units. A further reduction in units impacted could be achieved if the program was only for 65 years and older.

It is important to note a fair phase-in provision would eliminate the most onerous hardship when converting to a stricter rent control.

Thanks for your time,

George W. Gipe

From: Chen, Wayne
To: Morales-Ferrand, Jacky; Grabowski, Ann
Subject: Fw: Rent
Date: Sunday, March 27, 2016 11:54:57 AM

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fyi input and suggestions regarding ARO modifications.

From: Jaime Gonzalez [redacted]
Sent: Friday, March 25, 2016 3:50 PM
To: Chen, Wayne
Subject: Re: Rent

Hi Wayne....
Thanks for the email reply. Sorry for not getting back to you sooner.

If I may, I'd like to chime in on the Rent Control proposals your Organization has been tasked to tackle. Housing has been charged with taking on a huge task in alleviating the fast rate of rents in San Jose. Below are my thoughts and a few counter proposals I'd like you to share with your organization and hopefully be incorporated into the revised edition being submitted to the City Council in the coming weeks because most landlords feel your proposals are heavy handed and unbalanced in favor of the tenants.

Rising rates of rents is not just a San Jose issue. Its a regional issue. One that San Jose and the owners of rental property can not solve on its own. What is being played out are market forces. When those forces are disrupted, there are a mired of unforeseen consequences that will only make things worse for the very people that was set out to help. Not to mention the impact and affects it will have on the mom and pop landlords. Its unfair to ask a few dozen (probably 6 or more) to take on this burden when the outcome won't have any real significant impact. 44 Thousand units is a drop in the bucket when compared to the region as a whole. Here is why;

1 Rate of Yearly Increase -- Most, if not all mom and pop and a few larger owners do not raise rents yearly at the allowable 8%. If we/they did, you would see rents sky rocket at unsustainable (key word -Unsustainable) levels. We all know incomes don't raise so fast. At 8% per year, a $1500 two bedroom unit in 2012 would rent for $2040 in 2016 in an occupied unit. My renters nor other landlord renters could not absorb such a fast rate. We would price out our own renters, they would move out, and we lose money with an empty unit for as long as 2-3 months and have to absorb the cost of remolding. Yes we could re-rent at market rate, but no one is moving out. Nor do we want them too. Its too costly for mom and pop owners especially to lose renters for any length of time. Vacancy rates are very low! No one is moving. That is the issue - supply and demand. Hence, we nor other landlords do not raise rents at 8% per year. In the real sane world, most of us increase rents as little as 3% to as much as 5%. Its the fair thing to do for our tenants. Your own numbers tells this story to be true in the slides you have shown.

Proposal -- The best scenario is to cap the rate of increase at 4%-5% per year. That is a realistic number that is being implemented yearly anyway. It incorporates and covers a CPI set rate + 2%-3% per year based yearly increase. Here is why; in low inflation years (1-2 percent) it limits the rate of increase to a 4-5 percent ceiling. And in high inflation years (3-4+ percent) it limits the yearly increase to 4-5 percent floor. The best of both worlds, is it not?

2 Just Cause Eviction -- Here in San Jose / Silicon Valley our populace is more educated and less likely to be "trouble maker tenants". Your own numbers tells that story. There just are not very many evictions. Besides, leases have a sort of built in mechanism that prevents such actions. Tenants do not want to lose their deposit and have to rent elsewhere at a higher cost. Owners do not want to spend time and money evicting someone. Its just too costly and a huge hassle to both parties. Tenants already have 60-90 notices already. That is ample time. And tenants can stay there, rent free during that 60-90 day period, unless we evict them and get a judgement to re-

coup rent and costs. In most cases, we don't evict and we lose those 2-3 months rents as we wait for them to move out. Even in cases of month to month renters (lease elapses) they too have the same rights. What happens is they lose their deposit in any case. Evictions just don't happen in the numbers warranted for such an ordnance.

Proposal -- A type if open door policy is better. Encourage tenants to contact Housing when something is not being addressed. Your "good-cause proposal' seems fair and a good idea. But a two year band is heavy handed. One Year is better. Once the Lease is up, they go month to month. Then 60-90 is ample time to find a new home. You still have both names in your data base. The current proposal is heavy-handed in favor of the tenants. It will act as a mechanism for abuse on the part of the tenant thinking they could never be asked to move out. SOMETIMES TWO DIFFERENT PERSONALITIES ARE JUST NOT MEANT TO BE TOGETHER (not shouting, caps are just for emphases). And this limits the use of a landlords right to freely exercise the utility of their property when being restricted.

Wayne, in my opinion these two items in the proposal are the main issues. And further more, Duplexes are a whole different bread of housing altogether, apart from apartment living. They should not be included in this ordnance. Please drop all others in your proposal. It will only lead to a more cumbersome bureaucracy when less is best. The added premium ($6-$9) to the tenants to help fund the added cost to the housing budget to over-see this undertaking is just another tax to everyone, and not needed and defeats the purpose of rent control. That money equals a few gallons of gas and/or dinner to the tenant. Especially when that tax could help fund more cops and fire fighters. The whole proposal adds to the management workload to the mom and pop owners. And again, the proposal is asking them/us to take on burden of the Rent Control Rate issue onto their shoulders when its a regional issue of supply and demand of more affordable housing stock not being built. That is not fair.

Thanks again Wayne for the opportunity to weigh in on this issue. Good Luck.

Jaime Gonzalez
408-605-5801

On Thursday, March 24, 2016 12:24 AM, "Chen, Wayne" <wayne.chen@sanjoseca.gov> wrote:

Hi Jaime got your email. I do want to thank you again for taking the time to attend these meetings, for participating in the process, and for attempting to see both sides in order to find something that works for both owners and tenants. I appreciate the passion regarding this topic, from both sides. If you have any additional input or comments, please let me know.

Best,

Wayne

Wayne Chen
Acting Division Manager
City of San Jose Department of Housing
200 East Santa Clara Street, 12th Floor
San Jose, CA 95113
wayne.chen@sanjoseca.gov | www.sjhousing.org
ph: 408.975.4442

Our mission is to strengthen and revitalize our community through housing and neighborhood investment.

Follow us on Twitter!

From: Jaime Gonzalez [redacted]
Sent: Wednesday, March 23, 2016 8:42 PM
To: Chen, Wayne
Subject: Rent

Hi it's jaime

Sent from my iPhone

From: Fran Turano
To: Grabowski, Ann
Subject: Re: I"m against Changes to Apartment Rent Ordinance
Date: Tuesday, March 29, 2016 2:02:16 PM

- They ignored hundreds of hours of input from from rental owners who spoke about how the 8% cap allows them to maintain their units, stay in business, invest in their community while keeping rents low and stable
- The proposed changes will not help low income families--the very people rent control is intended to help. Rather people who get a rent controlled unit will stay longer than they may need and prevent those who need the subsidy of rent control from getting it
- Forcing owners to justify their profit in order to pass on capital expenses will deter owners from doing any more than the minimum they need to maintain their units. More red tape and bureaucracy isn't the answer
- Reporting rents and renter info to the city jeopardizes the privacy of tenants
- The staff ignored their own report that shows rents in ARO units are far below the average rent in San Jose. The reason this process started was because of concern that rents were $2500/mo. The study that the City conducted reported rents to be lower than that.
- A review on the data will show that the tenants are not complaining about the current ARO.
- Tenants have anti retaliation protections under state law so we need to educate both sides on rights and responsibilities to reduce any fear, uncertainty and doubt.

Thank you fran turano

Fran Turano
Rental Housing Network
268 E Hamilton Ave, Suite D, Campbell, CA 95011
www.rentalhousingnetwork.com
[redacted]

On Wed, Mar 23, 2016 at 4:06 PM, Fran Turano [redacted] wrote:

> Dear Mayor and Council,
>
> I am concerned by the proposed amendments to the city's Apartment Rent Ordinance. As an advocate for private property rights I believe that we can find solutions that benefit all. Unfortunately, the Housing Department's proposal does not create one unit of affordable housing to help solve our housing crisis in Silicon Valley.
>
> A recent report from the California Legislature's Non-Partisan Fiscal and Policy Advisory, the Legislative Analysts Office (LAO) titled Perspectives on Helping Low-Income Californians Afford Housing, discusses the adverse effects of rent control on overall housing prices and concludes that increased supply is the real solution.
>
> Rent control measures lead to troubling consequences. Limiting annual rent increases to CPI will reduce the income of property owners and according to the LAO report, "Over time, this can result in a decline in the overall quality of a community's housing stock."

Rental owners like their residents value certainty, reliability, and stability. The current 8% fixed-rate maximum allowable rent increase combined with an improved process for passing on capital expenses would be superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment.

The LAO report concludes that “There are no quick and easy fixes,” and, “suggest policy makers primarily focus on expanding efforts to encourage private housing development” in order to successfully address housing affordability. Stricter regulations won't solve our problems.

Sincerely,

Fran Turano

From: [redacted]
To: Morales-Ferrand, Jacky; Chen, Wayne; Grabowski, Ann
Subject: Fwd: Show of Force for Renters" Rights!
Date: Thursday, March 24, 2016 6:48:11 PM

Hi Jacky, Wayne, and Ann,

This email has links to the three testimonies I mentioned to you during our meeting.

The one by Verna states she was given no cause at all for her eviction.

The one by Uriel states that his family was evicted after making three verbal requests for a stove repair. While it may be argued that they should have been made in writing, a written request would not protect the tenant under the Department proposal if the landlord gives notice prior to notification of code enforcement, as in this case.

The one by Hong is about a tenant who was so fearful of eviction that he was afraid to ask for repairs and performed them all himself.

Finally, in the meeting, PACT members referred to the following news clip about a tenant who received a no cause notice immediately after speaking to the Mayor in a public meeting.

http://www.nbcbayarea.com/news/local/Outraged-San-Jose-Tenants-Claim-More-Retaliatory-Evictions-Took-Place-While-They-Met-With-Mayor-Liccardo-368899321.html

In my opinion these are some of the shortcomings of the staff proposal. Thank you for considering these testimonies.

Sandy Perry
Affordable Housing Network

-----Original Message-----
From: PACT: People Acting in Community [redacted]
Sent: Fri, Mar 11, 2016 11:05 am
Subject: Show of Force for Renters' Rights!

Click to view this email in a browser

#SJWeBelong banner

"Is it right that I undergo this trauma every few years?"

PACT Logo

On Monday, **over 500 community members joined PACT Leaders to proclaim**: **San Jose, We Belong!** See the photos here. We urged **Mayor Sam Liccardo** and **Councilmembers Magdalena Carrasco & Raul Peralez** to provide leadership to protect renters from skyrocketing rents and unjust evictions that are pushing families out of our community. Scroll down for opportunities to voice your concern in the coming weeks and be sure to be there when City Council **votes on April 19th**. Read the Business Journal article here.

El día lunes, ***más de 500 miembros de la comunidad*** *se unieron a los líderes de PACT para proclamar: ¡Pertenecemos a San José! Vea las fotos aquí.* ***Llevaron al Alcalde Sam Liccardo y Concejales Magdalena Carrasco & Raul Peralez*** *a ser líderes para proteger a los inquilinos de la subida de las rentas y desalojos injustos que están empujando a las familias de nuestra comunidad. Desplácese hacia abajo para ver las oportunidades de expresar sus preocupaciones en las próximas semanas y no deje de asistir cuando el Concejo Municipal haga* ***la votación el 19 de abril****.*

#SJWeBelong
Powerful Community Action

(*Español abajo*)

At the event, the Mayor and Councilmembers heard research and testimonies that **support inclusion and stability for families who rent.** (See testimonies of Verna, Uriel & Hong) Specifically, PACT, together with the Silicon Valley Renters' Rights Coalition* promotes:

- Tying rent controlled apartments to inflation (Consumer Price Index or 'CPI'),
- A Just Cause ordinance that prohibits evictions for no reason,
- Including duplexes under rent control,
- Prohibiting discrimination against Section 8 Voucher holders.

We learned that while our elected officials support some needed solutions; primarily leading on Sec 8 protections and researching duplexes, we still need their leadership to ensure just cause protections for all renters. While both Councilmembers Carrasco and Peralez committed to tying rent control to inflation (CPI), the mayor declined to do so.

None of our elected officials committed to fully support Just Cause to protect all tenants from unfair and unjust evictions. If you support such protection, be sure to **come to the City Council Vote scheduled for Tuesday, April 19.**

The Renters' Rights Movement Gains Momentum

Leaders at Podium

(Above) Leader Tuan Dinh summarizes the elected leaders responses while chairs Ashley McClintock and Christian look on. (Below) Mayor Liccardo responds to PACT Leader Susan Price Jang's questions. See the video playlist here.

Mayor Liccardo and Leader Susan Price

Peralez and Leaders

Durante el evento, el Alcalde y los Concejales escucharon investigaciones y testimonies que ***apoyan la inclusion y estabilidad para las familias que alquilan.*** *(Vea los testimonios de Verna, Uriel & Hong). Específicamente, PACT, junto con Silicon Valley Renters' Rights Coalition* promueve:*

- *Usar la inflación (Índice de Precios al Consumidor, o 'CPI' por su siglas en inglés) como medida para los apartamentos con control de renta,*
- *Un decreto de Causa Justa que prohíbe los desalojos sin razón,*
- *Incluir los dúplex bajo el control de renta,*
- *Prohibir la discriminación contra las personas con Cupones de Sección 8.*

Nos dimos cuenta que mientras nuestros funcionarios electos apoyan algunas soluciones necesarias, primordialmente llevando la delantera en las protecciones para las personas de Sección 8 y la investigación de los dúplex, todavía tenemos que asegurar las protecciones de causa justa para todos los inquilinos. Mientras que ambos Concejales Carrasco y Peralez se comprometieron a usar el CPI para el control de renta, el alcalde declinó hacerlo.

Ninguno de nuestros funcionarios electos se comprometió a respaldar completamente la Causa Justa que protege a todos los inquilinos de los desalojos injustos*. Si usted apoya dicha protección,* ***no falte a la Votación del Concejo Municipal programada para el martes, 19 de abril****.*

Over 500 attended

Give Input on the Housing Department Recommendations

(Español abajo)

The Housing Department has made some initial recommendations that you can read here. They also released a report about rent controlled units and renting in San Jose. While data is important, **YOUR EXPERIENCE of renting in this city is most critical** to help City Council make this crucial vote. Find dates to give input here.

El Departamento de Vivienda ha hecho algunas recomendaciones iniciales que puede leer en Inglés aquí. También publicó un informe acerca de las unidades con control de renta y acerca del alquiler en San José. Mientras que los datos son importantes, ***SU EXPERIENCIA de alquilar en esta ciudad es la parte más crítica*** *para ayudar al Concejo Municipal hacer esta votación decisiva. Encontrar las fechas para dar su opinión aquí.*

CM Magdalena Carrasco

Silicon Valley Renters' Rights Coalition

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PACT Logo

Donate Now Button

PACT: People Acting in Community Together | 408-998-8001 | 1100 Shasta Ave, Suite 210 | San Jose CA 95127
www.pactsj.org

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PACT:People Acting in Community Together
1100 Shasta Ave. Suite 210
San Jose, CA 95126
USA
Read the VerticalResponse marketing policy.

From: Sharon Shelgren
To: Grabowski, Ann
Subject: No further Rent Control
Date: Tuesday, March 29, 2016 3:16:55 PM

As a long time owner of real estate in San Jose, these are investment vehicles to fund my old age and leave to my grandchildren for their college education. How dare you, implement such a egregious recommendation that has been the actions of only maybe 25 people and their representatives to impact over 43000 rental units in San Jose. What about the 400,000 other rental units that do not fall under rent control? What about the developers who are bulldozing there older units to build new units that do not fall under rent control. Prime example on Winchester Blvd where the old units are going to be razed and 760 new units built. I say there is collusion in the City to build up another department to tell me what to do. And if you think we are snowed by the impact in the study that says it only raises our fees $6-$9 per unit is only smoke and mirrors. I pay hundreds of dollars yearly to the rent control board of the City and I heard that only 25 tenants have complained. Where is my money going?????????

I will REPEAT AGAIN We are not A PUBLIC UTILITY.

Why are you copying other cities rent control regulations that have proven they do not work. Why not come up with something Original. How about disbanding the Rent Control as a bad idea and lead the way to fiscal responsibility of allowing your landlords to operate as a business. When the rents are too high, more units are built bringing down the prices. It's called supply and demand.

Another point that has not been brought up. What about the Katrina refugees that were brought into San Jose and then received a full ride from the Housing Authority for LIFE? What's wrong with the federal government stepping up and giving subsidies to those who qualify instead of making mom and pop investors pay for them?

How can you in good conscious go forward on this ill-advised bill?

Sharon Shelgren

From: Dan Aumack
To: Grabowski, Ann
Cc: [redacted]
Subject: one small owners concerns on proposed rent control and just cause changes.
Date: Tuesday, March 29, 2016 5:49:05 PM

Dear Mrs. Grabowski,

I was born in San Jose and have lived my entire life here. I must comment on the current rent control proposals. My sisters and I have owned a 18 unit apartment on Huff Ave in West San Jose for many years. My sisters and I use this, our only apartment building to help us in retirement. We have no pensions and this investment is it. My average rent is **$1400.00 per unit** way under the $2500.00 per month I see in articles. I keep a very clean and safe place for my residents. Many of them have been renting from me for many years. I am providing affordable housing!

Now I am learning that rent control and just cause may change. My points are as follows.

- How can you single out only 44,000 units built prior to 1979 for this action? Many of these owners are supplementing retirements and are not large developers. These buildings being built before 1979 will need more maintenance. How can a new city measure not take into account the large newer developments that are not in rent control or are they targeted with this new proposal.

- The MNOI or maintenance of net operating income standard recommendation does not reflect the actual cost of the repair needs for older buildings. The limited capital improvement incentive program limits property owners decisions as to what improvements are needed and which qualify to upgrade their properties.

- The rent registry proposals are complex and creates a difficult responsibility for property owners.

- The Consideration of a Good Cause Eviction Ordinance is not needed. The current requirements under the existing Rent Control has worked well for many years. Why change this when tenants already have been provided with good guidelines for any challenges to evictions.

- In the next few years my building is going to require a new roof, a new parking lot and exterior paint. I am also now replacing windows to cut the cost of my renters heating bills. If these proposals go through the city of San Jose will really be hurting my property value and my family.

Interesting how on March 16th the San Jose Mercury reported on the proposed changes on rents and just cause on only units built prior to 1979. Then the very next day The Mercury News reports where the Reserve Apartment Complex on Winchester not far from my only property will be torn

down displacing all the people living In 216 units. Greystar will then build a 640 unit complex that will not be under any rent control. Wow the big developers really get to do what they want. I have given one 90 day notice in 10 years and my renter agreed with me that it was time for him to go.

This proposal is not fair or manageable. Why do the big developers like Greystar and Irvine company have thousands of units not under any rent control at all, and a small investor with only 18 units is the one providing affordable housing at an average of **$1400 per unit**. Where is the City planning and affordable units in San Jose?

Regards,
Dan Aumack

From: Kannekka Gurumurthy
To: Grabowski, Ann
Subject: Reject any change to the ARO
Date: Tuesday, March 29, 2016 9:38:04 PM

Dear Mayor and Council members:

As a Housing Provider in San Jose, I want to voice my opposition to the recommendations by the Housing Department on changes to the Apartment Rent Ordinance (ARO). As a responsible housing provider, I feel that the recommendations the Housing Department has put forth will not help in providing additional affordable housing, rather it will only hurt the tenants.

Under the proposed recommendations, the reduced cap on rent increases and restrictive capital improvement pass through will lead to the further deterioration and deferred maintenance of the older stock of ARO housing. The elimination of the debt-service pass through will deter any investment in San Jose's housing stock, further reducing the quality of housing in the City. The maintenance of net operating income standard does not take into account the huge increase in the expenses we as housing providers face on an annual basis. And the increase of as many as 30 staff positions to monitor the ARO program is a poor use of resources when other City departments are severely understaffed.

As a Housing Provider, the solution to our affordability crisis is to increase supply. I would encourage you and our city leaders to explore ways that would increase our supply not increase burdensome regulations. Please vote to do no harm and reject these onerous proposals to change the ARO.

Sincerely,
Kannekka Gurum

From: SaraK
To: Grabowski, Ann
Subject: Reject any change to the ARO
Date: Tuesday, March 29, 2016 9:31:28 PM

Dear Mayor and Councilmembers:

As a Housing Provider in San Jose, I want to voice my opposition to the recommendations by the Housing Department on changes to the Apartment Rent Ordinance (ARO). As a responsible housing provider, I feel that the recommendations the Housing Department has put forth will not help in providing additional affordable housing, rather it will only hurt the tenants.

Under the proposed recommendations, the reduced cap on rent increases and restrictive capital improvement pass through will lead to the further deterioration and deferred maintenance of the older stock of ARO housing. The elimination of the debt-service pass through will deter any investment in San Jose's housing stock, further reducing the quality of housing in the City. The maintenance of net operating income standard does not take into account the huge increase in the expenses we as housing providers face on an annual basis.

As a Housing Provider, the solution to our affordability crisis is to increase supply. I would encourage you and our city leaders to explore ways that would increase our supply not increase burdensome regulations. Please vote to do no harm and reject these onerous proposals.

Sincerely,
Sara Kan

From: S Reid
To: Grabowski, Ann
Subject: Feedback on proposed rent ceilings
Date: Tuesday, March 29, 2016 8:48:10 PM

Dear Ms. Grabowski -

I am writing in response to the proposal that would limit rent increases to San Jose tenants. First off, thank you for soliciting feedback. My wife and I are both working professionals with very good jobs, excellent credit, and a beautiful toddler who is not yet 2. We live within our means and have never missed a rent check. Despite this, however (our reliability as tenants and income stability), we are constantly living under the threat of raised Bay Area rent.

Currently, we live in an apartment complex run by one of those national, out-of-town chains - I'm sure you're familiar - the kind that lures you in with amazing rates only to increase them exponentially in Year 2, and prohibitively by Year 3. We learned this in San Bruno, at what was then an Archstone complex that pushed our rent up over 11% after a year, then 28% on top of that in the next. Having relocated to San Jose so we could be closer to our work, we knew rents would be even higher, but we're holding out hope that we can survive this first year of the expected increase without having to default to another expensive move where we'd basically re-start the cycle again.

This is where they get you. It seems these companies bank on the tenants to either suck it up and pay far more for the same space, or vacate, which generates increased turnover and residential volume for the company. A win-win for them, but the tenants lose. I'm truly dreading when our lease is up this summer, having to make the inevitable decision to take our chances again at a new place or stay put and cut back on other family musts like groceries or clothes for my daughter.

I would humbly ask that if there was a way to include these large properties within the measure that would limit them to 8% increases or less per year, that you please do so.

We don't begrudge landlords from making a profit off their investments. But San Jose residents who pay their rent should not be priced out of their homes by increases that double or even quadruple the rate of inflation. Nor should they live under the specter of such practice.

Thank you for your time.

Respectfully,

S. Reid

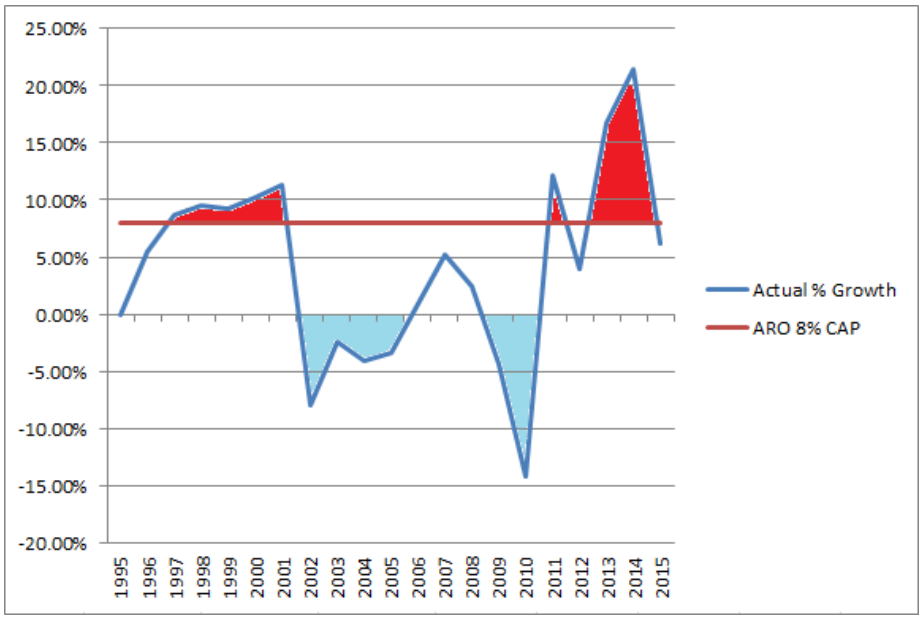
From: Jeff Zell
To: Grabowski, Ann
Subject: ARO proposal comments
Date: Wednesday, March 30, 2016 10:30:10 AM
Attachments: image001.png

Dear San Jose Housing Department,

Landlords, owners, property managers are ***not*** public utilities and should not be treated as such. CPI is commonly used to the government's benefit to negotiate contracts favorable to the government and fail to keep pace with actual economic changes. Everyone's costs increase 5%-7% annually and housing providers are no different.

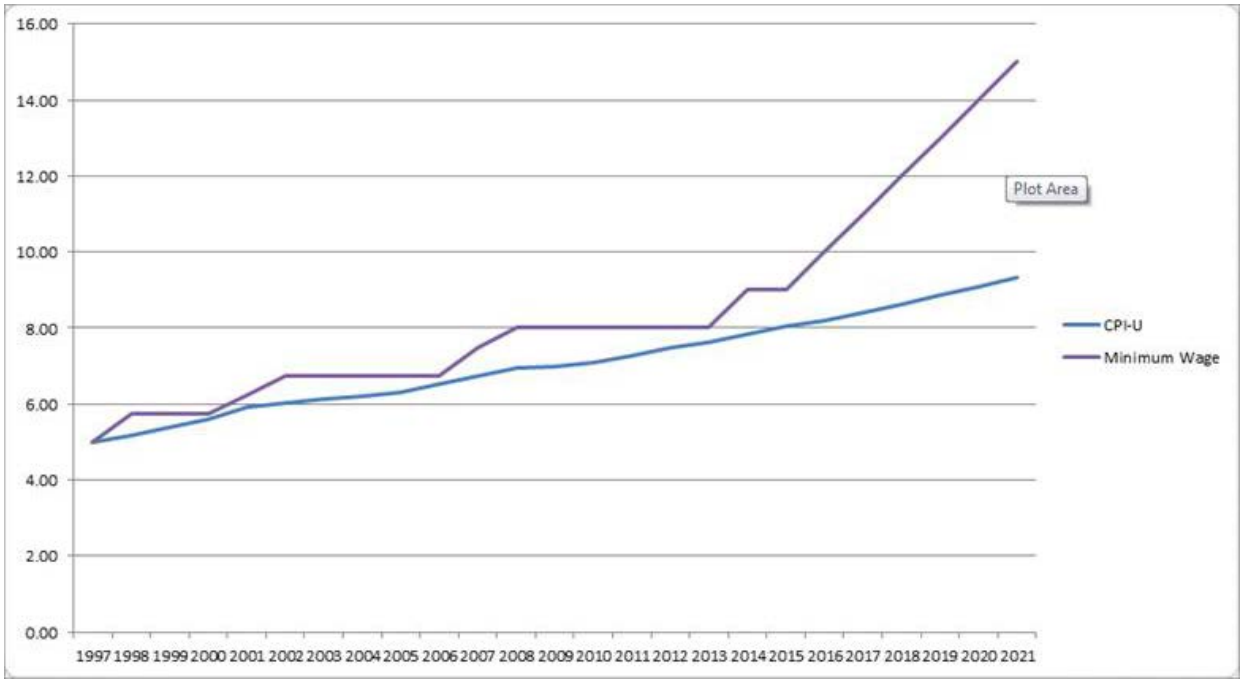
Here is a web site I constructed to display the true facts and fallacies of Housing's proposed ARO modifications:
http://www.san-jose-rent-control.com/

The ARO cap of 8% IS working! Here is a graph comparing actual ARO San Jose market rents growth of 1 bedroom units in a building I own/manage to the ARO cap of 8%:



The shaded red area indicates that the ARO had a limiting effect.
The shaded blue area indicates that the ARO was irrelevant because rents were flat or down.
When rents are flat or down, it doesn't matter what is ***allowable*** because we can't raise rents in a down market.

CPI increases < Minimum wage increases = **Disaster**



Increases in rental rates have roughly kept pace with minimum wage increases, which one would expect. The new deal reached by California raises minimum wage by 50% and CPI increases of 10% wouldn't cover any of those costs. People who own, invest, manage, repair, maintain, and absorb the risks are will be screwed by artificially suppressed rents and quickly rising wage costs.

Housing Statement: "(Owners) Cannot afford to run their business if annual allowable rent increase is lowered from the current 8%)."
Fallacy: Owners can survive on less than 8% and have done so at the historical average of 5-6%. We will suffocate at a CPI-U limited rate of 2.67%.

Statement: "Current ordinance provides owners flexibility to operate their business as needed."
Fallacy: Mostly correct, except that owners are still bound by the market. Owners can't raise rent 8% when the market is flat or down 5%. And when the market corrects upwards, we're bound by the 8% when the market has historically hit 10% or more. What the ARO cap does effectively is smooth the slope and allow owners to recover over time.

In no other private industry does government tell private investors how much return on investment they are entitled to earn. None. We don't tell rental car companies or storage lockers they can only charge fees based on M-NOI and CPI-U; they would be out of business if we did, just like we will be if this passes.

Yes, housing needs to be affordable, but the Housing proposal creates an unrealistic and unsustainable operating model.

Jeff

From: Roger Pennington
To: Roger Pennington
Subject: Your solution for a few bad apples is bad for the orchard,
Date: Wednesday, March 30, 2016 2:42:00 PM

Housing representatives:

With all due respect

Sometimes the cure for ants is worse than just the ants.
A few ants are more safely monitored than spraying pesticides all around the park that others may be sensitive to.

We aren't children, we want facts. What bad apples are you talking about? How many and where? What were the details?

Owners know more about their business than you know. We may have legitimate reasons for what you call the bad apples.

If there aren't that many bad apples, big bureaucracy isn't needed to fix this orchard. Your recommendation is not the solution.

Renters had a bad year. So did the banks, the home loan industry, the grocery stores, and every other business in the country.

You are biased and have nothing to lose and everything to gain with your assertions for which I have not seen the basis.

Housing is just looking for problems to justify their existence.

This ARO is retaliation by Housing on behalf of and for tenants. San Jose won't be helped by your recommendations.

From: Thomas S Bommarito
To: Grabowski, Ann; The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10
Subject: City of San Jose ARO
Date: Wednesday, March 30, 2016 3:38:52 PM

Dear Mayor Licardo, and Councilmembers Chappie Jones, Ash Kalra, Raul Peralez, Manh Nguyen, Magdalena Carrasco, Pierluigi Oliverio, Tam Nguyen, Donald Rocha, Johnny Khamis, Vice Mayor Herrera, and the City of San Jose Housing Department,

I know you are hearing all the pros and cons of changing the Apartment Rent Ordinance of the City of San Jose.
I think everyone agrees there is a problem with rising rents but the questions that need answering are where are the problems and who is responsible to solve the problems.
I ask that you consider the following points in your decisions to change the current rent control ordinance.

--[if !supportLists]-->1. <!--[endif]-->The fact is that presently the fairest rents in San Jose are in well maintained older apartment units which have been covered under the existing rent control ordinance where I believe you will find rents are in the $1400 to $1700 range for a one bedroom apartment and from $1650 to $1900 for a two bedroom two bath unit. The really high rents and biggest rent increases quoted in the media and that most tenants are concerned about actually exist in the uncontrolled newer upscale apartments built after 1979, which means that the existing ordinance is reasonably fair for those concerned.

--[if !supportLists]-->2. <!--[endif]--><u>**If any change is made to the ordinance which would additionally restrict raising rents on the presently covered units then a matching restriction on increased expenses must be made by you for these units which means the same increase restrictions on electricity, natural gas, water, waste collections, the plumber, painter, gardener, etc.,etc.. Any business owner knows if income is restricted you must restrict expenses as well or you will lose your business.**</u> If not, it doesn't take a genius to know that the only alternative left is to cut expenses by not maintaining a building.

I ask you to refer to the front page of the Business section of the Mercury News of February 24, 2016 which states "PG and E Rates Rising Again." This article states that the average gas and electricity bill at the end of 2015 for a home was $137.66 and by January of 2017 would go to $152.50 depending on PUC decisions. This is an 11% increase in 13 months!

In addition, even with drastic cuts in water usage, the costs for water have been 10% or more higher in 2015 over 2014.

These are just two examples <u>of many increases</u> that a cost of living increase would not cover.

--[if !supportLists]-->3. <!--[endif]-->It has been said that "housing is a basic right." Correctly it

should be said it is a “basic necessity” not a right.

The question then is who is responsible to provide this “basic necessity” of housing. I suggest it is the responsibility of every working citizen and every business in the City of San Jose. **It should not be the responsibility of solely the 5,000 or so owners of presently rent controlled apartments, but of all the 1 million or so residents of the City of San Jose by increasing the minimum wage paid, making it easier and cheaper for developers to build affordable apartments or public funding of some sort.**

--[if !supportLists]-->4. <!--[endif]-->I realize that you are hearing a cry for help from those affected by high rents, but aren’t most of those coming from residents in the larger, newer apartments?

--[if !supportLists]-->5. <!--[endif]-->Other economic factors affecting anyone living here are cost increases in other “basic necessities” such as food, water, electricity, transportation, etc., **but none of these are controlled!** Isn’t it also true that in the past several years expenditures for residents for **non-basic necessities** where the decision to control them is in the hands of the residents such as cell phones, expanded TV services, eating out more often, etc., have also increased dramatically?

Yes, this is an expensive place to live and work but you can’t blame it all on the price of rent. **I believe you will agree that everyone has to share in attempting to keep our expenses in line.**

--[if !supportLists]-->6. <!--[endif]-->In summary, **I trust that whatever is decided on is fair for everyone concerned, tenants as well as those small apartment owners who have worked hard to provide affordable housing to San Jose residents.** I ask that you do unto us as you would like us to do unto you if you were the apartment owners.

I hope this letter reaches you so you can personally read it and not be thrown out in the waste basket.

Thank you in advance for being fair to everyone.

Sincerely,
Tom Bommarito
Family Member of Apartment Owners

From:	Neville Batliwalla
To:	Grabowski, Ann; The Office of Mayor Sam Liccardo
Cc:	Howard, Josh; Morales-Ferrand, Jacky; Scally, Katie; Weerakoon, Ru; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; rantonio@caanet.org; "Vince Rocha"; Salcido, Jose; City Clerk
Subject:	Why make changes to a system that is already working well?
Date:	Thursday, March 31, 2016 1:27:41 PM

My husband and I are the quintessential immigrant story. We came to the USA as students, saddled with tuition debt and no money. When we had children, we could only afford toys from garage sales which we washed with Lysol and used. We have both worked extremely hard with no financial cushion or family to lean on in the US. For our family, being in the USA meant you could succeed with hard work and the freedom to make decisions to achieve our dreams. After my husband was laid off twice and could not find another job in the early 2000s we saw that a road to financial independence was with real estate.

We sold a property in San Mateo County and felt with the job growth and the free enterprise of Silicon Valley that San Jose would be a great place to invest. We bought small properties that were truly run down and ugly. Over the years we have put back most of our rental income into the properties and have enhanced them. Our tenants are happy and the neighborhood looks better as a result of our hard work.

We are both senior citizens with two daughters and three grandchildren. We have helped to pay off our children's student loans. We have been counting on the income from the properties as our retirement income. We do not have any other retirement income. If rent control and all the other stringent proposals come in, you will be forcing us to lose what we have worked so hard for.

Making changes to the current rent control policies is a travesty of justice and against the American Way of free enterprise. Consider the trickle down effects this will also have on the multitude of people we employ. The current rental policies in SJ are working well without many complaints. Yes, there may be a problem with some landlords gouging their tenants, but should we all be punished and suffer for that? You are stifling the small investors and destroying our retirement income. Please consider what you may be doing to people like us. We need a fair and impartial resolution not so one sided as proposed by your Housing Staff.

Thanks

Zarine and Neville Batliwalla

From:	Barney D
To:	Raul Richardson
Cc:	Grabowski, Ann; Kim Pham; Howard, Josh; Morales-Ferrand, Jacky; The Office of Mayor Sam Liccardo; Scally, Katie; Weerakoon, Ru; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; rantonio@caanet.org; Vince Rocha; Salcido, Jose; City Clerk
Subject:	Re: LIST OF 374 NAMES AND REMARKS FROM CHANGE.ORG PETITION AGAINST FURTHER RENT CONTROLS
Date:	Thursday, March 31, 2016 1:00:30 PM

Great job Raul - this is Good vs Evil , we appreciate you standing up for our constitutional rights and good

Barney Diamos
Bay Dev Group

> On Mar 31, 2016, at 12:57 PM, Raul Richardson [redacted] wrote:
>
> Ms. Grabowski,
>
> I have attached the results of a "No-To Further Rent Control" petition drive that my office spearheaded on Change.org. The two excel spreadsheets attached contain the names and remarks form concerned citizens who support No Further Rent Controls.
> The names and remarks are directed to the City Mayor and Council Members indicating their opposition to further controls.
> The petition can be found at: https://www.change.org/p/the-apartment-owners-vote-no-to-rent-control?recruiter=397791292andutm_source=share_petitionandutm_medium=emailandutm_campaign=share_email_responsive

> Please accept the attached spreadsheets as part of public record.
> I would appreciate confirmation that you received and opened the attachment.
> Thank you for your attention and cooperation.
>
> Regards,
>
> Raul E. Richardson.-
> Broker-Owner / CEO
> Real Estate Investment Experts, Inc. - "The Apartment Experts"
> [redacted]
> Office: 408.800.4100
> Fax: 408.837.5660
> eMail: Raul@TheAptExperts.com<mailto:Raul@TheAptExperts.com>
> Web Site: http://TheAptExperts.com/<http://theaptexperts.com/>
> Web Site: http://REInvestmentExperts.com/<http://theaptexperts.com/>
> DRE# 01390503
> [cid:image001.jpg@01D157B8.C6AC61C0]
>
>
> Your referral is important! - If you know of someone who is looking to sell or buy property or might be considering obtaining a home mortgage, please mention my name.
> _____
> CONFIDENTIALITY NOTICE: This e-mail and any files attached may contain confidential information of Real Estate Investment Experts, Inc. and/or its affiliated entities. Access by the intended recipient only is authorized. Any liability arising from any party acting, or refraining from acting, on any information contained in this e-mail is hereby excluded. If you are not the intended recipient, please notify the sender immediately, destroy the original transmission and its attachments and do not disclose the contents to any other person, use it for any purpose, or store or copy the information in any medium. Copyright in this e-mail and any attachments belongs to Real Estate Investment Experts, Inc. and/or its affiliated entities.

