

# **Apartment Rent Ordinance**

City of San José – Department of Housing

Public Comments Received as of September 5, 2017

**From:** [VanderVeen, Rachel](#)  
**To:** [ARO](#)  
**Subject:** FW: increases for additional occupants  
**Date:** Tuesday, August 15, 2017 11:01:03 AM

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**Rachel VanderVeen**

Program Administrator  
408.535.8231

**From:** Maxine Lubow [mailto: [REDACTED] ]  
**Sent:** Tuesday, August 15, 2017 9:01 AM  
**To:** VanderVeen, Rachel <Rachel.VanderVeen@sanjoseca.gov>; Maxine Lubow < [REDACTED] >  
**Subject:** increases for additional occupants

Hi Rachel,

Is this meant to apply to non-family members? I'm assuming so because all of the brothers, sisters, parents, children, spouses, domestic partner are already allowed without an increase. Why would a tenant agree to a rent increase for a brother or sister or parent if they are already allowed by the TPO? I'd like to understand the reasoning behind this section.

Joint (Unopposed) Petitions can be filed by a landlord and tenant on two grounds: 1) An additional occupant (other than the tenant's spouse or child) for a one-time payment or Security Deposit Increase in the maximum rent allowable of 5% if additional occupants are prohibited in the rental agreement, and

A Landlord and Tenant may file a petition to request approval of a one-time payment or Security Deposit increase pursuant to Section 17.23.320.C. Subject to the conditions in the Regulations, a Landlord and Tenant may file a petition for an increase in the maximum Rent allowable of up to 5% for an additional occupant (other than the Tenant's spouse or child) if additional occupants are prohibited in the written rental agreement

Thx,  
Maxine

**From:** [VanderVeen, Rachel](#)  
**To:** [ARO](#)  
**Subject:** FW: ARO - tenant buyouts  
**Date:** Tuesday, August 15, 2017 11:01:17 AM

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**Rachel VanderVeen**

Program Administrator  
408.535.8231

**From:** Maxine Lubow [mailto: ]  
**Sent:** Tuesday, August 15, 2017 8:54 AM  
**To:** VanderVeen, Rachel <Rachel.VanderVeen@sanjoseca.gov>; Maxine Lubow < >  
**Subject:** ARO - tenant buyouts

Hi Rachel,

This is a real problem that rents cannot be raised as a result of a tenant buyout. As we have experienced before, sometimes it is necessary to pay a tenant to move if they are a criminal (or even some other lease violations). Case in point: we have served papers for eviction and the tenant is fighting it, such that we must hire an attorney and get a Superior Court eviction (while the tenant gets free legal services), It will cost more to do the eviction (attorney fees, length of time, unsafe, bad environment for other tenants, possible damage to property, etc.) than it would to pay the tenant to move out. Now this avenue is not fair to us, because we will not be able to increase the rent on a legitimate eviction cause. Is there not some addition to this when there is an unlawful detainer / eviction in progress? I think other cities have such a clause.

B. Exceptions to Decontrol. Only the Rent charged consistent with this Chapter to the former Tenant, plus any annual adjustment authorized by this Chapter, may be charged for a Rent Stabilized Unit in the following circumstances.

3. Tenant Buyout by Landlord. A Landlord effectively terminated a tenancy without cause by paying a Tenant listed on the rental agreement, or the Tenant Household generally, with a primary purpose of encouraging the Tenant and Tenant Household to vacate the Rent Stabilized Unit.

Thx,  
Cheryl

**From:** [VanderVeen, Rachel](#)  
**To:** [ARO](#)  
**Subject:** FW: ARO - tenant buyouts  
**Date:** Tuesday, August 15, 2017 12:37:13 PM

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## Rachel VanderVeen

Program Administrator  
408.535.8231

**From:** Maxine Lubow [mailto: [REDACTED] ]  
**Sent:** Tuesday, August 15, 2017 11:14 AM  
**To:** VanderVeen, Rachel <[Rachel.VanderVeen@sanjoseca.gov](mailto:Rachel.VanderVeen@sanjoseca.gov)>  
**Subject:** RE: ARO - tenant buyouts

I think we should have a provision whereby the tenant buyout does not pertain to a settlement pending unlawful detainer case; same as our friends in Berkeley have.

On Aug 15, 2017 11:06 AM, "Maxine Lubow" [REDACTED] wrote:

Thanks but how did the public comments get considered if the ARO draft is already finalized?

On Aug 15, 2017 11:03 AM, "VanderVeen, Rachel" <[Rachel.VanderVeen@sanjoseca.gov](mailto:Rachel.VanderVeen@sanjoseca.gov)> wrote:

Maxine –

I am forwarding your comments to [ARO@sanjose.gov](mailto:ARO@sanjose.gov) to be included in the public comments made on our draft ordinance and regulations. Your comments will be considered. As I stated earlier, I can make myself available if you would like to meet to discuss your questions and concerns.

Thank you,

## Rachel VanderVeen

Program Administrator  
[408.535.8231](tel:408.535.8231)

**From:** Maxine Lubow [mailto: [REDACTED] ]  
**Sent:** Tuesday, August 15, 2017 8:54 AM  
**To:** VanderVeen, Rachel <[Rachel.VanderVeen@sanjoseca.gov](mailto:Rachel.VanderVeen@sanjoseca.gov)>; Maxine Lubow < [REDACTED] >  
**Subject:** ARO - tenant buyouts

Hi Rachel,

This is a real problem that rents cannot be raised as a result of a tenant buyout. As we

have experienced before, sometimes it is necessary to pay a tenant to move if they are a criminal (or even some other lease violations). Case in point: we have served papers for eviction and the tenant is fighting it, such that we must hire an attorney and get a Superior Court evicton (while the tenant gets free legal services), It will cost more to do the eviction (attorney fees, length of time, unsafe, bad environment for other tenants, possible damage to property, etc.) than it would to pay the tenant to move out. Now this avenue is not fair to us, because we will not be able to increase the rent on a legitimate eviction cause. Is there not some addition to this when their is an unlawful detainer / eviction in progress? I think other cities have such as clause.

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Thx,  
Cheryl

**From:** [VanderVeen, Rachel](#)  
**To:** [ARO](#)  
**Subject:** FW: thoughts on CPI  
**Date:** Tuesday, August 15, 2017 4:26:32 PM  
**Attachments:** [ARO Dplx, CPI, Occup. Letter 8.10.17.docx](#)

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## Rachel VanderVeen

Program Administrator  
408.535.8231

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**From:** David Eisbach [mailto: [REDACTED] ]  
**Sent:** Thursday, August 10, 2017 6:04 PM  
**To:** VanderVeen, Rachel <Rachel.VanderVeen@sanjoseca.gov>  
**Subject:** thoughts on CPI

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**From:** David Eisbach < [REDACTED] >  
**To:** "[Rachel.vanderVeer@sanjose.gov](mailto:Rachel.vanderVeer@sanjose.gov)" <[Rachel.vanderVeer@sanjose.gov](mailto:Rachel.vanderVeer@sanjose.gov)>  
**Cc:** David Eisbach < [REDACTED] >  
**Sent:** Thursday, August 10, 2017 3:24 PM  
**Subject:** thoughts on CPI

Hi Rachel,

Here are some thoughts on CPI. I hope they make sense.  
Dave Eisbach 1408- [REDACTED]

ARO Dplx, CPI, Occup Letter 8.10.2017

## **I Duplex inclusion under the ARO**

I am against the inclusion of duplexes under ARO for the following reasons.

1. The owners of duplexes are people, who purchase a duplex as an investment and are relying on it to augment their retirement. They only have that rental.
2. They are not corporations.
3. The age of their property requires more maintenance. No duplexes are being built.
4. Most manage the property by themselves.
5. Many perform their own maintenance (sweat equity) because they don't have sufficient funds.
6. According to city statements some 1,500 out of a total 5,500 live in their duplex.
7. These owners tend to be the least able financially to take the expenses of housing.
8. If you destroy their ability to stay solvent, you destroy their ability to trade up into four unit rentals. The slow destruction of the property will erode the value and tax base as well.

## **II Changing from 5% to CPI, currently 3.25%**

1. How does it aid a tenant by limiting an owner's income to the actual increase in costs of living?
  - a. Two new hires at \$133,629 and \$126,113 and Housing Director \$223,371 = \$483,113
  - b. How many more are being hired?
  - c. Housing Fees and Charges Report 2017-18, Estimated Cost \$4,465,954 with a 99.9% recovery in fees. That means landlords pay.
  - d. Tenants were supposed to pay 50% but fairness rule gave it all to the property owners.
2. It might be different if other costs were 3.25%
  - a. Property Tax 2% each year.
  - b. Water is uncontrolled increases 59%
  - c. Business Tax raised 30%
  - d. Sewer 9.25%
  - e. Garbage, dispute with trash company over back wages \$1.7 million in question as to who pays
  - f. Coming is a .12 cent raise in gasoline raising to over \$3.00 per gallon
  - g. Half cent raise in sales tax
  - h. These charges: water, City fees, City hires, garbage, sewer, gas, sales tax raises are reflected in all maintenance labor and ultimately must be absorbed by rents or the owner will go out of business.
  - i. In most ARO properties, the owner pays for water, trash, City license and tax, sewer, property tax, and new Housing hires without recourse from the residents.

### III CPI and A Fair Return

1. I keep reading “fair return” yet I have never seen it spelled out in the ARO. While some entities like Pacific Gas and Electric are guaranteed a 9% profit on their regulated business practice, the San Jose Rent Ordinance does not. With that in mind, the following points might be informative.
  - a. I don’t believe a duplex has been built since the ARO began because it is not the best property use. In other words a four unit building is better. If the intent is to make duplexes and other rentals to go away, the CPI and the ARO are a great way to achieve it.
  - b. Speaking of the present ARO properties, a recent study: 2016 Survey of Operating Income & Expenses In Rental Apartment Properties by the National Apartment Association states that of 987,342 units surveyed, in properties 20 or more years old, the operating expenses represent 39.3% of their gross revenues whereas the operating expenses of properties 5 years or younger this figure is only 35.0% - a differential of 4.3% of gross revenues.
  - c. The definition that all properties built before 1979 are under ARO control makes the youngest 38 years old. Bear in mind that properties built before 1979 have asbestos, lead paint, single pane windows, galvanized plumbing, electrical systems lacking GFI, grounded outlets and barely adequate amps for today’s demands. All properties built after 1979 do not have lead paint or asbestos but have all the above rental demands.
  - d. If you allow only the cost of living CPI annual increase in rents, where is this nebulous “fair return?”
  - e. If the 4.3% difference in maintenance costs between 20 and 5 year old properties is taken at face value and the youngest ARO property is 38, does it not follow that there might be even a little more expense differential? (See b above)
  - f. Does it not make sense that age be a consideration? If so then a minimum offering should include a 4.5% addition to a rental allowance. Even with the present 5%, would the fair return be the one half percent?



Usually buying larger units requires 30% cash down with a variable loan. So what comes down can come up. Investors seek the Net Operating Income to see if the purchase price is justified. NOI is found by taking all the expenses from taxes, utilities, maintenance etc. and subtracting that from the rental income. If, as is the case of older properties, 40% of income will give the estimated NOI. If you paid \$1.5 million for a fourplex and each two-bedroom unit rents for \$2,000 (\$8,000 per month). The owner put down \$300,000, the loan is \$1,200,000 at 4.5% is \$6080 Principle and Interest per month.

