



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: March 15, 2023

Approved

Date

3/20/23

SUBJECT: RENT STABILIZATION PROGRAM STRATEGIC PLAN UPDATE

RECOMMENDATION

Accept the status report on the Strategic Plan for the Rent Stabilization Program and the Ordinances they administer: Apartment Rent Ordinance, Mobilehome Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance.

SUMMARY AND OUTCOME

The Housing Department's Rent Stabilization Program staff and its consultant, RSG, Inc., will present an update on the preparation of the Rent Stabilization Programs' Three-Year Strategic Plan (Strategic Plan). The update will include preliminary findings, a timeline for the development of the Strategic Plan, and an opportunity for staff and RSG, Inc. to receive feedback from the Community and Economic Development Committee and the public.

BACKGROUND

In 1979, the City Council appointed a task force to address issues in rental housing and adopted a rent stabilization ordinance for mobilehome parks and apartments. The Rent Stabilization Program's (Program) mission is to enforce the City's housing ordinances through education, engagement, and collaboration to build and maintain safe, healthy, and sustainable communities. Over the last few years, the Program has developed and implemented multiple policies and programs aimed at protecting the rental community which include approximately 38,000 rent-stabilized apartments, 47,000 market-rate apartments, and 10,000 mobilehome spaces. As a result of the increase in services provided, the Program increased staffing to meet the Program's demand and strives to provide community members with excellent levels of customer service. A summary of the significant policy changes in the past five years includes:

- **2017 Adoption of the Tenant Protection Ordinance and Ellis Act Ordinance and Staffing and Fee Implementation:** On June 17, 2017, the adoption of the Tenant Protection Ordinance provided just-cause protections for residents and property owners of apartments in the City. In addition, the Ellis Act Ordinance was adopted to allow property owners to withdraw apartments from the rental market while providing notification and relocation benefits to impacted residents.
- **2018 Updated Apartment Rent Ordinance Regulations and Adoption and Launch of Rent Registry:** City Council made substantial amendments to the Apartment Rent Ordinance that included an update on the hearing process, rent registry, capital improvement, and a refined fair-return process. The Rent Registry is an online database comprised of rental information that rent-stabilized property owners must submit annually. During the open registration period, property owners update rent increases and vacancy information.
- **2019 Adoption of the Housing Payment Equality Ordinance:** On August 13, 2019, City Council adopted the Housing Payment Equality Ordinance to prevent discrimination based on a resident's payment method (e.g., use of a rental voucher).
- **2017 and 2019 Adoption of the Administrative Citation Program:** On November 14, 2017, City Council adopted amendments to the Apartment Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance which gave the Director of the Housing Department the authority to issue administrative citations for violations of these ordinances. On December 3, 2019, City Council approved amendments to the administrative citation schedule of fines to include violations of the Apartment Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance. The adoption of the schedule of fines allowed the Housing Department to implement the administrative citation program.
- **2020 and 2021 Adoption of the Eviction Moratorium and Moratorium on Rent Increases:** In response to the COVID-19 pandemic, City Council took three actions to stabilize residents affected by the Program. In March 2020, it adopted the Eviction Moratorium and Moratorium on Rent Increases. Then, in May 2020, City Council amended the Apartment Rent Ordinance to allow a temporary reduction of rent without impacting a property owner's ability to raise rents at the termination of the COVID-19 public health emergency. Lastly, in June 2020, to further mitigate the economic impacts on property owners, City Council approved temporarily reduced program fees for apartments and mobilehomes subject to Apartment Rent Ordinance, Ellis Act Ordinance, Tenant Protection Ordinance, and Mobilehome Rent Ordinance.

In April 2021, Program staff presented a draft Strategic Plan to the Housing and Community Development Commission. Commissioners had significant feedback and recommendations on

the draft. Given this feedback and the staff's need to focus on COVID-19-related responsibilities, the Housing Department decided to procure the services of a consultant to help develop a Strategic Plan. The consultant would assist staff with information gathering, self-assessments, consensus building on Strategic Plan objectives, and focusing on program and operational priorities.

In spring 2022, the Housing Department posted a request for proposals for consulting assistance to create a Strategic Plan. The City received two proposal submissions. A selection panel determined that RSG, Inc. (RSG), would be awarded the consultant contract. Staff executed a contract with RSG in July 2022 and began work shortly thereafter.

ANALYSIS

To prepare for the work on the Strategic Plan, Staff examined goals, outcomes, and measurements of program effectiveness to ensure the community is receiving necessary housing services. Staff also incorporated recommendations from the [November 2016 City Auditor's Report on the Apartment Rent Ordinance](#) into the Program's operations and will incorporate them into the Strategic Plan. Staff plans to publish Program annual reports to reflect the implementation of the Strategic Plan.

To develop its Strategic Plan in partnership with RSG, staff outlined the Program's goals in its Request for Proposal with a focus on stabilizing housing through various policy and program implementation efforts. A summary and policy goals for each ordinance are provided in **Attachment A**. A list of strategic goals to be evaluated in the strategic plan is detailed on page 3 of **Attachment B**, RSG's preliminary findings and progress report.

These goals require input from multiple perspectives to thoughtfully address the more detailed strategic questions outlined in the Request for Proposal¹. The strategic questions align with the four ordinances that fall within the jurisdiction of the Program. These questions will serve as a guide for the development of the Strategic Plan and will assist Program staff in developing its framework to provide improved community services and education.

A key part of this work is to examine the strategic questions through an equity-focused lens. Questions to consider include: What are the demographics of the people the Program is serving or protecting and what groups is it failing to serve or protect? Are there ways the Program has improved the condition of underserved communities, including communities of color? In identifying and analyzing these gaps and successes, recommendations can be developed to close gaps and expand on successes.

¹ See Attachment A to the Rent Stabilization Program Strategic Plan Update made to the Housing and Community Development Commission on February 9, 2023

<https://www.sanjoseca.gov/home/showpublisheddocument/94859/63812660525990000>

Consultant Progress Report

Attachment B is RSG's preliminary findings and progress report. This report outlines the project and discusses the work and community engagement efforts performed to date. The update also provides RSG's preliminary findings based on data analysis and research efforts to date. The report includes preliminary recommendations and details the next steps, and Exhibit 1 of the report outlines the progress timeline and status of tasks.

PUBLIC OUTREACH

The Housing Community Development Commission provided feedback to a Rent Stabilization Program Strategic Plan progress report on February 9, 2023. In-person and virtual stakeholder engagement sessions were held between late February and mid-March 2023. This memorandum will be posted on the City's website for the March 27, 2023, Community and Economic Development Committee meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

/s/

JACKY MORALES-FERRAND
Director, Department of Housing

The primary author of this memorandum is Emily Hislop, Division Manager. For questions, please contact Emily Hislop at Emily.Hislop@sanjoseca.gov.

ATTACHMENTS:

Attachment A: Summary and Goals of the Rent Stabilization Program Ordinances

Attachment B: RSG's San José Rent Stabilization Program Research - Status Update