From:	Raul Richardson
To:	Grabowski, Ann
Cc:	Kim Pham; Howard, Josh; Morales-Ferrand, Jacky; The Office of Mayor Sam Liccardo; Scally, Katie; Weerakoon, Ru; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; rantonio@caanet.org; Vince Rocha; Salcido, Jose; City Clerk
Subject:	INVESTOR SIGNED LETTERS TO MAYOR AND COUNCIL MEMBERS
Date:	Thursday, March 31, 2016 12:14:47 PM
Attachments:	Petition signatures.PDF
Importance:	High

Ms. Grabowski,

I have attached signed letters form concerned citizens and property investors on the proposed Housing ARO recommendations. The letters are directed to the City Mayor and Council Members indicating their opposition to further controls.
Please accept the attached letters as part of public record.
I would appreciate confirmation that you received and opened the attachment.
Thank you for your attention and cooperation.

Regards,

Raul E. Richardson.-

Broker-Owner / CEO
Real Estate Investment Experts, Inc. - ***"The Apartment Experts"***
[redacted]
Office: 408.800.4100
Fax: 408.837.5660
eMail: Raul@TheAptExperts.com
Web Site: http://TheAptExperts.com/
Web Site: http://REInvestmentExperts.com/
DRE# 01390503

The Apartment Experts
FULL SERVICE BROKERAGE

Your referral is important! *- If you know of someone who is looking to sell or buy property or might be considering obtaining a home mortgage, please mention my name.*

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Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Judith Lee I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] San Jose, CA 95129

[redacted]

Signature

11/17/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Yi Shang Pan I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] San Jose, CA 95129

[redacted]

Signature

11/17/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is John Huang I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted]
Drive, San Jose, CA

[redacted]
Signature

11/17/2015
Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Yi-Hen Wei I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] San Jose, CA 95112

[redacted] San Jose, CA 95126

[redacted]

Signature

11/17/2015

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is THANG NGUYEN I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] MILPITAS CA 95035

[redacted]
Signature

11/17/2015
Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is DANIEL Lee I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted], S. J.

[redacted]

Signature

11-17-15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Christina Lee I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) _____

_____

_____

_____

_____

_____

[redacted]

Signature

_____

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Lynda Kyaw I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) _____

_____

_____

_____

_____

_____

[redacted]

Signature

_____

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Simon Bloch I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] Ct. SJ

[redacted] SJ

[redacted]

Signature

11/17/2018

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Isaac Agan I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

1- [redacted] San Jose CA 95126

2- [redacted] San Jose, CA

[redacted]

Signature

11/16/18

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is MICHAEL A. JOHNSON I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) 4 Plex

[redacted]

Signature

11-17-15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Eileen Peng I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted]

San Jose, CA 95129

[redacted]

Signature

11/17/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Steven Peng I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted], San Jose, CA 95129

Steven Peng
Signature

11-17-15
Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Rose Toganié I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] 6 Units purchase 2001

[redacted]

Signature

7/15/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Rae Togami I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted] purchase 2001 that was Seen down. Build in 1969

[redacted]

Signature

11/15/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is Eva Fettchenhauer / Egon I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) _____

[redacted] Via Monte

_____

_____

_____

_____

[redacted]

Signature

11/17/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is John Beeley I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted] SJ 95111

[redacted]

Signature

11/17/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is John Beeley I am a multi-family property investor owner.

The address (addresses) of my investment property is (are)

[redacted] Snow Dr SJ 95111

[redacted]

Signature

11/17/15

Date

Attn: The Honorable Mayor of San Jose and Council Members

Re: <u>Opposition to Rent Control and Just Cause Ordinances in San Jose.</u>

Honorable Mayor and Council Members,

This letter will serve to voice my opposition against the attempt to pass further Rent Controls and Just Cause Ordinances in the City of San Jose.

My name is ROGER CORY I am a multi-family property investor owner.

The address (addresses) of my investment property is (are) [redacted]

SAN JOSE CA. 95112 (3-plex)

[redacted]

Signature

11-18-15

Date

From:	Raul Richardson
To:	Grabowski_Ann
Cc:	Kim Pham; Howard_Josh; Morales-Ferrand_Jacky; The Office of Mayor Sam Liccardo; Scally_Katie; Weerakoon_Ru; District1; District2; District3; District4; District5; Oliverio_Pierluigi; District7; Herrera_Rose; District9; District 10; rantonio@caanet.org; Vince Rocha; Salcido_Jose; City Clerk
Subject:	LIST OF 374 NAMES AND REMARKS FROM CHANGE.ORG PETITION AGAINST FURTHER RENT CONTROLS
Date:	Thursday, March 31, 2016 12:57:36 PM
Attachments:	375X PETITION SIGNATURES.xlsx 111X PETITION COMMENTS.xlsx
Importance:	High

Ms. Grabowski,

I have attached the results of a "No-To Further Rent Control" petition drive that my office spearheaded on Change.org. The two excel spreadsheets attached contain the names and remarks form concerned citizens who support No Further Rent Controls.
The names and remarks are directed to the City Mayor and Council Members indicating their opposition to further controls.
The petition can be found at: https://www.change.org/p/the-apartment-owners-vote-no-to-rent-control?recruiter=397791292andutm_source=share_petitionandutm_medium=emailandutm_campaign=share_email_responsive
Please accept the attached spreadsheets as part of public record.
I would appreciate confirmation that you received and opened the attachment.
Thank you for your attention and cooperation.

Regards,

Raul E. Richardson.-
Broker-Owner / CEO
Real Estate Investment Experts, Inc. - ***"The Apartment Experts"***
[redacted]
Office: 408.800.4100
Fax: 408.837.5660
eMail: Raul@TheAptExperts.com
Web Site: http://TheAptExperts.com/
Web Site: http://REInvestmentExperts.com/
DRE# 01390503

The Apartment Experts
FULL SERVICE BROKERAGE

Your referral is important! *- If you know of someone who is looking to sell or buy property or might be considering obtaining a home mortgage, please mention my name.*

CONFIDENTIALITY NOTICE: This e-mail and any files attached may contain confidential information of Real Estate Investment Experts, Inc and/or its affiliated entities Access by the intended recipient only is authorized Any liability arising from any party acting, or refraining from acting, on any information contained in this e-mail is hereby excluded If you are not the intended recipient, please notify the sender immediately, destroy the original transmission and its attachments and do not disclose the contents to any other person, use it for any purpose, or store or copy the information in any medium Copyright in this e-mail and any attachments belongs to Real Estate Investment Experts, Inc and/or its affiliated entities

Name	City	State	Zip	Country	SignedOn
Maxine Lubow	San Jose	CA	95112	United States	10/13/2015
Young Cho	San Jose	CA	95119	United States	10/13/2015
Neville Batliwalla	San Jose	CA	95112	United States	10/13/2015
Rosemary Gibson	Mountain View	CA	94040	United States	10/13/2015
Zarine Batliwalla	Hillsborough	CA	94010	United States	10/13/2015
Madhumita Das	Menlo Park	CA	94025	United States	10/13/2015
sunil chhaya	Menlo Park	CA	94025	United States	10/13/2015
Yong Zhao	San Jose	CA	95129	United States	10/13/2015
Quan He	San Jose	CA	95135	United States	10/13/2015
Anne Xia	Stanford	CA	94305	United States	10/13/2015
Vishal Mathur	San Jose	CA	95135	United States	10/13/2015
Firdausi Desai	Belmont	CA	94002	United States	10/13/2015
Marian Thein	Santa Clara	CA	95051	United States	10/14/2015
Tao Pan	San Jose	CA	95120	United States	10/14/2015
Satish Patel	San Jose	CA	95121	United States	10/14/2015
Raymond Ong	Cupertino	CA	95014	United States	10/14/2015
Yvette Lawson	Parsippany	NJ	7054	United States	10/15/2015
Simon Bloch	San Jose	CA	95118	United States	10/16/2015
Venkatesh Ragala	Sunnyvale	CA	94086	United States	10/16/2015
Michael Fitzgerald	San Jose	CA	95112	United States	10/17/2015
Richard J Dentino	Groveland	CA	95321	United States	10/17/2015
Scott Cooper	San Jose	CA	95120	United States	10/17/2015
Abbas Haghshenas	Saratoga	CA	95070	United States	10/18/2015
Wilson Chang	Los Altos	CA	94024	United States	10/18/2015
alireza haghshenas	San Jose	CA	95128	United States	10/18/2015
Hadie Lane	San Jose	CA	95121	United States	10/18/2015
Tip Whiting	Granada Hills	CA	91344	United States	10/19/2015
Tami Trinh	Costa Mesa	CA	92626	United States	10/19/2015
Wayne Haraguchi	Cupertino	CA	95014	United States	10/20/2015
David Flores	San Jose	CA	95119	United States	10/20/2015
David Youssefpour	Los Gatos	CA	95032	United States	10/21/2015
Arun Iyengar	San Jose	CA	95110	United States	10/21/2015
Tara Posner	Aptos	CA	95003	United States	10/21/2015
Sanjay agarwal	Fremont	CA	94555	United States	10/21/2015
Martin Bell	Santa Clara	CA	95051	United States	10/21/2015
Wing Kwan	Cupertino	CA	95014	United States	10/22/2015
Steve Borlik	San Jose	CA	95112	United States	10/22/2015
tom AMENDOLA	San Mateo	CA	94404	United States	10/23/2015
Nicholas Speno	San Jose	CA	95128	United States	10/23/2015
Loraine Wallace	San Jose	CA	95112	United States	10/23/2015
Nancy Chao	Cupertino	CA	95014	United States	10/23/2015
Kathryn Tomaino	Los Altos	CA	94024	United States	10/23/2015
terri couture	los altos	CA	94024	United States	10/23/2015
Mary Ellen Wetlesen	Los Altos	CA	94022	United States	10/23/2015

Linda Takagi	Mountain View	CA	94043	United States	10/23/2015
Dana Willson	San Jose	CA	95132	United States	10/24/2015
Wendy Wu	Oakland	CA	94603	United States	10/24/2015
Tina Kyriakis	Redwood City	CA	94061	United States	10/24/2015
Daniel Decker	Los Gatos	CA	95032	United States	10/25/2015
Michael Crowell	Fairfield	CA	94534	United States	10/25/2015
Sarah Xu	Sunnyvale	CA	94087	United States	10/26/2015
Jae Allen	San Jose	CA	95128	United States	10/27/2015
Alberto Sevilla	San Jose	CA	95129	United States	10/27/2015
Moris and Jackie Ronen	San Jose	CA	95124	United States	10/27/2015
Kathy Horvath	Los Altos	CA	94022	United States	10/28/2015
Medi Montaseri	San Jose	CA	95173	United States	10/28/2015
David Dudek	Scotts Valley	CA	95066	United States	10/28/2015
Gina Whitney	San Jose	CA	95139	United States	10/28/2015
Frederick Dudek	Arlington Heights	IL	60004	United States	10/28/2015
Shashi Jaggia	Cupertino	CA	95014	United States	10/28/2015
Dana Dyo	Gilroy	CA	95020	United States	10/29/2015
Jong Peter	Los Altos	CA	94024	United States	10/29/2015
Susan Dudek	Arlington Heights	IL	60004	United States	10/29/2015
Celestina Pastor	Sparks	NV	89441	United States	10/30/2015
Audrey Okubo	San Jose	CA	95129	United States	11/1/2015
Glenn & Marilyn Frizzell	San Jose	CA	95132	United States	11/6/2015
Jennifer liu	Palo Alto	CA	94303	United States	11/6/2015
Mike Bauer	San Jose	CA	95136	United States	11/6/2015
Eleanor Perazzo	Saratoga	CA	95070	United States	11/6/2015
Christina Van Zandt	San Jose	CA	95117	United States	11/6/2015
Bonnie Liu	san jose	CA	95148	United States	11/6/2015
Anil Patel	San Jose	CA	95112	United States	11/7/2015
Anil Patel	San Jose	CA	95112	United States	11/7/2015
Carl Balistreri	San Jose	CA	95126	United States	11/8/2015
Dennis Orsini	Fremont	CA	94539	United States	11/11/2015
Isaac Agam	Palo Alto	CA	94303	United States	11/11/2015
Sandy Adams	San Jose	CA	95125	United States	3/9/2016
Andrea Caldwell	San Jose	CA	95138	United States	3/10/2016
Andre Grisalin	San Jose	CA	95120	United States	3/10/2016
Vincent Tsai	San Jose	CA	95138	United States	3/10/2016
John Bowen	San Jose	CA	95125	United States	3/10/2016
Charles Adams	Campbell	CA	95008	United States	3/10/2016
James Endo	San Jose	CA	95123	United States	3/10/2016
Ayshe Guraydin	San Jose	CA	95125	United States	3/10/2016
Jorge Zegarra	San Jose	CA	95133	United States	3/11/2016

fran turano	campbell	CA	95008	United States	3/11/2016
Kourosh Nassiri	Redwood City	CA	94061	United States	3/11/2016
Yoshi Yamanouchi	Fair Oaks	CA	95628	United States	3/11/2016
Jennifer Walshe	San Jose	CA	95125	United States	3/11/2016
George Patterson	San Jose	CA	95123	United States	3/11/2016
Kim Roper	Los Gatos	CA	95031	United States	3/11/2016
Steve Daniels	San Jose	CA	95124	United States	3/11/2016
Dennis Perez	Santa Clara	CA	95051	United States	3/11/2016
Helen Shaw	San Jose	CA	95129	United States	3/12/2016
CHARLES SHAO	LOS ALTOS HILLS	CA	94022	United States	3/13/2016
Joe Terrsigni	San Jose	CA	95125	United States	3/14/2016
Kathleen Kelly	Santa Clara	CA	95050	United States	3/15/2016
Paaras Mehta	Menlo Park	CA	94025	United States	3/16/2016
Maritza Ramos	San Jose	CA	95148	United States	3/16/2016
Susan Shi	Cupertino	CA	95014	United States	3/18/2016
Ellis Hung	San Jose	CA	95117	United States	3/18/2016

Oren Katzir	San Jose	CA	95124	United States	3/18/2016
Richard Kwok	San Jose	CA	95131	United States	3/19/2016
fran turano	San Jose	CA	95159	United States	3/23/2016
Andrew Chan	Saratoga	CA	95070	United States	3/23/2016
Debbie Indihar Giordano	Milpitas	CA	95035	United States	3/23/2016
david eisbach	san jose	CA	95117	United States	3/23/2016
Glenda Crespo	San Jose	CA	95126	United States	3/24/2016
Bai Bee Yeh	San Jose	CA	95124	United States	3/24/2016
cj Fang	Palo Alto	CA	94301	United States	3/28/2016

Comment
Repairs need to be made on older units and your plan for increase will cease keeping the units up. Just like SF did
Rent control is a bandaid at best and targets the wrong problem. The rising rent values are only a symptom of the
Rent control will not help. Only increasing the supply of affordable units is the answer
I manage many of the properties you are trying to put these ridiculous rules on ...
Most landlords are mom and pop outfits and need the income. This is discrimination against landlords who work h
I believe rent control will ruin the living situation for middle class people. Rents for new apartment will be very hig
I am signing because i own rental property in San Jose and already have below-market, affordable rent with white
I strongly against it
Rent control and just cause for eviction will cause landlords and tenant to be against each other, will cause big dar
I strongly against it
Rents must keep pace with increase in real estate values to make economic sense from investment perspective, re
Rent control reduces the ability to keep properties up-to-date and well maintained for tenants. This is a bad idea.
Expenses to maintain a property is going up each year. Reducing further rent control limit will have negative impa
Rental control is not the solution. On the contrary, it will hurt neighbourhood.
Owners who are impacted by the existing ARO are actually providing affordable housing. The solutions being cons
I have rental property and I want to protect property owner's rights
I have an elderly parent that is on a very fixed income and finding an apartment to rent in her budget is impossible
This is a bad move for investors that chose San Jose and it is a bad economical move for the city of San Jose. Most
I'm signing because, It causes a lot damage to the society and also due to this changes, bad tenants will take advar
These proposals, while supported by well-meaning people whose jobs usually are helping the disadvantaged, will
As a long time owner and mgr of rentals and past member of SJREB I know this measure is a waste of time. The or
The annual 8% rent control rate is already meager at best. Those with older buildings already have to spend more
It must be a free market.....we are in America
I'm signing because rent control discourages the construction of new rental units. If rent control is needed, the m
Cost of living goes up w the high rate, not fair to keep the rent low.
I own 3 nice 4plex apts. For 865 sq.ft. My rents range $1040 to $1,350/mo. for 2 bdrm 1&1/2 baths. My rents are
I believe in supply and demand. The government does not need to set the rental price the market needs to set the
I am against rent control in San Jose.
I am a owner of a 4-plex and rent control will hurt my ability to maintain the units which is over 40 years old. I will
I it’s unfair to add duplexes to rent control and decrease the rate that rent can be increased when there is already
This will not solve the shortage of rental units. It will only cause a deterioration of San Jose. Just look at the north
As an experienced business manager, I live by the adage "you get what you pay for". The properties that I buy are
No Rent Control - too costly to maintain the apartments for tenants. Taxes, garbage and all the costs.
I believe in free economy where the supply and demand should drive prices/rents. When market was down and p
I've owned rent control property in San Jose for 15 years and find the current limit of 8% to be pretty reasonable.
Rent control is not a solution.
I am a small apartment owner. I keep my rents well below market and enjoy long term relationships with quality t
The the market dictate market rent. Rent control is exacerbating the housing crisis.
Im a long time property owner and don't want my rights taken away from me.
both Landlords and Tenants and will do nothing to increase affordable housing in San Jose

I have rental property in City of San Jose.
I'm a strong and fierce believer in private property rights.
No government interruption of commerce
Government regulations will unfairly manipulate the real estate market with adverse economic impacts

Rent control is a poor solution to this problem...
I have been on both sides of this issue as an investor and as a tenant!

I do not want larger government with more controls
I am signing because that I am a landlord.
I'm a Realtor and appartment owner and rent control would lead to deterioration neighborhoods, since landlords
Stronger rent control create more homeless as Landlords will rewarded for evicting low rent tenants.
Rent Control is anti-capitalism. It distorts the market forces.
I thought San Jose's 8% rent control is a quite reasonable balance for both tenant and landlord. 2% is going to sev
I am against government control of private business
The proposed ordinance will hurt tenant more than anything - the solution is to INCREASE housing not restrict the
WE are signing a pettion supporting the California Apaatment Association's efforts to say No to Further Rent Cont
I believe in private property rights and strongly oppose government taking without just compensation.
I don't like rent control
Rent Control is BAD POLICY that will NOT SOLVE our housing crisis and will only make it WORSE!
I am a landlord in San Jose, and I want to be able to continue to provide quality housing at affordable housing. Wi
Rent control decreases the quality of affordable housing.
I think this is unfair, un-american and against the principals of an open market. It will cause property values to dec
I'm against rent control in San Jose
We own rental properties in San Jose for many years, and we keep our rental rates below market. We have
updated the units regularly and kept the property in very good condition.The projected 2% limit of rental
increases is unreasonable and is totally unfair to all owners of rental properties,
given the costs of continued maintenance, increases in property tax, insurance, utilities and pertinent factors.
We
I am a landlord and cannot maintain quality housing with rent control
This control is just to protect the tenants and not the owners
If there is a limit of 2% increase, I won't be able to maintain the apartments. Currently i do not raise rents yearly,
We are long time duplex owners who have NOT been raising our tenant's rents each year.
I'm strongly against further Rent Control and Just Cause Eviction!
More rent control and just cause eviction is unfair
I have been in the rental business for 40 plus yes and have worked hard to maintain a clean and safe apartments f
We employ over 20 people in the area. If we are forced to cut costs to make ends meet because of this rent freeze
I'm signing because I am against changes to the current SJ ARO!
I have property in San Jose. Rent Control puts an unfair burden, of societies problems on a small group of business
I own property in San Jose. Rent control puts unfair burden, of societies problems, on a small group of selected bu
I am signing because further rent control is unfair if it does not include new construction and all properties in the a
I'm a small owner (6 units). I've kept my rents low. I don't want to be punished by San Jose's rent control on duplx
Rent control is immoral, ineffective, bring back drugs, prostitution, and crime, create a huge and expensive bureau
Stricter rent control will not provide more affordable housing. To the contrary, it will only benefit those tenants in
Rent control is a proven failed option for addressing the larger issues of the cost of housing in San Jose. The curren
This is excessive and goes far beyond what is reasonable . Why don't you do the same for commercial tenants.
We already have enough rent control in the City of San Jose. Further limitations will only be counter-productive.
Take a stand against this legislation. History is replete with evidence that local governments trying to control renta
I support the free markets, no rent control. I didn't become an investor to have the City determine a reasonable r
I am against rent control. We are building more units. We cant create more stringent terms against the property
Why do you penalize owners of older properties? A cap of 2.5% doesn't even cover the amount of utilities that ar
I am signing because I want to say ... NO to Further Rent Controls.

I oppose any change to the rent ordinance and I am a tenant
Rent control destroys communities and causes the rent to be higher
we should apply this code to every apartment otherwise no effect but more run down neighborhood city will create with unintended consequence. It's been proven all over the world repeatedly. Emotional
I own a condo in Willow Glen that I have rented since 2002. I need to be able to charge the appropriate amount t
When the housing market in this town was in a major crisis back in 2008-2011, small investors like me to a risk to
Affordable housing is a an issue that all of society should have to address, not just a small group of landlords with
Dear Council Members,
This proposal will not accomplish what it intends. In fact, it will make matters worse. An example of the failure of rent control is the Tenderloin area of San Francisco.
As property owners are shackled with rent control, they will stop investing money into maintaining competitively priced housing. Rather, rent controlled housing will be dominated by tenants who will not move as they cannot find other under market priced housing. As a home is lived in, upkeep is necessary. Property owners will not be motivated to invest in poorly performing rent controlled investments. These rental properties will be poorly performing by the hand of government. This governmental intervention will eliminate the financial incentive to provide competitive housing.
This will not provide a greater stock of affordable housing as builders will not build in rent controlled areas, investors will not invest in rent controlled ares and new residents will not find affordable housing as it will be filled will tenants who will not relinquish under market priced housing.
However, This bill will BENEFIT those individuals in the governmental agency who will provide this 'service' to renters. They have a conflict of interest in expanding their office staff. This ensures a bigger budget. A budget paid for by a few individuals (property owners) who have worked hard to be responsible and fill a need within society.
It is your FIDUCIARY DUTY to have an OPEN MIND as you consider this proposal. So far, as I've witnessed during the public forums, several Council Members at these forums turn a deaf ear to the vast majority of attendees at these public meetings. Several Council Members exhibit anything but an open mind. They ignore their fiduciary
Real estate investor
Rent control lowers property values, drives away investors, reduces landlord's ability to afford to maintain the prc
The just-cause clause protects bad tenants and does nothing to improve the welfare of the good tenants. No landl
I'm signing this petition and saying NO to San Jose's proposed new RENT CONTROL ORDINANCE (ARO) and the following:
Annual Rent Increase caps to be lin ked to CPI (average 2.5 percent), retroactive to January 1, 2015
Eliminate the Debt Service Pass-Though
Increase the vacancy rate declared as a "tight market to 5%". (This would extend the days required on move-out notices to tenants)
Implement a Full Rent Registry, requiring all tenant information to be provided to the Housing Dept
Establish and fund an "Anti-Retaliatory Clinic" to proactively monitor, analyze, educate and enforce the ARO.
Provide "Just Cause" protections against retaliation for tenants living in units that are substandard or have code
Impacts myself and everyone in the community. Thanks

I am a property owner in San Jose and rent control prevents me to stable tenants with family are best suited for t
Because Rent Control I will not be able to afford to keep my apartment in good condition for the security of my te
I believe rent should be governed by market, not man-made policy in order to balance the rights of tenants and la
No rent control!
It won't resolve the housing supply issue for low income tenant. Failed example of rent control can be found in San Francisco & other cities.

Rents should be governed by market demand
the city needs more housing units, not more heavy handed government. Plus taxing the tenants and creating a da
I do not want any changes to the existing SJ ordinance...it works well ... go hard after those owners that don't com
rent control doesn't solve the shortage of housing availability problem.
I am against any changes to current rent control ordinance in San Jose
the changes are so bad as to be ruinous
As a struggling tenant myself. I have always made it a point to rent in areas within my means. I have never expecte
rental is expensive to keep. Rent control will discourge the owner to put the unit to rent.
I have been trying hard to keep my apartment at a good condition although the rent of my apartment is ~$1250/month which is far away from $2,227/moth quoted by rent control supporters. I have experienced over years that the increase of repairing cost is much, much higher than alleged inflation rate. With the tighter rent control, I can foresee I will not be able to maintain my apartment at the current quality and I will be motivated to look for short term tenants so that I do not go into the red. If so, I do not see how it can benefit tenants.

.
e greater problem which is shortage of inventory. Rent control will suppress market forces and delay or

nard and maintain their properties.
gh and middle class will not be able to afford. The old apartments will not be maintained and the neighb
-glove service. Reducing my ability to earn income in line with my expenses will ensure that I leave San J

mages to the relationship between landlords and tenants. Very bad to the community and the society. V

ents must be determined by market, rent control adversely impacts both investors as well as renters

ct on landlord in keeping up with the maintenance on properties. Rents should be determined by the m

sidered by the SJ Council will continue to impact the same owners (approx. 35%) who abide by the exist

e. I also have children with a young family that are paying 65% of their income on rent. As parents and
cities want to attract investors and improve the economy of the city, while San Jose is choosing the opp
ntage of the landlords and trouble them, Because of this landlords will decide to sell the property to avo

nly real rent control is the natural law of supply vs demand. The proposed controls will only serve to furt
to maintain them properly over newer structures so 8% is already crippling. Where are maintenance fu

aximum allowed annual increases should be capped at 10%, NOT 2%.

e all ready low in todays market. It is unjust not to make ALL rental units obey the 2% rule no matter wh
e rental price.

l need to replace the roof soon and my not have the money from rents to pay for it if there is rent contr
a yearly 8% cap, if the government officials want to help people with housing they should create progra
n bay to see the affects of rent control.
considerably below market and they are shabbily maintained. My goal is to increase the quality of life a

eople could not afford to pay even $1100 for a 2 bedroom and vacancy was high, nobody from the hous
2%, however, is more like a rent freeze. It is totally unreasonable to foist this unfunded mandate on pro

enants. Excessively tight rent control forces small landlords to regularly raise rent, and fails to account f

will not be able to make necessary repairs to their properties if rents don't increase with labor costs.

erely restrict the ability of landlord to pay for maintenance, and is frankly quite socialist agenda to rob l

current supply
rols in San Jose,

ithe the current 8% increase allowance, the rent in my building is well below market. I lived in Berkeley

line. Landlords will not be able to maintain their properties in good condition. It is a loose-loose propos

but I will have to if the limit is lowered to 2%.

or my tenant. I wish to continue without further rent control to hinder my gold.
e, we may have to cut back on staff and possibly leave the area all together. It won't make sense to stay

ses. And it violates my rights of being treated equally, by put unfair burden on a select group of propert
usiness. It unfairly targets and discriminates against them, at the benefit of others. This violates my equa
area no matter when they were constructed
es
ucracy, and rob elderly and hard working Americans from their retirement money invested with hard wo
n place today and will adversely affect the natural flow of the rental market. Tenants will no longer mov
nt program is an example of the lack of demand for governmental intervention. Economic cycles occur a

al markets end up destroying those market and creating their own ghettos. Be proactive in helping creat
eturn.
owners because the market is changing? Are we going to change it again when the market cools off? V
e increased on an annual basis between trash! PGE and increasing water(they are asking for more mone

o manage maintenance and remodels over time.
invest in properties that were short sales and/or blighted properties. We have made improvements and
old buildings.

›perty, forces annual increases to existing tenants, brings down the quality of neighborhoods, artificially
lords like to kick out a good tenant because changing tenants losses at least one to two months rent anc

he neighborhood. Instead, I have to deal with vacancies on monthly basis in absence of stable families v
enants, Have to come out of pocket for the higher increase of utilities as well in apartment loan.
ndlords. A strict and unreasonable proposal like this will lead to disruption of otherwise balanced renta

atabase wont bode well. Encourage builders to build more low ito moderate income apartments with in
nply with the existing rent ordinance

ed anything else that anyone owes me anything!

prevent the development of more units, hurting both tenants and landlords/investors. Meanwhile rent

orhood will become bad. Rent control never had any good impacts on middle class people.
Jose and invest my money somewhere else, resulting in a loss to San Jose of a good landlord. Secondly, (

/ery bad to the City's future.

arket rent base on economy. We already have a rent control limit of 8%. Reducing more will not benefit

ing ARO. If the Council really wants to make a stand then impose the ARO on all of the approx. 122k ren

children of our parents, we are having to help subsidize their rent with our income. So sad.
posite.
id the headaches. If this happens, there will be more houses in the market and housing prices will declir

her limit the supply ultimately raising prices.
nds supposed to come from? Tenant complaints are going to rise because I won't be able to spend the

en built.

ol.
ams to attract funds and not to take away from only a rental owners who have worked very hard to acqu

fforded in my apartments, but to do so, I need the ability to move towards market rents. Capping the re

sing complained about losses to the landlords. I pay property taxes and fees for business permit. This ess
perty owners simply because we are perceived to have deep pockets. We don't. Meanwhile all the fanc

or increases in taxes, mortgage interest rates, and maintenance costs of older housing stock. The curren

andlord's right. Moreover, just like our neighbor San Francisco, this will create ridiculously disparate rer

in the 1980s and saw what rent control did to that market: There was no housing available as tenants r

ition!

in business here if we have to pay out of our pockets to operate housing for our residents, and that's w

y owners at the benefit of others.
lity at the benefit of others.

ɔrk in real estate. All of that to solve an issue that is grossly blown out of proportion. Tenants pay the ex
e (why would they with a locked in rent) locking out all future low-income tenants. Investors will seek be
ınd reoccur; disastrous results occur when poorly administrated, governmental bodies intercede to curr

:e more housing NOT in driving away property owners. Stand AGAINST this rent control, in reality that is

Ve need more supply. We dont need more laws that will prohibit moving. Look at SF, Oakland, and San
ey) property taxes and insurance! owners of the buildings that need more maintenance will be going bac

l maintained the property. Putting unrealistic caps on rent increases is short-sighted and could lead to b

mandates controls despite market conditions. San Jose City and all residents suffer as a result.
d incurs other fix-up cost. If the rent control already plugged the loophole of increasing the rent by evicti

who would love to pay a bit extra and stay in the neighborhood.

l market, which will cause more damage than benefit for everyone down the road.

:s are already at high levels and the only solution (production of more units) will be suppressed for many

City should consider lowering or eliminating property taxes on the impacted rental properties to reduce

renters or landlord. Most renters want updated units. I strongly against it.

ıtal units in San Jose and level the playing field. If a change must happen then look at the bigger picture

ıe and eventually leads to a very bad economy. We definitely need to help the people while we protect

money I currently do to keep them content. Property taxes already increase 2% a year, so I'm supposed

uire rental properties that cost money to maintain and will not be viable any more if there is not enough

ent increase to 8% puts a big crimp to begin with, and lowering the increase to 2% or anything less than 8

sentially is a dictate on how I should run my business. Hence I strongly oppose it.
y new complexes build luxury units and charge whatever they like. If you want to give handouts, do it w

ıtly considered plan strips property owners of too many rights. At some point, it becomes privately fund

nt market for rent controlled vs not, in the end, hurt the tenants in terms of mobility and affordability.

never moved out; and the landlords did not put any money into any improvements.

hat the lower rent ceiling would do - cause us to either slash expenses (read: cut back on property main

kiting rent because they afford it. Otherwise it wouldn't be at that level. Landlords are neither a monopo
etter returns with less restrictions in other cities adjacent to San Jose. This is not progress for our city.
y political favor.

s the best way to help better the available housing and encourage developers to bring more and better l

ta Monica to name a few. I ask for your support to vote NO on Rent Control.
ckwards. This would be a travesty.

light problems for landlords who can no longer afford to maintain their investment property. This is just

ing the tenants. There is no incentive for the landlord to evict good tenants except the trouble makers. T

/ years because of increasing rent control.

cost burden.

and make an informed decision based on facts and long-term impacts rather than on whose voice is the

the landlords rights to evict the bad tenants.

to absorb that as well? The quality of life in apartment living is going to be a very different world.

ı profit to keep up with repairs.

8%, in essence translates to cutting my costs through lower service. This will not help anyone.

ith government money.

ed welfare. I would ask how far below market rent should a landlord be forced to go before being allow

tenance) or go negative. With all of the taxes, permits, and government fees riding on our backs not to

ɔly nor a Mafia. They compete against each other and if the rent is at a certain level, it is for one reason a

housing to our city. Supporting an open and free market is helping everyone in that market.

one reason why I oppose the council's recommendations.

This just cause clause will help those filthy, noisy, criminal inclined tenants to destroy the neighborhood.

e loudest and gets the most media coverage.

ed relief?

mention drastically rising costs of all other resources, long term property owners are not making a killin

alone: tenants can afford it. Rent went up in recent years because it went down during the 2008-2009 r

. It's a bad news for everybody.

g; it's the developers who move in with big fancy projects building luxury condos that are profiting. Furtl

ecession. Eventually rent will level up to the average 4% -5% per year as it has been for many years. So c

hering rent control does not solve the problem at its root - it only passes the buck to the next generatio

:reating a huge bureaucracy for a small number of people for a short time is also unwise, not only immo

n of local politicians when area housing deteriorates into slums.

ral and ineffective.