40% of \$8,000 (income) = \$3,200 (Owner's expense per month)

\$8,000 income minus \$3,200 = \$4800 NOI (the amount that's net to go toward debt service.)

\$6,080	P & I
\$ 200	Insurance
\$1,562	Property. Tax
\$7.800	Total Payment PITI
\$3,740	Total Monthly Maintenance Cost
\$11,540	Total Monthly Costs
\$8,000	Less Monthly Rental Income
\$3,540	Negative per Month
\$4,260	Net Operating Income

A recent survey from the National Association of Realtors in which they say out of the 987,342 units surveyed, the properties that are 20 or more year's operating expenses represent 39.3% of their gross revenues whereas the operating expenses of properties 5 years or younger this figure is only 35.0% - a differential of 4.3% of gross revenues. The report also points out that capital expenditures of properties 20 years or older are \$1.30 per square foot or more than 4 times the \$0.32 per square of properties that are less than five years old.

Let's be kind and look at a month without major emergencies:

Lawn Care	\$2,800	\$233 month
Property Mgmt	\$4,200	\$350 month
Trash	\$1,386	\$115 month

Water	\$3074	\$256 month
Estimate Little surprises:	\$250 month	Plumber, Appliance, Lock Smith, Painter, Electrician
Total	\$1,204	monthly expenses

So this month would have only a \$2,336 negative this month.

If the Rent Increase is CPI (3.35%) that's \$260 per month \$2,000 plus \$65 rent increase

After one year \$2,076 negative per month

This owner is in trouble. He may just patch the roof, he may sell, but he won't get the price he paid for it. The new buyer would look at lowering the offer by at least \$400,000 for CPI and major capital spending. That's \$1,100,000 with 220,000. The new loan balance is \$880,000 and principal and interest is \$4,458, which would still leave a \$714 negative each month.

The city will lose over \$13,200 in taxes, the owner will be severely damaged, the tenant will live in an increasingly decaying property and most investors will pass on this purchase.

#### IV ARO Control Resident Occupancy Issue/Resident sub-letting

1. It is reasonable to use the formula of 2 per bedroom plus 1.
2. It doesn't labor the property overly although normal wear and tear is expected.
3. The idea of allowing family expansion up to maximum capacity without owner consent is unworkable.
  - a. The decision as to resident qualifications should always be the prerogative of the owner.
  - b. What happens if a qualified family of three, took in a wife and brother-in-law without owner consent or even knowing about it, and they move leaving two unqualified, possibly unknown residents in the property and unable to pay.
  - c. What happens to the contract that says absolutely no subletting without owners consent?
  - d. Is the City going to rewrite State Law?
  - e. Because City Housing maintains that the tenancy of a new resident has no probation period and is permanent upon signing and allowing only the twelve points of Just Cause Eviction, it collides with State Contract Law guiding lease time. It also forces the owner to be ultra cautious in meeting all qualification requirements.
  - f. No owner of an income property wants to dislodge a good tenant, because it means extensive maintenance, down time and filling the vacancy at the same rents.

Respectfully Submitted by David Eisbach, Realtor, Broker, Property Manager, Owner

**From:** brian birkeland  
**To:** [ARO](#)  
**Subject:** Fwd: San Jose - Draft ARO  
**Date:** Wednesday, August 16, 2017 6:52:38 PM

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Dear San Jose City Council,

I totally oppose the draft of the ARO. Please sit down with TCAA, landlords, and builders to get our side of the story.

You are only making the housing crisis worse with this ordinance.

Please see my letter to TCAA below.

Thanks,

Brian Birkeland, TCAA member #21077

----- Forwarded message -----

**From:** brian birkeland <[REDACTED]>  
**Date:** Wed, Aug 16, 2017 at 6:45 PM  
**Subject:** San Jose - Draft ARO  
**To:** [REDACTED]

Hi Mr. Babbar,

As a long term landlord in downtown San Jose my initial reading of the draft ARO is disappointing.

Why does the council continue to put more restrictions on landlords while reducing our profits?

More work for less pay seems like a bad idea to me. They increase our business taxes, occupancy permit fees, garbage rates, and building permit fees yet continue to put ever more burdensome regulations on rent increases.

In addition, the over restrictive "just cause" eviction process will make it more difficult to evict the really bad residents if and when I ever have one. Believe me, no landlord wants to go through an eviction. It has become a total nightmare process. I rarely do one and prefer to negotiate a settlement where the resident completes their own termination notice.

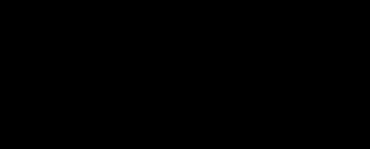
While I realize that the council wants to please the largest voter group (tenants) they have lost site of the research by Nobel Prize winning economists which shows that rent control does not work.

When will they realize building more units and removing rent control will be the key to success?

Thank you for your efforts on behalf of TCAA members,  
Brian Birkeland, member # 21077

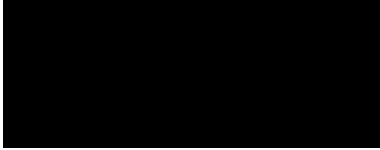
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Brian Birkeland



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Brian Birkeland



**From:** sue liu  
**To:** [ARO](#)  
**Subject:** Clarification needed on San Jose Rent Ordinance  
**Date:** Tuesday, August 22, 2017 5:49:54 PM

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Hello,

Based on the San Jose Apartment Rent Ordinance, if my tenant wants to have a pet in the apartment and I would like to charge the tenant for an additional fee (say \$30 monthly), then can I have 5% increase yearly on the base rent plus the additional pet rent fee? Or I should include the pet rent to the base rent then apply 5% increase.

Could you please clarify for me on this?

Thank you.

**From:** [REDACTED]  
**To:** [ARO](#)  
**Subject:** Fwd: Comments on the ARO mtg on Aug. 24  
**Date:** Monday, August 28, 2017 4:38:34 PM

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-----Original Message-----

**From:** seigitado [REDACTED]  
**To:** rachael.vanderveen <rachael.vanderveen@sanjoseca.gov>; jacky.morales-ferrand <jacky.morales-ferrand@sanjoseca.gov>; cityclerk <cityclerk@sanjoseca.gov>; District1 <District1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <District3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District6 <District6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <District8@sanjoseca.gov>; District9 <District9@sanjoseca.gov>; district10 <district10@sanjoseca.gov>; mayoremail <mayoremail@sanjoseca.gov>  
**Sent:** Mon, Aug 28, 2017 11:34 am  
**Subject:** Comments on the ARO mtg on Aug. 24

Dear Rachel,

Thank you the presentation on Aug. 24, 2017 on basically three issue namely CPI vs fixed rental increase, the Rent Registry and Additional Occupants.

**CPI vs Fixed Rate:**

The proposed CPI method is an administrative nightmare not only for the owners but also for the City staff to monitor the annual CPI, and all of the other items that goes with it as a package. Monitoring all this would surely require additional City labor at a cost passed onto the ARO owners.

Why is the City so Hell bent on making things so onerous for the owners and themselves?

The annual rental increase allowed was reduced from 8% to 5% per year effective May 2016 and on the heel of this further reduction is proposed tied to CPI.

Is it the City's objective to have the ARO owners bear all increase for the cost of maintenance and utilities while the 67% of the rentals in San Jose are exempt? This amplifies my anger and outrage in the City's discriminating behavior against the ARO owners.

These ordinances are affecting the market value of the buildings under ARO and the City should be charged with "Regulatory or Ordinance Taking".

**Rental Registry:**

ARO owners are not applying for financial loan from the City, assistance from the City, nor receiving benefits or convenience service from the City.

The details on the registry is an invasion of business privacy since our business is privately owned.

This is further proof of outrageous proposal dreamed up pro tenant advocates.

There are enough documents via property tax, business license, occupancy permits, and tenant petition rights without having to ask for more invasive data. Please your energy for impartial and innovative ideas in lieu of what can we do more to screw the AARO owners.

**Additional Occupants:**

Additional occupants consume more utilities, requires more maintenance, and more mgmt. time to administer regulatory control.

Regardless of CPI or Fixed Rental increase the additional occupancy charges should apply in both cases.

The 5% rent increase is not a catch all number.

In fact a mere 5% increase for additional occupants is akin to free rent. Where in San Jose can any occupant live for such low

fee suggested by the plan? There is no place in San Jose that anyone can rent for \$500/mo. I can see the leased tenants charging their guest occupants \$300 or more per month to supplement their rent. The additional occupants should be charged a nominal fee of \$200/mo or even higher. Why is San Jose so reluctant to encourage the owners to take in more residents with reasonable additional guest fees? Guest fees would incentivize the owners to take in additional occupants, the additional occupants has a place to stay at a ridiculously low fee, and the city benefits by relieving the shortage of low rent housing. It's a three way win-win-win!!!

The 76 page draft ordinance is not easily understood with lots of numerical references. In lieu of spending money just to research what other cities have done and then adding additional restrictions, the effort of the City staff to simplify this lawyer authored ordinance would be greatly appreciated. Furthermore please keep a mindset of fairness to all parties. The Owners with the ARO burden should be given consideration for accommodating the lower income applicants. Rent control should apply to ALL rentals and not discriminated on the basis of the building age!

Lastly for this email, there have been owner feedback based on several previous mtgs such as on number of people living in a one bedroom unit, guest fees, criminal activities, renovation cost, etc. I have not heard of any reconsideration by the City on these feedback.

I feel that these feedback fall on deaf ears. If you are not serious about considering feedback then don't put up the charade of doing so.

I believe my views are shared with many other ARO owners

I only wish we had an advocate in the City representing the owners instead of the tenants only.

Respectfully,

SeigiTadokoro

**From:** Dan Pan  
**To:** [ARO](mailto:ARO); [rachael.vanderveen@sanjoseca.gov](mailto:rachael.vanderveen@sanjoseca.gov); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7@sanjoseca.gov](mailto:District7@sanjoseca.gov); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Against CPI at ARO draft  
**Date:** Tuesday, August 29, 2017 1:57:16 PM

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Dear Housing Department of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".

We feel, as property owners in San Jose, our hardworking is being punished and our american dream is losing....

Thanks a lot for listening to our desperate voices!!



Best!

Dan

**From:** John Worthing  
**To:** [rachael.vanderveen@sanjoseca.gov](mailto:rachael.vanderveen@sanjoseca.gov); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7@sanjoseca.gov](mailto:District7@sanjoseca.gov); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [ARO](#)  
**Subject:** Comments on Proposed ARO  
**Date:** Tuesday, August 29, 2017 4:06:05 PM

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Dear City Council Members:

I am writing about my concerns to the new modified proposed Rent Control Ordinance. I try to keep a balance between my emotions and logic on this matter and what is in the best interests of all parties. Here are my observations and concerns.

- 1) There are a number of flaws in the work done by the outside consultant prior to the Auditor's report but in particular two items stand out.
  - A) The report addresses property turnover and implies that there a great deal of speculation in the market place judged by the number of deed transfers. However the report included all deed transfers including those from a private party to a trust, deeds separating property due to divorce, deeding from generation to generation or deeds to a family partnership. This completely makes this portion of the findings irrelevant because those deeds do not represent sales and are numerous. For example I am part of building that we have owned since 1984. There have been more than 20 deed transfers due to creating trusts, divorce and passing down to heirs. However the property is still owned by the original investors or their heirs. It would appear based on the consultant's report that this property has been on the open market 20 times. The reality is that it has never been offered for sale. As an active buyer of Bay Area real estate, I can tell you with confidence that only a handful of properties come on the market each year and that most of the housing stock is viewed as a long term investment.
  - B) The second major concern in this report is the guesstimate and speculation that rent controlled tenants turn over every 4 years. There is no hard evidence to support this claim and I can tell you from properties under my management team that this is not the case. Now that the 5% is in place the turnover volume in the past year has been minimal and when someone moves it is generally an "At market or near market" tenant. The rent controlled tenants have "Golden Handcuffs" and are set for life.

Both claims distort fact to make owners look like speculating people, taking advantage of the current market. A claim I deeply resent and one that is patently false.

- 2) Please review the Auditor's report: Look carefully at page 21 regarding the number of inquiries each year to the Housing Department and compare that to the other cities. You'll see that San Jose has by far the fewest number of inquiries over the years when compared to other rent control cities. The Auditor and Housing Department are trying to create a problem that does not exist. In fact only 900 people over the past 15 years have filed a case due to rent increases, an average of 60 per year. 60 complaints out of 45,820 is not a problem that needs solving.
- 3) Going to CPI and having a housing register is a nightmare for everyone and just creates more unneeded bureaucracy. The Housing Department has a desire for this to create more jobs that they can fund by increasing fees to owners. A CPI based

increase will be complicated for and harder for everyone to understand and implement. Secondly, no one wants a registry. Tenants view it as spying on them by the City. Owners don't need to spend their time filling out forms that a new City employee is in charge of compiling. Keep this simple for everyone. By eliminating the pass through on debt service, you've closed the biggest loop hole in huge rental increases. Now everyone is limited to 5%. Tenants know the rules, please do not judge them as stupid or misinformed or not informed. They all know their units have rent control benefits.

- 4) I've asked repeatedly why landlords are being singled out to solve the rent problem and why there isn't pressure on other entities that are part of the rent. Owners pay tens of millions in property tax, Utilities etc. and there is no expectation that the county or the city or the utility companies aid the tenants. If this is a city/county wide problem shouldn't everyone be working together? And as fuel to the fire, I just received my business license from the city to find out the City has doubled fees on this license. Why the money grab on landlords?
- 5) Why does the proposed ARO deny tenants the opportunity to collect money from an owner to move? Often times tenants are seeking larger apartments or looking to own and a payment to move might be all they need to improve their housing situation. The current proposal as written effectively denies them this opportunity because the owner cannot take the unit to new rent levels when they pay someone to move. Many times, when a tenant doesn't pay rent we offer them relief from a judgment or pay them the eviction cost savings to move. I've seen this money actually help people who are a bit down. The proposed ordinance forbids this and that portion should be struck.
- 6) Why are you approving projects that will bring in 20,000 jobs that will just put more pressure on the rental stock of the City? Now we will have hi-tech employees renting, who have great incomes and in years to come will be protected by rent control. Is that a fair solution? The fair solution is that you start to admit that the 40 foot mesa that San Jose has become will not suit the housing needs for what appears to be a limitless high tech employee base.
- 7) Remember the "little" guy. This goes two ways. The rent controlled owners aren't big time rich people. The average rent controlled owner has less than 8 units and 8 units will not make you rich. Owners hard earned savings went into a property for their lifetime nest egg. Secondly the "little" guy owners hire "little" guy local workers to do their maintenance, repair and improvements. If you cut the income too much the owners will lose incentive to maintain their properties. This could damage the housing stock but also take dollars out of the "little" guy's pocket. It's easy to put off many improvements like paint, landscaping that would otherwise employ the "little" guy.

I have many more items that I could discuss but I feel I've addressed enough for now.

Sincerely,

John L. Worthing, owner of [REDACTED]  
[REDACTED], all in San Jose, CA

John L Worthing  
Worthing Capital

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

**From:** [VanderVeen, Rachel](#)  
**To:** [ARO](#)  
**Subject:** FW: Comments on Proposed ARO  
**Date:** Tuesday, August 29, 2017 10:18:18 PM

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**Rachel VanderVeen**

Program Administrator  
408.535.8231

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**From:** John Worthing [mailto: [REDACTED] ]  
**Sent:** Tuesday, August 29, 2017 4:23 PM  
**To:** VanderVeen, Rachel <Rachel.VanderVeen@sanjoseca.gov>  
**Subject:** FW: Comments on Proposed ARO

Hi Rachel: Here is email I sent out earlier. I typed your address incorrectly. JOHN

John L Worthing

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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**From:** John Worthing [mailto: [REDACTED] ]  
**Sent:** Tuesday, August 29, 2017 4:06 PM  
**To:** 'rachael.vanderveen@sanjoseca.gov'; 'jacky.morales-ferrand@sanjoseca.gov'; 'cityclerk@sanjoseca.gov'; 'District1@sanjoseca.gov'; 'District2@sanjoseca.gov'; 'District3@sanjoseca.gov'; 'District4@sanjoseca.gov'; 'District5@sanjoseca.gov'; 'District6@sanjoseca.gov'; 'District7@sanjoeca.gov'; 'District8@sanjoseca.gov'; 'District9@sanjoseca.gov'; 'district10@sanjoseca.gov'; 'mayoremail@sanjoseca.gov'; 'ARO@sanjoseca.gov'  
**Subject:** Comments on Proposed ARO

Dear City Council Members:

I am writing about my concerns to the new modified proposed Rent Control Ordinance. I try to keep a balance between my emotions and logic on this matter and what is in the best interests of all parties. Here are my observations and concerns.

- 1) There are a number of flaws in the work done by the outside consultant prior to the Auditor's report but in particular two items stand out.
  - A) The report addresses property turnover and implies that there a great deal of speculation in the market place judged by the number of deed transfers. However the report included all deed transfers including those from a private party to a trust, deeds separating property due to divorce, deeding from generation to generation or deeds to a family partnership. This completely makes this portion of the findings irrelevant because those deeds do not represent sales and are numerous. For example I am part of building that we have owned since

1984. There have been more than 20 deed transfers due to creating trusts, divorce and passing down to heirs. However the property is still owned by the original investors or their heirs. It would appear based on the consultant's report that this property has been on the open market 20 times. The reality is that it has never been offered for sale. As an active buyer of Bay Area real estate, I can tell you with confidence that only a handful of properties come on the market each year and that most of the housing stock is viewed as a long term investment.

- B) The second major concern in this report is the guesstimate and speculation that rent controlled tenants turn over every 4 years. There is no hard evidence to support this claim and I can tell you from properties under my management team that this is not the case. Now that the 5% is in place the turnover volume in the past year has been minimal and when someone moves it is generally an "At market or near market" tenant. The rent controlled tenants have "Golden Handcuffs" and are set for life.

Both claims distort fact to make owners look like speculating people, taking advantage of the current market. A claim I deeply resent and one that is patently false.

- 2) Please review the Auditor's report: Look carefully at page 21 regarding the number of inquiries each year to the Housing Department and compare that to the other cities. You'll see that San Jose has by far the fewest number of inquiries over the years when compared to other rent control cities. The Auditor and Housing Department are trying to create a problem that does not exist. In fact only 900 people over the past 15 years have filed a case due to rent increases, an average of 60 per year. 60 complaints out of 45,820 is not a problem that needs solving.
- 3) Going to CPI and having a housing register is a nightmare for everyone and just creates more unneeded bureaucracy. The Housing Department has a desire for this to create more jobs that they can fund by increasing fees to owners. A CPI based increase will be complicated for and harder for everyone to understand and implement. Secondly, no one wants a registry. Tenants view it as spying on them by the City. Owners don't need to spend their time filling out forms that a new City employee is in charge of compiling. Keep this simple for everyone. By eliminating the pass through on debt service, you've closed the biggest loop hole in huge rental increases. Now everyone is limited to 5%. Tenants know the rules, please do not judge them as stupid or misinformed or not informed. They all know their units have rent control benefits.
- 4) I've asked repeatedly why landlords are being singled out to solve the rent problem and why there isn't pressure on other entities that are part of the rent. Owners pay tens of millions in property tax, Utilities etc. and there is no expectation that the county or the city or the utility companies aid the tenants. If this is a city/county wide problem shouldn't everyone be working together? And as fuel to the fire, I just received my business license from the city to find out the City has doubled fees on this license. Why the money grab on landlords?
- 5) Why does the proposed ARO deny tenants the opportunity to collect money from an owner to move? Often times tenants are seeking larger apartments or looking to own and a payment to move might be all they need to improve their housing situation. The current proposal as written effectively denies them this opportunity because the owner cannot take the unit to new rent levels when they pay someone to move. Many times, when a tenant doesn't pay rent we offer them relief from a

judgment or pay them the eviction cost savings to move. I've seen this money actually help people who are a bit down. The proposed ordinance forbids this and that portion should be struck.

- 6) Why are you approving projects that will bring in 20,000 jobs that will just put more pressure on the rental stock of the City? Now we will have hi-tech employees renting, who have great incomes and in years to come will be protected by rent control. Is that a fair solution? The fair solution is that you start to admit that the 40 foot mesa that San Jose has become will not suit the housing needs for what appears to be a limitless high tech employee base.
- 7) Remember the "little" guy. This goes two ways. The rent controlled owners aren't big time rich people. The average rent controlled owner has less than 8 units and 8 units will not make you rich. Owners hard earned savings went into a property for their lifetime nest egg. Secondly the "little" guy owners hire "little" guy local workers to do their maintenance, repair and improvements. If you cut the income too much the owners will lose incentive to maintain their properties. This could damage the housing stock but also take dollars out of the "little" guy's pocket. It's easy to put off many improvements like paint, landscaping that would otherwise employ the "little" guy.

I have many more items that I could discuss but I feel I've addressed enough for now.

Sincerely,

John L. Worthing, owner of [REDACTED]  
[REDACTED], all in San Jose, CA

John L Worthing  
Worthing Capital

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**From:** Jinghua Huang  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** appose CPI 8-2017  
**Date:** Wednesday, August 30, 2017 1:22:49 AM

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The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.

-Jinghua



**From:** Jen Chiu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** appose CPI 8-2017  
**Date:** Wednesday, August 30, 2017 9:51:42 AM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month.

Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.

CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.

CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.

The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.

It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.

The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".

Thanks and best  
Jen Chiu

**From:** Emmy Chen  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Regarding RC law  
**Date:** Wednesday, August 30, 2017 10:58:15 AM

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To Housing Department of San Jose:

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".

**From:** Sarah Hsu  
**To:** [ARO](#)  
**Date:** Wednesday, August 30, 2017 12:25:11 PM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.

CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.

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The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.

It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.

The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".

**From:** Sarah Hsu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** About the Rent Control  
**Date:** Wednesday, August 30, 2017 12:44:12 PM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.

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It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.

The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".

**From:** Joe V  
**To:** [AR0; rachael.vanderveen@sanjoseca.gov](mailto:rachael.vanderveen@sanjoseca.gov); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7@sanjoseca.gov](mailto:District7@sanjoseca.gov); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** ARO: waiting period for additional family move-in  
**Date:** Wednesday, August 30, 2017 1:24:13 PM

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To: San Jose Housing

The new ARO should have some protection for the landlord against tenants deceptively moving in additional family members upon initial application.

As it stands now, a new tenant can apply as an individual on the rental application and bring many additional family members in on the move-in date. And, the landlord has no choice but to accept this. We have already seen and heard of cases of this happening.