Name	City	State	Postal Code
Kim Pham			
Buen Guido	Milpitas	California	95035
joel hembree	Cupertino	California	95014
Maxine Lubow	San Jose	California	95112
Young Cho	San Jose	California	95119
Neville Batliwalla	San Jose	California	95112
Sanjeet Thadani	Palo Alto	California	94301
Nahal Ashouri	Los Altos	California	94024
Minh Le	Milpitas	California	95035
Rosemary Gibson	Mountain View	California	94040
Zarine Batliwalla	Hillsborough	California	94010
Barry Karnes	San Jose	California	95128
Madhumita Das	Menlo Park	California	94025
Casey Wright	Walnut Creek	California	94596
sunil chhaya	Menlo Park	California	94025
Li Chin Kuo	Fremont	California	94539
Gene Longinetti	Saratoga	California	95070
Xiujun Zhang	Tracy	California	95304
Malcolm Lee	Daly City	California	94015
John Huang	San Jose	California	95124
Lily Shen	San Jose	California	95127
YONG ZHAO	San Jose	California	95129-3034
Quan He	San Jose	California	95135
jenny lui	San Ramon	California	94582
Matthias Eichstaedt	San Jose	California	95127
Mark Brading	San Jose	California	95136
Anne Xia	Stanford	California	94305
Raul Richardson	San Jose	California	95113
Vishal Mathur	San Jose	California	95135
Matthew Richardson	San Mateo	California	94402
Amy Luk	San Francisco	California	94118
Kerri Luu	San Jose	California	95132
James Totah	San Jose	California	95132
Jim Chien	Los Gatos	California	95032
Donna Tang	Novato	California	94945
Firdausi Desai	Belmont	California	94002
Aldo Parenti	Redwood City	California	94062
Lihong Zhong	San Jose	California	95120
Marian Thein	Santa Clara	California	95051
Yu Sun	San Jose	California	95120
Joseph Shamieh	Redwood City	California	94061
Krishna Marella	Santa Clara	California	95050
Gregory Grialou	San Mateo	California	94403
raymond low	san jose	California	951612
Zijun Yan	Sunnyvale	California	94087
Kay S	San Mateo	California	94404

DENNIS CHEN	San Jose	California	95112
Tao Pan	San Jose	California	95120
xuan sun	Menlo Park	California	94025
feng liu	San Jose	California	95120
Fang Guo	Fremont	California	94539
Satish Patel	San Jose	California	95112
Raymond Ong	Cupertino	California	95014
Thu Nguyen	Milpitas	California	95035
Arman B	San Jose	California	95128
Hien Le	Milpitas	California	95035
Diep Le	Milpitas	California	95035
Yvette Lawson	Parsippany	New Jersey	7054
Robert Prillinger	Los Altos	California	94024
Jinye Li	Saratoga	California	95070
Simon Bloch	San Jose	California	95118
Venkatesh Ragala	Sunnyvale	California	94086
barney diamos	Sunnyvale	California	94087
Danny Kapadia	San Francisco	California	San Francisco
Eric Chan	Los Gatos	California	95032
Sayed Jovkar	Los Gatos	California	95032
Nazanin Khosravi	Los Gatos	California	95032
Carl Worden	San Jose	California	95128
Kevin Chen	Sunnyvale	California	94087
J Manley	Los Gatos	California	95030
Michael Fitzgerald	San Jose	California	95112
Tom Schweikert	San Jose	California	95112
ashok nalamwar	Fremont	California	94539
Eric Winokur	San Jose	California	95124
Gerardo Aguilar	San Jose	California	95124
yoshi Sakaue	Santa Cruz	California	95065
Danny Cargill	Aptos	California	95003
Leo Wu	San Jose	California	95129
Paul Tran	San Jose	California	95135
Eugene Korsunsky	San Jose	California	95126
Richard j Dentino	Groveland	California	95321
John Steffens	San Jose	California	95117
John Acosta	Cupertino	California	95014
Brent Cooper	San Jose	California	95118
Nancy Caillau	San Jose	California	95111
Scott Cooper	San Jose	California	95120
Tom Tran	San Jose	California	95124
Abbas Haghshenas	Saratoga	California	95070
Zohreh Tabatabaie	Saratoga	California	95070
Wilson Chang	Los Altos	California	94024
Laurent Bourdet	San Jose	California	95130
alireza haghshenas	San Jose	California	95128
Lucy Zhang	Fremont	California	94539

Dino Maziotis	San Jose	California	95117
Bahram Rashedi	San Jose	California	95120
Michael Galvin	San Jose	California	95125
Jerry Castronovo	San Jose	California	95120
faith zhou	San Jose	California	95129
Jo Kemling	Santa Clara	California	95051-1407
Hadie Lane	San Jose	California	95121
Valerie Catanese	San Jose	California	95124
Judy Chen	Sunnyvale	California	94087
Tip Whiting	Granada Hills	California	91344
Tzvi Handler	Brooklyn	New York	11225
Thanh Thai	Santa Clara	California	95054
Sarah Parrish	Bloomington	Indiana	47401
Virginia Lynn	Santa Clara	California	95050
Katherine Hsu	Fremont	California	94555
Lydia George	San Jose	California	95120
ROGER PENNINGTON	San Jose	California	95128
Tami Trinh	Costa Mesa	California	92626
Bang Vo	Santa Clara	California	95051
David Arvay	Sunnyvale	California	94089
Jerry Dias	San Jose	California	95125
Harold Litfin	San Jose	California	95128
Dean Hotop	San Jose	California	95126
jason chan	Millbrae	California	94030
evelyn chan	San Francisco	California	94134
Joette Short	San Jose	California	95126
J K	San Jose	California	95117
Sarah Garcia	San Jose	California	95112
Wayne Haraguchi	Cupertino	California	95014
Hsiu Chen	San Jose	California	95120
Laura Kreuger	Campbell	California	95008
julia wen	Los Gatos	California	95030
Joseph Vieira	Los Gatos	California	95030
David Flores	San Jose	California	95119
Minh ha	san jose	California	95138
Rita Yuen	San Jose	California	95128
Mark Yazdani	Los Altos	California	94023
David Youssefpour	Los Gatos	California	95032
J Langton	San Jose	California	95112
Arun Iyengar	San Jose	California	95110
Nagamanu Nataraj	Cupertino	California	95014
Ali Pirooz	San Jose	California	95117
mgo-syllc mgo-syllc	San Jose	California	95135
Jerry Kimber	San Jose	California	95125
Shunn Huang	San Jose	California	95148
sunteck see	San Jose	California	95148
Eva fettchenhauer	Cupertino	California	95014

Denise Chilow	Mountain View	California	94040
Alice Ogasawara	Saratoga	California	95070
Tara Thao Posner	San Jose	California	San Jose CA
CHRIS CHEW	Sunnyvale	California	94085
Sanjay Agarwal	Fremont	California	94555
Irene Ng	Sunnyvale	California	94085
Martin Bell	Santa Clara	California	95051
S. Vora	San Jose	California	95120
Mark SanGiovanni	San Jose	California	95127
Virginia Hao	San Jose	California	95123
Hong Hua	San Jose	California	95148
Julia Sun	San Jose	California	95116
Virginia Hao	San Jose	California	95133
laura colin	Menlo Park	California	94025
Janomi Lee	San Jose	California	95128
Ladislao Moreira	San Jose	California	95121
Angie Ng	Milpitas	California	95035
Haley Bogart	San Francisco	California	94102
Christopher Dao	San jose	California	95132
Helen Kwan	San Jose	California	95170
Steve Borlik	San Jose	California	95112
tom amendola	San Mateo	California	94404
Emilio Estrada	Sunnyvale	California	94089
Nicholas Speno	San Jose	California	95128
Wai Man Kwan	Fremont	California	94539
alon carmeli	Palo Alto	California	94303
daniel LEE	Daly City	California	94015
Joshih Rose Lee	Cupertino	California	95014
Loraine Wallace	San Jose	California	95112
Jason Pan	Cupertino	California	95014
Sharon Wu	Cupertino	California	95014
Lynn Nordyke	San Jose	California	95130
Nancy Chao	Cupertino	California	95014
Kathryn Tomaino	Los Altos	California	94022
Theresa Couture	Los Altos	California	94024
Ellen Barton	Los Altos	California	94024
Tony Xu	Fremont	California	94539
Julia Qiu	San Jose	California	95127
Mary Ellen Wetlesen	Los Altos	California	94022
Linda Takagi	Mountain View	California	94043
Shengluan Zhong	San Jose	California	95120
Zahra Miller	Los Altos	California	94024
Dana Willson	San Jose	California	95132
Joan McNulty	Los Altos	California	94022
Steven Peng	Cupertino	California	95014
Wendy Wu	Oakland	California	94603
Nena Price	Sunnyvale	California	94087

Mark Tian	San Jose	California	95112
Daimian Wang	Fremont	California	94555
Tina Kyriakis	Los Altos	California	94022
Mar Andres	Oak View	California	93022
Fang Truong	San Jose	California	95158
Deniece Smith	Mountain View	California	94041
Vicki Geers	Los Altos	California	94022
Kathy Perez	San Antonio	Texas	78238
Daniel Decker	Los Gatos	California	95032
qin zhu	圣荷西	California	95128
Richard Schlarb	Livermore	California	94551
Karen Scheel	Los Altos	California	94022
Michael Crowell	Fairfield	California	94534
tim lui	San Jose	California	95131
Karrie Lynn	San Jose	California	95117
Karen Lynn	Cupertino	California	95114
Len Maggiore	San Jose	California	95124
Michal Skyba	San Jose	California	95120
Shyla Batliwalla	San Francisco	California	94102
Sarah Xu	Sunnyvale	California	94087
Steve Singh	San Carlos	California	94070
Susan Prasad	San Jose	California	95112
Frederico Maciel	San Jose	California	95135
pat ryan	Mountain View	California	94043
Jae Allen	San Jose	California	95128
Zeena Batliwalla	San Francisco	California	94122
Alberto Sevilla	San Jose	California	95129
Sherwood Goozee	Medford	Oregon	97504
Hoang Nguyen	San Jose	California	95112
Maryanne Nola	San Jose	California	95129
Moris and Jackie Ronen	San Jose	California	95124
Kathy Horvath	Los Altos	California	94022
Deo Caruana	Alviso	California	95002
Medi Montaseri	San Jose	California	95173
David Dudek	Scotts Valley	California	95066
Raman Yousefi	Park Ridge	Illinois	60068
Gina Whitney	San Jose	California	95139
Jason Rowan	San Jose	California	95112
Dona Rabe-Ryan	Mountain View	California	94043
Maria Santo	Fremont	California	94536
Frederick Dudek	Arlington Heights	Illinois	60004
Shashi Jaggia	Cupertino	California	95014
SUNIL JAGGIA	Los Altos	California	94024
Inder Narang	Los Altos	California	94022
Prakash Vaswani	Los Altos	California	94024
Dana Dyo	Gilroy	California	95020
Daniel Dyo	Santa Clara	California	95050

Jong Peter	Los Altos	California	94024
Susan Dudek	Arlington Heights	Illinois	60004
Hai Hua Kuang	Alameda	California	94501
Celestina Pastor	Sparks	Nevada	89441
Karen Kao	San Jose	California	95112
Diane Worth	Milpitas	California	95035
Natalie Wang	Stanford	California	94305
Erik Worth	Milpitas	California	95035
Jason Bowman	Placerville	California	95667
Albert Knudson	San Jose	California	95124
Audrey Okubo	San Jose	California	95129
Greg Spindola	San Jose	California	95124
Mahesh Kunjal	San Jose	California	95117
Glenn & Marilyn Frizzell	San Jose	California	95132
Jennifer Liu	Palo Alto	California	94303
Mike Bauer	San Jose	California	95136
Eleanor Perazzo	Saratoga	California	95070
Christina Van Zandt	San Jose	California	95117
Bo Liu	San Jose	California	95148
Jerry N/A	Santa Clara	California	95050
Dan Blomquist	Livermore	California	94550
Benny Mathew	Fremont	California	94539
Phuong Malkin	San Jose	California	95112
Anil Patel	San Jose	California	95112
Roger Cory	San Jose	California	95132
Carl Balistreri	San Jose	California	95126
\Pete Anderson petesfloorswd@gmail.com	San Jos California	San Jose, CA	
Frank De La Cruz	San Jose	California	95130
Niles Moseley	Los Altos	California	94022
Jeff Zell	San Jose	California	95125
Dennis Orsini	Fremont	California	94539
Isaac Agam	Palo Alto	California	94303
max edwards	melbourne	California	90210
Jessica Lynn	Santa Clara	California	95050
Cynthia Zhang	LOS GATOS	California	94032
Lien Vu	San Jose	California	95132
Son Nguyen	San Jose	California	95132
Duc Vu	San Jose	California	95122
Mary Carp	Milpitas	California	95035
Sandy Adams	San Jose	California	95125
Lita Ruble	Los Gatos	California	95030
meghan mcphail	San Jose	California	95126
Sarah Riqueros	San Jose	California	95120
john adams	San Jose	California	95116
Andrea Caldwell	San Jose	California	95138
Andrew Do	San Jose	California	95148
Joi Walker	San Jose	California	95148

Lisa Grisalin	Campbell	California	95008
Russ Cowley	San Ramon	California	94583
Diane LoVerde	San Jose	California	95138
Andre Grisalin	San Jose	California	95120
Virginia Tamblyn	Cupertino	California	95014-3324
Cal Takhar	San Jose	California	95130
Ruby Tsai	San Jose	California	95138
Lisa Goodman	San Jose	California	95138
Vincent Tsai	San Jose	California	95138
Diane Sampson	San Jose	California	95150
John Bowen	San Jose	California	95125
Charles Adams	Campbell	California	95008
Michael Sibilia	San Jose	California	95125
James Endo	San Jose	California	95123
Ayshe Guraydin	San Jose	California	95125
Trish Hein	San Jose	California	95124
Yajnesh Rai	Campbell	California	95008
Vickie Chandler	San Jose	California	95124
Mark Devlin	Los Gatos	California	95032
Ling hullon	San Jose	California	95129
Jenny Yie	San Jose	California	95129
Jorge Zegarra	San Jose	California	95133
fran turano	San Jose	California	95159
paul burdick	San Jose	California	95126
Rowena Asai	San Jose	California	95124
Richard Hebert Jr	Campbell	California	95008
BARBARA BAIN	Felton	California	95018
Patrick Crema	San Jose	California	95128
Sharon LaBelle	San Jose	California	95117
Kourosh Nassiri	Redwood City	California	94061
B West	Cupertino	California	95014
Syeda Badar	San Jose	California	95135
Gordon K Young	Palo Alto	California	94303-0670
Brad Abbott	Saratoga	California	95070
Jewel Leake	Campbell	California	95008
Alfio Crema	San Jose	California	95128
Yoshi Yamanouchi	Fair Oaks	California	95628
Ruth Sosa	San Jose	California	95125
Andrew Buchanan	San Jose	California	95120
Jennifer Walshe	San Jose	California	95125
Gloria Radam	Santa Clara	California	95051
David Mowbray	San Jose	California	95128
George Patterson	San Jose	California	95123
Kim Roper	Los Gatos	California	95031
Steve Daniels	San Jose	California	95124
Dennis Perez	Santa Clara	California	95051
dave Campagna	San Jose	California	95123

Rodger Shaheen	San Jose	California		95125
Kenneth Garrett	San Jose	California		95126
Matt Radchenko	San Jose	California		95125
Jim LaFrom	Truckee	California		96161
Helen Shaw	San Jose	California		95129
Ivan Margaretich	Los Altos	California		94024
Kathryn Wilson	Scotts Valley	California		95066
Simona Goldstein	San Jose	California		95135
Susan Tharp	San Jose	California		95117
Charles SHAO	Los Altos	California		94022
S Takhar	San Jose	California		95130
Margaret Flores	San Jose	California		95126
Joseph Tersigni	San Jose	California		95125
Jaklyn Pichardo	Campbell	California		95011
Kathleen Kelly	Santa Clara	California		95050
Paaras Mehta	San Jose	California		95120
Low Low	San Jose	California		95117
Efrain Ramos	san jose	California	CA	
Richard Ho	Mountain View	California		94043
Jim Chitwood	Santa Clara	California		95051
Jill Uda	San Jose	California		95134
Ken Yeung	San Jose	California		95124
Milton Zegarra	San Jose	California		95126
David Kraszewski	San Jose	California		95112
kevin song	Saratoga	California		95070
Kin-man Kan	Saratoga	California		95070
Chengjun (Susan) Shi	Cupertino	California		95014
Ellis Hung	San Jose	California		95117
Oren Katzir	San Jose	California		95124
Colleen Badagliacco	San Jose	California		95125
Mark George	San Jose	California		95120
Rich Kwok	San Jose	California		95131
Robert Badagliacco	San Jose	California		95125
fran turano	San Jose	California		95159
Andrew Chan	Saratoga	California		95070
Deepak Prabhakar	San Jose	California		95132
Debbie Indihar Giordano	Milpitas	California		95035
Suzanne Mocherman	San Jose	California		95124
david eisbach	san jose	California		95117
Glenda Crespo	San Jose	California		95126
Bai Bee Yeh	San Jose	California		95124
Ann Yap	Floriston	California		96111
Steve Han	San Jose	California		95170
Jeanette Jordan	San Jose	California		95117
cj Fang	Palo Alto	California		94301
Diana Lim	Santa Clara	California		95054

From: Gurumurthy Srinivasagam
Subject: Why I"m opposing ARO Proposal with supporting data
Date: Thursday, March 31, 2016 12:03:28 PM

Dear Mayor, Council members. City Clark, Ann,

I own a fourplex under ARO in Sanjose . I have attached the expenses which I have paid to San Jose City, Santa Clara county, Federal (Flood insurance) and San Jose city service providers (garbage, water, PG&E) and their rate of increase for the last few years. The rate of increase is outweigh national level CPI index level every year.

I'm not sure if city and their service providers can not maintain their rate of increase at CPI index level, **how does the city expect us as a small business owners can maintain the rate of rent increase to CPI level?**

We are living in Silicon valley and we need to pay the same labor rate as others are paying for any jobs (plumbing, electric etc). We don't distinguish ARO apartments labor rate and non ARO apartments labor rates.

I'm renting my 2 bath/1bedroom units for $1450, $1450, $1500, $1575 respectively. I'm not sure how ARO data shows that the average ARO units rent rate as $2000+ and that is not definitely representing me. If ARO proposal gets implemented, I'm sure I will go out of business and not sure what to do for my retirement income

2013 - Muti residential occupancy permit - $205.24
2014 - Multi residential occupancy permit - $457.68 **(122% increase compare to 2013)**
2015 - Multi residential occupancy permit - $502.24 **(9.73% increase compare to 2014)**

2014 Water 80 CCF = $383 1 CCF (748 Gallon) $4.7875
2015 Water 58 CCF = $363 1 CCF (748 Gallon) $6.25 **(30% increase compare to 2014)**

2014 - Garbage - $130.81
2015 - Garbage - $137.35 **(5% increase compare to 2014)**

2014 - Property tax - $5683.91 $11366
2015 - Property tax - $5873.29 $11746 **(3.34% increase compare to 2014)**

2014 - Property insurance - $1317.00
2015 - Property insurance - $1417.15 **(7.60% increase compare to 2014)**
2014 - Flood insurance - $315.00
2015 - Flood insurance - $592.00 **(87% increase compare to 2014)**

2015 - PG & E average **6% increase compare to 2014**
2016 - PG & E average **7% increase compare to 2015**

As a responsible housing provider, I feel that the the data and the recommendations the Housing Department has put forth doesn't represent me and will not help in providing additional affordable housing, rather it will only hurt the tenants.

The proposal is just trying to follow other cities rent control implementation. As we all know that in other cities the rent control implementation is failed badly with highest crime rates in those cities.

As silicon valley being the technology and solution provider to the world, we (landlords) have recommended many unique solutions to the ARO team in the last few months discussion, however non of them are considered. I'm not sure why? I'm very doubtful that the ARO team is able understand landlords concerns and recommended solutions.

Under the proposed recommendations, the reduced cap on rent increases and restrictive capital improvement pass through will lead to the further deterioration and deferred maintenance of the older stock of ARO housing. The elimination of the debt-service pass through will deter any investment in San Jose’s housing stock, further reducing the quality of housing in the City. The maintenance of net operating income standard does not take into account the huge increase in the expenses we as housing providers face on an annual basis. And the increase of as many as 30 staff positions to monitor the ARO program is a poor use of resources when other City departments are severely understaffed.

As a Housing Provider, the solution to our affordability crisis is to increase supply. I would encourage you and our city leaders to explore ways that would increase our supply not increase burdensome regulations. Please vote to do no harm and reject these onerous proposals.

Sincerely,

Gurumurthy Srinivasagam

From: Jicheng Gu
To: Grabowski, Ann
Subject: Opposition to the New Apartment Rental Ordinance
Date: Thursday, March 31, 2016 9:51:06 AM

Dear officer,

As a Housing provider in San Jose, I am strongly against the new ARO. Forcing owners to justify their profit in order to pass on capital expenses will deter owners from doing any more than the minimum they need to maintain their units. Actually this new ARO won't protect tenants, but to prevent new tenant to get a good market price for the rent.

Please help us to stop this ridiculous recommendation.

Thanks,

Jicheng Gu

From: Di Yao
To: Grabowski, Ann
Subject: Strongly Against New ARO
Date: Thursday, March 31, 2016 9:47:09 AM

Dear officer,

As a Housing provider in San Jose, I am strongly against the new ARO. Forcing owners to justify their profit in order to pass on capital expenses will deter owners from doing any more than the minimum they need to maintain their units. Actually this new ARO won't protect tenants, but to prevent new tenant to get a good market price for the rent.

Please help us to stop this ridiculous recommendation.

Thanks,

Daniel Yao

From:	Scott Soper and Teresa O"Kane
To:	Grabowski, Ann
Cc:	Oliverio, Pierluigi; The Office of Mayor Sam Liccardo
Subject:	Comments on Draft Recommendations to City of San Jose Apartment Rent Ordinance
Date:	Thursday, March 31, 2016 9:37:48 AM
Attachments:	rent control letter.doc ATT00001.txt

This contains the comments i sent a few minutes in Word Doc format

Regards,

Scot Soper

From: Scott Soper and Teresa O"Kane
To: Grabowski, Ann
Cc: Oliverio, Pierluigi; The Office of Mayor Sam Liccardo
Subject: Comments on Draft Recommendations to C of SJ Apartment Rent Ordinance
Date: Thursday, March 31, 2016 9:07:09 AM

March 31, 2016

Comments on Draft Recommendations to the City of San Jose Apartment Rent Ordinance

From: Scott Soper

C/O Susan Bowen

Provident Property Management
1035 Minnesota Ave, Ste C
San Jose Ca,

To: Ann Grabowski

200 East Santa Clara St.
San Jose CA 95113

SENT BY EMAIL TO: ann.grabowski@sanjoseca.gov

Comment 1: Effect of U.S. Supreme Court Case FPC v. Hope

There is a "presumption of validity" for the existing Ordinance. To overturn the current rates the parties supporting a new rate regime have "the heavy burden of making a convincing showing that it is invalid." FPC v. Hope Nat. Gas Co., 320 U.S. 591 (1944)

Rather than the usual case where property owners have attempted to prove that rents were too low, the advocates of overturning the existing rate regime must show that rents have been "unjust and unreasonable." Because the existing rate structure is being challenged by the tenant advocates it is they who face the "heavy burden" of proof before Council and in any subsequent legal review.

There is no evidence in the Draft that any effort has been made to show that profits have been too high. For example, rates of return for the San Jose Water Company, or the expected rate of return the City depends on for the funds its employee pensions could have been referenced for comparison. Surely such figures are not only highly relevant but also well scrutinized and public. The complete lack of effort to provide any such benchmarks speaks to the inherent anti property-owner bias of the Draft.

Suggested action;

1. Reject the draft and have a study done by an impartial third party. Under standard legal parameters, rent control advocates should have to prove that rents are too high by proving that property owner returns are too high.

Comment 2: Violation of the Equal Protection Clause

The proposed replacement ordinance intends to unfairly burden a select group of citizens with an arbitrary and irrationally different set of regulations than those the City imposes on other rental affordability schemes subject to City regulation. Two examples:

1. Those units subject to rent control under the former Redevelopment Agency (the subject of several Grand Jury investigations)

2. The Inclusive housing program (recently successfully defended in Court), in which **City Policy** for "Affordable Housing Cost" has been established as "30% of 80% of the area median income." (Ordinance 26869 5.08.110 Affordable Housing Cost)

Applying different regulatory burdens to select groups to achieve affordable is inherently irrational, arbitrary, and discriminatory. While the current disparity between regulatory schemes apparently occurred ad hoc and without malice, any change in the current scheme must acknowledge and strive to conform to the current City Policy and apply it equally across all groups regulated. The Draft Ordinance does not even address the matter.

Suggested Actions:

1. Require any proposed new ordinance to with conform to existing policy in Ordinance 26869.
2. Bring RDA affordable rate units into a coherent regulation scheme before, or in conjunction with, any new rate change. It would be an affront to fair governance to further regulate private property when the City fails to manage its own controlled units to at least the same standard.

Comment 3: The Draft Punishes Good Actors, Rewards Bad Actors

The Draft sets base rent on unit rent from 2013. This would have the effect of punishing property owners who have observed the existing Ordinance and have charged lower than market rent and reward those who have raised rents the most.

Suggested Action:

1. Use HUD's Fair Market Rent tables or the City 30% 0f 80% of area median Policy to establish a baseline. (This baseline could perhaps be optional for landlords who have had lower than market rents.)

Comment 4: Denial of due process by attempted retroactive moratorium.

The Drafts seeks to establish a rate based on rents from several years ago, thus depriving property owners the due process that a rent moratorium ordinance would have required at any date in the past.

Suggested Action: Eliminate any scheme in the proposed ordinance that seeks to deny due process.

Comment 5: Political Ramifications of the proposed draft and necessity for independent commission.

Based on the evolution of politics in Rent Control Cities like San Francisco, left unchecked the increase in tenants with sub market rent and the concentration of those tenants in specific districts will create a situation where any successful council district candidate in those districts must promise ever heavier regulation to gain the support of the large voter pool. To help eliminate that threat, rent control should be placed in the hands of an independent commission whose recommendations would require a supermajority to overturn.

Comment 6: "Affordable Housing Dispersion Policy"

The Draft should speak to the likely effect of adding the pre 1995 units on the "Affordable Housing Dispersion Policy" contained in the San Jose 2020 General Plan.

Comment 7: Rental Unit turnover rates as part of property owner profit calculation

The Draft quotes rental unit turnover ratios and assumes that those units return to free market rents as an offset to very low annual increases. What is not clear is what adjustment mechanism there would be if those turnover rates do not occur – as may be expected from the disincentives to move created by below market rents.

Additionally, creating a system where the only way a property owner can get relief from below market rents is to have tenant turnover creates odious incentives and a recipe for endless antipathy.

Suggested action: Eliminate perverse incentives by having a high enough annual increase—enough so that property owners do not have to rely on tenant turnover as a main component of earning a profit.
Respectfully,

Scott Soper

From: Gurumurthy Srinivasagam
To: Grabowski, Ann
Subject: Why I"m opposing ARO Proposal - with Supporting data
Date: Thursday, March 31, 2016 8:27:00 AM

Dear Mayor, Council members. City Clark, Ann,

I own a fourplex under ARO in Sanjose . I have attached the expenses which I have paid to San Jose City, Santa Clara county, Federal (Flood insurance) and San Jose city service providers (garbage, water, PG&E) and their rate of increase for the last few years. The rate of increase is outweigh national level CPU index level every year.

I'm not sure if city and their service providers can not maintain their rate of increase at CPU level, how does the city expect us as a small business owners can maintain the rate of rent increase to CPU level?

We are living in Silicon valley and we need to pay the same labor rate as others are paying for any jobs. We don't distinguish ARO apartments labor rate and non ARO apartments labor rates.

I'm renting my 2 bath/1bedroom units for $1450, $1450, $1500, $1575. I'm not sure how ARO data shows that the average ARO units rent rate as $2000+ and that is not definitely representing me. If ARO proposal gets implemented, I'm sure I will go out of business and not sure what to do for my retirement income

2013 - Muti residential occupancy permit - $205.24
2014 - Multi residential occupancy permit - $457.68 **(122% increase compare to 2013)**
2015 - Multi residential occupancy permit - $502.24 **(9.73% increase compare to 2014)**

2014 Water 80 CCF = $383 1 CCF (748 Gallon) $4.7875
2015 Water 58 CCF = $363 1 CCF (748 Gallon) $6.25 **(30% increase compare to 2014)**

2014 - Garbage - $130.81
2015 - Garbage - $137.35 **(5% increase compare to 2014)**

2014 - Property tax - $5683.91 $11366
2015 - Property tax - $5873.29 $11746 **(3.34% increase compare to 2014)**

2014 - Property insurance - $1317.00
2015 - Property insurance - $1417.15 **(7.60% increase compare to 2014)**
2014 - Flood insurance - $315.00
2015 - Flood insurance - $592.00 **(87% increase compare to 2014)**

2015 - PG & E average **6% increase compare to 2014**
2016 - PG & E average **7% increase compare to 2015**

As a responsible housing provider, I feel that the the data and the recommendations the Housing

Department has put forth doesn't represent me and will not help in providing additional affordable housing, rather it will only hurt the tenants.

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Sincerely,

Gurumurthy Srinivasagam

From:	Isaac Agam
To:	The Office of Mayor Sam Liccardo; Scally, Katie; Weerakoon, Ru; District1; District2; District3; District4; District5; Oliverio, Pierluigi; District7; Herrera, Rose; District9; District 10; Grabowski, Ann
Cc:	Howard, Josh; Mary Driedger; "Raul Richardson"
Subject:	RE: How Rent Control Drives Out Affordable Housing
Date:	Thursday, March 31, 2016 1:28:22 AM
Attachments:	How Rent Control Drives Out Affordable Housing - William Tucker.docx

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Dear Mayor and Council Member.
Please find attached an article discussing the negative effects of rent control courtesy of Mary Dreidger.
The bolding is mine.
The one page Executive Summary could be enough, but reading further is interesting as well.
The bottom line is the rent control create LESS affordable housing, the housing under rent control are neglected, and many States abolished or illegalized rent control for the benefit of tenants.
Thank you for your attention and cooperation.
Isaac Agam
Landlord

May 21, 1997

Policy Analysis

How Rent Control Drives Out Affordable Housing

by William Tucker

William Tucker is the author of The Excluded Americans: Homelessness and Housing Policies (Regnery) and Zoning, Rent Control, and Affordable Housing (Cato Institute).

Executive Summary

Rent control has been in force in a number of major American cities for many decades. The best-known example is New York, which still retains rent controls from the temporary price controls imposed during World War II. But this policy, meant to assist poorer residents, **harms far more citizens than it helps, benefits the better-off, and limits the freedom of all citizens.**

A look at the classified ads in rent-controlled cities reveals that very few moderately priced rental units are actually available. Most advertised units are priced well above the actual median rent. **Yet in cities without controls, moderately priced units are universally available.**

In many cities, **policymakers understand that controls drive out residents and businesses.** Thus many exempt significant portions of housing from controls, creating shadow markets. **Yet as controls hold down rents for some units, costs for all other rental housing skyrockets. And tenants in rent-controlled units fear moving to more desirable neighborhoods since the only units available for rent are very high-priced.**

But the trend in recent years has been toward **removal of rent control**. **The repeal of controls in Massachusetts, for example, did not lead to the widespread evictions and hardships that some predicted.** The lesson for the rest of the country is that **rent control is policy that never was justified and certainly should be scrapped.**

The Rush to Rent Control

Rent control has been in force in a number of major American cities for many decades. The best known example is New York, which still retains rent controls from the temporary wartime price controls imposed during World War II.

During the 1970s it appeared that rent control might be the wave of the future. Boston and several of its surrounding suburbs imposed rent control during the inflationary years of 1969 to 1971. President Richard Nixon imposed wage and price controls in 1971 on the entire country, freezing all rents in the process. Many cities retained rent controls, eventually making them permanent, after wage and price controls expired. Washington, D.C., still retains regulations from this period, as do about 125 municipalities in New Jersey, including Newark, Jersey City, and Elizabeth.

During the Proposition 13 anti-tax campaign in 1978, activist Howard Jarvis promised California tenants that their rents would be reduced if the proposed state constitutional amendment lowered property taxes. Yet in the midst of an inflationary period, this reduction failed to materialize, frustrating many tenants. Berkeley and Santa Monica, two smaller cities with radical political cultures, led California in imposing very strict rent control ordinances. Political activists Tom Hayden and Jane Fonda, who lived in Santa Monica, then toured the state urging other cities to follow suit. Ten cities--including San Francisco, Los Angeles, San Jose, West Hollywood, and East Palo Alto--eventually adopted rent regulation, putting more than half the state's tenant population under rent control ordinances. One major California city, San Diego, bucked the trend, rejecting rent control by a 2-to-1 vote in a 1985 referendum.

By the mid-1980s, more than 200 separate municipalities nationwide, encompassing about 20 percent of the nation's population, were living under rent control. However, this proved to be the high tide of the movement. As inflationary pressures eased, the agitation for rent control subsided.

Some cities have remained strangely immune from the rent control temptation. Chicago, with one of the largest proportions of renters of any American city, has never seriously entertained proposals for rent control. Philadelphia, Baltimore, Cleveland, and other eastern cities outside the Boston-New York-Washington axis have never experimented with this policy. In the major cities of the South and Southwest--Atlanta, New Orleans, Dallas, Houston, Phoenix--rent control is simply not an issue. During the 1980s, a reaction set in among southern, western, and rural states. **Some 31 states as diverse as Idaho,**

Florida, Texas, and Vermont adopted laws and constitutional amendments <u>forbidding</u> rent control.

Once in place, however, rent control usually proves extremely difficult to undo. London and Paris still have rent controls that started as temporary measures during World War I. "Nelson's Third Law," the contention by the late economist Arthur Nelson that the worse a government regulation is, the harder it is to get rid of it, seems to apply here. Whatever distortions a regulation creates, some people will adjust to it and actually profit. These people then become a tightly focused interest group that fights tenaciously to retain the regulation. When this interest group is a tenant population that forms a near-majority of a municipality, the chances that rent control can be abolished through local political efforts are extremely small.

Recent Rollbacks

Nevertheless, rent control is proving vulnerable. **On January 1, 1997, Boston, Cambridge, and Brookline became the first major American cities to abandon rent controls** since 1950. The process was not altogether voluntary. The initiative came from a statewide campaign organized by Boston and Cambridge property owners, who put up a state ballot initiative banning rent control. The initiative that passed in 1994 required immediate removal of rent controls. Landlords, however, soon agreed to a two-year extension of controls for hardship cases.

The property owners during the referendum argued that the costs of rent control were being borne by other taxpayers. When landlords start losing money because of low rents, they are usually able to get their property assessments lowered. This leads to a general decline in property values in a rent-controlled city and thus less revenue going to governments. In Massachusetts, property tax receipts are shared at the state level through a complicated formula that takes money from cities with high property tax bases and gives money to cities with low bases. The owners of rental units argued that lower rents in Boston, Cambridge, and Brookline were being subsidized by higher property taxes elsewhere. Massachusetts voters found this argument persuasive and passed an initiative phasing out rent control by a 51-49 margin--even though it lost 2-to-1 in the state's three rent-controlled cities.

The aftermath has been encouraging to those who believe that rent control can be abolished without widespread disruption. Tenant activists had predicted huge rent increases, mass evictions, and a surge in the homeless population if the regulations were abandoned. **None of this has occurred. Formerly regulated rents have risen, but construction of new apartments has also**

begun for the first time in 25 years. Since the overwhelming majority of rental units were deregulated by 1995, and the rest by January 1, 1997, the worst is probably over.

To be sure, there have been individual cases of hardship that tend to attract a great deal of media attention. Almost without exception, these incidents involve tenants who have suffered a loss of income but still have been able to afford their apartments because of rent control. In one case, featured prominently in many newspapers, an elderly diabetic who had been unable to work for 10 years was losing his apartment in the Fenway district of Boston because the landlord was tripling the rent. [1] But tenants frequently are forced to move when they suffer loss of income. Rent control only delays the process and its abolition cannot be held responsible for every instance of tenant displacement. **Boston property owners have alleviated the situation considerably by setting up a bank of 200 apartments around the city that are immediately available for such emergencies.**

Rent control is now under attack in New York as well. In December 1996, State Senate Republican majority leader Joseph Bruno announced that he intended to end "rent control as we know it" in New York City within the next few years. Bruno, a successful Rensselaer County businessman and free market advocate, says he is philosophically opposed to rent control and believes it is doing enormous harm to New York City.

His vow to overturn the system is no idle boast. Under New York State's arcane legislative proceedings, the majority leader wields enormous power, virtually controlling the entire legislative agenda. Because New York's rent control ordinance is still only "temporary," it must be renewed every two years. Bruno has said that if the Democratic Assembly does not agree to a two-to-four-year phase-out, the Senate will simply fail to renew the statute and rent regulations will expire on June 15. Bruno's effort has set off a firestorm among New York City's regulated tenant population.

Shadow Markets

Although the battle over rent control is routinely portrayed as a contest of "tenants-versus-landlords," in fact the situation is far more complex. Even in New York, which has some of the strictest rent control in the country, only 1.1 million of the city's 1.7 million apartments--about 63 percent--are regulated. This produces a tenant population of about two million individuals, one of the most formidable political constituencies in the city, with a direct interest in retaining rent control. But since New York City has seven million inhabitants, what are the interests of the other five million? And what are the effects of rent

control on those among New York State's eighteen million inhabitants who do not live under rent control, or on individuals in other parts of the country who want to move to New York?

It is useful to analyze this issue in terms of the concept of "shadow markets." This concept was developed by Denton Marks in a paper in the *Journal of Urban Economics* in 1984, [2] and also suggested by George Horwich and David Leo Weimer that same year in the context of oil price controls. [3] Standard supply-and-demand theory predicts that any price controls, including rent controls, will produce an excess of demand over supply--an economic "shortage." There is virtually no disagreement on this premise. In a survey of 75 of the world's outstanding economists, J. R. Kearl and his colleagues found nearly unanimous agreement on the proposition: "A ceiling on rents will reduce the quality and quantity of housing." [4] Of 30 propositions presented for review, only one other received the same level of support. Further, a poll by the American Economic Association of its members in 1992 produced a similar result. [5]

Yet as Marks pointed out in his 1984 paper, rent control, or any other price control, rarely works in a straightforward fashion. It is virtually impossible for a government to control and regulate the entire supply of a commodity. Once a shortage appears, alternative markets and black markets will arise. The government can react in a variety of ways. Often, it will criminalize these markets and prosecute suppliers in draconian fashion. In Iran, merchants who sell above the government prices have their feet burned with hot irons in the public marketplace.

More often than not, however, governments may tolerate these markets as a way of relieving shortages. In many instances, governments will deliberately leave a portion of the market untouched by regulation in order to serve as a safety valve for excess demand. This unregulated portion of a regulated market becomes the "shadow market."

The question posed by Marks and by Horwich and Weimer is "What happens to prices in this shadow market?" Using standard supply-and-demand theory, they predicted that prices in the unregulated portion of the market will be forced higher than their normal market value. This is because the limited supply in the shadow market must absorb the shortage, the excess of demand over supply, in the regulated part of the market. Because prices are pushed too low in the regulated sector, they are forced above what would otherwise be the market price in the unregulated sector. The result is that average prices in both sectors are likely to end up about as high as their free-market level. They could end up

higher because of maldistributions and diseconomies in the regulated sector of the market.

Few Low-Rent Units with Rent Control

The concept of shadow markets offers a reasonable explanation of why the results of rent controls are so perverse and why they lead to a sense of helplessness and panic in a rent-controlled population. Although rent controls are widely believed to lower rents, data I have collected from eighteen North American cities show that the advertised rents of available apartments in rent-regulated cities are dramatically higher than they are in cities without rent control. In cities without rent control, the available units are almost evenly distributed above and below the census median. In rent-controlled cities most available units are priced well above the median. In other words, inhabitants in cities without rent control have a far easier time finding moderately priced rental units than do inhabitants in rent-controlled cities.

This is because tenants in the regulated sector tend to hoard their apartments, forcing everyone else to shop only in the shadow market. Thus, rent control is the cause of the widely perceived "housing crisis" in rent-controlled cities.

Price Controls and Commodity Shortages

Standard supply-and-demand theory shows that when the government fixes prices, a gap opens up between supply and demand. This is usually illustrated by two opposing curves, representing the "marginal propensity to sell" (supply) and the "marginal propensity to buy" (demand). Consumers, of course, are inclined to buy more as prices fall and less as prices rise. Sellers act in an opposite manner, offering more as prices rise and less as prices fall. At one point--and one point only--the interests of buyers and sellers will intersect. This is the "market-clearing price," the point at which, given current economic circumstances, the desires of both groups are optimized. Prices, of course, do not automatically come to rest at some market-clearing level. A continuing discovery process occurs. Either buyers or sellers may achieve a temporary monopoly due to geography or other circumstances. Lack of information may cause either buyers or sellers to accept a price that is unfavorable to them. But, lacking government interference, the actions of buyers and sellers always push prices toward a market-clearing level.

The effect of price regulation is to keep supply and demand permanently separated. If the government holds prices above market value, usually in an attempt to appease suppliers, the result is an economic surplus. For instance, since the 1920s the federal government has maintained price supports for many

agricultural commodities. The result has been chronic farm surpluses. Price controls, designed to benefit consumers, are much more common. The oil price controls from 1971 to 1981 that resulted in a decade-long "energy crisis" provide insights into the rent control issue.

Oil price controls had led to gas lines and rationing at the pump during two brief episodes in 1973 and 1979. But for the most part, there was no visible shortage and supplies continued uninterrupted for most of the decade. What happened to the shortages that should have been produced by price controls? In retrospect, the answer was simple. As Horwich and Weimer noted, the federal government was able to impose price controls only on domestic sources of supply. This created a shortage of domestic oil. But the country continually filled this gap by importing more oil. Imports constituted only 25 percent of the nation's supply when Nixon imposed price controls in 1971. In two short years, this portion climbed to nearly 33 percent. OPEC countries were emboldened to interrupt supplies briefly in 1973 and then quadruple the price.

Unfortunately, Congress responded in 1976 by "punishing" the oil companies, dramatically reducing the price and extending price controls indefinitely. As a result, imports rose to more than 50 percent by 1979, despite an extensive government publicity campaign against purchasing importing oil. Congress even abetted the process surreptitiously by expanding "oil entitlements," a program that supplied small refineries with subsidized imported crude oil, supposedly to help them compete against the major oil refiners.

By 1979, America's excess demand had stretched world supplies so tight that a small interruption of supplies, caused by the outbreak of the Iran-Iraq War, was enough to set off another "gas shortage." When President Ronald Reagan removed domestic price controls in 1981, the resulting surge of supply was enough to send world oil prices into a free fall. The "energy crisis" vanished almost overnight.

Horwich and Weimer show that the shadow market concept explains these events. Prices of only part of the oil supply, that produced domestically, were controlled. To make up for the resulting shortages, consumers had to turn to foreign-produced oil. Because of the excess demand, world oil prices rose rapidly. Only when domestic supplies were restored did world oil prices tumble. Over a decade, oil price controls accomplished almost nothing in lowering prices to consumers, but they did cause havoc by creating rapid shifts in the world market.

Shortages and Hoarding

One reason the disadvantages of oil price controls soon became apparent was that the hoarding of this commodity was only partially feasible. Hoarding occurs when consumers buy supplies for future use as well as present consumption. When uncertainty about future supplies becomes general, consumers will begin to stockpile. During the 1979 "gas shortage," for example, entertainer John Denver was reported to be building two 100-gallon gas tanks on his Colorado estate. Ordinary motorists reacted the same way by "topping off" their tanks at gas stations. The U.S. government hoarded oil with the Strategic Petroleum Reserve. Although hoarding may benefit individuals or countries, it also puts upward pressure on prices. When people buy for future use as well as present consumption, supplies will be tighter and prices on the shadow market will be driven even higher. Or, in the case of oil, if rationing-by-waiting is already in effect, gas lines will stretch even longer.