As landlords, we request that a 30-day period be set from initial move-in before additional family members can move-in. And, if there are unique exceptions, for an emergency, then the tenant can petition the Housing Department for a waiver.

This is the type of process that is being used to protect tenants and it should be equally applied to protect landlords.

As an example:

With the current "roommate clause", and even with the possible occupancy changes that Housing has been communicating about, up to five people can live in a studio apartment. So, if one person applies for the studio apartment, and brings four additional family members on the move-in date, that landlord must accept the additional people.

Does five people in a studio apartment make sense to you? Especially if only one person is on the rental application?

Please take a look ; this is what you are encouraging !!!

We are against the idea that you are still allowing five people in a studio apartment, even with your possible changes to the roommate clause. But, at least you should provide some type of protection against actions that are already happening.

Joe V.  
San Jose ARO owner

**From:** Joe V  
**To:** [ARO; rachael.vanderveen@sanjoseca.gov](mailto:rachael.vanderveen@sanjoseca.gov); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Doyle, Richard](#); [REDACTED]  
**Subject:** ARO: Vacancy Decontrol Section is in violation of Costa Hawkins Act  
**Date:** Wednesday, August 30, 2017 1:27:54 PM

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Dear Housing and City Council,

The below section of the proposed ARO about vacancy decontrol is a direct violation of the Costa-Hawkins Act and undermines settlements in Unlawful Detainer Cases. As acknowledged by other cities, such as Berkeley, Los Angeles, and San Francisco, "tenant buyouts" are a tool used by tenants and landlords. It is used to settle an eviction/unlawful detainer without going to trial and it is a means for tenants to receive a sizable sum of money for moving. It is a "voluntary vacancy" and is protected by the Costa-Hawkins Act.

Other cities have regulations which require a "cooling off period" of 30 - 45 days, and, for an unlawful detainer case, the cooling off period is waived. Perhaps San Jose should follow that same path.

Changing the wording to "A Landlord effectively terminated a tenancy ..." does not change the fact that it is a voluntary vacancy which is covered under the Costa Hawkins Act.

This is the reference section of the draft ARO from August 14, 2017:

#### 17.23.300 Initial Rent and Vacancy Decontrol

B. Exceptions to Decontrol. Only the Rent charged consistent with this Chapter to the former Tenant, plus any annual adjustment authorized by this Chapter, may be charged for a Rent Stabilized Unit in the following circumstances.

3. Tenant Buyout by Landlord. A Landlord effectively terminated a tenancy without cause by paying a Tenant listed on the rental agreement, or the Tenant Household generally, with a primary purpose of encouraging the Tenant and Tenant Household to vacate the Rent Stabilized Unit.

There are five exceptions based on landlord actions that would not allow vacancy decontrol: 1) no cause termination, 2) continuing tenancy, for when existing tenants or members of the tenant household enter into a new rental agreement, 3) tenant buyout by landlord, 4) unlawful landlord activity, and 5) other illegal evasion by landlord.

Please review this.

Thank You!

**From:** Joe V  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** ARO: San Jose Water Bill increased by 5% today  
**Date:** Wednesday, August 30, 2017 1:43:59 PM

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To Housing and City Council:

We just received the new San Jose water bills for our apartments.  
And, the bill has increased by 5%.  
How can you possibly justify CPI as the real cost of living increase?

Perhaps water is not a basic necessity like housing!!



**From:** [REDACTED]  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Please oppose CPI  
**Date:** Wednesday, August 30, 2017 1:45:22 PM

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Dear Housing Department of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
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4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".
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9. We do not know what "additional occupants" means for the CPI package. What was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a

complicated, expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities?

**From:** Bill Wu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** I am against RC with CPI  
**Date:** Wednesday, August 30, 2017 2:20:37 PM

---

Dear Sir,

Please use facts and data to do research and support the policy making. Right now, whatever the housing department is doing is like a joke. They are very UNPROFESSIONAL. It is like asking a elementary first grade student to do a high school math here. The result will be totally absurd.

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
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**From:** Chunchi Ma  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Feedback on the ARO proposal from SJ Housing dept.....strongly against CPI based rent increase  
**Date:** Wednesday, August 30, 2017 2:29:53 PM

---

Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".

I am not a residence at SJ, however, I am a RE investor who is interested in investing in SJ But with such strict ARO rule in place proposed by housing dept, I will think twice before investing in SJ deals in future. I am sorry to say this, but it is the fact and there are many out there who think likewise.

BR,

Chunchi Ma

**From:** julie Duan  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** No Rent control  
**Date:** Wednesday, August 30, 2017 3:33:52 PM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

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Best Regards,  
Julie

San Jose housing provider

**From:** Deb  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Date:** Wednesday, August 30, 2017 4:07:38 PM

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Dear Housing Dept. and City Council members,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

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complicated, expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities?

Thanks,  
Debbie



**From:** [Nguyen, Viviane](#)  
**To:** [ARO](#)  
**Subject:** FW: Study of Life Expectancy of Home Components Report  
**Date:** Wednesday, August 30, 2017 4:50:54 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Life Expectancy of Home Components - NAHB.pdf](#)

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VIVIANE NGUYEN

Rental Rights & Referrals Program  
City of San José Department of Housing  
408-975-4462 | [viviane.nguyen@sanjoseca.gov](mailto:viviane.nguyen@sanjoseca.gov)

---

**From:** Jocelin Hernandez [mailto: ]  
**Sent:** Wednesday, August 30, 2017 4:50 PM  
**To:** VanderVeen, Rachel <Rachel.VanderVeen@sanjoseca.gov>  
**Cc:** Nguyen, Viviane <viviane.nguyen@sanjoseca.gov>  
**Subject:** Study of Life Expectancy of Home Components Report

Hello,

Thank you for meeting with us yesterday. I am following up with the report I mentioned to you yesterday. Please find attached the *Study of Life Expectancy of Home Components* by the National Association of Home Builders/Bank of America Home Equity. We hope you can take the report into consideration as you consider revising the amortization timelines. Thank you again, and I wish you all a lovely day.

Best,

Jocelin Hernandez

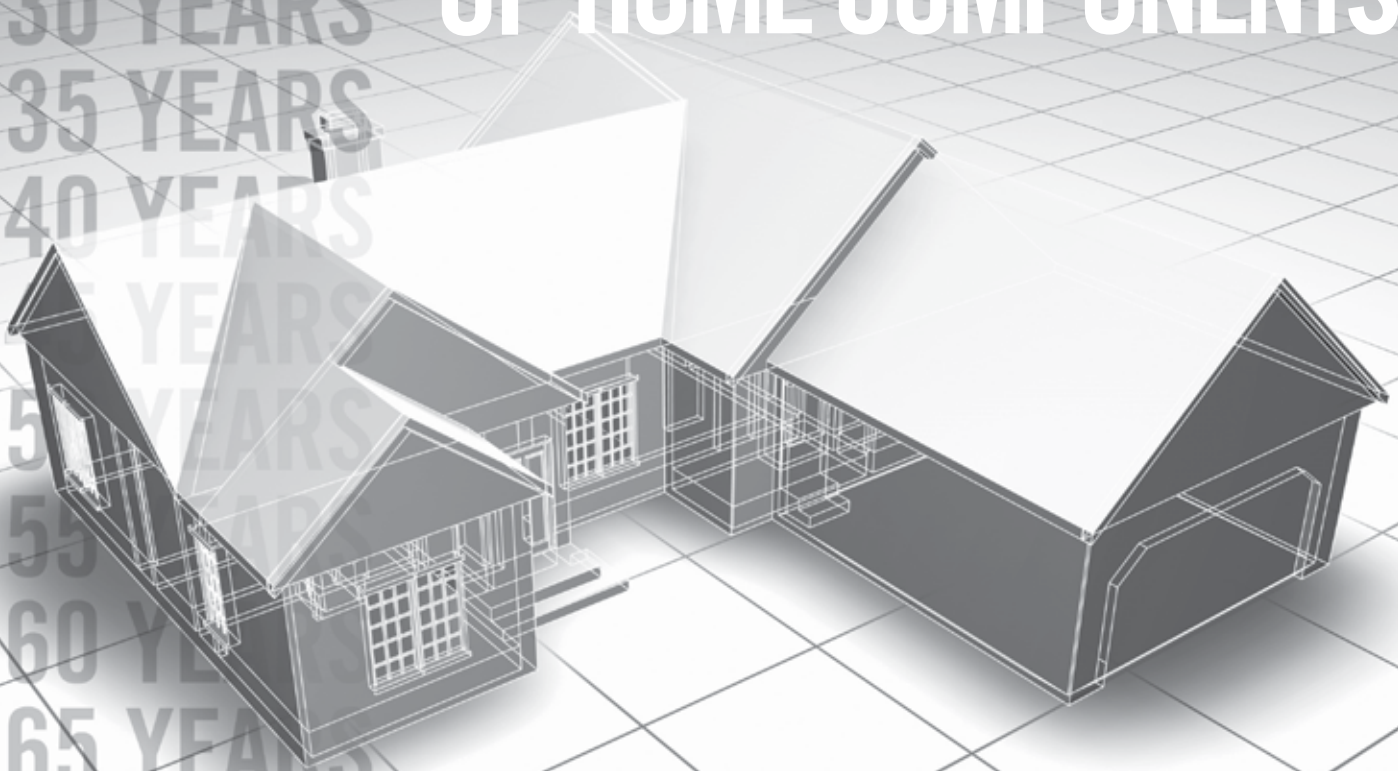
**Jocelin Hernandez-Bautista**  
**Research and Policy Associate**

[Redacted contact information]



National Association of Home Builders /  
Bank of America Home Equity

# STUDY OF LIFE EXPECTANCY OF HOME COMPONENTS



**NAHB**  
NATIONAL ASSOCIATION  
OF HOME BUILDERS

**Bank of America** 

FEBRUARY 2007

5 YEARS  
10 YEARS  
15 YEARS  
20 YEARS  
25 YEARS  
30 YEARS  
35 YEARS  
40 YEARS  
45 YEARS  
50 YEARS  
55 YEARS  
60 YEARS  
65 YEARS  
70 YEARS  
75 YEARS  
80 YEARS  
85 YEARS  
90 YEARS  
95 YEARS  
100 YEARS

National Association of Home Builders/  
Bank of America Home Equity  
Study of Life Expectancy of Home Components

*Prepared by the Economics Group of NAHB*

**Dr. David Seiders**, Senior Staff Vice President and Chief Economist

**Gopal Ahluwalia**, Staff Vice President - Research

**Steve Melman**, Director Economic Services

**Rose Quint**, Director of Survey Analysis

**Ashok Chaluvadi**, Senior Research Associate

**Mei Liang**, Senior Research Associate

**Adam Silverberg**, 2006 Summer Intern

**Cyprien Bechler**, 2006 Summer Intern

**Jackie Jackson**, Editor

*Sponsored by Bank of America Home Equity*

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# Contents

**Introduction ----- 1**

**Findings ----- 2**

## **Tables**

1. Appliances -----	7
2. Cabinetry and Storage -----	7
3. Concrete and Masonry -----	8
4. Countertops -----	8
5. Decks -----	8
6. Doors -----	8
7. Electrical and Lighting -----	9
8. Engineered Lumber -----	9
9. Faucet and Fixtures -----	9
10. Flooring -----	10
11. Footings and Foundations -----	10
12. Framing and Other Structural Systems -----	10
13. Garages -----	11
14. Home Technology -----	11
15. HVAC -----	11
16. Insulation and Infiltration Barriers -----	12
17. Jobsite Equipment -----	12
18. Molding and Millwork -----	12
19. Paint, Caulks and Adhesives -----	12
20. Panels -----	13
21. Roofing -----	13
22. Siding and Accessories -----	14
23. Site and Landscaping -----	14
24. Walls, Ceilings and Finishes -----	15
25. Windows and Skylights -----	15

# **National Association of Home Builders/ Bank of America Home Equity Study of Life Expectancy of Housing Components**

## **INTRODUCTION**

The life expectancies of the components of a home depend on the quality of installation, the level of maintenance, weather and climate conditions, and the intensity of use. Some components may remain functional but become obsolete due to changing styles and preferences or improvements in newer products while others may have a short life expectancy due to intensive use.

The average life expectancy for some components has increased during the past 35 years because of new products and the introduction of new technologies, while the average life of others has declined. NAHB's last such study on the life expectancy of housing components was published in *Housing Economics* in August 1993.

## **U.S. HOUSING STOCK**

The 2005 American Housing Survey by the U.S. Census Bureau shows that there are more than 124 million homes in the housing stock, with a median age of 32 years. About one-third of the housing stock was built in 1960 or earlier. About 10 percent was built in the 1960s, and another 20 percent was built in the 1970s. Of the remainder, 13 percent was built in the 1980s, another 13 percent was built in the 1990s, and 8 percent in the first years of the 21<sup>st</sup> century.

Of the total stock of 124.3 million housing units, about 109 million are occupied housing units, 11.6 million are vacant and about 4 million are seasonal. Two-thirds of all units in the nation's housing stock are single-family detached or attached, 8 percent are in buildings with 2 to 4 units, and about 17 percent are in buildings with 5 or more units. The remaining 7 percent of the stock is in HUD-code homes.

About 18 percent of the occupied housing stock is in the Northeast, 23 percent is in the Midwest, 37 percent is in the South, and 21 percent is in the West.

## **THE STUDY**

In the summer of 2006, NAHB conducted a comprehensive telephone survey of manufacturers, trade associations and researchers to develop information about the longevity of housing components.

Many of the people interviewed emphasized that the life expectancy of housing components is greatly affected by the quality of maintenance. They also noted that changing consumer preferences can result in products being replaced long before -- or after -- the end of their practical life expectancy.

This article provides a synopsis of the survey results (Table 1).

***[Note: This report should be used as a general guideline only. None of the information in this report should be interpreted as a representation, warranty or guarantee regarding the life expectancy or performance of any individual product or product line. Readers should not make buying decisions and/or product selections based solely on the information contained in this report.]***

# Findings

## Appliances

The life expectancy of a typical appliance depends to a great extent on the use it receives. Moreover, appliances are often replaced long before they are worn out because changes in styling, technology and consumer preferences make newer products more desirable. Of the major appliances in a home, gas ranges have the longest life expectancy: 15 years. Dryers and refrigerators last about 13 years. Some of the appliances with the shortest lifespan are: compactors (6 years), dishwashers (9 years) and microwave ovens (9 years).

## Cabinetry and Storage

Kitchens are becoming larger and more elaborate, and together with the family room, modern kitchens now form the “great room.” Great rooms are not only a place to cook, but also a space where people gather to read, eat, do homework, surf the Internet and pay bills. Kitchen cabinets are expected to last up to 50 years, medicine cabinets for 20+ years, and garage/laundry cabinets for 100+ years. Closet shelves are expected to last for a lifetime.

## Concrete and Masonry

Masonry is one of the most durable components of a home. Chimneys, fireplaces, and brick veneers can last a lifetime, and brick walls have an average life expectancy of more than 100 years.

## Countertops

Natural stone countertops, which are less expensive than a few years ago, are gaining in popularity and are expected to last a lifetime. Cultured marble countertops have a life expectancy of about 20 years.

## Decks

Because they are subject to a wide range of conditions in different climates, the life expectancy of wooden decks can vary significantly. Under ideal conditions, they have a life expectancy of about 20 years.

## **Doors**

Exterior fiberglass, steel and wood doors will last as long as the house exists, while vinyl and screen doors have a life expectancy of 20 and 40 years, respectively. Closet doors are expected to last a lifetime, and French doors have an average life of 30 to 50 years.

## **Electrical and Lighting**

Copper plated wiring, copper clad aluminum, and bare copper wiring are expected to last a lifetime, whereas electrical accessories and lighting controls are expected to last 10+ years.

## **Engineered Lumber**

Floor and roof trusses and laminated strand lumber are expected to last a lifetime, and engineered trim is expected to last 30 years.

## **Faucets and Fixtures**

Kitchen sinks made of modified acrylic will last 50 years, while kitchen faucets will work properly for about 15 years. The average life of bathroom shower enclosures is 50 years. Showerheads last a lifetime, while shower doors will last about 20 years. Bath cabinets and toilets have an unlimited lifespan, but the components inside the toilet tank do require some maintenance. Whirlpool tubs will function properly for 20 to 50 years, depending on use.

## **Flooring**

All natural wood floorings have a life expectancy of 100 years or more. Marble, slate, and granite are also expected to last for about 100 years, but can last less due to a lack of maintenance. Vinyl floors last up to 50 years, linoleum about 25 years, and carpet between 8 and 10 years (with appropriate maintenance and normal traffic).

## **Footings and Foundations**

Poured as well as concrete block footings and foundations last a lifetime, assuming they were properly built. Termite proofing of foundations will last about 12 years if the chemical barriers put in place during construction are left intact. Waterproofing with bituminous coating lasts 10 years, but if it cracks it is immediately damaged. Concrete or cast iron waste pipes are expected to last 100 years or more.

## **Framing and Other Structural Systems**

Framing and structural systems have extended longevities: poured-concrete systems, timber frame houses and structural insulated panels will all last a lifetime. Wall panels and roof and floor trusses will similarly last a lifetime. Softwood, hardboard, and plywood last an average of 30 years, while OSB and particleboard are expected to function properly for 60 years.

## **Garages**

Garage door openers are expected to last 10 to 15 years, and light inserts for 20 years.

## **Home Technology**

Home technology systems have various life expectancies. While a built-in audio system will last 20 years, security systems and heat/smoke detectors have life expectancies of 5 to 10 years. Wireless home networks and home automation systems are expected to work properly for more than 50 years.

## **Heating, Ventilation, and Air Conditioning (HVAC)**

Heating, ventilation, and air conditioning systems require proper and regular maintenance in order to work efficiently, but even in the best case scenarios most components of such systems only last 15 to 25 years. Furnaces on average last 15-20 years, heat pumps 16 years, and air conditioning units 10-15 years. Tankless water heaters last more than 20 years, while an electric or gas water heater has a life expectancy of about 10 years. Thermostats usually are replaced before the end of their 35-year lifespan due to technological improvements.

## **Insulation and Infiltration Barriers**

As long as they are not punctured, cut, or burned and are kept dry and away from UV rays, the cellulose, fiberglass, and foam used in insulation materials will last a lifetime. This is true whether the insulation was applied as loose fill, house wrap, or batts/rolls.

## **Jobsite Equipment**

Ladders are expected to last a lifetime, and life expectancy of lifts is about 8 to 10 years.

## **Molding and Millwork**

Custom millwork will last a lifetime, and all stairs – circular and spiral stairs, prebuilt stairs and attic stairs – are expected to last a lifetime.



## **Paint, Caulks and Adhesives**

Both interior and exterior points can last for 15 years or longer, however home owners often paint more frequently.

## **Panels**

Hardboard panels and softwood panels are expected to last 30 years, while oriented strand board and particleboard have a life expectancy of 25-30 years. Wall panels are expected to last a lifetime.

## **Roofing**

The life of a roof depends on local weather conditions, proper building and design, material quality, and adequate maintenance. Slate, copper, and clay/concrete roofs have the longest life expectancy – over 50 years. Roofs made of asphalt shingles last for about 20 years while roofs made of fiber cement shingles have a life expectancy of about 25 years, and roofs made of wood shakes can be expected to last for about 30 years.

## **Siding and Accessories**

Outside materials typically last a lifetime. Brick, vinyl, engineered wood, stone (both natural and manufactured), and fiber cement will last as long the house exists. Exterior wood shutters are expected to last 20 years, depending on weather conditions. Gutters have a life expectancy of more than 50 years if made of copper and for 20 years if made of aluminum. Copper downspouts last 100 years or more, while aluminum ones will last 30 years.

## **Site and Landscaping**

Most landscaping elements have a life expectancy of 15 to 25 years. Sprinklers and valves last about 20 years, while underground PVC piping has a lifespan of 25 years. Polyvinyl fences are designed to last a lifetime, and asphalt driveways should last between 15 and 20 years.

Tennis courts can last a lifetime if recoated; most coatings last 12 to 15 years. The concrete shell of a swimming pool is expected to last over 25 years, but the interior plaster and tile have life expectancies of about 10 to 25 years.

## **Walls, Ceilings and Finishes**

Walls and ceilings last the full lifespan of the home.

## **Windows and Skylights**

Aluminum windows are expected to last between 15 and 20 years while wooden windows should last upwards of 30 years.

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	Life in Years	Comments
<b>1. APPLIANCES</b>		
Exhaust Fan	10	
Compactors	6	
Dishwashers	9	
Disposers, Food Waste	12	
Dryers, Electric	13	
Dryers, Gas	13	
Freezers	11	
Microwave Ovens	9	
Ranges, Electric	13	
Ranges, Gas	15	
Range/Oven Hoods	14	
Refrigerators, Compact	9	
Refrigerators, Standard	13	
Washers	10	
Water Heaters, Electric	11	
Water Heaters, Gas	10	
Air-Conditioners, Room	10	
Air-Conditioners, Unitary	15	
Boilers, Electric	13	
Boilers, Gas	21	
Dehumidifiers	8	
Furnaces, Warm-Air, Electric	15	
Furnaces, Warm-Air, Gas	18	
Furnaces, Warm-Air, Oil	20	
Heat Pumps	16	
Humidifiers	8	
<i>Note: Life expectancy is based on first-owner use.</i>		
<i>Source: Appliance Magazine, Sep 2005 issue, Grainger</i>		
<b>2. CABINETS &amp; STORAGE</b>		
<u>Cabinet Lines</u>		
Bath Cabinets	Lifetime	
Entertainment Centers/Home Office	10	
Garage/Laundry Cabinets	100+	
Kitchen Cabinets	50	
Medicine Cabinets	20+	
<u>Manufacturing Types</u>		
Modular/Stock	50	
<u>Closet systems</u>		
Closet Shelves	Lifetime	
<i>Source: Wellborn Cabinet, Zaca, Timberlake Cabinet Co., Wellborn Cabinet, Moduline, Canyon Creek Cabinet Co., Easyclosets.com, Wellborn Cabinet</i>		