But the ability to hoard depends on the logistics and durability of a product. Oil is consumed only once and must be stored in facilities that are not easily or inexpensively obtainable. During a famine, food can be hoarded, but it must be stored under special conditions to avoid spoilage.

Housing is one of the most durable commodities. A well-constructed building can last more than 100 years; many buildings in Europe are centuries old. Housing can be consumed today and still be consumed 10 or 20 years later. And with government holding prices low through rent control, a tenant who holds a rent-controlled apartment has a strong incentive to stay in it his or her entire life, even passing it on to descendants. Hoarding of housing is not only possible, it can become the natural order of things.

Of course if the laws allow a landlord to charge a higher rent to a new tenant, the landlord may want to evict a low-paying tenant. But this only leads to strong antieviction laws, a staple in all rent-controlled communities that soon makes it difficult or impossible to get rid of even the most destructive or delinquent tenants.

As a commodity, then, rental housing makes an ideal target for conveying certain benefits to a portion of the population. Because of durability of housing, rent control can go on bestowing benefits to the same minority--or even a majority of a municipality--for a very long period of time. It is the individuals who are forced into the shadow market--usually newcomers or people who want to change apartments--who suffer the consequences.

Rent Control and Vacancy Rates

There can be no doubt that rent control creates housing shortages. For almost 20 years, national vacancy rates have been at or above 7 percent--a figure generally considered normal. Cities such as Dallas, Houston, and Phoenix, where development is welcomed, have often had vacancy rates above 15 percent. In these areas of the country, there usually is a surplus of housing rather than a shortage. Landlords commonly advertise "move-in specials," where rent is reduced for the first month or even where they pay moving expenses.

In rent-controlled cities, on the other hand, vacancy rates have been uniformly below normal. New York City has not had a vacancy rate above 5 percent since World War II. (The state's rent control law, supposedly temporary, would automatically expire if it did.) Before giving up rent control, Boston's vacancy rate was below 4 percent. (There are no figures as of yet on the rate since rent control ended.) In rent-controlled San Francisco, the vacancy rate is generally around 2 percent, and in San Jose the rate is 1 percent, the nation's lowest. Meanwhile, comparable nonrent-controlled cities, such as Chicago, Philadelphia, San Diego, and Seattle have normal vacancy rates at or above 7 percent.

Rent-controlled cities absorb these shortages in a variety of ways. Higher rates of homelessness are a manifestation of rent control. [6] Another is the traditional difficulty individuals have in finding a new apartment in these cities. An article in *New York* magazine entitled, "Finding an Apartment (Seriously)," recommended such techniques as "joining a church or synagogue" as a useful technique in meeting people who might provide good leads on an apartment. [7] Young people who migrate to New York or San Francisco usually must settle for paying $600 a month to share a two-bedroom apartment with several other people or commuting from a nearby city. Crowding is a manifestation of rent control.

Excluding Outsiders

The exclusion of newcomers may even emerge as the main purpose of rent control, particularly in small, selfidentified cities. Many of the small New Jersey municipalities with rent control are close-knit ethnic communities that do not particularly welcome newcomers. One of their major fears is apartment complexes that will bring in large numbers of outsiders and "change the character of the community." Rent control has proved an effective tool for making sure that small, exclusionary-minded communities do not have to undergo change.

Santa Monica is a beach community near Los Angeles that was discovered by urban professionals after the construction of the Santa Monica Freeway in 1972. These newcomers, many originally from New York, immediately set about trying to limit new construction, pulling up the ladder to keep out those that would follow them. In particular, they opposed a series of high-rise apartments proposed for the beachfront. The newcomers soon discovered that imposing rent control not only guaranteed themselves cheap apartments but hampered further development as well.

The result has been a virtually closed community. It is almost impossible for newcomers to find apartments in Santa Monica. As Mark Kann, a Los Angeles newspaper columnist, reported in *Middle Class Radicalism in Santa Monica*, a book that celebrated rent control, "I knew one professional woman who tried to get a Santa Monica apartment for more than a year without success, but she broke into the city, finally, by marrying someone who already had an apartment there." [8] The city is also famous for its homeless population and is often called "The Homeless Capital of the West."

Generational Subsidies

Berkeley, California, and Cambridge, Massachusetts, have similar housing markets. Small college communities, they originally adopted rent control with the help of large student-voter populations that felt a town-gown rivalry with their landlords. But like many socialist programs, rent control turned out to be a one-generation wonder. Students who were in place when rent control was adopted often remained in their apartments all through their professional lives. Ken Reeves, the mayor of Cambridge until 1994, who used to advertise his rent-controlled status on his campaign literature, was still living in the apartment he rented as a Harvard law student in 1973. He finally bought a home when rent control was abolished.

In Berkeley, Floyd and Eva Floystrup are a carpenter and his wife, and also landlords, who were once forced to pay $70,000 to their tenants in "back rent" because they had refused to register with the rent control board. "We believe in free enterprise," they explained. They noted that their low-paying tenants are all high-salaried professionals who arrived as students in the 1970s. "I always have Berkeley students come up to me on the street and say, `How come I can't find a place to live in this city?'" said Eva Floystrup. "I tell them, `Look, we're still taking care of the Class of 1979. As soon as they leave, we'll have room for you.'" [9]

Studies in both cities showed that rent-controlled apartments have tended to fall into the hands of middle class professionals. A 1994 study of Cambridge by

housing consultant Rolfe Goetze showed that rent-controlled apartments were concentrated among highly educated professionals, while the poor, the elderly, and students were generally excluded. [10] Michael St. John, a Berkeley sociologist, found similar results in California. "Rent control has actually accelerated gentrification in Berkeley and Santa Monica," said St. John. "Poor and working class people have been forced out of those communities faster than in surrounding municipalities." [11]

In small cities such as Cambridge, Berkeley, and Santa Monica, the housing shortages created by rent control can be pushed onto neighboring communities. Most Berkeley students now search for housing in Oakland and Richmond, significantly increasing their commuting time.

Shadow-Market Housing

In large metropolises a housing shortage can severely damage the city's economy. Experience shows that when such cities adopt rent control, they usually try to avoid outright housing shortages by leaving segments of the market unregulated. Unsatisfied demand is diverted into this unregulated sector. Because of the shadow-market effect, people in this sector pay higher-than-market prices. Still, they are rarely conscious of the causation. Instead, they simply regard the city as "an expensive place to live" and often become a constituency for extending rent control to their own apartments.

It should be recognized that not all cities enforce rent control with the same enthusiasm. Both the city and county of Los Angeles adopted rent control in 1979, but the county dropped it shortly thereafter. The city government exempted new construction and allowed sizable rent increases. It also adopted a form of vacancy decontrol that allows rents to rise to market value each time a new tenant moves in. A 1990 study by the Rand Corporation found rent control saving tenants only $8 a month. Since then the city has depopulated and vacancies rose close to 10 percent. "We can't even get the rent the rent board allows us," said Dan Fellar, director of the Apartment Owners Association of Southern California. As a result, there is little shadow-market effect. Washington, D.C., is also depopulating and its rent control ordinance has little impact. Toronto has regulated all rental housing down to single-family homes since 1979, but allows generous 8 percent annual rent increases. The regulation seems to have only small impact.

New York and San Francisco, on the other hand, enforce two of the strictest sets of rent control ordinances in North America. (In many European countries, regulation has destroyed private rentals to the point that there is little left but public housing.) Both cities allow only small rent increases and neither has

vacancy decontrol, although San Francisco will soon be adopting it according to a state law. Neither city is depopulating and both experience a high demand for housing. As a result, both have developed strong shadow markets.

New York City split its housing market at the outset in 1947 by exempting all future construction. Toronto exempted all new construction when controls were adopted in 1979. San Francisco did the same. Thus, while Santa Monica and New Jersey communities used rent control intentionally to prevent new housing construction, these other cities worried that no new housing would ever be built.

Unfortunately, the strategy of exempting new units often backfires. Sooner or later, tenants in the new buildings will realize their position relative to rent-controlled neighbors and seek controls on the rents of their own dwellings. This happened in New York in 1969, when Mayor John Lindsay was forced to adopt "rent stabilization" to cope with the excessive rent in "post-war" housing, that is, housing built after 1947 that was originally exempt from regulation. Lindsay promised that all post-1969 housing would remain outside rent stabilization. But inflationary pressures forced the New York State Legislature to break this pledge within five years with the Emergency Tenant Protection Act of 1974. Since then, builders have learned that, sooner or later, any new housing in New York risks being "recaptured," the term used by city officials, that is, brought under regulations. Consequently, little new rental housing is ever built.

Toronto also repealed a new-construction exemption in 1989 and now "recaptures" all new housing after five years. Thus little is built. And San Francisco continues to exempt new housing, but does so much to discourage construction through zoning and no-growth ordinances that, with a 1 percent vacancy rate, the city still adds only 500 residential units a year.

New housing thus makes up a stable--if somewhat uncertain--segment of the shadow market. Another common sector is smaller buildings, particularly those that are owner-occupied. Cambridge exempted two- and three-unit owner-occupied buildings. San Jose exempts duplexes and single-family homes, but regulates the 10,000 mobile homes in its jurisdiction. Berkeley does not regulate duplex apartments when the owner occupies one unit. San Francisco originally exempted buildings with four units or fewer, but this was overturned in a popular referendum in 1994. Now the city even regulates rented single-family homes. New York's rent stabilization does not apply to buildings with fewer than six units, although the old rent control regulations from 1947 can still govern smaller units.

Finally, rented condominiums and cooperative apartments are commonly exempted--although this is an extremely controversial policy in most rent-controlled cities. The problem is that once apartment houses fall under rent control, many owners will attempt to escape the regulation by selling off the apartments to individual owners. This frustrates rent control officials because it diminishes the supply of rental housing. In New York, condominiums and cooperatives are treated as single units and thus exempted under the smallowner rule. In Washington, however, an apartment building under cooperative or condominium ownership is regulated as multi-family housing, even though it has multiple owners.

Most cities with rent control usually end up adopting strong laws to discourage conversion to condominium and cooperative ownership, in order to close an escape hatch from the regulated market. In 1989, Cambridge adopted a law actually making it illegal for owners of converted condominiums to live in their own apartments. Instead, owners were to be forced to rent out their apartments as rent-controlled units, in order not to "diminish the supply of rental housing." Active enforcement of this law that would evict individuals from their own property was begun in earnest in 1992. The prosecution of these "condo criminals" swelled the ranks of rent-control opponents and played a large role in passage of the statewide referendum that in 1994 ended this regulation.

In major cities, then, these three exempted sectors-- new construction, smaller buildings, rented condominiums-- generally form the shadow market. Even in the strictest rent controlled environment, this shadow market may grow to considerable size. In New York, the unregulated sector now makes up 36 percent of the 1.7-million-unit rental market. In San Francisco and San Jose it makes up about half. Only in Berkeley and Santa Monica does the shadow market make up less than 20 percent of all rental housing.

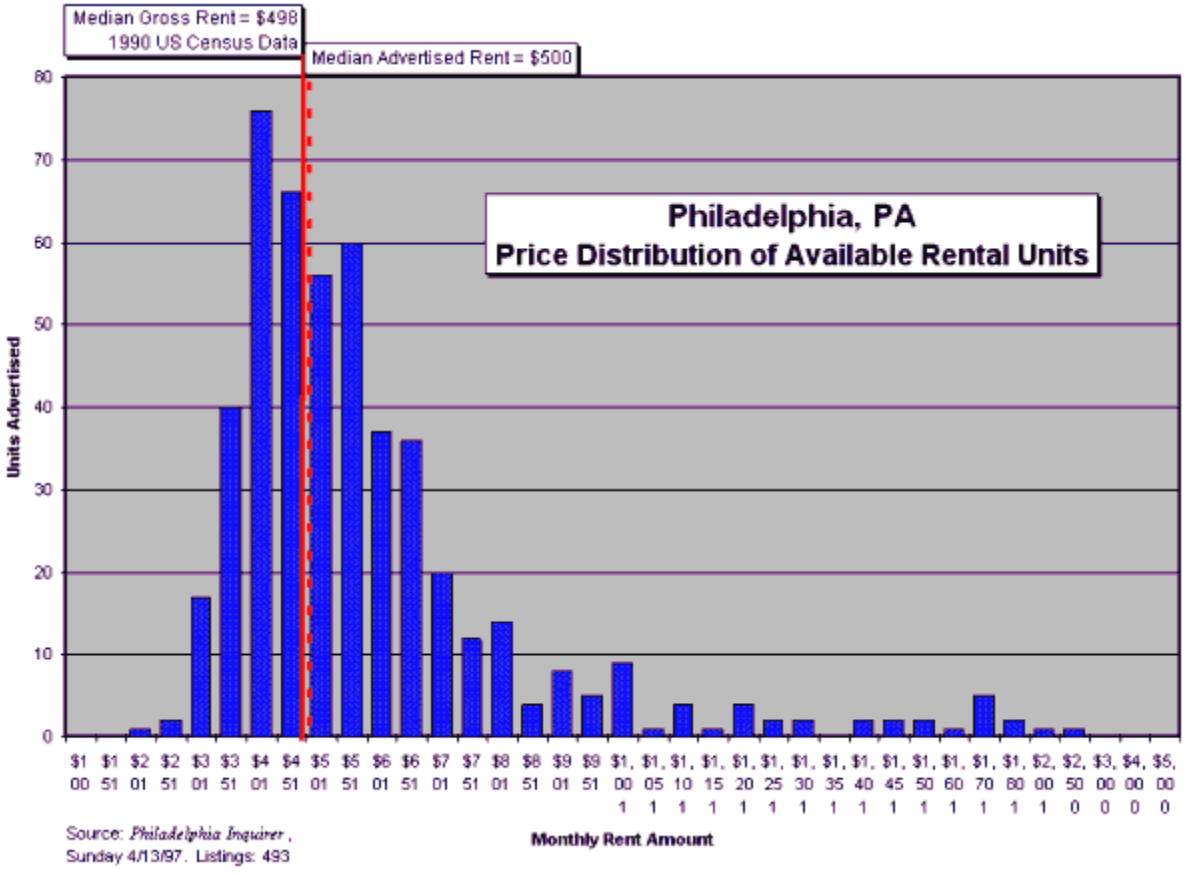
Shortages under Rent Control: The New Evidence

What happens to price and availability of unregulated housing in a rent-controlled market? To determine this, this author collected data on all the available apartments advertised in eighteen major cities around North America. The advertised prices were taken from a single Sunday edition of the largest paper in each city during the month of April 1997. The advertised price of every listed apartment was recorded. (Three newspapers were used for New York.) Rented houses were also included. Some older urban areas--Chicago, Cleveland, New York, Philadelphia--have very few rental houses, while in Sunbelt cities such as Dallas, Houston, Phoenix, and San Diego, they make up a large portion of the rental market. To make sure this regional phenomenon was not distorting the figures, rental houses were omitted in two cities, Atlanta

and Phoenix. Six of the surveyed cities have rent control--Los Angeles, New York, San Francisco, San Jose, Toronto, and Washington. In addition, Boston ended rent control in January 1997. The median rent shown on each graph is based on the 1990 U.S. Census. [12] (See Appendix for all graphs.)

The most striking observation is that the graphs of rents in free-market cities follow a standard bell curve. The vast majority of advertised rents cluster around the median, with between 33 percent and 40 percent below the census median. The median advertised rent is rarely more than $50 above the census median. This may be because the very cheapest apartments are not likely to be advertised in the newspaper and because landlords often raise rents when apartments become vacant. The mode - the number where the graph peaks - usually occurs below both medians. Characteristically, there is a steep climb on the low-rent side of the curve, followed by a long tail toward the "luxury" end of the market.

Figure 1

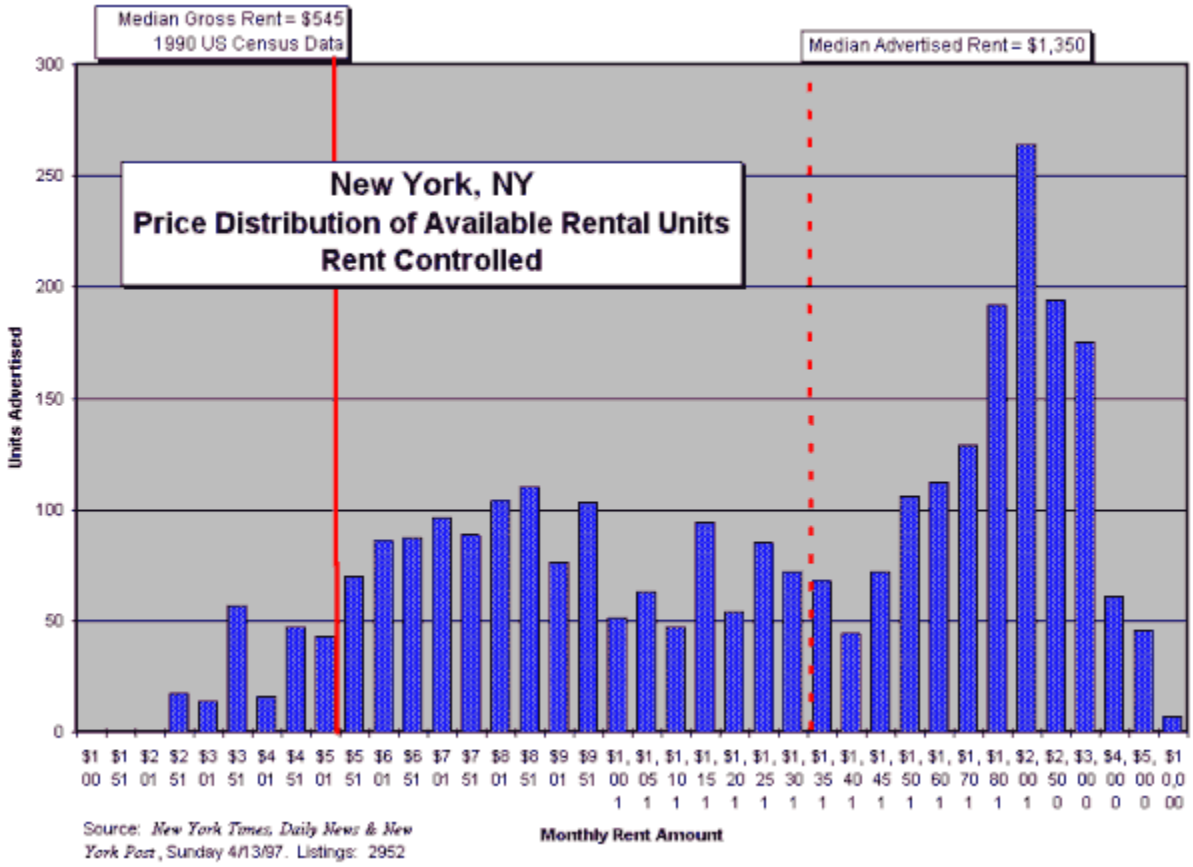


It is also striking how affordable housing is in most free-market cities. In Philadelphia, the nation's fifth largest city, the most common advertised rent,

the mode, is between $450 and $500--below both the advertised and census medians. (See Figure 1.) In Chicago, the mode was $500 to $550, also below both medians. Unregulated cities such as Philadelphia, Chicago, San Diego, Phoenix, and Seattle seem to have almost perfectly competitive housing markets, with housing available at every price level but clustered at the low end.

The two cities with strict rent control are glaring exceptions to this pattern. In both New York (see Figure 2.) and San Francisco, advertised rents peaked at $2,000--more than triple the U.S. Census median rent for each city. The median advertised rent in New York was $1,350, in San Francisco, $1,400--both more than double the census median. More important, there were almost no rental units available at the low end of the market. In both San Francisco and New York, less than 10 percent of advertised rents were below the census median. (The New York figures also included listings from the *Daily News* and the *New York Post*, which are slanted toward the lower end of the market.) Rent control in both these cities appears to make housing spectacularly unaffordable.

Figure 2



San Jose and Boston both show strong symptoms of the rent control disease. San Jose rents peak at $1,500, with rents pushed more toward the expensive end. Boston shows the usual "median hump," but displays overtones of the rent-control effect at the upper end. Los Angeles, Washington, and Toronto--all of which practice milder forms of rent control than New York and San Francisco--show little or no signs of the rent control effect.

What is going on in these markets? The explanation seems fairly straightforward. Rent control splits the housing market into two sectors, the regulated segment and the shadow market. As prices in the regulated sector are forced lower, prices in the shadow market go higher. At a certain point, the differential between the two markets becomes so stark that tenants in the regulated sector begin hoarding their apartments. They hardly ever move. In New York, 88 percent of tenants living in pre-war, rent-controlled apartments have not moved in more than 25 years.

If they do abandon their apartments, regulated tenants pass them on to friends or relatives, or sell them to strangers through "key money" that reflects their true market value. As a consequence, regulated apartments are essentially withdrawn from the market. In New York, where regulated apartments make up 63 percent of the market, only 85 or 3 percent of the 2,800 listings in the *New York Times*, *Daily News*, and *New York Post*, were identified or identifiable as rent regulated. [13]

With the regulated portion market locked away, all new demand is funneled into the unregulated sector--the shadow market. Eventually the competition for these limited number of apartments creates highly inflated prices. It is like squeezing a balloon at one end--the pressure will simply create a bulge at the other end.

Burdens on Newcomers

One thing that makes rent control more palatable to the majority is that the brunt of these excessive costs is usually borne by newcomers. People moving to New York or San Francisco assume that housing is very expensive. They may get discouraged and leave. New York has lost 200 of its 250 national corporate headquarters over the last 25 years, in part because these companies found housing almost unattainable for transferring employees. If these individuals do stay, it may be several more years before they realize that others living in almost identical apartments are paying only a fraction of their rent. In 1985, for example, a woman wrote this letter to the New York *Daily News*:

I recently moved to New York and I pay almost $1,200 a month for a nice little apartment on the lower East Side. The landlords have been reasonable and the building is clean. Still, when I found out at a tenants' meeting that 30 of the building's 34 apartments rent for below $300 and that most of the tenants in those cheap apartments make more money that I do, I was a bit outraged. I understand protecting the old people, but protecting fellow yuppies with bargains?

In Texas, $400 will rent a two-bedroom apartment with air conditioning, washer/dryer, swimming pool, fireplace, and garage. The vacancy rate is over 10 percent. There are no rent controls and the tenants hold all the cards. And landlords are not a hated breed. [14]

Such voices are usually drowned out in the rent control debate. But they are beginning to be heard. As the current debate heads for its June 15 deadline, the following letter appeared in the *New York Times*:

Where are the voices of all those who do not share the benefits of rent control but who actually suffer from it? For the past seven years my husband and I have been killing ourselves to pay our exorbitant market rent for a small one-bedroom apartment in order to stay in this city. I know too many people who live in rent-controlled apartments who also own country homes. One person (whose apartment we tried to rent at the legal rate) moved to Florida and now rents out his apartment, illegally, at the market price, subsidizing his new life style. If rent decontrol would mean a fairer, less insane market, then it is a just cause. If the housing situation does not improve, it will be the new generation of middle-class New Yorkers who will be forced to leave the city we love. [15]

Can Rent Control Be Abolished?

Rent control makes housing less affordable to anyone seeking housing in a rent-controlled market. Even people who already have a "great deal" under rent control become prisoners of their own apartment. They can never move because it means being thrown into the shadow market, where prices may be three or four times as high for an almost identical apartment. In Europe, where rent control governs even larger sectors of the market, the result has been the continent's famed "labor immobility," where moving a factory across town may mean losing half the work force. This huge differential between the regulated market and the shadow market strikes terror into the hearts of a rent-controlled population and fuels the fires against deregulation. But this fear is based on the illusion that shadow-market prices are actual market prices. Even landlords make the same mistake. They often assume that an end to regulation will enable

them to double and triple rents, whereas the overall effect would be far more modest.

The goal in getting rid of rent control should be to allow the curve of housing prices to return to the elegant symmetry of the free market. It is important to deregulate as much of the market as possible at once. That will move the entire curve toward the lower end of the market. If deregulation occurs in small increments, on the other hand, each individual tenant will be forced to make the jump from the low end to the high end, until their accumulated weight moves the curve back. It would be like moving a mountain one grain of sand at a time.

One poor way to deregulate is "vacancy decontrol." This solution, now in effect in California and being proposed as a compromise in New York, simply extends the adjustment period while delaying the benefits of deregulation. Under vacancy decontrol, apartments are deregulated only when the current tenant leaves or dies. But of course tenants in regulated apartments never move, since leaving an apartment means being thrown into the shadow market. It may take 20 to 50 years before the market resumes its normal shape.

Worse yet, under vacancy decontrol individual landlords have every incentive to evict their regulated tenants since vacancy means deregulation of the apartment. The result will be a daily series of horror stories, with landlords doing everything from hiring thugs to setting fire to their buildings to get rid of low-rent tenants. Meanwhile, because of general uncertainty, builders and renovators will not invest much in new housing. As a result, there is always pressure to repeal vacancy decontrol. New York tried such decontrol in 1972 but repealed it after only two years.

Instead, rent control is best abolished quickly and cleanly, with ample effort to protect the most vulnerable tenants. Massachusetts did it about right. After winning the 1994 referendum, property owners were faced with a series of court challenges that could have delayed implementation indefinitely. At the same time, Governor William Weld had vowed to veto any state legislation to revive rent control in Boston, Cambridge, and Brookline. The result was a compromise. Rent control was lifted immediately in the three cities, but a two-year extension was allowed for tenants qualifying for the federal definition of "lowincome"--less than 60 percent of the median for the region or 80 percent for the elderly and handicapped. In the end, 4 percent of the tenants in Boston and 10 percent in Cambridge and Brookline qualified for this extension. These groups were finally deregulated on January 1997.

Such a program could work in New York and San Francisco, perhaps with a slightly longer time scale. A three-to-five-year phase-out would seem

reasonable. The effort could be helped enormously if builders and developers would pledge publicly to step up housing construction during the interim. Unfortunately, landlords and developers in both cities have become such pariahs that they rarely speak openly or work in concert. Boston landlords helped their cause enormously by setting up the reserve bank of 200 apartments for emergency relocations. Yet owners' groups in New York and San Francisco have done nothing comparable. Such an effort would go a long way toward allaying fears about deregulation.

The Morality of the Market

Human morality is based on the premise that virtuous behavior should be rewarded while harmful behavior ought to be punished. Where the rewards of the marketplace are concerned, it can truly be said that cities and nations get what they deserve.

Price controls are built around the concept that one particular group, the providers of some essential good or service, is a nefarious clique that must be wrestled into submission by the government. Oil company executives were the villains of the "energy crisis," and Congress portrayed itself as a gallant knight riding to the rescue of a distressed public. In fact, all that was at stake was the public's ability to tolerate the price increases associated with shifts in energy resources.

Rent control works the same way. Providing housing is perceived by some as an illegitimate enterprise. "Greedy landlords" become public enemies in rent-controlled cities and the entire political apparatus is geared up to subdue them. (The political party that has governed Santa Monica for the last 20 years is called "Santa Monica Renters' Rights.") The hate campaign against landlords feeds on itself, becoming a self-fulfilling prophecy, since owners in the shadow market can charge exorbitant prices, while owners in the regulated sector do best by making life uncomfortable for their low-rent tenants. Yet all that is really at stake is public willingness to accept the idea that some people make their living by providing housing.

Rent control is a disease of the mind that soon becomes a disease of the market. Those cities that resist infection --merely by having a healthy tolerance for the rights of others--are rewarded with a normal competitive housing market in which housing is available at every price level. Those cities that succumb to the disease of rent control are doomed to never-ending, house-to-house warfare over an everdiminishing supply of unaffordable housing. Public policy creates its own rewards.

Appendix:
Price Distribution of Available Rental Units for Various Cities

Atlanta, GA	**Boston, MA**	**Chicago, IL**	**Cleveland, OH**	**Dallas, TX**	**Denver, CO**
Houston, TX	**Los Angeles, CA**	**Miami, FL**	**New York, NY**	**Philadelpha, PA**	**San Diego, CA**
San Jose, CA	**Phoenix, AZ**	**San Francisco, CA**	**Seattle, WA**	**Toronto, Ontario**	**Washington, DC**
All Graphs **(not recommended for slower connections)**					

From: [redacted]
To: Grabowski, Ann
Subject: san jose rent increase related
Date: Thursday, March 31, 2016 12:44:28 AM

Hello Ann,

My name is Amarnath, and I'm a long time resident of San Jose. We just received an 8.30 % increase in our rent, and it's on top of a fairly substantial increase in the last year. So my wife and I appreciate your efforts to bring this in line with inflation. Thank you!

If our rent increase today is an indicator, landlords will accelerate rent increase schedules because of your hearings. Not sure if you can apply your rules retroactively, e.g., to the date you started the process, but whatever you do, many thanks!

Best Regards,
a
[redacted]

ps: I'd prefer my name not be used in a public setting. It's best to stay anonymous.

Not sent from my iPhone

From:	Frank Bleisch
To:	Grabowski, Ann
Subject:	Comments on New Proposed ARO
Date:	Thursday, March 31, 2016 12:22:05 AM
Attachments:	Bleisch - SJ New ARO Comments.pdf

Ms. Grabowski, attached are comments on the draft new rent control ordinance.

Frank Bleisch

Frank Bleisch
[redacted]
San Jose, CA 95124-5636

March 30, 2016

City of San José Housing Department
C/O Ann Grabowski
200 E. Santa Clara Street - 12th Floor
San José, CA 95113-1903

Subject: Comments on City of San Jose Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance

Reference: Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance (released for public comment March 1, 2016)

Attention: Jacky Morales-Ferrand, Director

Ms. Morales-Ferrand,

General Comments and Questions

1. Based on the following comments, the City of San Jose should reject the new proposed rent control ordinance, and abolish the existing rent control ordinance. The greatest benefit to the citizens of San Jose and improvement of quality housing stock at reasonable prices, will come from relying on market forces to determine the supply, price, and quality of rental housing.

2. If San Jose adopts the new rent control ordinance, serious damage will occur to the City of San Jose's brand image. The City of San Jose will receive a reputation that it is hostile to entrepreneurs, investors and rental property businesses, especially small and veteran-owned businesses. Businesses will think twice about relocating to San Jose since they will see a track record of heavy handed Government regulations and price controls. Instead of the "Capital of Silicon Valley", San Jose will be known as the "Clunker of Silicon Valley".

3. The health, safety, and welfare of the citizens of San Jose has been detrimentally affected by the failure of City of San Jose officials to work with and encourage housing developers and investors to quickly create new opportunities for construction of additional housing units. This failure has led to ever increasing rents due to a lack of supply and excessive demand caused by the growth in regional employment. This has resulted in a lack of market equilibrium in the rental housing market in San Jose leading to high rental prices. Increasing the supply of housing units will put pressure on new and existing apartment owners to improve the quality of their apartments, as well as lower prices in a competitive fashion to

attract and retain renters, and will allow the rental housing market to adjust to a better state of market equilibrium.

4. Except in the case of a natural disaster that destroys housing units, any rental increase is not excessive if there is a renter that is voluntarily willing to enter into a rental agreement and an owner that is willing to rent to them on a non-discriminatory basis.

5. The fairness and reasonableness of the return on the value of a property should not be determined by Governmental authorities that have their own selfish interests at stake with the objective of retaining and expanding political power and working in highly lucrative City Government jobs with high salaries, extensive overtime, generous benefits, and with pensions for life upon retirement. Returns on rental property should be determined by market forces and the ability of the owner to manage costs properly and retain tenants through good management and positive relationships with tenants who are their customers.

6. One of the City's public policy objectives is to "alleviate the undue hardship upon individual tenants". Why are current tenants favored over future tenants that may be willing to pay higher rent to live in San Jose to be closer to their high tech jobs?

7. Regarding the consultants hired by the City, were these competitively bid contracts or single source awards? Were these consultants selected based on their previous track record of advocating dramatic expansions in rent control ordinances in line with the Housing Department Administrator's personal objectives?

8. Much of the population growth in San Jose over the past decade and forecasted in future decades has been and will be from the Asian community. Under a rent control regime, existing tenants will tend to stay in their apartments longer than they would without rent control. I am gravely concerned that your new policy is discriminatory to Asian newcomers to San Jose, by forcing them into more expensive non-rent controlled housing. As Asians grow in their political power, they will not tolerate this discriminatory situation and this will lead to increased litigation for the City and potential civil unrest.

9. The existing rent control ordinance is unfair and discriminatory since it does not apply to all rental units, including single-family dwellings, duplexes, condominiums, hotels, boarding houses, which are rented to transient guests for periods of less than 30 days, nonprofit homes for the aged, school dormitories, rental units owned and operated by any government agency, and any new rental units first rented after September 7, 1979. The proposed new ordinance is even more unfair since it still exempts the aforementioned categories, and places all of the additional draconian burden of the new ordinance on building owners with rental units in tri-plexes or greater built before September 7, 1979.

10. Forced rental subsidies from owners to tenants as proposed by the Housing Department will dis-incentivize tenants to demand higher wages from their employers or from Governmental

sources for those on a fixed income, to adequately compensate them to enable them to pay what should be market rents. Employers and governmental benefit organizations will get a indirect subsidy from apartment owners since they won't need to increase wages and benefits to compensate for market rate rents. This is the same as taking cash from one person's pocket and putting it another's arbitrarily.

11. The revised rent control ordinance could cause an approximate thirty percent decline in market value for the rent controlled properties. This will result in lower assessed property values to the County and therefore lower property taxes. This means that important county health and human services programs protecting the health and welfare of our lower income residents will be underfunded. In the future, needy children in Santa Clara County may go hungry or may not receive adequate medical care, due to the Housing Department's actions.

12. The reduced cash flow from lower rents could cause bankruptcies by owners forcing them to sell to Chinese Government State Owned Enterprises, which are actively scouting for and investing in California real estate. These SOE's have deep pockets to litigate against the City of San Jose indefinitely.

13. Some of the children of small business owners of rental properties have chosen public service (military and police) careers over the private sector, with the promise that their parents would assist them with their housing acquisition based on the return on investment in rental property. Why does the Housing Department want to force property owners to help tenants instead of allowing them to help their own children that are in lower paying public service jobs?

14. Some tenants in rent controlled properties make more than the owners that work full time, and some tenants also receive stock options from Silicon Valley companies. Why does the Housing Department want to force property owners that don't have stock options to subsidize wealthy tenants that have stock options?

15. Why does the Housing Department want to have lower rents (lower income for owners) such that the State and Federal Government will receive less tax dollars which will result in continued unfunded liabilities to the State of California, and budget deficits to the Federal Government?

<u>Comments on Draft Recommendations</u>

1. Annual Allowable Rent Increase (Change) – Should be REJECTED.

   A. The Consumer Price Index – All Urban Consumers (CPI-U) was arbitrarily selected based on similar usage by five cities with Marxist leanings, Berkeley, Santa Monica, Los Angeles, Oakland, and West Hollywood. CPI-U is simply not representative of the increased costs experienced by property owners in recent years, and does not allow a market based

return nor does it compensate the owner for the risk taken in acquiring the property, and the time required to effectively manage the property. With the CPI-U limits, and contractors charging more than $125 per hour for repair and maintenance, and with rates escalating between 5-10 percent per year, owners will only perform the bare minimum of maintenance to meet code, and properties forty years from now will look as they do today. This will lead to an overall decline in the appearance of many city neighborhoods with apartment units, with an overall detrimental affect on the city.

B. The Housing Department states that "Maintenance of Net Operating Income is a widely used fair return standard". The Housing department did not consider nor evaluate that more than 460 cities in California, at least 95 percent of the Cities in California do not have any rent control at all. These cities do not guarantee any return to owners and leave it to real estate entrepneurs to earn a return based on their ability to wisely invest and effectively manage their properties. These cities offer economic freedom to succeed or fail as real estate entrepreneurs, whereas the Housing Department seeks to severely restrict economic freedom in a selective discriminatory fashion.

C. The Housing Department states that "26% of ARO units are voluntarily vacated annually, and 70% are voluntarily vacated within a four-year period". These statistics are under the current rent control ordinance and will change dramatically under the new ordinance. The Housing Department's conclusion that owners will be able to reset rents to market rates based at this rate of turnover is invalid because it assumes that the current voluntary vacancy rates will prevail under the new rent control regime.

D. The Housing Department's statement that "Courts have consistently upheld MNOI has a legal fair return standard" is meaningless, since judges that are actually economically literate and that value economic freedom will in the future most certainly rule that rent control represents theft of rent from owners, and will set the fair return to "whatever the market will bear".

2. Debt Service Pass-Through (Change) – Should be REJECTED.

A. The assertion that debt service would allow owners to pass on debt service to pass on the risk of investment onto renters, which may lead to speculation is nonsensical. Regardless of what the city were to approve, the tenant will only pay what they consider to be a reasonable rent based on their comparative analysis of other apartment units in the general area. If the pass debt service charge is too high then the tenant will leave and the owner's costs will be forced higher to obtain a new tenant. There is nothing speculative about it, it is simple market forces that determine what a reasonable rent should be, as determined by thousands of voluntary participants, who are all much smarter than any central planning Governmental entity.

3. Part 1: Capital Service Pass-Through (Change) – Should be REJECTED.

A. Capital Improvements are essential to be able to meet City ordinances and to remain competitive in the apartment marketplace. Some of these improvements include new roofing, insulation, safety upgrades, new plumbing, electrical upgrades, concrete and balcony replacements, and major kitchen and bath repairs These improvements often run in the tens of thousands of dollars per unit. Adding a 'fair return' standard hampers the ability of the owner to be adequately compensated for a sometimes critical and necessary expenditure. Upgrades have substantial benefit to the tenant who is receiving the benefit of the upgrade. Based on the upgrade, the rent should be adjusted based on the increased value and utility to the tenant not some arbitrary, economically nonsensical standard called a 'fair return'. If the rent increase does not compensate the owner for the increased value and utility to the tenant then it is an 'unfair return' to the owner.

Part 2: Limited Capital Improvement Incentive Program (New) – Should be REJECTED.

A. Any improvement in ADA improvements, seismic retrofits, energy or water conservation improvements, safety and security enhancements all have long term continuing benefit and utility for the tenant and should continue to be paid for with a higher rent. Allowing an increase only for the investment cost, ignores the continuing financial savings, utility and peace of mind all of which are benefits that a tenant may be willingly pay for. If a tenant does not value these, then they will leave and the owner may be forced to lower the rent to attract a new tenant. It may also occur, that the owner is not compensated adequately for these investments, but that is the risk that the takes. We don't need another Housing Department mandated intervention for Capital Improvements, just let the market work.

4. Revised notification requirements for notices to vacate and rents charged to tenants in properties subject to the ARO (Change) – Should be REJECTED.

   A. The additional reporting requirements are unreasonable and too bureaucratic and burdensome for owners. Tenants can search for the Ordinance information on the Internet at home or at the library.
   B. Total rents charged are already specified in the rental agreements.
   C. Since the City is proposing to hire 30 additional staff members, the City should take on the responsibility to keep tenants informed about City regulations.
   D. 95% percent of the cities in California do not have rent control and so don't need to declare a "tight market". If the City wants to avoid a "tight market" then setup up emergency meetings with real estate developers and build more housing units to create competition for existing owners.