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>3. CONCRETE &amp; MASONRY</b>		
Brick	100+	
Veneer	Lifetime	
Caulking (for sealer)	2-20	
<i>Source: General Shale Brick, NHACP and NCSG, Sashco Sealants</i>		
<b>4. COUNTERTOPS</b>		
Cultured Marble	20	
Natural Stone	Lifetime	
Tile	Lifetime	
Wood	Lifetime	
<i>Source: Rynone, Buffalo stone, Architectural Products by Outwater, Formica Corp, Gibco Services, Florida Tile Industries, United States Ceramic Tile Co., National Hardwood Flooring &amp; Moulding</i>		
<b>5. DECKS</b>		
Wood	20	Dry areas last 20-25, South 10-15, North 20-30.
Deck Planks	25	
<i>Source: Decks.com, Timbertech</i>		
<b>6. DOORS</b>		
<u>Exterior Doors</u>		
Fiberglass	Lifetime	
Screen	40	Pine 20 yrs, Cedar 40 yrs, Mahogany 60 yrs
Steel, Fire-Rated	Lifetime	
Vinyl	20	
Wood	Lifetime	
<u>Interior Doors</u>		
French	30 to 50	
Closet	Lifetime	
<i>Source: Fiberframe, Neoporte, Timeline Vinyl Products/Timeline Vinyl Windows, Victoriana East, Coppa Woodworking Inc., Marvin Windows and Doors, Kestrel</i>		

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>7. ELECTRICAL &amp; LIGHTING</b>		
Accessories	10+	
Lighting Controls	10+	
<u>Copper Wiring</u>		
Copper Plated	Lifetime	If used in a non-corrosive environment.
Copper Clad Aluminum	Lifetime	
Bare Copper	Lifetime	
<i>Source: Lutron Electronics, Lighting Controls Association, Copper Development Assoc.</i>		
<b>8. ENGINEERED LUMBER</b>		
Engineered Trim	30	
Laminated Strand Lumber	Lifetime	
Laminated Veneer Lumber	30+	
Trusses, Floor	Lifetime	
Trusses, Roof	Lifetime	
<i>Source: Engineered Wood Association, Georgia Pacific Corp., Georgia Pacific Corp., Lumber Specialties</i>		
<b>9. FAUCETS &amp; FIXTURES</b>		
Accessible/ADA Products	Lifetime	
Faucets, Bar/Hospitality	15	
Faucets , Kitchen Sinks	15	
Faucets, Lavatory	20+	
Faucets, Tub/Shower	20+	
Faucets, Toilets/Bidets	10	Wear issues depending on use, new cartridges or seals.
Saunas/Steam Rooms	15-20	
Shower Doors	20+	
Shower Enclosures/Modules	50	
Showerheads	Lifetime	
Toilets/Bidets	Lifetime	The components inside toilet tank and valves that operate bidet will require occasional maintenance.
Whirlpool Tubs	20-50	Lifespan of the rotating engine depends on the use made of the tub.
<u>Sinks: Kitchen &amp; others</u>		
Enamel Steel	5-10	
Modified Acrylic	50	
Soapstone	100+	
<i>Source: Delta Faucet Co., Grohe, Kohler Co., Moen, Plexicor (part of Karran), Toto USA, Acquinnox, Alumax, Alsons, Karran, Green Mountain Soapstone Corp., Saunastore</i>		

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>10. FLOORING</b>		
All Wooden Floors	Lifetime	
Bamboo	Lifetime	
Brick Pavers	100+	
Carpet	8-10	
Concrete	50+	
Engineered Wood	50+	
Exotic Wood	Lifetime	
Granite	100+	
Laminate	15-25	
Linoleum	25	
Marble	100+	
Slate	100	
Tile	75-100	
Vinyl	50	
Other Domestic Wood	Lifetime	
Terrazo	75+	
<i>Source: Marble Institute of America, Berg &amp; Berg, Dal-Tile Corp, Floortec, National Wood Flooring Association, General Shale Brick, Masland Carpets, Beaulieu of America, Concrete Designs, Formica Corp, Linoleumstore.com, DePaoli Mosaic, Monarch Ceramic Tile</i>		
<b>11. FOOTINGS &amp; FOUNDATIONS</b>		
Poured Footings and Foundations	Lifetime	
Concrete Block	Lifetime	Properly built foundations last indefinitely.
Termite Proofing	12	"Pre-treatment during construction: longevity of treatment depends on disturbance or not of the chemical barriers in place."
Bituminous Coating Waterproofing	10	If it cracks, it is immediately damaged.
Pargeting with Ionite	20-30	It's not typical in a residential setting. Its downfall is when it cracks.
Baseboard System	50	
<u>Plumbing</u>		
Concrete Waste Pipe	100	
Cast Iron Waste Pipe	100	
<i>Source: Dry Up Basement, Unexco, Cast Iron Soil Pipe Institute, American Concrete Pipe Association, National Ready Mixed Concrete Assoc, Quikrete</i>		
<b>12. FRAMING &amp; OTHER STRUCTURAL SYSTEMS</b>		
Poured-Concrete Systems	Lifetime	
Structural Insulated Panels	Lifetime	
Timber Frame Homes	Lifetime	
<i>Source: ConForm Pacific, NGS Materials, Post &amp; Beam Factory</i>		

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>13. GARAGES</b>		
Garage Door Openers	10-15	
Light Inserts	20	
<i>Source: Wayne-Dalton Corp.</i>		
<b>14. HOME TECHNOLOGY</b>		
Audio, Built-in	20	
Heat/Smoke Detectors	<10	National Fire Alarm Code requires that detectors be replaced every 10 years.
Home Automation Systems	Lifetime	
Home Networks, Wireless	50+	
Security Systems	5-10	
<i>Source: LiteTouchHome Director, ADT and Slomin's Home Security, Home Director, Home Seer</i>		
<b>15. HVAC</b>		
Air Conditioners	10-15	
Air Quality Systems	15	
Boilers	13-21	
Dehumidifiers	8	
Ducting	10	
Furnaces	15-20	
Heat Pumps	16	
Heat Recovery Ventilators	20+	
Thermostats	35	
Ventilators	7	
Water Heaters, Tankless	20+	
Electric Radiant Heater	40	
Hot Water or Steam Radiant Heater	15+	
Diffusers, Grilles, and Registers	25	
Induction and Fan-Coil Units	10-15	
Dampers	20+	
DX, Water, or Steam	20	
Electric	15	
Shell-and-Tube	20	
Molded Insulation	Lifetime	Not usually used residentially.
Burners	<10	Oil burners need more maintenance and don't last as long as gas burners.
<i>Source: CenterPoint Energy and Trane Residential system Group, Smarter Way Inc., CenterPoint Energy, Air Quality Engineering, CenterPoint Energy and Luxaire Unitary Products Group, Association of Home Appliance Manufacturers, American Society of Heating, Refrigerating and Air-Conditioning Engineers, Econar, Lomanco, Honeywell, American Society of Heating, Refrigerating and Air-Conditioning Engineers, EWC Controls, Fantech, No. American Insulation Manufacturers Assoc. US Dept. of Energy, Radiant Electric Heat, Radiantec, Radiantec, American Society of Heating, Refrigerating and Air-Conditioning Engineers, Power Flame Inc., Appliance Magazine</i>		

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>16. INSULATION &amp; INFILTRATION BARRIERS</b>		
<u>Insulation Material</u>		
Cellulose	100+	
Fiberglass	Lifetime	
Foam	Lifetime	
<u>Insulation Type</u>		
Batts/Rolls	Lifetime	
House Wrap	Lifetime	
Loose Fill	Lifetime	
<i>Source: DuPont, National Fiber, Johns Manville, RHH Foam Systems, No. American Insulation Manufacturer Association</i>		
<b>17. JOBSITE EQUIPMENT</b>		
Ladders	Lifetime	
Lifts	8-10	
<i>Source: Putnam Rolling Ladder Co., Genie Industries</i>		
<b>18. MOLDING &amp; MILLWORK</b>		
Custom Millwork	Lifetime	
Stair Parts	Lifetime	
Stairs, Circular & Spiral	Lifetime	
Stairs, Prebuilt	Lifetime	
Stairs, Attic	Lifetime	
<i>Source: York Spiral StairAzek, Authentic Pine Floors, Century Architectural Specialties, StairWorld, National Hardwood Flooring &amp; Moulding</i>		
<b>19. PAINTS, CAULKS, &amp; ADHESIVES</b>		
<u>Adhesives</u>		
Roofing	7	
<u>Paints &amp; Stains</u>		
Paint, Exterior	15+	
Paint, Interior	15+	Depends on whether or not it is washable paint.
<i>Source: The Sherwin-Williams Co., Slate Savers, Tamko Roofing Products, Dutch Boy Paints</i>		



**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>20. PANELS</b>		
Hardboard	30	
Oriented-Strand Board	25-30	
Particleboard	60	
Plywood	60	
Softwood	30	
Underlayment, Flooring	25	
Wall Panels	Lifetime	
<i>Source: Georgia Pacific Corp., NGS Materials, Weyerhaeuser, James Hardie Building Products</i>		
<b>21. ROOFING</b>		
<u>Material</u>		
Aluminium Roof Coating	3-7	
Fiber Cement	25	
Asphalt	20	
Modified Bitumen	20	
Copper	Lifetime	
Simulated Slate	50	
Wood	30	
Clay/Concrete	Lifetime	
Slate	50+	
Coal and Tar	30	
<i>Source: Gardner-Gibson, Maxitile, National Roofing Contractors Association, GAF Material Corp., Asphalt Roofing Manufacturer's Association, Johns Manville, Metal Roof Specialties, Nycore, Authentic roof, 208 Shake&amp;Shingle, The Northern Roof Tile Sales Co., Universal Marble &amp; Granite, Slate Savers, Koppers, Northern Elastomeric, EcoStar, Metals USA, GAF Material Corp.</i>		

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>22. SIDING &amp; ACCESSORIES</b>		
<u>Material</u>		
Brick	Lifetime	
Engineered Wood	Lifetime	
Fiber Cement	Lifetime	
Manufactured Stone	Lifetime	
Stone	Lifetime	
Stucco	50-100	
Vinyl	Lifetime	
<u>Related Accessories</u>		
Soffits/Fascias	50	This time period applies for fascia in fiber-cement only.
Trim	25	
<u>Shutters</u>		
Wood/Exterior	20	
Wood/Interior	15+	
Aluminium/Interior	10+	Sun can cause the strings to break.
<u>Gutters and Downspouts</u>		
Copper	50+	
Aluminium	20	
Galvanized Steel	20	
Downspouts (Aluminum)	30	
Downspouts (Copper)	100	
<p><i>Source: Boral Bricks, APA, GAF Material Corp., James Hardie Building Products, Boulder Creek Stone and Brick, Owens Corning, Genstone Enterprises, El Rey Stucco, Heartland Building Products, Azek, James Hardie Building Products, Blinds.com, Vixen Hill Mfg. Co., Yost Mfg. &amp; Supply, Berger Building Products, Guttersupply.com, (Rain Trade Corp. division)</i></p>		
<b>23. SITE &amp; LANDSCAPING</b>		
Asphalt Driveway	15-20	
Polyvinyl Fences	Lifetime	
Clay Paving	Lifetime	
Underground PVC Piping	25	
Valves	20	
Sprinklers	20	Usually made obsolete by advances in technology.
Controllers	15	Lifespan given for areas not prone to lightning strikes.
<u>Tennis Court</u>		
Fast-Dry Green	Lifetime	

**Table 1: Life Expectancy of Different Products/Items/Materials in the Home**

	<b>Life in Years</b>	<b>Comments</b>
<b>23. SITE &amp; LANDSCAPING (Continued)</b>		
Asphalt with Acrylic Coating	12-15	Age before requiring major work. Requires recoating every 5-7 years.
Asphalt with Acrylic Cushion Coating	12-15	Age before requiring major work. Requires recoating every 5-7 years.
American Red Clay	Lifetime	
Fast-Dry with Subsurface Irrigation Red or Green	Lifetime	Maintenance: average 10 minutes a day per court.
<u>Swimming pool</u>		
General	Lifetime	
Concrete Shell	25+	
Interior Finish/Plaster	10-15	
Interior Finish/Pebble-tec	25-35	
Interior Finish/Tile	15-25	
Cleaning Equipment	7-10	
Decking	15	
Waterline Tile	10	
<i>Source: Paddock Pools, Patios &amp; Spas, Boral Bricks, Accurate Tennis, Aquatic Technology, Huyser, Digger Specialties, Inc., Aquatech Pools - Society of Professional Builders, Inyo Pool Products, Omega Pool Structures, Inc.</i>		
<b>24. WALLS, CEILINGS, &amp; FINISHES</b>		
Accoustical Ceiling	Lifetime	Moisture or movement can affect lifespan.
Ceiling Suspension	Lifetime	
Ceramic Tile	Lifetime	
Standard Gypsum	Lifetime	
<i>Source: Interceramicusa, United States Gypsum Co., Messmers Inc., DAP</i>		
<b>25. WINDOWS, SKYLIGHTS, &amp; GLASS</b>		
<u>Glass &amp; Glazing Materials</u>		
Window Glazing	10+	
<u>Windows</u>		
Aluminum/Aluminus Clad	15-20	
Wood	30+	Some parts of the window may have to be replaced, so lifespan may vary.
<i>Source: Polygal, Gallina USA, LLC, Allied Window</i>		

**[Note: This report should be used as a general guideline only. None of the information in this report should be interpreted as a representation, warranty or guarantee regarding the life expectancy or performance of any individual product or product line. Readers should not make buying decisions and/or product selections based solely on the information contained in this report.]**



**NAHB**

1201 15<sup>th</sup> Street  
Washington, DC 20005  
800-368-5242

**From:** Joe V  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Joe V](#)  
**Subject:** ARO - strongly opposed to unfair CPI  
**Date:** Wednesday, August 30, 2017 5:24:37 PM

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To: Housing Dept and City Council,

I am a landlord and strongly opposed to the CPI for several reasons:

1. The CPI has little to do with reality of expenses and income in rental property management.
2. The 2% or 3% level will never cover the annual property expense experienced by landlords who must pay increases for PG&E, water, taxes and fees, building maintenance, and fees charged by various companies whose employees must be paid the prevailing salaries as required by City rules.
3. There will be little incentive to take pride in rental property ownership as there will be too many restrictions of City rules.
4. Property values will drop as Rent Control properties will not be desirable on open market.
5. Tax revenue to the City will be lost due to the consequences of Rent Control rules.
6. The negative impact of all these factors will increase upon the City in future years when the existing Council member will no longer be serving the Community.
7. There is a need to impress upon Council members that fairness needs to guide their decisions and to realize that the majority of rental property owners are responsible and follow the rules.
8. Major decisions by Council members should be made based on facts and not on political pressures by groups exploiting a few negative issues.
9. The failure of Housing to deal with existing problems and the failure of Code Enforcement's ability to deal with sub-standard Housing has been a significant factor in the current Rent Control concerns.
10. The real problems of cities with CPI have not been clearly presented to the Council; social problems such as increased crime and higher police involvement, higher rent, undesirable and unattractive neighborhoods have created slum areas, owners lack interest in improving living conditions; all of this can be tied to the effects of CPI rent control.

The Housing Department and City Council's actions have had a very negative, punitive approach to those of us in the rental property management who are responsible owners following the rules set forth in Rent Control and who are concerned about providing safe, desirable neighborhoods for our tenants.

Joe V.  
San Jose Housing Provider under ARO

**From:** zslI zslI  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Against CPI based rent control  
**Date:** Wednesday, August 30, 2017 6:50:41 PM

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Dear Policy Makers,

I am a property owner and writing to express our concern about the CPI based rent control in your latest draft. We are working hard to pay our property tax and support our families. The rent floating is a market activity and should not be over-interfered by the government. Your proposal to align rent change with CPI is clueless: CPI won't reflect effort of the maintenance. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year. This over-regulation is against the will of all house-owners. Your biased stance favoring only the tenants will eventually cause more land owners refuse to rent empty rooms out, and make the life of those struggling with housing even more miserable. The housing issue is partly caused by the high-rising property tax and rent registry, which you should actually consider decreasing. HD, please do your job and fall back to the 5% consent reached earlier this year.

Thanks,  
Yangzi

**From:** Wei Huang  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Cc:** [Chaochin Lu](#); [Chao Feng](#); [Ruoyi Zhou](#); [Joshua Hu](#)  
**Subject:** The Director of Housing makes \$393,539.75 in yearly compensation with pension and health care retirement!  
**Date:** Wednesday, August 30, 2017 7:50:21 PM

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Dear Councilperson ,

I am a small business person impacted by the Housing Departments decisions and I ask your help.

Can San Jose afford the Housing Department?

The Director of Housing makes \$393,539.75 in yearly compensation. The Housing Policy and Planning Administrator makes \$253,843.53 annual compensation and the other Housing Policy and Planning Administrator makes \$238,882.52 in annual compensation all with pension and health care retirement. As a small business owner I must provide for my own pension and my own health care as part of providing housing. My income is being artificially capped but the Housing Department has no such cap on their pension etc. The Housing department has stated they will add 6-12 employees all at the expense of small businesses that they actively do not support. Can we afford 12 or even 6 more Housing Department employees that only look at one side of a solution?

As the Housing Department looks to add 6-12 employees and build an empire they are looking for more fees from small businesses. It is unfair to single out small businesses solely to support the Housing Department.

Housing Department Bias

The San Jose Housing Department is funded by small business owners like myself, yet serves only tenants. The words they carefully choose in literature and publications is marketing at its best and clearly states they are siding with tenants in a war of their own making. When one party is always in need of control and the other party is always in need of protection these words create a division. Nowhere at any time has the Housing Department actively reached out to housing providers, however they have mailed letters directly to tenants. Even when asked to reach out to housing providers or supply power point presentations they refuse or delay. They are intentionally creating animosity through their word choice and not working to solve problems. They are intentionally deceiving the council by hiding clauses (roommate clause) and obfuscating the truth by saying their proposals are fair and making documents long and confusing. They often merely copy and paste from documents from other cities without regard as to the unique impact on San Jose. On their website they list "What meetings can I attend" and the link has no meetings listed. There are numerous unintended consequences that the Housing Department has not considered and they place San Jose in harms way by putting unclear last minute proposals in front of the City Council. The housing crisis has been created by a lack of inaction to planning and building; small businesses should not fall victim to the Housing Departments misplaced vengeance.

Thank you,  
Wei

**From:** [REDACTED]  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Can San Jose afford the Housing Department?  
**Date:** Wednesday, August 30, 2017 7:59:59 PM

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Dear Councilperson

I am a small business person impacted by the Housing Departments decisions and I ask your help.

### **Can San Jose afford the Housing Department?**

The Director of Housing makes \$393,539.75 in yearly compensation. The Housing Policy and Planning Administrator makes \$253,843.53 annual compensation and the other Housing Policy and Planning Administrator makes \$238,882.52 in annual compensation all with pension and health care retirement. As a small business owner I must provide for my own pension and my own health care as part of providing housing. My income is being artificially capped but the Housing Department has no such cap on their pension etc. The Housing department has stated they will add 6-12 employees all at the expense of small businesses that they actively do not support. Can we afford 12 or even 6 more Housing Department employees that only look at one side of a solution?

As the Housing Department looks to add 6-12 employees and build an empire they are looking for more fees from small businesses. It is unfair to single out small businesses solely to support the Housing Department.

### **Housing Department Bias**

The San Jose Housing Department is funded by small business owners like myself, yet serves only tenants. The words they carefully choose in literature and publications is marketing at its best and clearly states they are siding with tenants in a war of their own making. When one party is always in need of control and the other party is always in need of protection these words create a division. Nowhere at any time has the Housing Department actively reached out to housing providers, however they have mailed letters directly to tenants. Even when asked to reach out to housing providers or supply power point presentations they refuse or delay. They are intentionally creating animosity through their word choice and not working to solve problems. They are intentionally deceiving the council by hiding clauses (roommate clause) and obfuscating the truth by saying their proposals are fair and making documents long and confusing. They often merely copy and paste from documents from other cities without regard as to the unique impact on San Jose. On their website they list "What meetings can I attend" and the link has no meetings listed. There are numerous unintended consequences that the Housing Department has not considered and they place San Jose in harms way by putting unclear last



minute proposals in front of the City Council. The housing crisis has been created by a lack of inaction to planning and building; small businesses should not fall victim to the Housing Departments misplaced vengeance.

Thank you,  
Duane Gifford

**From:** R Wang  
**To:** [VanderVeen, Rachel](#); [ARO](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Do things in right sequence!  
**Date:** Wednesday, August 30, 2017 8:01:23 PM

---

Mr. Mayor,

We elected you because we trust you will make San Jose a better place to live. Please listen to majority of your residents' voices "WE DO NOT WANT HOMELESS SHELTER IN RESIDENTIAL AREA."

In yesterday's council meeting Lan Diep said something like this is the golden opportunity for San Jose to shine to lead the homeless issue. This is a VERY DANGEROUS thought! Only the strong swimmer can save the drowning person. Flight attendants always tell us to put on our own oxygen masks before helping others. San Jose is NOT QUALIFIED to be the leader of homeless issue. San Jose is neither wealthy nor safe. City had to cut the number of the policeman, remove their pension program, ask tax payers to fund extra for the schools and etc, in order to keep the city not broke. The residents are suffering from the high crime rate, high tax and uncompetitive schools.

Let's get the SEQUENCE right! San Jose needs to recover first. We want our policeman back. We want to be proud of our schools. We want to feel completely safe walking on the street. We want to have confidence that city government is capable of delivering good results for majority of its residents. Then let's put helping others onto the agenda. As a San Jose resident, I already compromised when the city decided to spend millions of \$ on homeless. But if the homeless shelters in any form start to show up in residential area, it is going to be extremely heartbroken to majority of the residents.

I also recommend San Jose city leaders to look at a bigger picture and work closely with other bay area cities such as Palo Alto, Las Gatos, Mountain View, Sunnyvale and etc to share the burden and credits.

A true great leader will leave great legacy after his/her departure, not a crime town.

Warm Regards

Yiwen Mu

San Jose District 4 Residents

**From:** Evans Mu  
**To:** [The Office of Mayor Sam Liccardo](#); [ARO](#); [VanderVeen, Rachel](#)  
**Subject:** Do things in right sequence!  
**Date:** Wednesday, August 30, 2017 8:08:40 PM

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Mr. Mayor,

We elected you because we trust you will make San Jose a better place to live. Please listen to majority of your residents' voices "WE DO NOT WANT HOMELESS SHELTER IN RESIDENTIAL AREA."

In yesterday's council meeting Lan Diep said something like this is the golden opportunity for San Jose to shine to lead the homeless issue. This is a VERY DANGEROUS thought! Only the strong swimmer can save the drowning person. Flight attendants always tell us to put on our own oxygen masks before helping others. San Jose is NOT QUALIFIED to be the leader of homeless issue. San Jose is neither wealthy nor safe. City had to cut the number of the policeman, remove their pension program, ask tax payers to fund extra for the schools and etc, in order to keep the city not broke. The residents are suffering from the high crime rate, high tax and incompetent schools.