5. Amendments to facilitate monitoring and enforcement of the ARO (Change) – Should be REJECTED.

A. The Housing Department wants to dramatically increase the size of their staff and budget and will be collecting tens of thousands of documents per year. This will be a bureaucratic nightmare and a complete waste of time and taxpayer money. If tenants believe that the owner is not complying with a city ordinance then they can file a complaint with the City, obtain free legal advice from taxpayer subsidized non-profit organizations, and initiate legal action. The housing department does not need a "real-time understanding of trends in the ARO housing stock." This can be done through statistical sampling of a representative sample at a fraction of the proposed cost and not by controlling and monitoring the entire population of ARO housing stock.

6. Evaluation of the Staffing levels to effectively monitor, enforce, and analyze the ARO program. (Change) – Should be REJECTED.

   A. The Housing Department proposes to increase housing staff from 1.5 FTE to 30 FTE, a 1,900 percent increase, likely the greatest departmental staff increase in the history of the City of San Jose! This will be a complete waste of taxpayer funds, and will not improve the apartment market and the safety and well-being of San Jose citizens. Instead, the City should concentrate on additional staff to attract developers to add additional housing stock to the city. San Jose has a severe law enforcement crisis, with a vacancy of 188 police officers and should concentrate on filling those positions to combat the increase in crime!

7. Evaluation of inclusion of duplexes as part of the ARO. (New) – Should be ACCEPTED.

   A. If the City insists on having rent control then duplexes should be included. Not including duplexes is unfair and discriminatory toward tri-plex and greater owners. Given the Housing Department's massive proposed expansion of the rent control ordinance the rationale for not including duplexes does not follow good logic. It is clear that the Housing Department did not include the Duplexes because it fears the political backlash of Duplex owners. So to summarize, Duplex = No Control = Good investment, Tri-Plex = Total Control = Bad investment? Is that how arbitrary the San Jose rent control regime is?

8. Exploration of income eligibility criteria for rent-controlled units. (New) – Should be ACCEPTED with modification.

   A. If the City insists on having rent control, then personnel with salaries above the poverty level should not qualify. Some tenants make more than the apartment owners and receive stock options. Owners should not be forced to provide a subsidy to any tenants above the poverty level. For those below the poverty level, the City should pay the owners for the difference between the market rate rent and the rent controlled rate. If there is a housing crisis, then all of the citizens of San Jose should pitch in to help reduce rents not just apartment owners.

9. Consideration of Good Cause Eviction Ordinance. (New) – Should be REJECTED.

A. Good Cause Eviction Ordinance would lead to severe economic loss for owners, blight for San Jose, and poor and abusive living conditions for responsible tenants (which is the overwhelming majority of tenants).

B. The Anti-Retaliation & Protection Ordinance. (New) – Should be REJECTED.

   a. ARPO is not required since if tenants believe that the owner is not complying with a city ordinance then they can file a complaint with the City, obtain free legal advice from taxpayer subsidized non-profit organizations, and initiate legal action.

10. A. Create an Ellis Act Ordinance to address the process to be followed for ARO apartments to be removed from the rental business. (New) – Should be REJECTED.

B. Update the City's demolition ordinance to address the demolition of ARO apartments. (New) – Should be REJECTED.

C. Update the City's condo conversion ordinance to address the conversion of ARO apartments. (New) – Should be REJECTED.

D. Create an urgency ordinance that provides a temporary pause in rent increases. (New) – Should be REJECTED.

   a. These changes would be a severe restriction of economic freedom in San Jose, and if the City would like to ensure lots of affordable housing then the City should facilitate owners earning the best return in the United States on apartment units, not the worst. This will encourage owners to build more units thereby lowering prices. Over time owner returns will fall as competition increases, but this is part of the normal economic cycle, and this will spur new innovation in the housing markets.

   b. A temporary pause in rent increases will cause a severe reduction in property values and could cause some owner's to go bankrupt.

With Warm Regards for the Citizens of San Jose and Hopes for their Continued Economic Freedom and Prosperity!

Frank Bleisch

Frank Bleisch

From:	Cecilie Schulze
To:	Grabowski, Ann
Subject:	ARO Comments from the League of Women Voters
Date:	Thursday, March 31, 2016 12:53:45 PM
Attachments:	housing33116.pdf

Good afternoon,

Attached are comments from the League of Women Voters of San Jose/Santa Clara in support of the Draft Recommendations for Modifications to the city of San Jose Apartment Rent Ordinance (ARO).

Please let me know if you have any questions.

Best regards,
Cecilie Schulze, President
League of Women Voters San Jose/Santa Clara

[redacted]

LEAGUE of WOMEN VOTERS San Jose/Santa Clara
P.O. Box 5374 San Jose, CA 95150
(408) 271-7163
www.lwvsjsc.org
info@lwvsjsc.org

March 31, 2016

To: Ann Grabowski, Housing Department, City of San Jose
Re: **Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance**

The League of Women Voters San Jose/Santa Clara appreciates the opportunity to comment on the Draft Recommendations for Modifications to City of San Jose Apartment Rent Ordinance (ARO). We are in support of the proposed modifications of the ARO based upon adopted League positions. LWV California supports action at all levels of government for the provision of affordable housing for all Californians and supports measures that protect "the rights of both tenants and landlords." The overarching LWVUS position regarding housing supply is that every family should have a decent home and a suitable living environment and that government has a responsibility to ensure that this happens. It also has a very specific position stating the rights of tenants to negotiate for proper maintenance and management of facilities.

The League acknowledges that the Study of the City of San Jose Apartment Rent Ordinance conducted in January found the current ARO has done little, if anything to lower rents. The market prevailed. However, that fact will not prevent potential staggering rent increases if the existing ARO is not modified. (For example, if a landlord has not increased rent for a two-year period, an immediate 21% increase is allowed plus additional pass-through costs.)

Annual Allowable Rent Increases

It makes sense to link annual allowable rent increases to local inflation rates rather than an arbitrary fixed percentage which cannot adequately reflect sudden market changes. A reasonable fixed rate protects neither tenant or landlord. We support use of the CPI-U for the San Francisco-Oakland-San Jose area as the basis to determine the rate of rent increases. Courts have ruled that this methodology does not constitute a taking. We note that unlike some other California cities with rent stabilization ordinances, San Jose will allow 100% of CPI-U.

The ability of owners to earn a fair return is protected by a floor of 2% regardless of the inflation rate, banking of unused increases, use of the MNOI standard and the right to file a "fair return petition" with the City. Vacancy decontrol mandated by State law also provides opportunities for owners to "catch up" to market rate rents. The January Study documented that over two thirds of all rental units revert to market rate within five years. Since ARO units house some of the City's most vulnerable residents, we support the ceiling of 8% as the cumulative annual rate for rent increases because it provides an important protection for tenants.

Debt Service Pass-Through

The ARO existing ability to pass 80% of an owner's debt service to ARO tenants can generate huge rent increases when a property is sold. The League agrees with Housing staff that owners are responsible for conducting due diligence prior to the purchase of rental properties and debt service should be carried as an investment cost, not an operating cost. We support the elimination of the debt service pass-through.

Capital Improvement Pass-Through

We support the recommendation to eliminate the current capital improvement pass-through that allows owners to pass capital costs to renters amortized over only 60 months. The Court-upheld MNOI standard linked to CPI-U includes reasonable capital costs such as repair and replacement of major systems. As noted above, owners have the right to file a "fair return petition" if capital costs during a given year do not allow a fair return on investment.

Limited Capital Incentive Programming

We support the limited capital improvement program as recommended as long as the costs are removed from the base rent once improvement costs have been recovered, and the 8% cumulative ceiling remains in place. Incentives for ADA, seismic retrofit, conservation and safety are appropriate to support Citywide goals. Since costs are amortized over 5 years and do not become part of the base rent, impacts on tenants will be minimized and owners will be motivated to make such improvements.

Revised Notification Requirements

We support the proposed modifications as described. The HUD standard of a 5% vacancy rate should be used to define a tight market, not the 3% in the existing ARO. Full disclosure to tenants regarding the ARO and potential rent increases is a necessary protection to reduce "rent shock" and decrease tenant/landlord conflicts.

Amendments to facilitate monitoring and enforcement of the ARO

We support the creation of a rent registry to ensure that tenant rights under the revised ARO are fully protected. We note that six of eight California cities with rent stabilization use either a rent or unit registry. Costs of the rent registry are equally divided between owner and tenant.

Consideration of a Good Cause Eviction Ordinance

We support the recommendation to create an Anti-Retaliation & Protection Ordinance (ARPO) as a companion program to a significantly modified ARO. Tenants fearful of eviction living in one of the hottest rental markets in the country will not report code violations and need protection from retaliatory evictions. The ARPO provides just-cause protection for two years if a tenant's code violation complaint is substantiated by the City. Owners are not subject to just-cause provisions if the violation is judged to be caused by the tenant. We respectfully suggest that the effectiveness of ARPO should be evaluated one year from enactment. We note that many cities with rent stabilization programs employ a just-cause eviction model.

The gap between ARO units and non-ARO units has narrowed from 20% in 2009 to just 8% in 2014. The need to take action is urgent. We thank City Councilmembers, Housing Department staff, tenant and landlord advocates, the Advisory Committee and the Housing Commission for the extraordinary amount of work completed to date. If you have any questions regarding the positions expressed herein, please contact me at 408-309-1860.

Sincerely,

Cecilie Schulze
President, League of Women Voters San Jose/Santa Clara

From:	Jessica Epstein
To:	Jessica Epstein
Subject:	Comment on proposed changes to Rent Ordinance
Date:	Thursday, March 31, 2016 2:01:33 PM
Attachments:	image001.png SJ Rent stabilization letter.pdf

To Mayor Liccardo, Council Members, and the San Jose Housing Department,

Attached please find our letter commenting and opposing the proposed changes to the City of San Jose Apartment Rent Ordinance.

Thank you for your consideration on this matter.

Jessica Epstein
Government Affairs Director
Silicon Valley Association of REALTORS®
Direct: (408) 200-0108
[redacted]
Fax: (408) 200-0101

Silicon Valley
Association of REALTORS®

March 31, 2016

Honorable Sam Liccardo and Council Members
City of San Jose
200 East Santa Clara Street
San Jose, CA 95133

Dear Mayor Liccardo and Council Members,

The Silicon Valley Association of REALTORS® (SILVAR) is a trade association representing over 4,500 real estate professionals in north and west Santa Clara County and southern San Mateo County. We have over 1,000 members who live in San Jose and close to 200 member offices based there. We do not normally comment on San Jose policy or political issues, deferring instead to our able colleagues at the Santa Clara County Association of REALTORS®; however, we could not stay silent when faced with the extreme recommendations put forward to change San Jose's rent stabilization rules.

Construction of significantly more housing is the only way to make San Jose more affordable. Unfortunately, this has not been the approach of the San Jose city government. The City has not invested in housing development for fear of being a bedroom community. Now, when faced with an extreme shortage of housing, it appears the City is looking to property owners to shoulder the burden of the City's mistakes.

We ask that the Council not adopt these proposals. Upon initial review the proposals seem punitive, onerous and bureaucratic. After careful examination, they will not change the fact that there is simply not enough housing. They will do little, if anything, to help the majority of low-income residents who do not live in rent-controlled units. Instead, these proposals punish those who have chosen to invest in our community.

We had anticipated that the staff report would reflect the contributions of the property owner representatives on the Apartment Rent Ordinance Advisory Committee. Clearly, that has not happened, and so we comment here:

1. Limiting the annual allowable rent increase to the Consumer Price Index (CPI) with a floor of 2% and a cap of 8%.

   Rental units are housing, but they are also financial investments that fund retirements, salaries, and college tuitions. The staff report claims that the CPI will cover increases in inflation and operating cost with no analysis of what operating costs are and no explanation of what it means to service the debt on a property. The staff report indicates property owners will receive a fair rate of return due to the current turnover rate, but it makes no estimation over how those rates would change if rent increases are reduced to CPI. Finally, CPI strips all predictability away from the business of being a property owner and eliminates all long-range financial planning.

2. Elimination of the debt service pass through.

   The staff report recommendation is to eliminate the debt service pass through because it "may lead to speculation" but proves the opposite by stating it has been used 14 times out

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of 1,500 transactions. Without the debt service pass through the Council will lock buyers out of the market and make these buildings only available to the wealthiest buyers.

3.1. Changing the capital improvement pass-through

One of the great fears in all rent-stabilized communities is that property owners will have no incentive to invest in their units. The staff recommendations guarantee this future. The report states only one pass through has been filed with the City, but that is with the current allowable rent increases. Staff's recommendation encourages property owners to forego improvements by creating significant hurdles to funding those improvements.

3.2. Creating a capital improvement incentive program.

Though we appreciate the proposal to create a capital incentive program, it does not go far enough. If the Council slashes allowable rents and curtails the capital improvement pass through, the money to do these improvements must come from somewhere. New roofs, windows, paint, are all expensive parts of running a building. The City should fund these if the City will not allow the property owners to pass the costs on to the tenants.

5/6. Creation of a rent registry and massive expansion of the staffing.

Staff is recommending creating a bureaucracy of massive proportions without showing how the existing system has failed. The recommendation is to expand from 1.5 full time equivalents (FTE) to between 15 and 30, at a cost of an additional $3.2 million to $4.5 million. It is ironic that the only item staff deems acceptable to pass a portion through to the tenant is the fee to fund more staff.

Rental units are long-term investments made by private citizens and businesses in San Jose. The staff report fails to analyze how these proposals interplay and simply assumes that the CPI will be enough to make a fair rate of return and maintain the buildings. This is not the case, and this is too big a risk for San Jose to take.

There is no evidence that the current San Jose rent stabilization program is broken, or that these changes will help the community. This entire conversation is a distraction from the true problem, which is an absolute lack of enough homes affordable for low- and middle-income renters and buyers. Punishing property owners of rent-stabilized units for San Jose's failure to allow for the construction of adequate housing is misguided and unfair.

Thank you for allowing us the opportunity to comment regarding this item.

Sincerely,

[redacted]

[redacted]

Karen Trolan
President of the Board
Silicon Valley Association of REALTORS®

Paul Cardus
Executive Officer
Silicon Valley Association of REALTORS®

cc: Vice Mayor Rose Herrera and all Council Members
San Jose Housing Department

From: Sankar Dhanushkodi
To: Grabowski, Ann
Subject: San Jose Rent control update - recommendations
Date: Wednesday, March 30, 2016 10:17:52 PM

Hi,
I would like to point out a few problems I see with the proposed recommendations:

1. CPI-U based increase is unfair: ARO applies to old properties (pre-1979) which tend to require more maintenance. Applying current CPI-U standards for that is not fair since the older ARO buildings need more maintenance than normal. If you still want to tie it to CPI-U, a better increase would be CPI-U + x%, say 3% over CPI-U to allow for the fact that these are older properties.

2. The rent-repository seems like a very expensive approach. We can accomplish the goals with more awareness to the renters (flyers provided with each new tenant moving in, etc.) and giving them a means to complain if the rent are raised more than the max allowed.
i.e. manage by exception instead of an elaborate repository.

3. Base year for rent being retroactive to Jan 2015: Why are we penalizing owners who raised rents within allowed norms in 2015 or 2016? If you are bringing in new policy it should be done gradually - setting a base year in the past puts a large unplanned/undue burden on current income for most owners.

Please consider these when finalizing the new solution for ARO rent-control.

Thanks.
-Sankar

From: Gary Shelgren
To: Grabowski, Ann
Subject: Rent control
Date: Wednesday, March 30, 2016 8:02:52 PM

Ann,
Please add me to the list of people who are completely opposed to making any changes to the current rent control regulations.

Lack of vacancies, alone, proves that rents are affordable. Reducing future rent increases will not create additional or more affordable units, as renters now in place, will simply not move. Building maintenance cost will escalate ahead of rental income leading rental unit owners to do less maintenance and no improvements. Which is exactly what creates slums.

Thank you,
Gary Shelgren
(Owner one 4-plex)

From: Howard, Barbara
To: Grabowski, Ann
Subject: FW: My questions for the ARO people
Date: Wednesday, March 30, 2016 5:53:58 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Howard, Barbara
Sent: Wednesday, March 30, 2016 10:02 AM
To: Taber, Toni <toni.taber@sanjoseca.gov>
Cc: Lujano, Jose <jose.lujano@sanjoseca.gov>
Subject: FW: My questions for the ARO people

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Maxine Lubow [redacted]
Sent: Wednesday, March 30, 2016 12:04 AM
Subject: My questions for the ARO people

My question for the ARO people is: What are you trying to accomplish with your proposed drastic rent control changes?

Do you think more apartments will be available at lower prices? No. Do you think just-cause evictions at your discretion will make our building safer for tenants? Certainly not. At least some sanity seems to in place and just-clause eviction seems to be off the table.

The results in unfair controls on rents and evictions will be: buildings will not receive the attention to roofs, painting, repairs that are not absolutely necessary.

Over time, people will not be leaving their apartments because rents are so low that they can't possibly afford a better place. If they are upwardly mobile they still will not be able to afford a house, because home prices will not be going down.

The homeless will still not be able to afford apartments. We need more housing built that consists of small 350/400 sq. ft. apartments buildings that are rented for a lower price to accommodate the lower income people.

Your plan requires 30 new employees which will be paid for by some scheme from the apartment owners. You have already installed a three tier system punishing anyone who buys

a rundown building and redoes all the apartments by keeping them in Tier 3 – so where is the incentive for new owners to remodel buildings?

We personally bought one of these buildings and put on a new roof, added skylights for safety, all new double pane insulated windows, remodeled as many of the units immediately as we could afford with the current low rents. Even with the current pass through regulation, we were only able to increase the rent by 10%. and now you plan to take away the 8% which we need to finish the other units and reside and repaint the building to make it great for our tenants. Where is the justice in that? Even with all of these improvements

We have taken out water consuming lawns in all our apartments and put in rock, cactus and succulents which require little water, but our water bill is 2-1/2 times higher than it was before we did the work. Now what percentage is San Jose Water increasing with no restraint? This type of inflation is not included in the CPI.

Even though 8% is allowable, we do not use that figure all the time. In many years we have done no increases. In some years 4% or 5%, tailoring it to the tenant and how well they are taking care of their apartment when we do our inspections. This is as it should be. Those who take care of things are rewarded and those who have constant service calls because they are not taking care of things might get 8%. That's how the world works – rewards for good and not so much for bad. The good tenant calls immediately if they have a leaky faucet – the bad calls and says it's been leaking for three weeks and I just found time to call you!

I could go on and on, but the only thing you seem to hear is the City has to control the landlords. Then we can become a SFO and all the problems they have with their oppressive rent control. We owned a building in SF for thirty years and had the same tenants the entire time. Because of their rent oppressive control, some tenants were paying less than 25% of market rent. This becomes very unfair to the landlord.

Maxine Lubow – Hoping for a reasonable result in this difficult time.

From:	Howard, Barbara
To:	Grabowski, Ann
Subject:	FW: Thoughts on Rent Control from a Good Landlord
Date:	Wednesday, March 30, 2016 5:47:40 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Howard, Barbara
Sent: Wednesday, March 30, 2016 11:29 AM
To: Agendadesk <Agendadesk@sanjoseca.gov>
Subject: Thoughts on Rent Control from a Good Landlord

for inclusion in the public record of April 19th

Thank you,

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Ray Lubow [redacted]
Sent: Tuesday, March 29, 2016 11:49 PM
Subject: Thoughts on Rent Control from a Good Landlord

Dear San Jose Council:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law.

Punitive rent control measures have troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered.

Capital improvements are an important part of maintaining good, safe neighborhoods. **A pass through is usually very little more than the basic rent increase.** It's important to be able to recover some of the costs. **For example: Putting in all new double pane windows really improves the renters' enjoyment of their apartment.** Uncertainty over whether or not certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock.

I agree that passing through financing makes no sense. It provides nothing to the tenants' enjoyment.

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. **A much fairer index would be CPI-U + 3%. This accurately reflects real expense "growth."**

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Ray Lubow
A landlord who takes care of his property and cares for his tenants.

From:	Howard, Barbara
To:	Grabowski, Ann
Subject:	FW: I am not under the illusion that reduced rents will - check me on this, edit and return
Date:	Wednesday, March 30, 2016 5:45:55 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Roger Pennington [redacted]
Sent: Wednesday, March 30, 2016 5:18 PM
To: Roger Pennington [redacted]
Subject: I am not under the illusion that reduced rents will - check me on this, edit and return

Reduced rents will not:
Create more rental units.
Help the needy in any meaningful or substantial or philosophical ways.
Make apartments available for those with the greatest needs.
Improve congestion or reduce commuters from out of town.
Make tenants in the city provide more services by working more hours.
Reduce homelessness
Encourage owners to beautify their properties.
Encourage owners to be proactive.
Reduce code enforcement complaints.
Reduce housing staff numbers and costs.
Make renters respect how hard owners worked to become owners.
Encourage anyone to work harder.
Encourage anyone to save to buy property that isn't already saving to buy property.
Encourage alcoholics and drug addicts to abuse less.
Increase the quality of our community.
Reduce our cities crime rates.
Discourage loitering.
Encourage birth control
Reduce the number of crimes at night.
Reduce the number of police and social officers in the community.
Help renters become better people, parents or citizens.
Make people any happier than they choose to be.
Help those outside the city have better access to rentals in the city.
Encourage those settling for minimum wage to take jobs and residence outside of the city.
Reduce the number of people on the streets at night.
Encourage anyone to want to provide rental housing.

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From: Howard, Barbara
To: Grabowski, Ann
Subject: FW: ARO and Inflation
Date: Wednesday, March 30, 2016 5:45:45 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Roger Pennington [redacted]
Sent: Wednesday, March 30, 2016 5:17 PM
To: Roger Pennington [redacted]
Subject: ARO and Inflation

To my fellow Americans

The Fifth Amendment protects individual property rights.
I set the value of my property and time when commencing trade and the public agrees with "fair market value".
Nobody likes inflation but that is the fruit of our government policies and regulations, inflation balances out easy money that causes inflation. Their have been 4 times since 1980 that inflation was over 10%
The Supreme court ruled in U.S. v Cartwright 411 that "fair market value is whatever value that 2 people agree to commence trade free from coercion.
The limiting of my right to "fair market value" is "TAKING" that which I have planned, worked and purchased, improved and provided for sale or use.
A limitation on my fair market rent directly limits the sale price of my product exactly $168 is lost at resale for every $1 lost in rent reductions.
Any argument that goes beyond the simplicity of my right to negotiate what is fair market value with the open public bidding process is confusion and trickery for fools. I am a tax payer, everyone already pays taxes which already goes to helping the needy, everyone pays and the needy get it by qualifying, Santa Clara Housing Authority for example will pair the "qualified" needy with those WILLING to accept HUD and bv AGREEMENT only constitutes a 3 way win, a win, win and win for all parties who agreed to participate, all winners, no victims providing those tenants do not get a bad reputation.
Increase the taxes for everyone equally and then qualify and mentor the needy who take it.

R Pennington

From:	Howard, Barbara
To:	Grabowski, Ann
Subject:	FW: Your solution for a few bad apples is bad for the orchard,
Date:	Wednesday, March 30, 2016 5:45:32 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Roger Pennington [redacted]
Sent: Wednesday, March 30, 2016 2:42 PM
To: Roger Pennington [redacted]
Subject: Your solution for a few bad apples is bad for the orchard,

Housing representatives:

With all due respect

Sometimes the cure for ants is worse than just the ants.
A few ants are more safely monitored than spraying pesticides all around the park that others may be sensitive to.

We aren't children, we want facts. What bad apples are you talking about? How many and where? What were the details?

Owners know more about their business than you know. We may have legitimate reasons for what you call the bad apples.

If there aren't that many bad apples, big bureaucracy isn't needed to fix this orchard. Your recommendation is not the solution.

Renters had a bad year. So did the banks, the home loan industry, the grocery stores, and every other business in the country.

You are biased and have nothing to lose and everything to gain with your assertions for which I have not seen the basis.

Housing is just looking for problems to justify their existence.

This ARO is retaliation by Housing on behalf of and for tenants. San Jose won't be helped by your recommendations.

From:	Howard, Barbara
To:	Grabowski, Ann
Subject:	FW: Laws are made for people that don"t know better, not people that do good, Reason, explain then fight with all you have.
Date:	Wednesday, March 30, 2016 5:45:23 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Roger Pennington [redacted]
Sent: Friday, March 25, 2016 8:42 PM
To: Roger Pennington [redacted]
Subject: Laws are made for people that don't know better, not people that do good, Reason, explain then fight with all you have.

With all due respect:

I think it is offensive to call anyone an "actor" unless you are insinuating fraud or a theatrical professional. Stop doing it.
Owners were once referred to as "Landlords" for our God given authority to own land and control it. Property owner is accurate and not offensive to any and still elicits a sense of pride and accomplishment.

To create a strangling ARO regulation that further restricts only the 43,000 already regulated rent controlled units is unfair and unjust because some (a number you do not know) owners had at one time or another increased their rents the full 8% as allowed by the law, I am certain the rents of non-regulated properties still average 30% to 100% higher than my ARO property.

My rents are 41.7% below those rents shown in your study slides, my father's rents were 60% to 100% below because he has a non-rent controlled duplex and he is not worried about control, he has it.

So what that a few owners felt the need to make the full 8% increase allowed by law, you don't know the reasons why do you? there could be many reasons, perhaps they let their rents fall way behind because of a death or illness or because they felt generous, maybe they let the rents fall behind only because they knew they could go up 8% next year maybe that goes on for a few years like it did for my dad,. Many reasons, many you do not know, why did some go up 8% one year? maybe it was the most polite way to encourage them to move out on their own discretion rather than to just serving a notice to vacate and forcing them move on the owners schedule, at least they have an opportunity a chance to ask for a raise and explain to their employer they need more to live and work here and the employer can rightfully pass the higher cost of producing services in this area to the consumers who consume their services, put the kid to work, I was working at age 9, or take a second job at least that is your choice or maybe it's not that much to you but enough to make them

think about buying their own home instead of renting. There could be many good reasons for an 8% increase. YOU WILL NEVER KNOW.

Owners know more than you imagine, they had to make thousands or tens of thousands of good decisions to become an owner, renters could get valuable information instead of just seeking reductions, you need a rent reduction? Ask me what I see you could do to help yourself before I consider a rent reduction, I want to make sure you are doing all you can to help yourself, oh, proud don't want my help, ok I won't pry.

Owners discourage loitering at their level and police discourage loitering at their level and immigration discourages loitering at their level, let us do our jobs and protect our communities we care about.

Relentlessly yours
Roger Pennington

From: Howard, Barbara
To: Grabowski, Ann
Subject: FW: San Rafael activist crusade to rid city of homeless services
Date: Wednesday, March 30, 2016 5:45:13 PM

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Roger Pennington [redacted]
Sent: Friday, March 25, 2016 8:19 PM
To: Roger Pennington [redacted]
Subject: San Rafael activist crusade to rid city of homeless services

San Rafael activist directs email crusade to rid city of homeless services

http://www.marinij.com/article/NO/20150825/NEWS/150829882

Hugo Landecker says the Ritter Center, at rear, is facilitating squalor in the San Rafael through its services for the homeless. The center's director says Landecker "blames the homeless for everything." (Frankie Frost/Marin Independent Journal)

By Richard Halstead, Marin Independent Journal

Posted: 08/25/15, 3:34 PM PDT | Updated: on 08/26/2015

257 Comments

Hugo Landecker, named citizen of the year in 2014 by the San Rafael City Council, is raising some eyebrows with the hostile tenor of his daily email postings on homelessness.

Landecker, a retired Mare Island Naval Shipyard engineering technician who has lived in the Gerstle Park neighborhood of San Rafael since 1968, says he has been firing off the emails for more than three years and now has a list of more than 400 Marin residents to whom he posts.

“I see a parade daily of homeless come by my house on the way to the open space,” Landecker said.

Landecker’s emails often focus on the negative impacts that homeless people have on downtown San Rafael and blame the two nonprofits attempting to aid the homeless — St. Vincent de Paul Society of Marin and Ritter Center — for the growing homeless presence in San Rafael.

In an Aug. 13 email, Landecker wrote, “We see so many new homeless on the streets. Is the established Marin County population generating these homeless? No, some are, but why do we see so many homeless migrating from all over the United States? It is the services. Build it and they will come and they did.”

His assertion conflicts with the county of Marin’s one-day survey of Marin’s homeless population in January, which found that 71 percent of respondents reported living in Marin County before becoming homeless.

In a July 25 email, Landecker posted a picture of a shoeless homeless man asleep on a city street next to a bag of groceries.

“Notice the shopping bag of groceries,” Landecker wrote in the email. “More than likely this came from the food bank at Ritter Center. ... Do you think he would be there if Ritter wasn’t there. ... Come on Ritter clean up your act.”

Landecker says, “In my opinion, every organization that serves the needy for any purpose whatsoever has a responsibility to the community not to create a negative impact on the community and that’s not the case with either Ritter Center or St. Vincent’s.”

Cia Byrnes, director of Ritter Center, said, “What’s really bothersome is the lack of compassion. He really blames the homeless for everything.”

Earlier this month, Landecker raised the stakes in his Internet assault on Ritter Center. In an email sent out Aug. 7, Landecker encouraged his readers to write letters to the three property owners who lease space to Ritter Center and urge them not to renew the leases when they expire. The lease on two of these properties, 16 Ritter St. and 815 Third St., expire on Dec. 31; while the third, at 12 Ritter St., expires on May 31, 2016.

Advertisement

“Everyone can gain by this letter writing campaign,” Landecker wrote. “Those that don’t will simply enable Ritter to continue enabling those that are impacting the community. Pass this email to others.”

The Ritter Center is a vital part of Marin’s safety-net for low-income, homeless and other at-risk populations. It provides a number of services to this population: primary health care, mental health therapy and substance abuse counseling; supplementary food and clothing; emergency financial assistance; showers, laundry and restroom facilities; general delivery mail and voicemail.

There is no guarantee that if Ritter Center were to lose its current leases that it would be able to find a new location in the county.

Landecker acknowledged that in his Aug. 7 email. “My take on this is that if one owner doesn’t renew then Ritter will most likely be forced to close,” he wrote.

County officials have been searching for more than two years for a site to relocate the Helen Vine Detox Center, whose lease expires in February 2016. And the Marin Organizing Committee, a group of nonprofits and religious organizations that helped create the county’s winter shelter program for the homeless, wanted to expand the winter shelter program into a year-round, permanent new homeless shelter, but it was unable to find a politically viable site.

Byrnes said Ritter Center is looking for a new location.

“We’re struggling to find real estate that will accommodate our needs,” Byrnes said.

Rick Roose, former vice president of the National Alliance on Mental Illness’ Marin affiliate, is one of the names on Landecker’s email list. Roose, however, said he won’t be writing any letters to Ritter Center’s landlords.

“To pull the rug out from Ritter is needlessly harsh,” Roose said. “I empathize with the homeowners in the affected neighborhoods; but at the same time without any alternative just to do that is going to be a disaster.”

Margaret Oakley, 85, who owns the property Ritter Center occupies at 815 Third St., said she notified San Rafael police after learning that Landecker had broadcast her address in his email. Oakley said due to the passion generated by this issue, her daughter is concerned about her safety.

“When you spread a name out there and kind of formulate a hate group against somebody, you never know who these people are,” Oakley said, “so my daughter was afraid somebody might throw a rock through my window.”

Oakley said she has received about eight letters. Regarding extending Ritter Center’s lease, Oakley said she would follow the recommendation of the San Rafael City Council.

Janet Nibbi, whose family owns the property Ritter Center occupies at 16 Ritter St., said she has received about the same number of letters. Nibbi said San Rafael officials have informally asked that she grant Ritter Center only a short-term lease when its current lease expires — which she considers to be a reasonable request.

But Nibbi said what Landecker and his supporters are urging her to do is “a pretty drastic thing.”

“It’s difficult to take an agency that you’ve had a long-term relationship with and just kick them to the curb because people are writing you letters,” Nibbi said. “It seems kind of cruel.”

Nibbi said what many people don’t realize is that the Ritter Center began providing services to the homeless during the 1990s at the request of the city of San Rafael.

“The city had a homeless problem for years before the Ritter Center even dealt with the homeless,” Nibbi said. “Prior to all of this uproar, they were dealing with underprivileged families and the working poor who had homes.”

“I think that the people who send the letters have solid points. I understand how they feel,” Nibbi said. “I just wish they could put the same enormous amount of effort forth in finding an alternative location.”

Landecker said, “One thing I’m promoting as a solution is a homeless campus.”

He noted that the county of Marin is in the process of hiring a consultant to study the feasibility of a one-stop campus for homeless services in Marin.

“You don’t have to have it in Marin,” Landecker said. “You could put it in Sonoma County and have a joint Sonoma-Marin homeless campus.”

Does Landecker think Sonoma County residents would welcome Marin County’s homeless?

“If it’s done correctly,” Landecker said. “What I don’t envision is a homeless country club where they go to use drugs and get drunk and raise hell. I don’t envision a campus as being like that.”

From: Howard, Barbara
To: Grabowski, Ann
Subject: FW: This is my home, that is your rental, semantics v reality.
Date: Wednesday, March 30, 2016 5:44:59 PM

Hi Ann,

I have been forwarding this to "Agendadesk" but was just told they should go to you. (There are about a dozen between he and his wife.)

I'll forward them now.

Thanks, Ann!
Barb

Barbara W. Howard
Executive Assistant to Mayor Sam Liccardo
408.535.4900 | barbara.howard@sanjoseca.gov

From: Roger Pennington [redacted]
Sent: Friday, March 25, 2016 5:02 PM
To: Roger Pennington [redacted]
Subject: This is my home, that is your rental, semantics v reality.

I bought this 4plex to be my home, my property and I rent out the apartments like one would rent out rooms in their house.
Who and how this became defined as someone else's home first is wrong, they can call it whatever they want but it's not theirs any more than one renting a hotel room can say that is their home, let us not take a figure of speech to literally expecting a renter who puts $750 down to enjoy home ownership rights where the leaking roof is their sole responsibility to fix.
I intentionally worked and saved and sacrificed so that I could buy property to call my home, I looked at duplexes in 1992 and a realtor said to buy a 4plex so I searched and saved another 6 years.
I intend to live in my building one day, just not now, I dream of renting the apartments to family and friends one day, to this intention was my dream and efforts to secure property.
I saved the 30% down which entitled me to a 30 year fixed rate mortgage, this was my rent control.
I still rent where I live and always planned for the day I might have to move.
The only thing preventing renters from having their own stabilized monthly payment is to secure a fixed rate mortgage and to buy a property, some need only 10% down.
In order to buy a rental property one must anticipate the difficulty in finding, selecting, choosing dependable renters, educating them and protecting them and risk losing their down payment if the housing market lowers rents.
This ARO could cause all recent buyers of multiple housing properties to default on their loans and walk away.
In the early 1980's in New York over 300,000 apartment buildings were abandoned I read because of rent controls. When repairs exceeded income, owners walked away, takes awhile.

This ARO starts that process by devaluing my property value and reducing the number of people willing and able to get a loan to buy and manage it.

Is that car yours or your rental? Is there a difference? One you will absolutely care more about and take better care of.
It's not your home while the government obligates me to maintain it for you.
I need 8% increase so I can let my rents fall behind further and still catch up if and when needed.
ARO units are already 40% below the rents you state they are in your study.
ARO rentals provide the most affordable rentals available.

R Pennington

From:	Kirk Mckenzie
To:	Grabowski, Ann
Subject:	Comments on 3/1/16 Draft Recommendations for Modifications to AO
Date:	Thursday, March 31, 2016 2:14:17 PM
Attachments:	San Jose Rent control- Letter to Housing Dept re draft recommendations 3_31_16.docx

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Ms. Grabowski, my comments on the draft recommendations are contained in a letter to you which is attached to this email. In case you have problems opening the letter, I will also copy the text into a second email I will send you. Kirk McKenzie.

Kirk McKenzie
15311 Bellecourt
Saratoga, CA 95070-6466
E-mail: kirkmckenzie250@yahoo.com

March 31, 2016

Ann Grabowski
City of San Jose Housing Department
200 East Santa Clara Street
San Jose, California 95113
E-mail: ann.grabowski@sanjoseca.gov

Re: Comments on Draft Recommendations to City of San Jose Apartment Rent Ordinance

Dear Ms. Grabowski:

I am writing to set forth my comments on the draft recommendations that the City of San Jose's Housing Department released on March 1, 2016 concerning the City's Apartment Rent Ordinance (ARO). The draft recommendations state that written comments on these recommendations are due by 5 p.m. on March 31, 2016.

I am a retiree and the owner of two duplexes located in west San Jose. These duplexes have been owned by my family since they were built in the late 1950s, and there has been relatively little turnover among the tenants. In recent decades most tenants have remained for at least five years; one moved out in 2014 after 22 years of occupancy. In view of these long tenancies and the restraint in rent increases that they produce, I am pleased that the draft recommendations urge that duplexes should continue to remain outside the scope of the ARO's requirements, as they have since 1979. The Draft Recommendations correctly conclude (at page 16) that bringing the owners of duplexes within the coverage of the ARO now would be "challenging and time intensive."

However, as the Housing Department is aware, there are tenant advocates who seek to bring duplexes within the ARO, since doing so would add approximately 10,000 units to the number now covered by the ARO. While the City's Housing and Community Development Commission voted 7-4 at its March 21, 2016 meeting to

recommend that duplexes continue to be excluded from the ARO's provisions, the ARO Advisory Committee split 4-4 on this question at its March 16 meeting.

There is no question in my mind that if the tenant advocates seeking to include duplexes within the ARO were to prevail, the burdens on duplex owners would be onerous, especially in light of the recommendations for amending the ARO set forth in the March 1 draft.

Perhaps the most significant of these recommendations is that the Consumer Price Index-All Items-All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose metropolitan area should be used (along with banking) to determine the maximum permissible rent increase each year. As my own experience and the comments at the meetings I have attended make clear, while the CPI-U may capture the price increases that renters experience in the goods and services they buy, the CPI-U does not fully reflect the cost increases that landlords have recently experienced in the goods and services they must purchase in order to maintain their units. Since the only units covered by the ARO are those built before September 1979 (owing to the requirements of the Costa-Hawkins Act), these units are costlier to maintain.

The Housing Department seems to be recommending use of the CPI-U as a ceiling for rent increases because that is the approach most of the ten other cities with rent control ordinances in California have used. However, as one rental property owner pointed out at the March 21 Commission meeting, there are about 1000 municipalities in California that do not have any rent control ordinance. Defaulting to the lowest common denominator for determining the permissible ceiling for a rent increase -- which is what use of the CPI-U appears to represent -- is not a good way to make public policy, especially in view of the limitations in the maintenance-of-net-income (MNOI) standard advocated by staff that property owners have pointed out during ARO Advisory Committee meetings. If any ceiling on rent increases were to be adopted, it would need to reflect accurately the owner's costs to maintain the older rental units that are subject to the ARO.

A related problem with using the CPI-U to set ceilings for rent increases is that it would, as the Draft Recommendations acknowledge, require the creation of either a "unit registry" or a "rent registry". Staff prefers a rent registry, which it describes as "requiring rent and tenant information, updated whenever the unit turns over. Information to be collected includes address, amount of rent for each unit, [and] information when a new tenant moves into a unit." (Draft Recommendations, p. 13.) The slides that staff presented at the March 16 and March 21 meetings indicate that such a rent registry would also include banking information. (March 16 slide No. 60; March 21 slide No. 53.)

The rent registry proposal is subject to two serious objections. First, having to report rents and renter information to the City would jeopardize the privacy of tenants. Second, staff estimates that full implementation of a rent registry, along with the anti-retaliation and protection ordinance that staff is seeking, would require between 15 and 30 additional full-time personnel to administer. (Draft Recommendations, p. 14.) At a time when many City departments are understaffed, an increase of so many positions to monitor a modified ARO program would be a poor use of available resources.

Another bad aspect of the March 1 draft is its recommendation that owners of rental units no longer be allowed to pass through the costs of capital improvements by filing a petition with the City. Such a petition allows the costs to be amortized over 60 months and to become part of the base rent. Staff argues that this provision of the current ARO can be eliminated because it has rarely been used, and because it can lead to large potential rent increases. (Draft Recommendations, pp. 7-8.) In its place, staff urges the City to adopt a "limited capital improvement incentive program," under which a landlord who could not recover the cost of specified capital improvements through the MNOI standard advocated by staff would be allowed to pass through the cost of specified improvements as a rent surcharge until the costs have been recovered. The capital improvements to which this new mechanism would apply consist of accessibility improvements under the ADA, seismic retrofits, energy-related or water conservation improvements, and safety and security enhancements. Once these costs had been fully amortized, the tenant's rent would be reduced by the amount of the surcharge that had been imposed to pay for them. (Draft Recommendations, pp. 9-10.)

Taken together, these recommendations would make it much less likely that property owners would undertake significant improvements necessary to maintain and improve their properties. The recommendations could also result in significantly increased costs, since staff acknowledges (at the bottom of page 9) that additional staffing might well be required to administer the limited capital improvement program.

Staff's recommendations on capital improvements seem to be a solution in search of a problem. The fact that few petitions have been filed under the existing capital improvement pass-through mechanism is evidence that this mechanism is working well. To replace it with the small incentives in the limited capital improvement program that staff is advocating is likely to lead to further deterioration and deferred maintenance of the older stock of ARO housing.

I am glad that in the March 1 draft, Housing Department staff is not advocating the adoption of a full "just cause" eviction ordinance of the kind that the City's Housing and Community Development Commission voted to recommend at its March 21 meeting. Instead, staff is advocating what it calls an "anti-retaliation and protection" ordinance (ARPO), the purpose of which is to "provide a tool for tenants to file

legitimate code violation issues without fear of retaliation from owners." Under the ARPO, a tenant would have to prove that before an eviction notice was received, the tenant had brought the code issue to the owner's attention in writing and had sought to resolve the issue with the owner. The owner would be allowed to contest these assertions, but if they were upheld, the owner would be required to correct the code violation and would be placed under good cause provisions for two years. (Draft Recommendations, p. 18.)

Staff states that the ARPO proposal seeks to "balance[] the need to protect tenants from retaliation by owners regarding complaints of emergency or substandard living conditions, while not impacting good owners who are responsive to tenant issues." However, as the Draft Recommendations recognize, adoption of an ARPO would likely require more staff to administer it. (Draft Recommendations, p. 19.) The Housing Department should explore whether more education of both tenants and landlords about the existing anti-retaliation protections available under state law would be a less expensive means of achieving the same end.

Thank you for the opportunity to comment on the recommendations set forth in the March 1, 2016 Draft Recommendations.

Sincerely,

Kirk McKenzie

From:	lorainewallace@cs.com
To:	Grabowski, Ann
Cc:	Liccardo, Sam
Subject:	COMMENTS REGARDING DRAFT RECOMMENDATIONS FOR MODIFICATIONS TO SAN JOSE ARO
Date:	Thursday, March 31, 2016 2:17:05 PM
Attachments:	Rent Control Comments.docx

As directed in the Draft Recommendations document, attached are my WRITTEN COMMENTS.

LORAINE A. WALLACE
ATTORNEY AT LAW
444 NORTH FIRST STREET
SAN JOSE, CALIFORNIA 95112
(408) 294-4050

March30, 2016

COMMENTS REGARDING DRAFT RECOMMENDATIONS FOR MODIFICATIONS TO THE CITY OF SAN JOSE ARO

I have owned property covered by the City of San Jose Apartment Rent Control Ordinance since 1979. I have carefully reviewed the entire Draft, the Consultant's Report and various Minutes of the Advisory Committee meetings.

I would assume that the Council's "second highest policy priority for FY 2015-16" was and is to increase affordable housing. Modifying the City's ARO cannot and will not achieve that goal. Simply put, to have more affordable housing, more housing must be built OR fewer people must desire to live in the City.

Modifying the annual allowable rent increase or the method of calculating it will not make more housing available. San Francisco, Oakland and Berkeley have been trying it for years and they continue to have an increased shortage of affordable housing. The only obvious advantage of this proposal is to provide new jobs for 15 -30 additional staffers to set up and maintain a rent registry which would require reams of paperwork and would be an invasion of the privacy of both residents and owners.

In addition to being extremely burdensome and costly, the proposed modifications are discriminatory because they apply to only about one-third of the rental units in the City.

I recommend that no changes be made to the ARO and that the efforts and funds being expended and proposed be used to creatively develop a solution to providing more housing.

Sincerely,

Loraine A. Wallace

From: gail yee
To: Grabowski, Ann
Cc: Emerson Yee
Subject: Opposition to Modification to the City of SJ Apartment Rent Ordinance
Date: Thursday, March 31, 2016 3:23:17 PM

Dear Ms Grabovski,

As a very fair apartment owner, I have not given yearly rental increases. As a result our rent is affordable and is far below the market rent. After attending last nights meeting, other landlords are in the same situation.

We have 2 proposals:
1- Rents that are below market should be able to be increased at the present level of 8% to catch up to market rent. Once the rent is at market then implement the CPI-U.
2- Follow KISS strategy-Keep It Simple Stup**
In other words, no change in policy but change to 5% allowable yearly rent increase or up to 13% if rents have not been raised in more than 24 months.

Gail

From:	Vince Rocha
To:	Grabowski, Ann
Cc:	Morales-Ferrand, Jacky; Chen, Wayne
Subject:	SCCAOR Letter on Proposed ARO Recomendations
Date:	Thursday, March 31, 2016 3:32:55 PM
Attachments:	SCCAOR Letter on San Jose ARO Recommendations_3.31.2016.pdf

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Hello Housing Staff,

I have attached SCCAOR's letter regarding the proposed Housing Department recommendations to the ARO.

Vince Rocha | Director of Government Affairs
Santa Clara County Association of REALTORS®
1651 N. First St., San Jose, CA 95112
P: (408) 445-5063 | C: (408) 910-4616
vince@sccaor.com

Contribute to the REALTOR® Action fund to protect your profession at www.sccaor.com/raf.

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Association of REALTORS®
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1651 North First Street, San Jose, CA 95112
(408) 445-8500 • (408) 445-7766 • www.sccaor.com

City of San Jose Housing Department
c/o Ann Grabowski
200 E. Santa Clara Street
12th Floor, San Jose, CA 95113

March 31, 2016

Dear Housing Department Staff,

I am writing to register public comment on the draft recommendations for modifications to the City of San Jose Apartment Rent Ordinance (ARO) on behalf of the over five thousand members of the Santa Clara County Association of REALTORS® (SCCAOR). REALTORS® have been a part of the process since the beginning, attending council meetings, participating on the Apartment Rental Ordinance advisory committee, and registering their concerns about any changes to San Jose's ARO. However, these concerns have been ignored.

As our members have stated, the current rent control limit of 8% allows property owners to maintain their units, stay in business, and invest in their community. Proposals to lower that allowable increase are not targeted to help low-income families nor provide any new affordable housing. The City of San Jose commissioned a report on the ARO and the units it covers. This report done by the Economic Roundtable shows that rents for ARO units are in fact already lower than those of market rate units.

The proposal of forcing owners to justify their profit in order to pass on capital and other expenses is simply unfair and will deter owners from doing any more than the minimum they need to maintain their units. No other business owner in San Jose has to defend their right to provide a quality product and earn a living in the way that these recommendations are asking.

The proposed creation of a rent registry and increase in fees on tenants and property owners to pay for it not only jeopardizes the privacy of tenants, but creates a financial and regulatory burden that is unnecessary. More troubling, is the fact that these fees would pay to increase the staffing level of the housing department by up to thirty new employees at a time our city is severely understaffed in public safety and other departments. This sends the wrong message on priorities for San Jose.

Adding more anti-retaliatory related provisions would also be unhelpful. It would duplicate current anti-retaliation protections tenants have under existing local law. The answer is not duplication of rules, but education of all sides on rights and responsibilities to reduce any fear, uncertainty and doubt.

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SCCAOR stands ready to work with the City of San Jose and other jurisdictions to promote affordable housing solutions and policies that create more housing supply to meet the demand of our growing region. This approach is supported by a report from the nonpartisan California Legislative Analyst's Office titled, Perspectives on Helping Low-Income Californians Afford Housing. This report states, "Encouraging additional private housing construction can help the many low–income Californians who do not receive assistance. Considerable evidence suggests that construction of market–rate housing reduces housing costs for low–income households and, consequently, helps to mitigate displacement." The creation of more housing will clearly benefit all segments of society.

Thank you for your consideration of our comments as we remain committed to being engaged throughout this process.

Sincerely,

Trisha Motter
2016 President
Santa Clara County Association of REALTORS®

cc: Mayor Sam Liccardo
San Jose City Council

From:	David Castillo
To:	Morales-Ferrand, Jacky
Subject:	Rent Control
Date:	Sunday, March 20, 2016 2:12:52 PM

I support the position of Roberta Moore. Most homeowners and landlords are reasonable people just trying to "make a living", just as I am.

Best regards,
David Castillo LUTCF
Farmers Insurance Group
(408) 238-2000 office
(408) 238-2288 fax
Ca. Lic.# 0524112
dcastillo@farmersagent.com

WORKING PARTNERSHIPS USA

March 21, 2016

SENT VIA EMAIL: ann.grabowski@sanJoséca.gov

Ann Grabowski, Department of Housing
200 E. Santa Clara St.
San José, CA 95113

Re: Draft Recommendations for Modifications to the City of San José Apartment Rent Ordinance

Dear Ms. Grabowski:

San José is in the midst of a rental housing crisis.[1] Rents are unaffordable to all but the wealthiest members of our community and are increasing at rates that far outstrip the ability of low- and moderate-income renters to afford them. Average rent for a two-bedroom apartment is $2750, meaning that families must earn $110,000/year just to afford a place to live.[2] In contrast, workers in many occupational categories, make under $60,000/year in Silicon Valley.[3] Seniors, people with disabilities, and the working poor find themselves forced out of their homes—and often out of Silicon Valley altogether—by exorbitant rent increases and unfair evictions. The tenants displaced by this crisis are the workers who drive our economy, the students who attend our schools, and the neighbors who make our community strong.

Well-crafted, vigorously enforced rent control policies provide stability for tenants and neighborhoods.[4] However, San José's existing Apartment Rent Ordinance (ARO) is ineffective at stabilizing rents, and tenants in ARO units overpay for housing and live in

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[1] *See, e.g.,* Memorandum of Mayor Sam Liccardo, et al., to the Rules Committee of San José City Council (May 6, 2015) 3 ("We face a crisis of affordability in housing.").
[2] City of San José, *San José Housing Market Update: Q4 2015*, 2, available at < http://www.sanJoséca.gov/DocumentCenter/View/54617>.
[3] Silicon Valley Indicators, "Median Wages for Various Occupational Categories," available at <http://siliconvalleyindicators.org/data/economy/income/median-wages-for-various-occupational-categories/>.
[4] For a very brief overview regarding the effectiveness of rent control at preventing displacement, *see* Mitchell Crispell, *Rent Control Policy Brief* (Feb. 2016) <http://www.urbandisplacement.org/sites/default/files/images/urbandisplacementproject_rentcontrolbrief_feb2016_revised.pdf>.

From:	David Eisbach
To:	Grabowski, Ann
Subject:	comments on 3.1.16 recommendations
Date:	Thursday, March 10, 2016 7:57:00 PM
Attachments:	Rent Control Observations on 3.1.16 Recommendations.docx Rent Control Draft for Modifications 3.1.16.docx Rent Control Capital Pass-Through.docx Rent Contro1Recomm 3,1 comments.docx

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Dear Ann,
I have a few items for you. Thank you
Dave

From:	David Eisbach
To:	Grabowski, Ann
Subject:	Last Letter Rent control
Date:	Thursday, March 31, 2016 5:54:12 AM
Attachments:	Rent Control Capital Pass-Through.docx Rent Control 3.16.16.docx Rent Control and Income Property 12.docx Rent Control 3.24.16 San Jose News.docx Rent Control 3.22.16 City Council Letter.docx

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Hi Ann,
You thought you were rid of me.
Here are a few more. That's it.
Dave

From:	David Eisbach
To:	Grabowski, Ann
Subject:	LOST LETTERS
Date:	Thursday, March 31, 2016 5:31:35 AM
Attachments:	Rent Control LiccardoHousing 3.31.16.docx Rent Control Housing and Community 3.21.16.docx rent control Faulty Assumptions with Recommendations.docx Rent Control Draft for Modifications 3.1.16.docx Rent Control Draft for Modifications 3.1.16.docx

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Hi Ann,

With the deadline looming, I checked the work I did for each of the meetings and I would like to resubmit some that got lost. You were the bright spot in this mess.

Dave Eisbach

From:	David Eisbach
To:	Grabowski, Ann
Subject:	the last, really
Date:	Thursday, March 31, 2016 4:54:54 PM
Attachments:	Rent Contro1 final 3.31.16.docx

Ann,

See you have that magnetic draw.

I am on time. See you at the wailing wall on April 19

Dave Eisbach

Rent Control: Reaction to March 1, Recommendations

I must congratulate the Housing Department for making the ARO Revision seem democratic.

1. When a governmental agency works day to day with the problems and perceived injustices to tenants, their tendency is to side with them. The ARO provisions indicate that the economic high ground of owners give them an advantage and the protection of the resident becomes the rule. Note the pass-through process welcomes and offers tenants with assistance but owners are told to get their lawyers.

2. The 12-Member Advisory Committee is comprised of 6 owner/advocates and 6 tenant/advocates. What better way to insure "deadlock!" What could have given their opinions strength would be to include three citizens, who are neither owners nor tenants. This group could then have formulated proposals and voted rather than taken temperature, which left Housing to devise its own program.

3. Common sense dictates that when an interested party pays for a study/survey of its own workings, bias is a major concern. The very selection of a group known to assuage rent control seekers is at best vexing. This firm, after acknowledging that 80% of ARO properties are fewer than 50 units used sources based on data-gathering sources, from apartments above 50.

I am disappointed in these recommendations for a number of reasons. Presenting a flawed path to discovery to the City Council is disturbing. If you begin with a faulty premise, the results will be the same. The study has steadfastly held that costs of older and newer properties are the same; data on fifty-units fits a fourplex; rental income to an owner is measured by its position above "inflation" and costs like the City's sewer costs 6.9% and 30 new positions at $4.5 million is seen as a very small percentages of rents or City budget; throw out debt and capital pass-through procedures without concern or consideration of consequences and replace them with a staff-generating limited pass-through for limited projects is beyond belief; inventing a procedure to mirror a State law in order to protect tenants from retribution from landlords and create another staff-swelling segment; portraying "Good Eviction" as a substitute for "Just Cause" to protect residents when reporting code violations, when the City's Code enforcement people are a force in themselves is grasping at straws.

Owners have not been treated fairly. If these recommendations become law, it will be a disaster. The supreme irony is that not one of these provisions will stop the costs rising and the money to pay for them. Landlords will pay the $4.5 million for the thirty new positions filled with people who view owners as the enemy. Every owner will raise rents to the maximum allowed, they will have to. Allow the City of San Jose to become like other cities in a more salubrious fashion. For thirty-seven years ARO has worked well and It is below the new non-ARO properties. Please do not destroy that.

David Eisbach Broker/Owner [redacted]

P.7. Capital Improvement Pass-Through
Draft Recommendations 2/1/16

C.1. "Only one capital improvement pass-through has been filed with the City through the existing ARO program, leading to a 24% annual increase in rents.

C.2. "Cities with an MNOI standard have received few capital improvement petitions, even when the MNOI standard is based on less than 100% of the CPI.

C,3, "Regular tenant turnover and vacancy decontrol, along with the MNOI standard, provides sufficient growth net operating income to pay for operating costs and standard capital expenses. If the cost of these items prevent the ability for an owner to achieive MNOI, the owner may file a fair return petition.

Example # 1: A fourplex, all 2 br 1 ba, carports, 700 sq ft., rent $2,100 (no debt consideration)
Monthy: $8,400 rent, Operations 40% =$3,360, Net Income: $5,040, CPI-U 3.4% =$171
Rent increase $ 171 divided by 4 = $42.75

Replacement of corroded galvanized pipe with copper, and replacement of main line from property to meter. $20,000. Divide by 60 months = $333 divided by 4 = $83.33

Asking for $126 rent raise. That's 6 percent. What if the fourplex needs a roof, $30,000, Maybe she shouldn't have purchased it.

Can we extend this scenario just a bit? Sales price on the fourplex. $1,500,000, City transfer tax 3.30% per $1,000 = $4,950. County transfer tax 1.10 per $1,000 = $1,650. New Property Tax 1.25% of $1,500,000 = $18,750 divided by 12 = $1,562 per month. Owner put down $300,000 and borrowed $1,200,000 at 6% (interest only) $72,000 divided by 12 = $6,000 per month.

Let's take another look:

Fourplex monthy income, $8,400, raised by CPI-U $171	= $8,571
Monthly pay Taxes $1,562 and interest only $6,000	= $7,562
Payment on $20,000 loan for plumbing	$ 373
Balance for water, insurance, trash, sewer, rent control,	$, 636 maintenance, lawn, license.

If I understand the proposals, the debt pass-through will be eliminated. (no relief on the $6,000). If the pass-through (see C.3. above) the $20,000 capital improvement (if borrowed 4.5%, 60 months, p.i. payment $373) will be absorbed by a tenant voluntarily leaving, allowing market rents. Or the owner can go to Housing for assistance, but judging from this document, I cannot be too confident.

The fact that an owner seldom has a choice in making major capital improvements or repairs emphasizes its importance. It is useful and necessary.

David Eisbach, Broker/Owner 3/8/16

Draft Recommendations for Modifications to the

City of San Jose Apartment Rent Ordinance

March 1, 2016, Meeting March 16, 2016

P.3 ***1. Annual Allowable Rent Increase***

This Study insists on using the 8% per annum Cap in comparison to the CPI-U percentages. They say:

"The annual increase in CPI has averaged 3.4 percent since 1980" Exec. Summary p.3

"In the past ten years the rents of units subject to the ARO have increased at about the same rate as the CPI Rent Index compiled by the U.S. Bureau of Labor statistics for the San Francisco Area. These increases have been substantially above the rate of inflation." Exec Summary p. 4.

"Since 1990, median rent increases for ARO units have exceeded those for non-ARO units on both an absolute and percentage basis. Median rents for ARO housing units rose from $1,190 per month in 1990 to $1,445 in 3014, in adjusted dollars, a 21 percent increase. Median rents for non-ARO housing units rose from $1,392 in 1990 to $1573 in 2014, a 13 percent increase." Exec Summary p.4

I question the very foundation of ARO pricing. The Draft states that they have no chance of really monitoring the ARO program, yet alone conducting a rent survey, which would have saved a lot of money. Instead they hired a survey team, which is a noted gunslinger for California cities desiring rent control. They used data sources from companies that compile information on units of 50 or more, while 80% of San Jose's ARO properties are less than 50 units. **Table 1.7 p.11 Preliminary Report**.

There is a heavy use of innuendo in these reports like that above **"median rent increases…exceeded those for non-ARO units both an absolute and percentage basis,"** while never actually pointing out that the ARO properties were below the non-ARO and would continue to be. The survey states that the last ten years the ARO rate and the CPI were about the same, yet it always assumes that the ARO are at the 8% level. The above statement refers to rent close to the CPI as being **"substantially above the rate of inflation."** I expect some "puffing" but a similar statement regarding San Jose City Sewer Fees, **"The annual rate of increase since 2006 has been 6.9%. Although this rate of increase has exceeded the rate of inflation, in dollar terms the increase has been equal to less than one percent of monthly rents. Preliminary Report p. 138.**

If only landlords were recipients of such largess.

P.6 ***2. Debt Service Pass-Through***

C. 1. ""**Very few debt-service petitions have been filed (14) with the City relative to the number of sales transactions of ARO apartment buildings (nearly 1,500 transactions since 1990)."**

C. 2. "Fourteen debt-service petitions filed by owners with the City have led to rents increasing between $200/month and $480/month. The ability to pass large rent increases through the pass-through can penalize tenants when a unit is sold."

C. 3. "…debt service is an investment cost, not an operating cost."

Let's see, if 14 appeals were made since 1990 (25 years) that's 1.78 a year. Or 14 out of 1500 transactions that's .009. It'd be good to know if all 14 were successful and what percentage of their request were granted. Reading the current pass-through, it's hard for me to take at face value that Housing awarded a $480 a month raise. It sounds authoritative to say that debt is not an operational cost, but if the rents do not cover the debt service, the owner will have to perform much of his own maintenance (sweat equity) or be driven to sell, probably at a discounted price.

P.7. Capital Improvement Pass-Through

C.1. "Only one capital improvement pass-through has been filed with the City through the existing ARO program, leading to a 24% annual increase in rents.
C.2. "Cities with an MNOI standard have received few capital improvement petitions, even when the MNOI standard is based on less than 100% of the CPI.
C,3, "Regular tenant turnover and vacancy decontrol, along with the MNOI standard, provides sufficient growth net operating income to pay for operating costs and standard capital expenses. If the cost of these items prevents the ability for an owner to achieve MNOI, the owner may file a fair return petition.

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Can we extend this scenario just a bit? Sales price on the fourplex. $1,500,000, City transfer tax 3.30% per $1,000 = $4,950. County transfer tax 1.10 per $1,000 = $1,650. New Property Tax 1.25% of $1,500,000 = $18,750 divided by 12 = $1,562 per month. Owner put down $300,000 and borrowed $1,200,000 at 6% (interest only) $72,000 divided by 12 = $6,000 per month.

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The fact that an owner seldom has a choice in making major capital improvements or repairs emphasizes its importance. It is useful and necessary.

P. 9. Limited Capital Improvement Incentive

This is sheer nonsense. To throw away a working capital improvement pass-through and create another which is so selective as to be worthless is the height of folly. It is geared to increase staff.
If the CPI-U goes through any owner who did not use all of the allotment is a fool. I was at every meeting of the advisory committee and I never heard of the limited pass-through.

P. 11. Revised Notification requirements for notices to vacate and rents charged to tenants in Properties subject to the ARO.

Why Housing doesn't think it's possible to notify tenants of their rights without hiring staff is beyond me. This is an addition of staff and a bold grab for a change in the definition of a "tight rental market." An owner may give a 90 day notice to vacate if the vacancy factor is 3% (current). Housing wants to raise that factor to 5% (anything below that must give a 120 day notice. The Housing website today says the vacancy rate is 4.7%. This shows a level of devious behavior that seems to be a hallmark of Housing.

P. 13. 5. ***Amendments to facilitate monitoring and enforcement of the ARO***

This is the most outrageous, expensive and useless of all the recommendations**.**

P.12. 6 ***Evaluation of the Staffing levels to effectively monitor, enforce, and analyze the ARO program***

A.4 **The ARO program is a 100% cost-recovery program. Current ARO program fees equals $12.25/unit/annually, or $1.06/unit/month. The fees in other cities with more robust programs range from $2.04/unit/month to $19.50/unit/month.**

B. 1 Based on the staff's recommendations to include a rent registry and an Anti-Retaliation and Protection Ordinance, staff estimates a total of 15 to 30 FTE's would be required to administer the modified program at full implementation,

B. 2 Preliminary estimates of program cost for a modified ARO ranges between $3.2 million and $4.5 million. This would increase the cost of the ARO program, resulting in annual fees of approximately $73 to $102 annually, or monthly per unit fees of $6.09 to $8.52.

B. 3 Allow owners to pass up to 50% of the annual fees to tenants. The pass-through of the program cost is not part of the base rent.

B. 4. The ARO program is a 100% cost-recovery program. Current ARO program fees equals $12.25/unit/annually, or $1.06/unit/month

If Housing fills its dream shopping cart, there will be 30 new full-time employees at a cost of $4.5 million at $150,000 each. Because Housing is a 100% self-sustaining outfit, the landlords can look forward to a mountain of regulations, a strangulation of doing business, an ever tightening market and the bill for all of this. Oh, the tenant can pay 50%, which probably will come out of the CPI-U dole.

C.2. While total programmatic costs would comprise only 0.001 % of the City Budget. Agreed, because it will be paid by the owners. There it is again.

P.18. 9. ***Consideration of a Good Cause Eviction Ordinance***

B.1. **Staff recommends the creation of an Anti-Retaliation & Protection Ordinance (ARPO) as a separate but companion program to the ARO. The purpose of the ARPO would be to provide a tool for tenants to file legitimate code violation issues without fear of retaliation from owners**

Here, housing is rewriting an existing State Law on "Retaliatory Eviction" only instead of giving the complaining tenant six months protection; they want it to be two years. This is an acceptable defense for tenants in Superior Court. This is a disguised version to get between the landlord and tenant heading toward a "just cause" situation in evictions. It is also a way to build staff.

I have never seen such underhanded, blatant manipulation of data, abuse of an advisory committee, and wizardry in dreaming up solutions to nonexistent problems.

David O. Eisbach [redacted]
Broker/Owner Amber Realty & Property Management

What's the Basis of the March 1, 2016 Apartment Rent Ordinance Recommended Changes

Faulty Assumptions:

1. Housing maintains not that ARO rents are higher or even with non-ARO rents but only that They are rising faster than the latter.
2. Older properties have just about the same operational/repair costs 33% of income. Actually older properties are 40% to 45%.
3. The entire study is based on property data collected for 50 units and above. The ARO spread of housing shows only 9% are 50 units and above.
4. Housing has spread the innuendo that owners of ARO units regularly take the 8% annual cap. The study said that in the last ten years ARO properties have been close to the CPI without ever giving precise numbers and values.

What the recommendations do:

1. Eliminate any debt pass-through (if you have a variable interest rate and your payment goes up, or interest rates are high you can ask tenants to share a portion.) There have been 14 petitions filed in 25 years, that's 1.78 a year. Housing said tenant's rent rose from $200 to $480, but didn't say if all 14 were successful, for how much and where the $480 came from.
2 Eliminate capital improvement or repair pass-through provisions, where a new roof might be shared over five years with the tenants-grants could be nothing, 50% or 80%. So the owner would have to pay for new plumbing $20,000 out of his own pocket, this year and plumbing $30,000 next year.
3 Eliminate the 8% annual cap would be replaced by CPI-U a measure of inflation (2.5%-3%). There is no Social Security increase this year because inflation is below 2%. If the rent is $900 x 2% that's $18 raise, but they want it applied to the Net Operating Income (take the rent, subtract all operation/repair costs–no debt- about 33% to get the NOI) So it's 2% x $600 or $12
4 Create a mammoth bureaucracy to know what a tenant pays, when he/she leaves and what owners charge, all to protect the rights of residents. What they don't say is that retaliatory eviction is California law is an oft-used defense by tenants in Superior Court. Housing wants to extend the six month protection to two years. The other creation Good Eviction says they will insure tenants are protected from code infringements. There is no more tenacious outfit in the City than Code Enforcement. So Peter can tell Paul! Here housing wants to make the 120day notice to vacate the norm.
5 What started out as a serious effort to look into possible changes to the ARO, which has functioned well for 37 years, has taken a dangerous step. Owner rights have been trampled when 40% of total rental units (44,000 under the ARO) are targeted in a way to insure property decay.
6 Housing figures it needs thirty (30) new Full Time Employees at a cost of $4.5 million dollars. The owners can pass along 50% of this to tenants, though I don't know why, it will bring down the housing industry.

Results of the March 1, 2016 Recommendations for Change in the ARO

Misconceptions:

1. Not all owners are wealthy. Very few Americans pay all cash, most put down 20% to 30%. On a **$1,500,000** sale of a fourplex that's **$300,000**, leaving a **$1,200,000** mortgage at 6% interest only is $72,000 per year or **$6,000** per month.
2. Proposition 13 is one percent, but special levies bring that up to about .25% so 1.25% of is $1,875 annual and **$1562** per month.
3. If each of the tenants pays $2,100 for a two bedroom one bath with carports, the monthly income is **$8,400.**
4. The owners monthly payment is

	Interest	**$6.000**
	Taxes	**$1,562**
	Insurance	$ **100**
	Total	**$7,662**
Subtract $7,662 from $8,400	Balance	**$ 738**
Operations costs per month		**$2,800**
Negative balance		**<$2.062>**
CPI authorized rent rise		$ 112
Negative balance		< $1,950>

How much was your water bill, trash, lawn man, electricity? Did you have an electrician or a plumber come onto the property? Housing says that, in general, operations costs average 33% (in older properties it's 40%to 45%) so $8,400 x .33% is **$2,800**. This includes painting, repairs, replacing appliances especially if there is a vacancy.

Under the recommended changes, the owner would subtract the 33% $2,800 from the $8,400 reaching the Net Operating Income, then he would apply the 2% x $5,600 = $112 divided by 4 equals **$28** rent raise $2,128 per month.

With this negative, owners become plumbers, appliance repairmen, painters, cleaners and lawn people, usually evenings, weekends when they are not working. But things happen that are unforeseen. The galvanized pipes are rusting and tenants call Code Enforcement. A plumbing contractor is hired. The bill is $20,000 for copper pipes and connection from the building to the meter. The owner doesn't have the money so he borrows it **60 months at 4.5% $373 per month**. Because Code Enforcement is involved, the property is placed in the Tier program, which assures that even after the plumbing is cleared the fees to ARO will double for a period of four years.

Remember the recommendations above. The Owner's Options:

1. Cannot increase the rents beyond 2%
2. Cannot apply for a debt pass-through
3. Cannot apply for a capital improvement pass-through
4. Cannot possibly afford such an on-going negative.
5. If the roof leaks, it will be patched, again and again.
6. There will be no extravagance, carpets shampooed, appliances repaired or 2nd hand etc.

Lessons learned:

1. The owner will sell. You as buyer know that the roof is shot $30,000, there are no dual-pane windows $5,000, driveway concrete and sidewalks $15,000**. $50,000.**
2. This buyer will pay **$1,000,000** with **$200,000** down, take an **$800,000** mortgage at 6% interest only is $48,000 per year or **$4,000** per month.
3. The property tax is based on $1,000,000 x 1.25% is $12,500 = **$1,042** per month
4. With interest now at $4,000 plus tax $1,042 is a savings of $2,042
5. Note: the $2,042 savings and the <$1,950> leaves only **$92**

Decisions:

The first owner will have to sell, before bankruptcy comes. The second buyer still has $50,000 for capital improvements. The new owner will have to consider the consequences, should he go ahead? Should he spend on dual windows to save tenants heating bills, patch or replace the roof knowing that absolutely no relief is to be found in the recommendations.

When Housing talks of fair return on investment and then makes it impossible to meet at least normal costs that is a pending tragedy. Housing thinks $4.5 million a minor amount only 0.0001 % of the Budget. Of course the owners will pay for that. (there goes the $92). The sewer costs have averaged 6.9% annual increases, yet Housing thinks it's OK because it's only a 2% of utility costs. The City lost only $502 on this resale. If this program goes through, that figure will multiply by thousands.

David Eisbach, Broker/owner/manager

[redacted]

Faulty Assumptions with the study and the recommendations:

1. Housing maintains not that ARO rents are higher or even with non-ARO rents but only that They are rising faster than the latter. In fact they are lower as they will remain.
2. Older properties have just about the same operational/repair costs 33% of income. Actually older properties are 40% to 45%.
3. The entire study is based on property data collected for 50 units and above. The ARO spread of housing shows only 9% are 50 units and above.
4. Housing has spread the innuendo that owners of ARO units regularly take the 8% annual cap. The study said that in the last ten years ARO properties have been close to the CPI without ever giving precise numbers and values.

Results of ARO Recommendations:

1 It eliminates capital improvement or repair pass-through provisions, where a new roof might be shared 50% or 80% over five years with the tenants. Owner would now pay for a new roof $20,000 out of his own pocket this year and possibly plumbing $30,000 next year.

2 It eliminates the 8% annual cap and uses CPI-U a measure of inflation (2.5%-3%). If the rent is $900 x 2% that's $18 raise. That's a little short, but a veiled offer from Housing is that an owner might appeal. With these actions, it is very unclear how that would go.

The survey said that older properties have just about the same operational/repair costs 33% of income. Actually older properties are 40% to 45%. Here is an example:

A repiping of 19 units in San Jose costing $150,000 in 2015

City Permits	$ 6,000
Check for Asbestos	$ 3,000
Engineering Costs	$10,000
Plumbing Costs	$103,000
Sheet rock removal (asbestos)	$ 15,000
Replace & Patch sheetrock	$18,000

HERE WE SEE THE COST OF ASBESTOS $3,000 PLUS $15,000 IS $18,000 12%. Found in ARO units.

Rewriting existing law to favor tenants

1 To create a mammoth bureaucracy to follow tenants rent, when or if they move, what rent raise the owners demand. They want to protect residents from "Retaliatory Eviction" although it's covered under California law and it is often effectively used as a defense by tenants in Superior Court. The difference is Housing wants to extend the six month tenant protection to two years. Another creation is "Good Eviction" to protect tenants complaining about Code deficiencies. There is no tougher outfit than Code Enforcement. Tenant protection is exactly the same as "Retaliatory Eviction" but their rewriting would place owners, who are found guilty, on a two-year Good Eviction list. This sounds awfully like "Just Cause." That's a two year unbreakable lease. There is no more tenacious outfit in the City than Code Enforcement. The final shot by Housing is to change the current vacancy rate to 5% to insure that an eviction will take 120 days.

It's only Money

Apparently Housing couldn't perform its own study so they spent $250.000 on a noted outfit that specializes in pro-rent control issues. They used data sources from companies that compile information on units of 50 or more, while 90% of San Jose's ARO properties are less than 50 units. There is heavy use of innuendo in these reports like "median rent increases…exceeded those for non-ARO units both an absolute and percentage basis," while never actually pointing out that the ARO properties were below the non-ARO and would continue to be. It states that during the last ten years, the ARO rate and the CPI were about the same, yet it is always assumes that the ARO owner are always at the 8% level. Instead ARO rents are referred to as "substantially above the rate of inflation." When it states that San Jose's Sewer rate has been 6.9% annually since 2006, it follows with "Although this rate of increase has exceeded the rate of inflation, in dollar terms the increase has been equal to less than one percent of monthly rents. If only landlords were recipients of such largess.

It is just a little more Money

1 Housing figures it needs thirty (30) new Full Time Employees at a cost of $4.5 million dollars. The owners can pass along 50% of this to tenants; though I'm sure it will come out of the allowed CPI 2% rent raise. Housing has 55 Full Time Employees, whose pensions require the City to pay any difference from investment earnings short of 7%. The City just voted down a business tax to fill potholes and the police force but decided instead to make money on business license, which every landlord has to pay. Water has increased 139% from 2001 to 2015 and there's 20.8% lurking in the Public Utilities Commission; Refuse collection rates have increased by 20.2% since 2010 (3.3% per year); Insurance in 2000 was $16 an apartment and teetered between $24 and $34 per unit. Today a fourplex will pay $37. (that's 5% a year); sewer fees 6.9% since 2116 and let's not forget the property tax of 2% annually.

The Plot Thickens

1. When a governmental agency works day to day with the problems and perceived injustices to tenants, their tendency is to side with them. The ARO recommendations provisions view owners as having the advantage so the protection of the resident becomes the rule. Note the pass-through process welcomes and offers tenants with assistance but owners are told to get their lawyers.

2. The 12-Member Advisory Committee is comprised of 6 owner/advocates and 6 tenant/advocates. What better way to insure "deadlock!" What could have given their opinions strength would be to include three citizens, who are neither owners nor tenants. This group could then have formulated proposals and voted on them rather than take temperature checks leaving Housing to devise its own program. As we see in this document.

A call for sanity

1. Common sense dictates that when an interested party pays for a study/survey of its own workings, bias is a major concern. The very selection of a group known to assuage rent control seekers is at best vexing. This firm, after acknowledging that 90% of ARO properties are fewer than 50 units used sources based on data-gathered from apartments above 50.
2 If you begin with a faulty premise, the results will be the same. The study has steadfastly held that costs of older and newer properties are the same, not even close as seen in asbestos and lead paint abatement; data on fifty-units fits a fourplex, think property management at 9% for a fourplex and 5% for a 50 unit; CPI is used to keep social security checked and loved for its rent control applications, while the rest of the world spins off. Older ARO properties have many more issues than non-ARO.

Let's Be Fair

Owners have not been treated fairly. If these recommendations become law, it will be a disaster. The supreme irony is that not one of these provisions will stop costs rising only owners increasing inability to meet them. Owners will pay the $4.5 million for the thirty new positions filled with people who view them as the enemy. Every owner will raise rents to the maximum allowed because they will have to. The offer of limited capital pass-through is absurd, because tending roof and plumbing will always take precedent by necessity. Banking is in the same category because an owner would be a fool not to raise rents to the maximum allowed before Housing strips more decisions away.

No one seems to see that 40% (44,300 ARO units) bear these draconian takings to help the City show they have affordable housing, while 77,000 income properties are exempt. This is society's problem. For thirty-seven years ARO has worked well and It is below the new non-ARO properties. Please do not destroy that.

Prophecy

C. p 149. "Evaluations of the reasonableness of rent regulations generally consider whether allowable rent increases are adequate to cover operating cost increases (including the amortized costs of capital improvements) and provide growth in net operating income that is comparable to the rate of increase in the CPI." This statement sounds good but it has no relationship with the recommendations. It discards the capital pass-through and says the owner will make it up when someone vacates the unit so it can go to market.

Owners, especially newer ones who have sizable debt will be hard-pressed to meet costs under this program. She will have to sell. The price will discount any deferred maintenance and view the influence of ARO rules. Prices will drop, owners will take the cheaper way out shampooing carpets and repairing appliances. New owners will have to consider the risk, should he go ahead with the purchase? Should he spend on dual windows to save tenants heating bills, patch or replace the roof knowing that absolutely no relief is to be found in the recommendations. Slowly the rental market will deteriorate.

When Housing talks of fair return on investment and then makes it impossible to meet at least normal costs, that is a pending tragedy.

The Way it is

A couple has worked very hard, they've been frugal and went without many things. They saved enough to put $300,000 down on a $1,300,000 fourplex. It is an older ARO unit. The 2 bedroom apartments rent for $1,900 each ($7600 a month). The mortgage is $1.000,000 at 4.5% payable at $5,066 monthly. The taxes are $1,355. Insurance is $150, a PITI payment of $6,571 that leaves $1,029 to cover the operation costs like water, which could take it all if tenants are not careful, Trash, lawn care, plumbing. In cases like this the owners usually do their own management, repairs etc.

Tenants call code enforcement about rust in the water pipes. Code Enforcement inspects, and places property in Tier III, which lasts four years and doubles all City fees. The job costs $20,000 none of which can be passed through to tenants, but rents can be raised by 2.5% maybe. That's $212 to help pay $387 for a 6% loan of 20,000 for 5 years. A guaranteed $175 or more negative will also guarantee no new carpet, paint, windows and the roof will be patched.

When he sells he won't get what he paid for it.

Rent Control Housing & Community Devel 3/21/2016

Thank you ladies and gentlemen of the Housing and Community Development Community for two minutes of your time.

The Mercury News ran MR Alex Shoor's article today. "A year ago, a corporation controlling our building raised our rent 20% "… "Two weeks ago,…Pay another 16%."

Questions: Is your apartment building under the present Apartment Rent Ordianance?

Did you bring this to the attention of the City's Rent Control People? Housing

If the answer is "No," How is Changing the ARO Ordinance going to help?

"Our rental experience mirrors countless others.'" Between 2006 and 2014, San Jose rents jumped 42 percent, the largest increase in America. In 2015, the city's average monthly rent was $2,227. Median income rose just 11 percent since 2011."

Questions: How many have received 39% in two years?

Nine years divided into 42% is 4.666 per year, Where did you find these figures?

Are you one of those paying $2,227 pre month.Where did you find these figures?

San Jose Housing Department: March 31, 2016

Housing Department's recommendation is a form of just cause that protects the dangerous drug dealers. If they had listened to Stakeholders on the Advisory Council or had direct experience with this, like our owners have, they wouldn't have included the Anti Retaliation Measure..

- My objection is that California State Civil Code 1940-1954.1 (CC1942.5 specifically covers Retaliatory Eviction). This law protects the tenant for 6 months.
- The difference is that Housing wants to give the tenant protection from the landlord for two years. That means if that tenant was also difficult enough to warrant an eviction, that tenant can stay in the property for two years under a protected status.

The concept of banking is important. The problem is they are using it to justify almost doubling their department so they can build a registry to implement it. This is not necessary.

- A larger amount after a longer period of time, such as the 21% after 24months, allows for banking without requiring an expensive registry and 30 staff members to implement it.
- I can tell you that if the CPI (Consumer Price Index) percentage is used as an annual rent raise, almost every owner will take every penny. The FTE desks for banking will have nothing to do.

The data used was on non-ARO buildings built after 1980 and with 50+ units. The operation expenses the report shows just covers cost of city fees and services provided in the smaller buildings. Smaller buildings are 90% of the ARO units. The report leaves the false impression that ARO building owners are making too much money, so a CPI increase wouldn't be a problem. The source of the data being used is claiming that a fourplex and a 50 unit apartment have the same percentage of costs, even though one was built before 1979 while the other could have been built last year. To say that operation costs are the same and imply that the rents are the same is clouding reality.

One of my letters sent to the Advisory Committee (Housing) covers an ARO property that replaced plumbing in a nineteen unit building at $150,000. There were costs of $3,000 for asbestos search, $15,000 for Sheetrock removal (with asbestos) and $18,000 to replace removed sheetrock. The owner was happy, they didn't find lead paint problems. These are expenses not found after 1979.

Here's why FTE desks for banking will have nothing to do:

San Jose Water Company has increased in cost 139%, with another 20% in the PUC waiting for approval. The extra 5% water savings have caught three and four unit apartments in the expensive tier system . (what mean?) City trash 3.3%, City sewer 6.9, property tax 2%, the city business income tax was cancelled, but the City will look now to the Business License for the shortfall.(all landlords are in business). Consider the costs of plumbers, electricians and roofers and how costs have risen.

The most unbelievable part of the Recommendations is that Housing wants to hire up to 30 FTE at $4.5 million. The survey stated that the ARO raises, for the last ten years, were near the Bay Area CPI-U of 3.4%, but instead of giving the percentage, they stated it was "substantially" above inflation. When faced with financing the $4.5 million (an increase from $1.06 to $9.00 per unit -11%), and knowing that tenants and owners would each pay half, they said that the amount was only .0001 percent of the City's Budget.

Thank you for reading this far and I'll close with an observation: This survey uses the words "fair return, balance and reasonable" yet you can read the 165 page preliminary report and the 25 page Draft Recommendations and you will not find any reference regarding owners. Certainly the tenant's $1,300 rent at 2.5% comes to $32.50 increase but there is no attempt except the section on overall costs like the increased staff cost of $9 per unit that's $36 in a fourplex.

Sincerely
David Eisbach, [redacted]
[redacted]
San Jose, Ca. 95117 March 24, 2016

Rent Control. Thoughts on Housing ARO Change ARO 3.31.16

I write my final thoughts on the ARO proposals with the knowledge that the entire episode was cleverly planned and the outcome pretty much as expected. Although my assessment of the Housing Department was somewhat bruising at times, I do not believe that their concern for the residents is to be faulted. I do believe that the process was designed to give the positive slant to the tenant. I shall give my final thoughts in single sentences as I have written some fifteen and placed them into the website for broader explanation.

. The major study was based on sources that cover 50 units and above, while San Jose only has 9% of its stock is 50 units and above.

. The study claims that there's no difference in the operating costs of apartments 40 years old and 20 years old. (33%) lead base paint and asbestos are found only in the older ARO units.

. They say that during the last 10 years the ARO rent raises were close to the CPI (3.4%), without giving numbers, but said only that the ARO rents were rising faster than the non-ARO.

. The citing of illegal rent raises, bad evictions, high cost pass-throughs are expressed at their worst, without substantive proof and gleaned from a time so lengthy as to be "much less than" one percent.

. Housing admits it doesn't know the true rents of older ARO properties, so it uses U.S. Census accounts from 2014 (a little broad), and in the last 30 days Craig's List for a more realistic idea.

. Housing is convinced that tenants are the most intimidated, helpless and vulnerable people.

. Housing wants a "Retaliatory Eviction" law, exactly like the State's Civil Code 1942.2 but instead of a 6 month protection period a 2 year period of "Just Cause" is imposed.

. "Good Cause" is interpreted by Housing as "Just Cause" via a verified code enforcement, which leads to another 2 year extension. Duplicates above State CC 1942.2

. Current law requiring 60 day, 90 day and 120 day periods for an eviction, which states that if the vacancy factor is below 3%, 120 days are needed. They want to change it to 5% (calling it usual) With the present vacancy factor of 4.7, it would insure the 120 day, from here on.

. Eliminating debt and capital improvement and using the CPI-U, virtually guarantees that new s and lowered income owners will not be able to keep up properties and lead to a stall in appreciation on the road to decay.

From: Roger Pennington
To: Roger Pennington
Subject: Pacific Heights (film)
Date: Thursday, March 31, 2016 4:13:18 PM

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https://en.wikipedia.org/wiki/Pacific_Heights_%28film%29

The film's tagline is: "It seemed like the perfect house. He seemed like the perfect tenant. Until they asked him to leave."
Shows the risks a landlord takes when renting.
He moves in a tooth brush, stops paying/never pays, never signed a lease, has rights to stay, annoys others to leave, owners default on mortgage and lose their 30% deposit and one chance in a lifetime to jump into control for once.

https://www.youtube.com/watch?v=PrVtU25MSqQ
trailer

From:	Roger Pennington
To:	Roger Pennington
Subject:	Anti-Retaliation laws for tenants already exists in California state law, redundant and unnecessary for Housing to include anti-retaliation database
Date:	Thursday, March 31, 2016 4:18:34 PM

California state law already protects tenants from evictions for 6 months after any complaint has been made in writing, no judge would permit/allow an unlawful detainer to go through against them if they showed evidence that a request for valid service was made and the landlord's request to vacate is retaliation.

Why would any landlord ask a good tenant to leave and risk the next one being worse and going through the trouble of advertising, cleaning, walk-throughs, security deposit itemizations, lease signing, copying, banking and such unless the existing tenant isn't working out.

https://www.google.com/search?q=civil+code+1942.2&ie=utf-8&oe=utf-8#q=california+landlord+tenant+law+retaliation

http://www.dca.ca.gov/publications/landlordbook/retalitory-actions.shtml

Retaliatory actions and eviction

A landlord may try to evict a tenant because the tenant has exercised a legal right (for example, using the **repair and deduct remedy**, (see Having Repairs Made) or has complained about a problem in the rental unit. Or, the landlord may raise the tenant's rent or otherwise seek to punish the tenant for complaining or lawfully exercising a tenant right.

In either situation, the landlord's action is said to be **retaliatory** because the landlord is punishing the tenant for the tenant's exercise of a legal right. The law offers tenants protection from retaliatory eviction and other retaliatory acts.[338]

The law infers (assumes) that the landlord has a retaliatory motive if the landlord seeks to evict the tenant (or takes other retaliatory action) within six months after the tenant has exercised any of the following tenant rights:[339]

- Using the repair and deduct remedy, or telling the landlord that the tenant will use the repair and deduct remedy.
- Complaining about the condition of the rental unit to the landlord, or to an appropriate public agency after giving the landlord notice.
- Filing a lawsuit or beginning arbitration based on the condition of the rental unit.
- Causing an appropriate public agency to inspect the rental unit or to issue a citation to the landlord.

From: Brittney Daniel
To: Grabowski, Ann
Subject: Fw: San Jose MUST Control Rents
Date: Thursday, March 31, 2016 4:33:08 PM

Dear Ms. Grabowski,

I read the city's proposed rent modifications. The City of San Jose must control rental charges as well as increases. The Silicon Valley now comprises the Ruling Class and The Servant Class. The Middle Class in Silicon Valley is simply disappearing. Service workers cannot afford to live and work in San Jose. Median 2016 San Jose rent is projected to increase to $3,699 a month (see link below).

My husband and I live in Hidden Willows Apartments in San Jose (built in the 1970s). Hidden Willows increased rent 8 percent every year through the Great Recession and has continued to increase rent every year since then. Eight percent increase! I don't earn 8 percent in any financial investment. One bedroom apartments (780 sq ft) are now $2,290.00 per month, and two bedroom apartments (1,032 sq. ft) are $2,700 per month. When I first moved here 17 years ago, rents were $750.00 per month.

Who is protecting the Middle Class in San Jose? The San Jose cost of living is cost prohibitive. We can no longer afford to pay rent in San Jose, pay the cost of living, AND adequately invest in savings and retirement. Saving an additional 20 percent down payment for a condominium or a townhouse is a pipe dream. As much as we like San Jose and the Silicon Valley, we desire a balanced life. If the City of San Jose doesn't take action to protect it's Middle Class (which is now quickly becoming low income by Silicon Valley standards), we will be forced to relocate out of state.

We want to thrive, not just serve the upper class.

Sincerely,

Brittney Daniel
San Jose, CA

Cities Where Rents Are Expected to Rise Most in 2016

http://www.msn.com/en-us/money/realestate/cities-where-rents-are-expected-to-rise-most-in-2016/ar-BBoYtUe?li=BBnb7Kz

From: Sunny 920
To: Grabowski, Ann
Subject: New Proposed Rent Control Ordinance Comment
Date: Thursday, March 31, 2016 4:51:11 PM

March 31, 2016
Mayor & Councilmembers
City of San Jose
200 East Santa Clara Street
18th Floor
San Jose CA 95113

Dear Mr. San Jose City Official/San Jose Mayor,

My name is Annie, and I am one of the mom and pop housing providers owning the ARO units in San Jose. I am working very hard in my rental units for my retirement income, including gardener job, pulling dumpster to the street for trash disposal, cleaning and updating the apartments for next incoming tenants.

Rent control is not a solution for creating affordable housing. The City should reach out and search the solutions by learning how other cities and countries solving the issue effectively and intelligently. The new proposed changes only affect rental buildings built before 1979. This is really unreasonable to operate and maintain the 60-years old 4-plex with limiting the rent to 2% increase, as the minimum wages in California keep rising as well as the utility expenses. Also, hiring 15-30 staff to maintain the new proposed ordinance for those rental units built before 1979 is another irrational and hasty plan as it only accounts for a minority of the total rental units in San Jose.

It is clear that the rents at San Jose are much lower than those in the neighboring cities and there are a lot of tenants moving down to San Jose City for cheaper rents. ARO units are not the problem, the ARO buildings in the bay area are old, require high maintenance cost. With the low 2% rent increase it is almost impossible to upgrade and maintenance as well as to keep it safe. It is an ignorant economic reasoning for the new proposed rent control policy. I would encourage the Council to explore opportunities to expand the availability of housing because supply is the only fair way of addressing affordability.

Thank you very much for your consideration.

Sincerely yours,

Annie NG

From:	Saraswathy Kanniappan
To:	The Office of Mayor Sam Liccardo; Herrera, Rose; Jones, Chappie; Kalra, Ash; Peralez, Raul; Matthews, Margie; Carrasco, Magdalena; Oliverio, Pierluigi; Nguyen, Tam; Rocha, Donald; Khamis, Johnny; City Clerk; Grabowski, Ann
Subject:	Oppose Stricter Rent control
Date:	Thursday, March 31, 2016 5:06:23 PM

Dear Mayor Liccardo & City Council Members:

As a San Jose rental property owner, I urge you to oppose stricter regulations on the rental housing industry as these proposals will not create more affordable housing opportunities. In fact, these regulations would jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law. It is my hope that you will determine as I have that we don't need punitive rent control regulations or an eviction-for-cause ordinance.

Punitive rent control measures lead to troubling consequences. There is an increase in the deterioration and under-maintenance of rent controlled rental units as owners reduce or eventually abandon upkeep, creating more dangerous neighborhoods where rental housing is clustered.

I know it is illegal to evict tenants in order to raise rent. If there are landlords who are skirting the rent control laws, then the city should punish them. Do not punish me by taking away my ability to provide my good residents a safe community. Let's continue to preserve strong San Jose neighborhoods and protect good tenants by allowing owners and managers to effectively manage their properties.

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

I urge you to focus on meaningful solutions that will keep our economy strong, our communities safe, and provide quality housing opportunities for all residents.

Sincerely,
Saraswathy

From:	Dave Bleile
To:	Grabowski, Ann
Subject:	Proposed Rent Control Comments
Date:	Thursday, March 31, 2016 4:14:47 PM
Attachments:	Rent Control Comments to San Jose Mayor.pdf

Dear Sirs,

Please consider the attached comments on the proposed rent control changes.

Thank you
David Bleile

DRB Investment Group
2995 Woodside Road, Suite 400, Woodside, California, 94062, (650) 366-9971

March 30, 2016

Dear Mayor and Councilmembers:

I have been providing housing in the downtown San Jose core for almost 30 years. It is with a heavy heart and great sadness that you are considering crippling the downtown core vitality and improvements now occurring. We along with many other owners have been investing and improving our properties in the downtown core to yes, improve our own financial condition, but also to improve the whole downtown area. This is not an easy effort, but is a lot of work and very costly and risky. The investment, if successful, will also improve the overall City of San Jose.

The rent control that is being considered will significantly impede and stop this improvement that the City of San Jose is experiencing.

As I stated, I have been an investor in the downtown core for almost 30 years. About 30 years ago the then Mayor and Councilmembers most likely unknowingly, significantly damaged the downtown core area of San Jose by voting to scatter half way houses throughout the downtown area. This strategic decision by the then Mayor and Councilmembers brought crime, drugs, and prostitution to the downtown area in a major way. We could stand outside our properties and watch drug deals go down almost any day and on any corner. Nobody wanted to live in the downtown area. Rents plummeted! There were other economic factors at the time but the City's decision was key.

After many years of damage, the then new Mayor and Councilmembers decided to spend millions of extra dollars of city funds to locate police patrols, both painted patrol cars and plain clothes cars, in locally set up precincts, in churches, and in many other areas to attempt to control the situation. We, as residential leaders in the area, had private telephone numbers to local plain clothes policemen that we could call. The plain clothes and painted patrols would arrive within minutes to help curb the situation. The City spent untold extra millions to work on the problem and for many years.

The city also gave the downtown owners millions in cash grants to paint and make improvements to their properties. The situation was sad. We also participated in those grants at the time, in our struggle to hang on.

Again, the City of San Jose contributed greatly to the original problem by placing half way house strategically around the downtown area as if they intentionally wanted to damage the area. Of course, they did not want or desire this result, but that is what happened. There were many mentally inhibited individuals that seriously needed help but the solution the then current Mayor and Councilmembers chose took down the whole area. In hindsight it was a very

wrong decision. The City of San Jose and new Mayor had to spend millions of City funds to correct the problem that their former officials had caused or significantly encouraged.

Again, our rents in the area plummeted as we, as investors, struggled to hang on. Nobody wanted to live in the area.

I understand that you were not the responsible individuals at that time and you will most likely not be the responsible city officials when the damage by the current proposal take hold, but please seriously think about what you are proposing.

The area has been improving and outside investors are spending hundreds of thousands of dollars to improve their properties as we have done. We have spent over $700,000.00 so far to improve property we already owned; not new purchases, and have obeyed the current rent control rules and regulations.

The current rent control proposal will stop this investment almost in a heartbeat and penalize us for being law abiding citizens to past legislation!

There are many incorrect assumptions in the current report that have been presented to us in the various meetings but that does not seem to stop the consultants from presenting an obviously biased study to you as Mayor or Councilmembers.

It is as if the end result was predisposed and it was just a desire to pay for a study to support the predisposed conclusion. You may get brownie points from one faction but the cost you are proposing will be high. The housing shortage is real, but why strategically damage the downtown revitalization effort currently underway with a proposal to cut the legs off this effort. These opportunities to improve a city are rare. And the current rents are already softening significantly.

Unfortunately, with the current proposal, we will not have much incentive to continue our investment work currently underway.

There are many inaccuracies and problems with the rent control proposal which I am not including here as they are outlined in many other letters to you. I only hope that you read these letters and strongly consider what you may doing to the City of San Jose and its future!

Respectfully,

David Bleile

From:	Brian & Jill Borders
To:	Grabowski, Ann
Cc:	Jill Borders
Subject:	Public Comments to Draft Recommendations for Modifications to the City of San Jose ARO
Date:	Thursday, March 31, 2016 4:18:53 PM
Attachments:	Public Comments.pages

Dear Ms. Ann Grabowski,

Please see my attached document and put it into the public record. Can you email me back and let me know it has been received to you by the 5pm deadline today?

Thank you,

Jill Borders

March 31st, 2016

To: Ann Grabowski Housing Department, City of San Jose
From: Jill Borders

Re: Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance

Dear Ms. Ann Grabowski,

Please accept my public comments to the "Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance". I would like to comment on Item #10 listed as "Other".

There are four items listed under #10. I would like to comment on the first two:

A. Create an Ellis Act Ordinance
B. Update the City's demolition ordinance

After studying the City of San Jose's Envision 2040 General Plan and by reading all the documents that were given to the Envision 2040 Task Force in order to prepare for land use decision making on San Jose's direction and pattern of growth, it is evident that there was a serious lack of attention that was paid to the consequences that would follow by all of the redevelopment of existing housing in our City.

All members of the Envision 2040 Task Force, headed by Mayor Liccardo, were given the City document "Existing Land Use and Development Trends Background Report" prior to land-use decisions in order to understand the state of the City's existing land use. See http://www.sanjoseca.gov/documentcenter/view/3314 . On page 27 it states:

As a result of the relatively high absorption rate over the 13 year period between Fiscal Years 94/95 and 06/07, there were only 808 acres of vacant residential lands remaining in Fiscal Year 06/07. This small quantity of vacant land means that most new residential development will occur through the redevelopment of properties that are already developed; eight hundred and eight acres of vacant residential land can only accommodate a small portion of the new residential development needed to house the 413, 0000 new residents projected, by the Bay Area Association of Governments, to reside in San Jose by 2035.

For the purpose of these public comments I would like to focus on the important fact embedded in this paragraph. The fact: "This small quantity of vacant land means that most new residential development will occur through the redevelopment of properties that are already developed". Our City leaders should have recognized in advance that along with redeveloping existing residential properties, would come the displacement of existing residents within those properties. The very obvious and current example being

The Reserve Apartments off of Winchester Blvd. in the Winchester Urban Village. If we knew in 2008 that most existing properties would need to be redeveloped in order to accommodate most new housing, then surely we should have seen the tsunami of displacements that would begin to occur as our City took this approach to building new housing.

Therefore, it is imperative that item #10 of the Draft Recommendations needs to be quickly evaluated and our City's Ellis Act and/or City's demolition ordinance needs to be addressed.

I would like to make it very clear that I am not in favor of displacing residents. I believe preservation of existing structures is the wisest of all approaches. However, in light of the fact that large Real Estate Investment Trust's and other Corporations are coming into San Jose to make their money, along with the City's desire to increase the tax base through bottom level commercial and upper level luxury residential, and with the evidence that projects like The Reserve are approved unanimously by our City Council without regard to a proper and just relocation policy for existing tenants, IT IS CRITICAL WE ACT ON item #10 in the list of recommendations.

It is my opinion that Wall Street has decided to set up shop here in our real estate market and there is little we can do to stop this. The very least I can do is stand up for the people working and living in my community as they are being displaced in favor of larger dividends for the REIT's and for a larger tax base for the City's general fund. We need policies in place to protect existing residents from becoming the City's next homeless person. We should be requiring developers to pay relocation expenses to tenants that will lose their homes through redevelopment. I personally believe that we should hold the City of San Jose accountable for assisting in this process due to our current decision to replace rather than preserve housing.

After reading the City's land-use documents, studying the Priority Development Areas nominated by our local leaders, understanding the purpose and desire of redeveloping properties in Urban Villages to improve the retail tax base, I am distressed that we did not act on a displacement policy sooner.

Please accept my public comment that we must act quickly to address the fact that our City has no displacement policy and yet we are currently approving projects that displace people. And what should be considered as criminal, we are displacing people during the worst lack of housing that this city and region has ever experienced in its history. Thank you for the opportunity to submit comments.

Sincerely,

Jill Borders
[redacted]

[redacted]

From:	Paul Valentine
To:	Grabowski, Ann; Lippert, Paul; Chen, Wayne; Morales-Ferrand, Jacky; City Clerk; Manh Nguyen
Subject:	SJ Housing Recommendation Comments
Date:	Thursday, March 31, 2016 4:49:40 PM
Attachments:	SJ Housing Rec Comments.pdf

Ann,

Please see my comments on the SJ Housing Recommendations.

Thank you,

Paul Valentine

My name is Paul Valentine and I am a San Jose resident, and ARO property owner and a VASH-HUD landlord participant. I invest in residential property not only for a fair return, but to make the community a better place to live. After the down turn and seeing many houses in our neighborhood vacant and crime skyrocketing, I focused my efforts in making San Jose better by investing. In the past few years our family bought a number of units, 50% of which where vacant due to inhabitability and investing over $300,000 in rehabilitation and capital improvements. We were even encouraged to do so by city council members and the Housing Department whose motto is "*Our mission is to strengthen and revitalize our community through housing and neighborhood investment."* Something our family believed it was doing, and doing it well.

Over the past two years, there has been a lot of debate on the ethics of ARO property owners' efforts. We have been called racist, sexist, and "evil" in City Council debates by tenant advocates. The entire (tiny minority) population of ARO property owners have been vilified in the newspapers and television. Note, these ad hominem attacks do not create and housing unit or bring the city closer to an affordable housing solution. Much of the source statistics used by the press and tenant advocates are from the San Jose Housing department. Other ARO owners and myself have repeatedly questioned the statistics as not relevant to ARO properties or misleading. The recommendations are direct result of these misleading statistics. Even as the public advisory board voted down every one of the recommendations, San Jose Housing is still publishing them and pushing the associated recommendations.

Please see my comments on the ARO Prelim report and Housing Recommendations, notably the misrepresentation of rents levels, rent growth, and cost structure. I am disappointed in the recommendations as they go far beyond the mandate of the city council and see the recommendation as punitive in nature. It is not clear what the motivation is of a department that is supposed to be unbiased towards landlords and tenants going so far beyond their mandate.

<u>ARO Rents</u>

Median ARO Rents are much lower than reported by SJ Housing Department Quarterly Report. They are not $2436 like SJ Housing reports in their housing statistics quarterly report, but $1445 per SJ Housing Preliminary report. The number SJ Housing is using in the debate is $1000 over the number's their own consultant found. Rents increased 21% from 1994, but the underlying acquisition costs rose 84% (again from the Prelim Report), thus the underlying costs grew 400% faster that the rent.

ARO Rent increases are much lower than reported by SJ Housing Department. ARO Rents are not rising 9% YoY, but have gone up a non-inflation adjusted average of 2.5% per year since 2000 (per SJ Housing Preliminary report). The 2.5% increase in ARO includes the increases allowed with vacancy decontrol, so an ARO tenant who has not moved has seen a much smaller increase than 2.5% per year.

San Jose has plenty of vacancies, as reported by SJ Housing Department. Current SJ Vacancy rate is 6.3%, 5.4% over the last two quarters, and well above natural level. This would be enough to release NYC apartments from current rent control. The reason rent is high is because land and building costs are very high, $200,000 per ARO unit, and operating expenses are very high.

Operating Expenses

Water Costs are rising much faster than inflation. The average monthly water bill for a residential customer of San Jose Water is $70 and in 2015 saw a 15% rate increase for San Jose. Per CPUC application, water will increase 20.7% over the next 3 years.

Garbage Collection cost is rising faster than inflation. Garbage collection costs increased 4% in 2015 alone.

Garbage Collection, Landscaping and Management will see significant increases in the future. Garbage Collection, Landscaping and Management are labor intensive expenses and will see a significant cost increase as labor rates will jump 50% over next 4-5 years with the implementation of the new minimum wages law.

Recommendation

CPI rent increases – Water, Waste, Utilities, and Landscaping costs, which are a large share of expenses, are growing at a much faster rate than inflation.

Debt Service Pass through – Debt Service Pass through is used so infrequently this should not even be under discussion. However, it is critical to ensure landlords are not forced into bankruptcy due to interest rate changes. Most commercial loans are not 30 year fixed, but 3 and 5 year ARMs. Adjustable interest rates have been as much as double the current rate in the past decade. The current ARO is designed to protect tenants from major swings in costs, the city should also protect landlords from major swings in underlying costs that are beyond landlord's control.

MNOI and Fair Return – Adjudicated fair returns are not fair at all. To consider what is fair, one must look at comparative investments and associated risk. While the Preliminary report boast of a generous return of 84% from 1994 to 2015 for ARO properties, the SP rose 362% in the same period, from $445 to $2059. This does not consider the capital improvements and transaction costs associated with real estate. Additionally, Cap Rates, the measure of a properties operating profit, have been dropping steadily over the past 3 decades. 88% of the ARO owners are local to the Bay Area. The motivation to buy and invest in these buildings is as much

about profit as making the place we live and raise our children a better place. Certainly investing in a passive SP500 fund is much more profitable.

Capital Improvement – San Jose does not just have a quantity problem in housing, it has a massive quality issues as well. 67% of ARO buildings are over 47 years old and 45% of the buildings are Tier III Categorized. San Jose apartments are old and in many cases run down. It will require significant Capital Improvement and Rehabilitation investment to achieve a standard of living required people to lead a dignified life. The current recommendation of capping rent increases and removing the ability to recoup investment costs will have a very negative effect. There will be a significant penalty to ARO property owners who do invest.

Adding 30 Full Time Employees – $4.5M annual expenses for more city employees, their pensions, healthcare and other overhead will not create one affordable unit. Would this money not be better spent actually building units or partnering with landlords to create more housing for low wage earners?

From:	Roberta Moore
To:	Morales-Ferrand, Jacky
Cc:	Chen, Wayne; Grabowski, Ann; City Clerk
Subject:	ARO: Response to Recommendation
Date:	Thursday, March 31, 2016 4:55:40 PM
Attachments:	Response to the City of San Jose Housing Department's ARO Recommendation Submitted 3-31-2016.docx ATT00001.htm Screen Shot 2015-01-09 at 12.07.56 PM[1].png ATT00002.htm

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Dear Jacky,

Here is my response to the Housing Dept's recommendation. I did not have time to proof the last few pages.

Response to the City of San Jose Housing Department's ARO Recommendation dated March 1, 2016

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Overview

Any one who takes the time to look at the information (Business Model, Rents, Vacancies, Expenses, Impact) specific to ARO rentals quickly realizes the Housing Departments' proposed changes to ARO Policy is bad for San Jose. Changes are not friendly to small business, will increase crime, will reduce quality of life for renters, and will negatively impact property tax revenue. Worse, these changes will be hardest on the poor and minorities who already enjoy below market rents. Note: an estimated 80% of ARO units are rented AND owned by minorities.

The City of San Jose Housing Department has been giving Council and the Public information from non-ARO buildings. This makes it easier to justify the recommendation to almost double their staff and to force an estimated 38% of responsible affordable housing providers to operate at a loss.

After spending months intensely researching the impact of rent control, it's clear why even the most liberal of economists agree rent control does not work. They say it reduces the quantity of affordable housing and that the poor are hit the hardest. This is why Bay Area cities considering rent control are rejecting it. Some cities, such as Cambridge, are even eliminating rent control policies they have had.

Recommendation Defies Rules of Business

Any viable business, charges clients for the cost of doing business and allows for a profit margin in reward for providing a service. Affordable housing providers are no different.

Singling out one group of small business owners (mostly mom and pops who are minorities) in one industry to not operate under the normal rules of business, because 10 other California cities have done it, is not good for San Jose. Here's why: The more restrictive the policy, the lower the quality of life of its residents. Cities with Just Cause ordinance are among the most dangerous.

On March 21st, Housing & Community Development Commissioner, Lee Thompson said, *This is a social problem . . . We need to own since the city created it*

A Sledgehammer isn't Needed to Hang a Family Photo

The stories about skyrocketing rents and single moms getting evicted are heart wrenching. If you listen closely and understand the ARO policy, you quickly realize most do not live in ARO units. Despite skyrocketing rents, average rents in San Jose's ARO units are $1,388 and Termination of Tenancy's reported average 28 per year, resulting in 22 or less hearings per year.

The Housing Department is using the housing crisis as an opportunity to build staff when it won't improve the situation. The proposed changes won't reduce market rents and won't help the people whose stories are being reported.

Rent control will stabilize rents for 11% of San Jose's renters. Until the REIT and developers bulldoze the affordable housing because the small mom and pops were pushed out of San Jose. Then that percent will decline.

Except Los Gatos' crime ranking, San Jose has the best measures of every California rent controlled city looking at quality of life and cost of living issues found. (Data on Page 12) This is because San Jose has the most balanced and fair rent control policies and does not have any type of cause ordinance.

Unintended Consequences not Worth Benefits

The Housing Department intends to increase the size and bureaucracy of the Housing Department without sharing data that shows these changes will work. The basis for The Housing Department's staff recommendations come from a study that excludes data from 90.6% percent of San Jose's ARO rental properties, rendering its conclusions invalid.

Here are some of the unintended consequences of the Recommendation:

1. Reduces Value and Sale of Multi-unit Properties and Property Tax Revenue
2. Makes San Jose Unfriendly to Small Business and Minorities
3. Increases Displacement of Minorities and Low-income Renters
4. Increases Homelessness and Crime especially in Affordable Neighborhoods
5. Increases Need for Social Services for Owners & Renters
6. Reduces Revenue for City Services
7. Reduces affordable housing available
8. Unfairly burdens building owners in the city
9. Devalue real estate in the city
10. Reduce vitally important property tax revenue

Conclusion

The recommendation is not balanced or fair for owners. It is written for renters and does not allow for a fair and reasonable return on value of property. More red tape and bureaucracy isn't the answer.

87% of participants at the March 16th meeting to review the recommendation did not support the recommendation. Jacky's recommendation is threatening our business and our renters' homes - renters who we care about.

Why copy the most expensive and dangerous cities? In Silicon Valley, we can be more innovative than this. Contrary to Housing Department's data, there is nothing standard about CPI or rent control. Consumer Price Index has nothing in its market basket that is relevant to the rental business. Only 11 California cities have a rent control policy. Other cities are rejecting rent control because it doesn't work.

The following information highlights problems with the Housing Department's Recommendation and includes cost-effective results-oriented recommendations that were shared during the ARO Advisory Council meetings.

Data, Analysis, and Sources Available Upon Request

Challenges with Housing Department's Recommendation

There are many problems with the Recommendation, dated March 1, 2016. They include:

Stabilizes Rent for 11% of San Jose's Renters

The justification for this proposal is current market rents. This will not stabilize market rents in ARO units because of vacancy decontrol. This recommendation will only impact rents for existing renters. ARO units are less than 37% of the available rental units in San Jose. Considering turnover estimates every four years of 70%, only 11% of San Jose's renters will be helped by this recommendation. (Source Housing Department)

Negatively Impacts Quality of Life

Comparing San Jose with the 10 other California cities that have rent control, it's clear that:

1. San Jose has the best measures of all rent controlled cities looking at quality of life and cost of living issues. (Except Los Gatos with USA.com's crime ranking.)
2. San Jose is the safest city with the lowest % of income spent on rent because it has the most balanced rent control policies and does not have any type of cause ordinance.
3. San Jose renters enjoy the lowest % of income spent on rent.
4. Except Los Gatos, Beverly Hills, Hayward, and Oakland, the crime ranking is directly related to the % increase in allowable rent. In the remaining 7 cities, the lower the allowable increase the worse the ranking.
5. 5 of the 10 most dangerous Bay Area cities have a Cause ordinance. It is because any type of Cause ordinance protects the dangerous criminals who account for 90% of the violent crime.

Diagram Attached on page 12. Sources: Forbes Safe City Rating, FBI, USA.com, Crime Ranking, CNN City Reports, California Office of Attorney General.

Bloated Bureaucracy and Red Tape

The City of San Jose's Housing Department's recommendation is complex and expensive to implement. Here is what Tenant Advocate Stakeholders said about it at the March 16th meeting when the Housing Department shared their recommendation:

- Eloise: *This is like the mafia; pay and we'll protect you.*
- Elisha: *We don't need this. There are better ways to find the bad landlords. Work with the non-profits.*

Data Doesn't Justify Solution

While there are really bad landlords, the numbers do not justify the solution.

The Hosing Department's Recommendation said, *Based on the input received, staff believes that most owners and tenants are good actors*. Out of 44,300 units, the Housing Department reports the following per year for the past 5 years on its 44,300 units:

1. 47 excessive rent increase complaints
2. 28 termination of tenancy
3. 22 required a hearing.

Housing already has staff for 58 hours per tenant complaint each year, 22 of which result in a hearing. Several stakeholders on the ARO Advisory Council, including a tenant advocate, have said numerous times, "*With these numbers why are we even here*."

The bad guys (owners and renters) will not follow the law. They figure out quickly how to game any system. This recommendation squeezes the responsible owners and leaves everyone vulnerable to the dangerous renters.

Financial Data Provided Not From ARO Units

Very little of the $185,700 ARO Study is relevant to the discussion. Council requested the Housing Department evaluate the financial impact of Rent Control. The ARO Advisory council requested they consider the economic impact. They did neither adequately to justify their recommendation.

The financial data reported in the ARO Study is based on information from non-ARO buildings that were built after 1980 (with significantly less maintenance required) and had 50+ units (more economies of scale so expenses are a smaller % of rent). Source ARO Study page 128

The 33.5% operating expenses (as reported by the ARO Study page 130) does not represent the true cost of operating a small ARO building. Given the $1,388 average monthly rent the study reported, 33.5% only covers the cost of city fees/taxes and services/utilities provided for renters. This does not include maintenance, operations, debt service, or profit.

Small ARO buildings are 90.6% of the ARO units.

Housing Department Not Being Fair

City staff is guaranteed a 7.5% return on their pension <u>after</u> expenses with taxpayer dollars. Yet, their recommendation will limit rent increases on old buildings to 2.5% <u>before</u> expenses. This doesn't even include the discussion of profit. What business will remain than can't cover costs or make a profit?

The Housing Department will not allow write-offs, such as the cost of debt, even thought the Internal Revenue Service allows for it.

CPI Not Relevant

Only 7 California cities use the Consumer Price Index (CPI) to cap allowable rent increases. It's not standard or relevant.

CPI measures the cost of consumer goods, such as food, medicine, clothes, and toiletries. Less than 4% of the CPI basket could be relevant to rental properties. CPI is not the Rental Price Index. It does not measure the cost of electricians, plumbers, city fees, taxes, interest, and utilities.

Average rent in an ARO Unit is $1,388. Average CPI increase is 2.5%. This allows for a $34.70 monthly increase in rent. This wouldn't cover the cost of replacing a water heater. The CPI Cap would make it so approximately 38% of us could not increase our rent to cover our increase in expenses. (Source: Small Building Owners)

Not Good for San Jose

At the March 16th ARO Meeting, an owner read from a welcome letter from the Mayor that said, *Locating in San Jose is the best business decision*. The owner then said, *If I had known about this proposal, I would not have invested in this city. This punishes the small business*. (Steve)

There is evidence that sales of multi unit buildings started declining August 31st when San Jose Inside breaks news that San Jose Aims to Change rent control by 2016: http://www.sanjoseinside.com/2015/08/31/san-jose-aims-for-new-rent-control-ordinance-by-2016/

Sales of multi unit buildings in San Jose according to a recent MLS search:

Time Frame	# Of Multi-Unit Buildings Sold
2014	286
1/1/2015 - 8/31/2015	181
8/31/2015 - Announcement Made	
9/1/2015 - 12/31/2015	46
1/1/2016 to 3/31/2016	28

Agents confirm this unintended consequence. They are saying, *Investors won't touch San Jose because of proposed changes to rent control*.

Cost-effective Results-Oriented Recommendations

Education and Enforcement are the keys to improving the situation. Not monitoring good providers, forcing owners to keep dangerous renters, or restricting costs of operations.

Most of us are " good actors" according to the recommendation. We care about our renters. Let us stay in business and help with the affordable housing crisis. If the City of San Jose really wants to improve the situation and not just pave the way for developers by putting unwilling ARO providers out of business, prove that is true. Consider these lower cost, higher impact recommendations Stakeholders on the Advisory Council have been making.

Housing's Recommendation copies some of California's most expensive and dangerous cities. In Silicon Valley, we can be more innovative. Most of these easy to implement and cost-effective changes have been recommended to the Housing Department. Those in italics were not submitted.

Education

Recommendations & Suggested Improvements

1. Bring back Project Blossom to educate rental owners on best practices for Rentals.
2. Require those rental providers with serious code violations or found to be negligent through the enforcement process, to attend Project Blossom.
3. *Require the addition of a one-page addendum to the lease with Renters' Rights and the Rental Rights and Referral contact information.*
4. *Give owners the opportunity to comply by imposing small and then increasing fines to owners who do not provide the addendum.*
5. Identify violators and educate Renters' through Tenant Advocacy groups about this addendum.

Rationale

Education is the key to success for those rental providers and renters who need it. The problems this recommendation attempts to solve are mostly illegal. Owners are not supposed to evict a renter to increase rent. Renters have anti retaliation protections under state law. We need to educate both sides on rights and responsibilities to reduce any fear, uncertainty and doubt.

A one-page lease addendum that lists the Renters' rights around rent increases, termination of tenancy, and provides a phone number to call will help educate the Renter about the rules and remedies. Tenant Advocacy groups can help identify problem owners.

Identification & Enforcement

Recommendations & Suggested Improvements

1. Establish a multi-lingual Ombudsman program, like the Santa Clara County Association of Realtors. This will allow responsible Renters and Rental Owners to understand each other and come to an amiable resolution whenever it is possible.
2. Work with Tenant Advocate groups and Code Enforcement to identify potentially irresponsible rental owners. Establish a volunteer review committee with responsible Renters and Rental Owners to evaluate owners identified. If there is an irresponsible Rental Provider and education or the Ombudsman program doesn't solve it, then initiate proceedings.
3. Establish a balanced Mediation board with responsible Rental Owners as volunteers to hear cases involving pass through petitions and Renters' complaints against Rental Owners.

Rationale

Democracy presumes its citizens are innocent until proven guilty. Democracy starts with a position of trust. Most people will do the right thing. There are laws and fines in place if they do not. The Housing Department requesting the need to register ever owner exhibits a lack of trust.

Monitoring adds cost, but does not solve the problem. Bad landlords will always be bad landlords until caught. This targeted approach costs very little and will identify any possible problem owners efficiently without an expensive monitoring program.

Reporting rents and renter info to the city jeopardizes the privacy of our renters especially illegal immigrants and ex felons.

Please Note: Responsible owners want the slumlords out of the business even more than the city does. These bad apples make it harder for us to run our business effectively.

The City of San Jose reportedly favors renters in most proceedings. They have been reported to be too arbitrary and too biased even against the responsible Owners. There needs to be a balance with rental owners when evaluating the circumstances.

Rent Increases

Recommendations & Suggested Improvements

1. Keep the 8% and 21% increase allowed after 24 months for "banking" or "catch-up" purposes.
2. Keep the debt service pass through to maintain property tax revenues.
3. Simplify the maintenance service pass through to allow for and encourage improvement and maintenance. Allow receipts *and tax return* for approval. This provides a reward for those building owners who do the right thing.
4. Remove the Housing Department's right to reduce rents when there is a pass through.

Rationale

The current process and proposed recommendation are too complex and costly.

A "Catch-up" provision will make the high cost registry unnecessary and will allow Rental Owners to keep their rents as low as possible for as long as possible without worrying about survival. Is it fair for the man who's wife died of cancer and has rents of $900 per month not to increase his rent 21%? It's not fair to say he can only increase his rent $27 when costs increased $118 and his rent is so far below market. He has a business to run.

Debt Service Pass Through This does not create speculation as stated in the Recommendation. Its purpose is to protect property values (and therefor property taxes) when rents are below market.

The data used was on non-ARO buildings built after 1980 and with 50+ units. This data is no relevant to smaller ARO buildings, which are 90.6% of the ARO units. The report leaves the false impression that ARO building owners are making money hand over fist so a CPI increase won't be a problem.

The City of San Jose has been reported to be too arbitrary in what it allows and what it doesn't for pass through requests.

Limiting owners ability to pass on capital expenses will deter some owners from doing any more than the minimum they need to maintain their units. Or, it will force those of us who take pride in serving our clients and offering the best possible home to operate at a loss. Either way, the renters and owners lose.

Termination of Tenancy

Recommendations & Suggested Improvements

1. Do not add any form of an Anti Retaliatory Provision or a Good or Just Cause ordinance.
2. Use current law to deal with the Terminations of Tenancy. This will protect the responsible renters and keep San Jose safe.
3. Give renters 120 days after Termination of Tenancy and move out to file a claim against the Rental Owner.

Rationale

The 120 days will give Renters time after the hassle of moving to file against the bad landlord.

There are already laws and expensive fines in place to deal with retaliatory terminations or terminations to increase rents. Dangerous renters know how to game the system and are already using this law to increase their stay to the detriment of children's safety in affordable neighborhoods. Examples available upon request.

Any form of Cause ordinance invalidates the lease. Only 6 California Cities have a form of Cause. Eviction. They are among the most dangerous. The correlation is easy to make. If you can't evict a dangerous renter, the city gets more dangerous.

Housing Department's recommendation is a form of cause that protects the dangerous drug dealers. If they had listened to Stakeholders on the Advisory Council or had direct experience with this, like our owners have had, they wouldn't have included the Anti Retaliation Measure

1. We don't want vacancies. Having a vacancy is not getting the paycheck from your job. We take care of our good renters.
2. It's way too difficult and expensive to deal with problem renters through expected channels. Housing Commissioner Fitzgerald shared how one of his renters, a Police Woman, wouldn't call the police for the fear of retaliation from the scary drug dealer. Fitzgerald used a 90 no cause eviction.
3. Any kind of "cause ordinance" doesn't let owners protect the responsible renters from the scary drug dealers. They account for 90% of the violent crime, according to the California Attorney General.

Staffing & Funding

Recommendations & Suggested Improvements

1. Do not set-up a registry.
2. *Allocate 2 housing staff to manage these programs: One for education and one for enforcement.*
3. *Use City Fees already collected.*

Rationale

The City of San Jose already collects enough money from ARO providers. Approximately 16% of rents collected in smaller buildings go to city fees and property taxes

A recent city program already charges ARO Owners $5 million a year to increase code enforcement. Enough is enough.

Information Requested from Housing

Awaiting the Housing Department's response to the following questions before including them in my response:

1. What code violations are included in the Anti-retaliation proposal? For example, is garbage? What else?
2. What is included as a significant violation of the lease?
3. Jacky mentioned reviewing 1 small ARO building for CPI and found it didn't work only one of the five years. Did the financial data include debt service, vacancy rate, maintenance, or improvements?
4. Outcome of Rent control as compared with non-rent controlled cities.

Questions for Council to Consider

Before voting on this recommendation, I hope you will consider the following questions:

1. How are the low-income renters going to feel when the affordable housing supply shrinks and they have to move out of San Jose?
2. Where will the minorities, single moms, and low-income families move when this happens? Think Reserve Apartments on steroids.
3. How are renters going to feel when they get the bill for half of the $4.5 million and find out their name is in a city registry? Especially if they are an illegal immigrant or ex-felon?
4. What will the mom and pop owners (who are also mostly minorities working 2 jobs) or retirees (who have invested for years in their property) do for income?

Personal Comment

I own a 4-plex and rent to low income people. I worry about being forced to increase my rents more quickly than I want to if the recommendation is accepted because it is so restrictive. I know my renters will move faster than either of us wants. I will get to market rents faster, but that is not my objective.

I take pride in providing the best living situation possible to my renters. They are my clients and I treat them as such, with the utmost respect and care. A long-term happy renter is better than turn over.

This Housing Department's recommendation is not fair or beneficial to my renters or me.

Impact of Rent Control

Following is the data found after 2 hours of research:

City	Cause Ordinance	CPI	2015 Allowable % Increa	Crime Rank	Forbes Safe City Rating (2010)	% of Income Spent on Rent (2015)	Homeless (2015)	Homeless Rate	Average Cost Rent Controlled Units	Market Rent
Beverly Hills			10.0%	255						
San Jose			8.0%	246	2	41.50%	4063	Decreased 21% past 11 years.	1,388	$2,750
Los Gatos			5.0%	90						
Hayward	Yes		5.0%	381						
Los Angeles	Yes	Yes	3.0%	341	21	48.90%				
Oakland	Yes	Yes	2.8%	460						
East Palo Alto	Yes	Yes	2.2%	433						
Santa Monica		Yes	2.1%	344						
West Hollywood		Yes	2.1%	423						
Berkeley	Yes	Yes	1.8%	435						
San Francisco	Yes	Yes	1.7%	434	29	46.70%	7539	Increasing	$3,096	$5,000 plus
Source	Internet	ARO Study	ARO Study	USA.com	Forbes	CNN	City's Reports	City's Reports	ARO Study, Internet	City of San Jose, Internet
San Jose	No	No	8%/21%	2nd Best	Best on List	Best on List	Better than SF	Better than SF	Better than SF	Better than SF

From:	Lillie Richard
To:	Morales-Ferrand, Jacky; Grabowski, Ann
Cc:	Howard, Josh; Anil Babbar
Subject:	Comment Letter re: Draft ARO Modifications
Date:	Thursday, March 31, 2016 4:57:21 PM
Attachments:	033116_SJ Draft Recomendations_SJFRHS Comments.pdf

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Dear Ms. Morales-Ferrand,

Attached please find the San Jose Residents for Real Housing Solutions' comments on the draft recommendations for modifications to the City of San Jose's Apartment Rent Ordinance.

If you have any questions, please do not hesitate to contact myself or Joshua Howard at jhoward@caanet.org.

Best Regards,
Lillie

Lillie Richard ▪ Public Affairs Coordinator
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CAA is your partner in the rental housing industry.
Find out how we're working for you.

To: Jacky Morales-Ferrand, Director, Department of Housing, City of San Jose
Ann Grabowski, Department of Housing, City of San Jose

From: San Jose Residents for Real Housing Solutions

Date: March 31, 2016

RE: Draft Recommendations for Modifications to the City of San Jose Apartment Rent Ordinance

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San Jose Residents for Real Housing Solutions (SJRHS), a coalition of homeowners, business organizations, housing providers, and local residents thanks the Housing Department for their efforts to respond to the City Council's direction to study possible amendments to the Apartment Rent Ordinance (ARO). Our coalition is unequivocally opposed to the majority of the draft staff recommendations dated March 1, 2016. These proposals will NOT address the concerns of rising market rate rents, issues of housing affordability, or ensure San Jose remains a competitive place to do business.

This memorandum represents our collective response to the Housing Department's recommendations that were released for public comment on March 1, 2016.

Annual Allowable Rent Increase

As stated time and again at the Advisory Committee on the Apartment Rent Ordinance (Committee) meetings, rental owners do not automatically raise rents by 8% each year. Instead, the 8% maximum allowable increase provides stability to tenants knowing their rents cannot increase more than 8% in a year while providing reliability and predictability to rental owners.

Many owners explained they did not have to petition to use the Capital Improvement Pass-Through since the 8% limit was sufficient to allow owners to maintain and grow their business, keep pace with increased operating costs, and make capital improvements and investments. In fact, the city's own report showed that, on average, rents in ARO units increased on average 5% per year.

SJRHS opposes any reduction of the maximum allowable rent increase, and is especially opposed to the proposed use of tying the maximum allowable increase to the Consumer Price Index (CPI). One of the guiding principles of this ordinance has been reliability, predictability, and stability. A maximum allowable increase tied to a fixed rate achieves those principles and serves to provide owners and residents each year with the ability to forecast their income and expenses, and provides residents with a sense of stability.

Debt Service Pass-Through

SJRHS opposes the proposed elimination of the Debt Service Pass-Through. In its analysis of debt service, the city's own study focused on debt service pass-through and its application in other markets. The study specifically noted that six of the eleven apartment rent control ordinances exclude consideration of debt service in setting allowable

rent levels, except when the debt service is associated with capital improvements.

The ARO Study also notes that "if debt service is considered, owners who make equal investments in terms of purchase price are entitled to differing rents depending on differences in the size of their mortgages and/or the terms of their financing arrangements." What is ignored is that buyers of investment properties understand their options when capitalizing a purchase, as well as how that choice will impact future returns on the investment. These choices impact purchase prices, thereby impacting the value of ARO properties. A buyer of an apartment property subjected to the ARO will adjust the purchase price based on lower anticipated returns. If the debt service pass-through were to be reduced or prohibited, it is reasonable to anticipate a significant reduction in ARO apartment values, negatively impacting current owners of ARO properties as well as property tax revenue collections.

Investment returns are impacted by a variety of considerations including capital investment requirements, ARO rent caps, and anticipated operating income and expenditures. There is little, if any, concrete analysis on the impact of removing or reducing this pass-through on the San Jose economy, rental market, or overall cost of housing. Thus, prohibiting or reducing a pass-through is contradictory to the policy and purpose of the ARO ordinance, which is in part to provide assurance to landlords of a fair and reasonable return on the value of their property.

Capital Improvement Pass-Through

Capital improvements are vital to maintaining, improving, and enhancing an apartment community and a neighborhood. Rental owners invest millions of dollars into their properties each year to offer quality living experiences to their residents, ensure the long-term maintenance of their building, and add value to the apartment community.

While there have been few, if any, Capital Improvement Pass-Through petitions in the past several years that does not mean Capital Improvements have not taken place. In fact, all it means is that owners have not felt the need to endure a long, protracted process to seek approval to increase rents beyond the limits established in the ARO.

Approximately 75% of the City's ARO apartment properties were constructed in the 1960's and 1970's. As properties age they require significantly higher capital investment, particularly properties in excess of 20 years of age. Deferred maintenance and market competition are also a challenge. The ARO Study and staff recommendations do not provide any analysis of whether or not further limiting an owner's ability to increase rent may create a disincentive to properly maintain the property, since landlords will not be able to recover the cost of that investment through higher revenues.

The proposed maximum allowable rent increase coupled with the proposal to replace the Capital Improvement Pass-Through formula with a requirement that an owner must justify how they maintain their inflation adjust profit in order to obtain city permission and approval for these expenses WILL lead to a decline in investment and reduction of housing quality. The City of San Jose has made a commitment to moving at the speed of business, yet this proposal would do the exact opposite, it would discourage investment in San Jose.

In addition, nowhere does the city's own report or staff rationale offer any type of analysis on how a reduction in the current maximum allowable rent increase would affect the quality of San Jose's housing stock, quality of life for tenants, and the surrounding neighborhoods by decreasing the value of adjacent properties.

Revised Notification Requirements for Notices to Vacate & Rents Charged

We concur with the recommendation of making no changes to the current timing and notification requirement for an owner to terminate a tenancy. However, increasing the vacancy rate to 5% as a trigger for a tight rental market and a longer notification period to terminate a tenancy is unwarranted. Based on staff's own admission at the Committee meetings that this section of the ordinance has not been fully monitored and enforced, it seems premature to make sweeping changes to the definition of a tight rental market as clear data is lacking on whether or not the current trigger of 3% is sufficient.

Amendments to Facilitate Monitoring & Enforcement

Many of the assumptions in the draft recommendations will lead to a costly increase in City administration without addressing the core issues these recommendations aim to solve. In addition to the costs to the City, rental owners will be burdened with additional administrative costs, additional filings with the City, and increased fees. While the proposed amendments to facilitate monitoring and enforcement attempt to acquire real ARO rent data and monitor/reduce illegal rent increases, both of these objectives can be accomplished effectively through other measures.

Throughout the Committee process it has been stated that good and accurate data on the ARO housing stock is unavailable. Accurate and quality data exists and it can be accessed through services such as CoStar or by regularly contracting for a study as was recently done by the Housing Department as part of this process. Both of these would eliminate the need for a costly increase in City bureaucracy, an excessive increase in fees charged to rental owners and tenants, and ease the burden placed on rental owners who, under the Housing Department's proposal, would be saddled with even more fees, more paperwork, and less income.

CoStar, a well-regarded data service, should be considered as an alternative to a rent registry. CoStar maintains rents for multi-unit buildings with as few as five (5) units as well as market rate housing dating back 15 years. Data available includes analytics on rent growth, vacancy/occupancy rates for each building, Section 8 providers, affordable units, etc. This could be a very powerful tool for the entire City as it works on creating housing policies to address the serious supply issue facing our region.

A registry program creates a host of privacy issues. A tenant should be able to expect that their rental rate is a private matter between the tenant and the landlord. The fact that the rent of every unit identifiable by address will be subject to a public records request is troubling at best. The rents from CoStar are not identified by unit – only by the number of units in the building.

There is no evidence that a rent registry program will eliminate or reduce illegal rent increases. We believe that if a landlord is unscrupulous enough to charge illegal rent increases, then they would have no reason to be truthful on their registry. More importantly, the City's own numbers do not justify the burden this proposal would create for City, owners and tenants. The Housing Departments own reports indicated that of all the complaints filed, those for illegal rent increases were a fraction of the total.

The City of San Jose can take steps now that would have a much more dramatic impact in stopping alleged illegal rent increases by strengthening their rental owner and renter outreach and education programs.

While we understand the very real housing shortage our region is experiencing, this ordinance will not add one

additional unit. It will not address City policies on increasing supply. With viable and effective alternatives to a rent registry, the City can increase their housing data beyond what this registry would provide to create effective and long term solutions to housing supply and crack down on the minority of landlords charging rent increases that exceed the limits established by the ARO.

Evaluation of Staffing Levels to Effectively Monitor, Enforce, and Analyze the ARO Program

It is premature to discuss staffing levels and make decisions on the best staffing model for the ARO program until after the City Council provides input and direction on the amendments they desire to the ARO. This will allow staff to develop a specific staffing plan and time to explore technology based solutions that allow for submission of information and required notices via the Internet or other electronic applications.

We strongly encourage the evaluation of staffing levels be deferred and that the Housing Department ensures the most cost effective and efficient operating model is developed based on the direction of the City Council at the April 19, 2016 meeting.

Evaluation of the Inclusion of Duplexes as part of the ARO

We concur with the staff recommendation to continue excluding duplexes from the ARO.

Consideration of Income Eligibility Criteria

Rent control is a subsidy a private property owner conveys to their tenant in the form of lower rents. That subsidy is provided without regard to the resident's financial needs and, in some cases, may be conveyed to residents whose income does not warrant such a subsidy. Today, anyone lucky enough to move into one of San Jose's 43,000 rent controlled apartments can take advantage of ongoing below-market rental rates provided by the apartment owner. Whether a young attorney at a law firm, or a couple working for one of the region's high-tech giants, they're able to benefit from a rent controlled apartment, while others with legitimate needs in our community are excluded. If apartment owners in San Jose are to continue to provide housing subsidies through below-market rents, then the current rent control system needs to be changed. There should be a fair system whereby people have to prove that they make below a certain income to qualify for the continued benefits of rent control.

Currently, New York City has a program where an owner can petition to remove a tenancy from rent control when certain triggers are met (e.g., the tenancy has existed for more than two years AND the tenants income and rent exceed certain thresholds). When that resident moves out, the unit is again subject to the restrictions of rent control.

SJRHS believes it was the City Council's direction to explore programs that ensure those who no longer needed the so-called benefits of rent control continued to receive the subsidy from the landlord. We are disappointed that the New York City model was not further explored and respectfully request that consideration be given to studying a program that would allow owners to remove tenancies from rent regulation once the resident's income, tenure, and rent exceed certain thresholds.

Consideration of a Good Cause Eviction Ordinance

SJRHS concurs with the staff recommendation to not pursue a Just Cause Eviction Ordinance. There is little, if any, clear data to show that rental owners are terminating tenancies to circumvent the limitations of the ARO. The 2003 amendments to the ARO were clearly established limits on rental owners from being able to terminate a tenancy in order to achieve a higher rent. However, since those amendments were made 13 years ago, the proper staffing, notification, and education to ensure compliance was not implemented. Through enhanced education to owners

and residents coupled with better enforcement of the current provisions, many of the concerns that are perceived to exist should be addressed.

Advocates for a so-called Just Cause Eviction Ordinance claim that hundreds of renters are being illegally evicted every month and risk becoming homeless. However, there is no evidence of such widespread abuses. The California Apartment Association (CAA), local rental owners, and even city council members have urged these groups for months to invite CAA to intervene with owners when improper eviction is alleged. Despite these pleas, advocates have not been able to offer any specific instances.

The focus should be on educating renters on their protections under existing law, instructing owners on their obligations, and enforcing the laws we have. In addition, we should look to provide a forum for owners and residents to resolve disputes in a neutral setting---not in a court, not in the political setting of a board or commission, and certainly not with a host of new laws and regulations.

CAA works hard to educate its members about compliance with all Federal, State, and local laws governing rental housing, especially application of Fair Housing laws.

The proposed Anti-Retaliation & Protection Ordinance (ARPO) was not discussed by the Advisory Committee until its meeting in mid-March. It was presented as a potential method to provide additional protection to renters with a way to ensure rental owners addressed habitability issues raised by their residents. The best method of addressing legitimate code violation issues is through Code Enforcement's Multiple Housing Inspection Program. This program should be continually refined to ensure resources are focused on those properties in need of more frequent inspection and have a history of violations.

The ARPO, in concept, could be a useful ordinance to provide greater protection to renters and encourage those owners to better understand their roles, rights, and responsibilities. However, more discussions are needed to better understand how the ARPO would work, what elements are needed to make it successful, and determine if it is warranted recognizing current state laws already provide renters with an array of protections from retaliatory conduct.

We look forward to continuing to work in partnership with the City's Housing Department and other stakeholders on ways to best educate rental owners and residents on their roles, rights, and responsibilities.

SJRHS Recommendations & Comments

The proposed staff recommendations DO NOT offer any form of education to rental owners or their residents. Often local renters are unaware of their rights and responsibilities. Through better education and outreach we can ensure that renters understand the resources available to them. The City should, in partnership with rental owners and advocates, develop a multi-lingual, multi-media program to provide information to renters on local laws, their rights, and available resources to help residents resolve their housing issues, available funding sources for housing assistance, and prevent and defend evictions.

The City needs to immediately reinstate the Project Blossom program. In the past, the City held workshops for rental property owners to educate them on property operations and maintenance, fair housing, crime prevention, and compliance with local laws. Through annual programs hosted at City Hall and community centers and the former Project Blossom program San Jose provided ongoing education to landlords on their roles, rights, and

responsibilities. With the continued need for compliance, education, and outreach, it is vital that the Project Blossom program, which has been funded through the Multiple Housing Occupancy Permit Program, be immediately re-instated.

There are several areas where the ARO Study and the city's own analysis have fallen short in addressing the impact of rent control or the benefits of stricter rent controls. In addition, the draft staff recommendations do not offer any concrete analysis to address how these proposed policies impact rental owners and residents, their cost to the city in terms of lost revenue, their effect on property values, or how the city will measure the success of these new policies. Areas that are lacking:

- The ARO Study and the staff recommendations fail to address whether or not the presence of the ARO helps or hinders the current housing crisis facing Silicon Valley.
- There is inadequate data on whether or not changes to the ARO will add more housing units into the market or reduce housing costs—specific items that the City Council requested be explored when it ranked the ARO review as one of its priorities.
- The ARO Study and the analysis from staff to date does not contemplate any potential unintended economic consequences of changing the current ARO or the removal of current ARO units from the market altogether.
- It has been reported that there are a number of San Jose residents who spend more than 30% of their income on rent. However, the ARO Study and staff analysis to date does not offer any strong evidence that rent controls help to reduce the number of low-income households spending 30% or more of their income on rent.
- The ARO study did not address whether or not rent control can have a negative impact on low-income households not living in rent-controlled covered units through higher growth in citywide median rents.

We appreciate the opportunity to weigh in on this very important issue to the City. SJRHS members affirm their commitment to making San Jose a great place to live and do business. While we appreciate the efforts by the Housing Department on this issue, we oppose the proposed outcome.

Sincerely,

[redacted]

Joshua Howard, Senior Vice President, Local Public Affairs
California Apartment Association

[redacted]

Matthew R. Mahood, President & CEO
San Jose Silicon Valley Chamber of Commerce

[redacted]

Trisha Motter, President
Santa Clara County Association of REALTORS®

[redacted]

Paul Cardus, Executive Officer
Silicon Valley Association of REALTORS®

[redacted]

Sandy Adams, President
Rental Housing Network

[redacted]

John Adams, Presidential Real Estate
National Association of Residential Property Owners

[redacted]

Jenny Zhao
Bay Area Homeowners Network

From:	Hai Dao
To:	Melissa Morris
Cc:	Grabowski, Ann; Chen, Wayne
Subject:	Comments on Draft Recommendations to ARO
Date:	Thursday, March 31, 2016 5:07:41 PM
Attachments:	ARO Staff Rec Comments - 31 Mar 16.pdf

Dear Ms. Morris,

Please find attached Bay Area Legal Aid's comments to the advisory committee regarding the Housing Department's draft recommendations. Thank you for inviting us to comment.

Sincerely,

We've moved!
Hai Dao | Staff Attorney
Bay Area Legal Aid | Santa Clara County Regional Office
HDao@baylegal.org
408-283-3700, ext 2654 (phone)
408-283-3750 (fax)
www.BayLegal.org

Effective September 15, our new address will be:
4 N. Second Street, Suite 600
San Jose, CA 95113

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Bay Area Legal Aid is the largest civil legal services agency in the San Francisco Bay Area. Our attorneys and advocates work tirelessly on behalf of our region's poorest individuals and families, keeping them in their homes, free from violence, with the economic support and health services they need. Please support BayLegal by clicking here to make a secure online donation today.

BAY AREA LEGAL AID
WORKING TOGETHER FOR JUSTICE

Alex R. Gulotta
Executive Director

March 31, 2016

Apartment Rent Ordinance Advisory Committee

City of San José Housing Department
c/o Ann Grabowski
200 E. Santa Clara Street - 12th Floor
San José, CA 95113

c/o Melissa Morris, Esq.
Law Foundation of Silicon Valley
152 N. Third St., Third Floor
San Jose, CA 95112

Ann Grabowski
ann.grabowski@sanjoseca.gov
Wayne Chen
wayne.chen@sanjoseca.gov

Re: Draft Recommendations for Modifications to the City of San José Apartment Rent Ordinance Release for Public Comment March 1, 2016

Dear Committee Members,

Bay Area Legal Aid thanks the advisory committee for inviting our comments on the proposed modifications to San Jose's Apartment Rent Ordinance. As you may be aware, Bay Area Legal Aid is one of the few nonprofit law firms available to help low-income tenants in Santa Clara County, and we assisted over 300 San Jose tenants with housing matters this year. The information provided in this letter provides a perspective based on our extensive experience with housing legal matters and of working with low-income clients and populations of particular need.

While the changes recommended by the Housing Department constitute a step in the right direction, they fail to adequately address the housing crisis in San Jose. The March 20, 2016 memorandum issued by the Silicon Valley Renters' Rights Coalition addresses many of these issues. Bay Area Legal Aid writes separately to address the Housing Department's recommendations regarding the Good Cause provision in its Draft Recommendations.

Defects in the Proposed Anti-Retaliation & Protective Ordinance

The Housing Department recommends the creation of an Anti-Retaliation & Protective Ordinance ("ARPO") as a separate companion program to the ARO. The program would impose a limited 2-year Good Cause requirement on landlords who have committed substantial code violations. Before Good Cause can be imposed, the APRO requires that tenants provide written notification of code violations, attempt resolution before contacting the city, and establish through code enforcement that the landlord has committed substantial violations.

The Housing Department lists only one positive effect of its proposed modification: balancing the need to protect tenants from retaliation by owners regarding complaints of emergency or substandard living conditions with "not impacting good owners who are responsive to tenant issues." This balancing act is unnecessary and ineffective in addressing retaliation concerns. Retaliation is already unlawful in California and enforced in the Unlawful Detainer process. However, landlords have been able to avoid these retaliation protections by issuing no cause notices for eviction. The APRO will do nothing to protect tenants when retaliation is not immediately tied to code violations. For instance, a landlord may issue a no cause eviction once the tenant contacts the landlord about a code violation. In this scenario, because the tenant attempted to resolve the issue before contacting the city as required by the APRO, the tenant is not entitled to the recommended limited good cause protections. In addition, the populations most vulnerable to evictions are persons with disabilities, limited English speakers, and low-income households. The APRO's requirement of written notice, attempted resolution, and engagement with code enforcement severely hinder these populations' access to the limited good cause envisioned by the Housing Department. Thus, it is wholly ineffective for those most likely to face eviction.

The Housing Department lists several negative effects of its proposed modifications, including: more staffing required than a full Good Cause program, failure to provide full protection to all tenants, and the fact that cities with effective rent stabilization also provide Good Cause protections. Compared to the single flawed positive effect articulated by the Housing Department, the down sides to a limited Good Cause all weigh in favor of a full Good Cause provision.

Replacing the Proposed APRO with Full Good Cause

A strong Good Cause provision would strengthen the existing retaliation protections in Unlawful Detainers without creating a new bureaucracy for tenants and landlords to overcome. Good owners who are responsive to tenant issues would not be affected by a Good Cause provision since tenants would be unable to raise valid retaliation protections in the Unlawful Detainer process. Because there will be no impact on good owners, there is nothing to balance against tenants' protections from retaliation.

The Department recommends against full Good Cause because it believes "most owners and tenants are good actors who do not need the provisions of a full Just/Good Cause program to incentivize or regulate behavior." Again, good actors remain unaffected by any Good Cause protection. During open forum, many landlords have expressed concerns in removing problem tenants, namely those who commit nuisance or criminal activity. However, Good Cause protections do not protect such problem tenants. In fact, landlords can remove those tenants faster with a 3-Day Notice to Quit ***whether or not Good Cause is enacted.***

Landlords have expressed concerns that they would not be able to demonstrate that a tenant engaged in criminal activity in court. First, Unlawful Detainers are civil proceedings that do not carry the same standard of proof as a criminal proceeding. Landlords need only show that, more likely than not, a tenant engaged in criminal activity to satisfy the court. Second, this concern suggests that landlords are currently evicting tenants using no cause notices when landlords believe they cannot substantiate criminal activity. In other words, landlords are evicting tenants based on unsupported rumors and/or innuendo. A Good Cause provision merely requires landlords to show that, more likely than not, a tenant has engaged in nuisance or criminal activity before evicting them.

Moreover, Good Cause is central to an effective rent stabilization program. The Housing Department recognized as much when it states that "[t]he majority of cities that have an effective rent stabilization program provide[s] Good Cause protection to all tenants." The reason behind that is clear: without Good Cause, an owner who wishes to increase rent above rent control limits need only issue a no cause notice and raise the rent to market value thereafter. The Housing Department has recommended that the 2015 be the base year for calculating allowable rent increases under the proposed modification to the ARO. As noted in the Silicon Valley Renters' Rights Coalition memorandum dated March 20, 2016, landlords have indicated that they increased rent in anticipation of changes to the allowable rent increases. The same has occurred in eviction cases. In anticipation of changes to the ARO, landlords have been evicting tenants to increase the rent to market level. Unlikely the allowable rent, however, the proposed recommendations fail to address this concern entirely. Our office has seen a noticeable increase in no cause evictions since the announcement of possible changes to the ARO. Rather than stabilizing rent, the Housing Department's recommended changes will destabilize the rental market by incentivizing landlords to evict tenants without cause if they wish to raise rent above the allowable amount. Without Good Cause, the ARO would not only be ineffective, but actually destabilize San Jose's housing market.

Ultimately, the Housing Department's "Limited" Good Cause provision is expensive and ineffective. In contradistinction, a Good Cause provision protects tenants and has little effect or no effect on good landlords. Ironically, the Housing Department's half-hearted compromise recommendations would destabilize the housing market by incentivizing landlords who wish to increase rents to merely evict tenants. Accordingly, Bay Area Legal Aid strongly recommends that changes in the allowable rent increase be tied a full Good Cause provision.

Sincerely,

Hai Dao
Staff Attorney
Bay Area Legal Aid

From: Starbird, Weston
To: Grabowski, Ann
Subject: FW: Say "NO" to rent control, say "NO" to waste tax payer money, say "NO" to bankrupt San Jose!
Date: Friday, April 01, 2016 11:48:34 AM

Weston Starbird
Policy Analyst
Office of Mayor Sam Liccardo
200 East Santa Clara St. Floor 17
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weston.starbird@sanjoseca.gov

From: Fred Ling [mailto:fred_ling1@yahoo.com]
Sent: Thursday, March 31, 2016 12:18 AM
To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; Jones, Chappie <Chappie.Jones@sanjoseca.gov>; Kalra, Ash <ash.kalra@sanjoseca.gov>; Peralez, Raul <Raul.Peralez@sanjoseca.gov>; Nguyen, Manh <manh.nguyen@sanjoseca.gov>; Carrasco, Magdalena <Magdalena.Carrasco@sanjoseca.gov>; Oliverio, Pierluigi <Pierluigi.Oliverio@sanjoseca.gov>; Nguyen, Tam <Tam.Nguyen@sanjoseca.gov>; Herrera, Rose <rose.herrera@sanjoseca.gov>; Rocha, Donald <Donald.Rocha@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>
Subject: Say "NO" to rent control, say "NO" to waste tax payer money, say "NO" to bankrupt San Jose!

Dear Honorable Mayor,

As a voter who cares about our City, San Jose, I strongly urge you to say "NO" to annual allowable rent increase on CPI-U. In fact any rent control is bad for our city.

Our housing department research is strongly biased in saying many cities adopted rent control. But it does not mention over 97% of cities do not have rent control. Of those have rent control, many have high crime rates and run down neighborhoods. Economists agreed rent control has been a good example of bad policy which makes cities run down. There is a high correlation and obvious cause of high crime rate and rent control. New rent control would put all landlords in financial ruins. Many would force into bankruptcy.

CPI is a national number. It does not reflect the realty of San Jose and

the Bay Area. The income of San Jose thus cost of maintenance is much above the national average. The rationale of the proposal is absolutely wrongly base on CPI and does not reflect the reality of San Jose! Besides, CPI is not an index on housing, let alone Silicon Valley.

Anyone can see housing proposal is unfairly biased toward tenants groups. It puts big government against small landlords who are law binding, tax paying citizens who provide service to maintain decent housing to renters.

The new rules are much complicated for most. A 4.5 million and increasing annual budget is high and waste of tax payer money. The existing law and court system serves San Jose well over three decades. There is no need to do same work twice just to spend tax payer money.

Rent control would lower properties city wide, so do city tax revenues. It will lower budgets for police, firefighters and other city services. As landlord run out of resources to keep up, fewer lucky tenants have a room to rent, but more without. It is like declaring all lunches must below market, there is fewer lunches in San Jose. It is a case of “free lunch is no lunch”.

I strongly urge you to say “NO" to annual allowable rent increase on CPI-U, say “No” to waste tax payer money, say “NO” to housing department bias proposal, say “NO” to bankrupt San Jose!

Best regards,

Fred Ling

Mar 30, 2016

From: Starbird, Weston
To: Lujano, Jose
Cc: Grabowski, Ann
Subject: FW: Thoughts on Rent Control from a Good Landlord
Date: Friday, April 01, 2016 11:50:57 AM

FYI

Weston Starbird
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weston.starbird@sanjoseca.gov

From: Ray Lubow [mailto:rayyy@sbcglobal.net]
Sent: Tuesday, March 29, 2016 11:49 PM
Subject: Thoughts on Rent Control from a Good Landlord

Dear San Jose Council:

As a rental property owner in San Jose, I am deeply troubled by the proposed amendments to the city's Apartment Rent Ordinance. The proposed regulations will jeopardize safe, quality housing for our residents.

I am a responsible landlord and follow the rules of the law.

Punitive rent control measures have troubling consequences. Limiting annual rent increases to CPI will spark an increase in the deterioration and under-maintenance of rent-controlled rental units. Owners may reduce or eventually abandon upkeep, creating blighted neighborhoods where rental housing is clustered.

Capital improvements are an important part of maintaining good, safe neighborhoods. **A pass through is usually very little more than the basic rent increase.** It's important to be able to recover some of the costs. **For example: Putting in all new double pane windows really improves the renters' enjoyment of their apartment.** Uncertainty over whether or not

certain improvements can be passed-through will only lead to fewer improvements and a decrease in critical investments in our city's housing stock.

I agree that passing through financing makes no sense. It provides nothing to the tenants' enjoyment.

Rental owners, like their residents, value certainty, reliability, and stability. A fixed-rate maximum allowable rent increase with a clear process for passing on capital expenses is far superior to the staff proposal. Using CPI fails to take into account rising costs of insurance, taxes, maintenance, and utilities while ensuring a return on my investment. **A much fairer index would be CPI-U + 3%. This accurately reflects real expense "growth."**

No one can deny that we do not have enough housing to meet demand. The only way we can address housing affordability is to make more housing available and support the construction of more housing for families of all income levels. Stricter regulations won't solve our problems.

Sincerely,

Ray Lubow
A landlord who takes care of his property and cares for his tenants.

From: [redacted]
To: Grabowski, Ann
Subject: Fwd: ARO - My opinions against the Modification
Date: Saturday, April 02, 2016 3:21:31 PM

Dear Ann -
I just found out that I should have included you on the email that I sent out this past Thursday, 3/31 to the Mayor and the City Council members.
Please take my opinion into consideration on this subject.
Thank you,
Debbi [redacted]
Email: [redacted]
----- Forwarded Message -----
From: [redacted]
To: mayoremail@sanjoseca.gov, district1@sanjoseca.gov, district2@sanjoseca.gov, district3@sanjoseca.gov, district4@sanjoseca.gov, district5@sanjoseca.gov, district6@sanjoseca.gov, district7@sanjoseca.gov, district8@sanjoseca.gov, district9@sanjoseca.gov, district10@sanjoseca.gov

Subject: ARO - My opinions against the Modification
Dear Council Members -

I am an Owner/Landlord of a 4-plex, in San Jose that was built in 1960 in the Burbank area.

I am against most of the proposed modifications of the ARO, they unfairly target income property owners with older buildings, buildings that due to their age have higher improvement and maintenance costs.
Limiting the rent increases to the CPI could affect the quality of living for everyone, both owners and renters alike because:

- Less discretionary funds could mean fewer improvements.
- Significantly diminishes the resale value of our properties. If you were making an investment of your hard earned dollars, would you pick a 4-plex that is regulated under the modified ARO over one that is not? Investment Buyers are looking for a return on their investment.
- Other costs such as utilities, property management, gardening, repairs, permits, civil engineers and contractors (for major repairs) and taxes taken all together exceed the average CPI percentage.

The limitation of the CPI as the basis for rent increases is the antithesis of a fair and reasonable return on the value of our properties.
Please take my opinions into consideration when you go to vote on this modification next month.

I would also like to add that I inherited this property from my parents who rarely and in some cases, never raised the rent in 5, 10, 15 years. I did not raise the rent for two years after I inherited so, just last year. The rents prior to increasing were as low as $1150 for a 2 bdrm. /1 bath with a garage. If you roll back the rents to 1/1/15 as proposed, that is what the tenant will end up paying. This type of government interference feels a bit communistic and I feel strongly that it is incorrect.

One more question...would you like your income rolled back?

With best regards,

Debbie Jelten