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A true great leader will leave great legacy after his/her departure, not a crime town.

Warm Regards

Yiwen Mu

San Jose District 4 Residents

**From:** I Sch  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#)  
**Subject:** Small Business Support  
**Date:** Wednesday, August 30, 2017 8:22:54 PM

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Council of San Jose and Housing Department of San Jose,

As a small business person I ask you to keep the current 5% change in place that was made almost one year ago.

### **Rents are in decline**

The SJ Housing Department is claiming that CPI-U plus vacancy decontrol is a fair and reasonable solution. But, that is not the case. There is no consideration for economic downturns in the rental market; which we are experienced right now. In renting a one bedroom I manage in August, last month's rent was 27.7% higher than this month's rent. The average of CPI-U for the past 10 years has been 2.4% for the Bay Area. Assuming a 2.4% CPI-U increase of rent it would take us 11.5 years for best case recovery to reach the previous rent. Assuming there is no vacancy decontrol. All expenses will continue to rise faster while it will take 11.5 years to get back to the original rent. Meaning, there will not be funds available for maintenance, upgrades, or unforeseen large projects. CPI is especially dangerous to small businesses when applied after down turns with no ability to recover in a reasonable period of time. Previously there was 21% increase allowed if an increase had not been made within two years. This should be reinstated.

There has been a 4.78% decrease in rent as of July 2017. [RentJungle.com](#) - Rent Trend Data in San Jose. In 2017, I have 3 apartments that have taken longer than 2.5 months to rent.

### **No apartment turnover with CPI-U**

With 8% rent increases each year and 21% allowed if no increase for two years, SJ Housing Department reports that rental turnovers have been every four years with vacancy decontrol allowing for rents to adjust to market rates. But in reality with CPI-U the expected turnover will be 10-15 years because tenants will stay in place. There will be no vacancy decontrol. Tenants will be financially incented to stay in

their highly rent controlled apartment. SJ Housing Department has not studied the impact on San Jose if there is no tenant movement and they may have underestimated the 10-15 years length of tenant stay as it could be much longer.

If tenants never leave their apartments then we are renting to them forever. It's a first date on the application and then we are married to them for a long, long time. CPI-U will create this situation.

There are many reports of tenants taking advantage of price controlled apartments without respect to their ability to pay or how/where they spend money. Tenants buy vacation homes, luxury cars, and take expensive vacations while in rent controlled apartments and never leave because they can spend their money on these additional luxuries while small business housing providers cannot afford pensions or healthcare and have to manage risk. Clearly these tenants could afford market rent.

### **Controlling rents for only some**

This is an ineffective blanket approach that does not get the neediest the help they need. While many of my tenants drive more expensive cars, have high end cable, go out to dinner more often at restaurants and have more iPhones than I do, there are those who need assistance that the City should provide. Rather than spending money on managing small business owners and forming new departments to enforce new rental price fixing regulations the City should work on developing a better Section 8 program to get the help to those in need. We all agree that we need firefighters, waitresses, teachers, students, families, and many other folks to make a great community. And some of these folks need help financially to live and work in the same community. But not all need help; and since the community benefits from having folks live and work in the same community we should all contribute to helping those who are in actual need. The City should not force one small segment of one industry to financially support all tenants and tenants should not be financially supported regardless of need and regardless of how frivolously they may spend. We all agree that single moms need to find a place where she can stay; but rent control does not help the single mom today. She needs help today and price fixed rent control might only help her years from now if rents continue to rise and she is able to stay in the same apartment.

If the City wants to implement severe rental price fixing then they should in turn manage more carefully what tenants can afford and where tenants spend their

money. If a tenant in need chooses to buy a new expensive car instead of paying market rate rent then the City should tell the tenant to reallocate where they are spending their money.

### **Breakeven approach does not allow for savings or expenses**

There is no ability to catch up with expenses after a rent decline. When there is a downturn, rents will decline. There is no provision to allow housing providers to catch up with the rise of expenses once there is an upturn. Housing providers assume substantial risk for tenant damages, earthquake, flood, fire and other acts of nature. The Housing Department has underestimated the expenses of small businesses including savings for risk, pension, healthcare, insurance, interest rate changes for variable loans, mandatory refinances, and numerous other expenses. Many loans need to be refinanced (additional expenses) at new interest rates every 10 years. In addition, savings must be put aside for risk as well as large expenditures such as roofs, exterior painting, sidewalk replacement (SJ assessed us \$10K for sidewalk repair last year). There has been no thorough analysis of expenses or risk assumed by housing providers. There must be an additional study that looks at the impact on small businesses that provide housing and the expense side of the equation not just the income side. Repairs for housing built before 1979 requires an additional certification (asbestos, lead, etc) for licensed contractors only adding to the additional expense for small businesses. Why has SJ Housing Department completely ignored the expense side of providing housing?

### **Undue burden**

The City does not limit the price of any number of services and products including iPhones (going to \$1,200 for the next release) nor the salary of a CEO nor the price of a house. Housing prices are determined by supply and demand and the price of houses have the most direct impact on apartment rents. Rising housing prices are in the best interest of the City as property taxes rise. The City needs higher housing prices but is forcing lower rents inequitably. The City did not plan for appropriate housing nor are they limiting or placing special taxes on those who move to the City. As a result of an unfettered increase in population and lack of City housing planning it is not fair to place the burden of financially supporting lower rental prices on the housing industry alone nor is it fair to place additional burden on a smaller segment of the housing industry that has little or no voice in politics, lobbying or unions.

### **Our Stories**

No one from the Housing Department has asked for our personal story. We are immigrants, second generations, and people who roll up their sleeves to clean toilets. A story that includes replacing walls, windows, doors and sub-flooring from a tenant who only stayed a year and a security deposit that couldn't possibly cover all that damage. Or stories that include the deaths of tenants in their apartments and calling the families and hazmat to remove the bodies. No one has heard the stories about suicide on the premises. Or the stories that include Christmas Eve up to my thighs in black-water because San Jose burst a street pipe and I manged a 5 person hazmat team to remove 19 26-gallon drums because I want my tenants to have a breathable Christmas morning. Or the attorney from the Law Foundation calling to threaten that despite the tenant causing a fire and health hazard to adjoining tenants with junk piled up past the windows, clothing and debris on the floor two feet thick topped with numerous areas of cat feces she will not give 30 days notice and not pay this months rent and wants a full security return and if I don' agree she will make sure the tenant stays in the apartment for 6 months for free and force an eviction. She slyly mentions she has lots of other attorneys at her disposal but I will need to hire one and I'm helpless to protect my current tenants. No one asks about the storage fees for belongings when a tenant goes to jail and doesn't want his stuff and I'm stuck with storage fees. Or that after 27 years I have yet to file for an eviction. No one has heard the story of a tenant who stalked me through various social media sites and threatened my family. When you are in the business of providing housing you are expected to do your job without complaint but no one ever calls to say hello. If someone calls, it's with a complaint of their own. No one has asked about our stories as to how we started our businesses and the sacrifices and risks we took to make our business. No one has heard about the variable interest rates that we have to manage or the loans that come due every 10 years and you need to refinance again and again. No one has asked how many times we started to fill out bankruptcy forms hoping something would work out. And no one has heard about how many other jobs we have had in order to support the mortgages despite being paid rent. Someone said 'cry me a river'. But I'm trying to do my job and be proud to provide housing that I too would want to live in. Someone else said that 'housing providers shouldn't make a profit'. After you hear our stories, let me know how much you would pay someone on Christmas Eve to remove thigh-deep black-water or call a dead tenant's relative. Our stories are many, our community diverse, but no one has asked.

### **Anti-immigration policy**

Buildings built before 1979 are C class buildings and the majority are without pools, air conditioning, garbage disposals, fitness centers. These buildings serve folks who want to spend less on housing such as families, students, and new comers trying to figure out how to financially survive in Silicon Valley. If severe rental price fixing goes into effect no one will move out of their apartment. It will not be

a fiscally advantageous decision to move out when they can save so much money. If no one moves, then new people cannot move in at the lower rates provided by C class buildings.

**Housing built before 1979 provides substantially lower housing costs.**

Please request an independent study (independent of the Housing Department) to assess the real value of housing these small businesses provide.

**City continues to ignore housing crisis**

SJ had yet another opportunity for more housing and declined. Why should small business owners pay for the lack of housing if SJ is unwilling to work on solutions?

[City works against affordable housing](#)





**From:** Paul Mircea Gorenuc  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [BAHN Org](#); [REDACTED]  
**Subject:** HOUSING DEPARTMENT OUT OF CONTROL  
**Date:** Wednesday, August 30, 2017 9:19:05 PM

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LADIES AND GENTLEMAN,

I LIVED FOR 28 YEARS UNDER THE COMMUNIST DICTATORSHIP IN EASTERN EUROPE!

I SEE THE SIGNS AND THE THREATS OF COMMUNISM IN THE HOUSING DEPARTMENT POLICIES!  
PLEASE STOP THEM BEFORE IT WILL BE TOO LATE!

I AGREE WITH THE TWO PREVIOUS EMAILS, AND I WILL ADD THAT WE DO NOT WANT SOCIALISM , OR COMMUNISM WITH ITS UGLY FACE TO TAKE OVER OUR COUNTRY,OUR PROPERTY RIGHTS AND THE ,FREE MARKET ECONOMY IN OUR CAPITALIST UNITED STATES OF AMERICA!

COMMUNISM HAS NO PLACE IN USA!  
CLEAN THE HOUSING DEPARTMENT SWAMP!

GET READ OF THE COMMUNIST LEADERSHIP OF THE HOUSING DEPARTMENT,WHO HAS SHAMELESSLY HIGH SALARIES AND TRY TO BANKRUPT AND DESTROY THE HARD WORKING SMALL BUSINESS OWNERS OF RENTAL PROPERTIES IN SAN JOSE!

OUR PROPERTY RIGHTS ARE GUARANTEED BY THE CONSTITUTION!

HOUSING DEPARTMENT HAS NO RIGHT GUARANTEED BY THE CONSTITUTION EXCEPT THE GREED AND WISH TO HOLD THEIR POSITIONS FOR EVER FUNCTIONING ON THE PRINCIPLE "**DIVIDE AND CONQUER**"

PAUL GORENIUC  
MA,MFA  
GENERAL CONTRACTOR  
PROPERTY OWNER,  
AND **TAX PAYER**

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*Thanks*

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*...si nu uitati sa retransmiteti prin **BCC MODE**.....*

*Multumesc,*

**From:** SanJose council meeting Aug 29  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** NO to rent control over CPI  
**Date:** Wednesday, August 30, 2017 9:35:52 PM

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The property is a lawful investment of the owners and they should be free to decide the price of their own rent. The tax-payers saved money for decades, run their business against all odds to support themselves and their properties. They already paid high tax to the City, hoping you to do some job to protect them. But what you did is just hiring more incompetent staff throwing out stupid ideas. Then you come back to the tax-payers to ask them to take more responsibility. The property owner should not be held accountable for the housing crisis. You made so many rules limiting the building of new houses, that's why we are in such a pathetic situation today. Shame on you Housing Officers!

A simple question, if CPI happens to be go over 10%, why should the property owners limit the increase to only 5%? This does not make sense at all. What is your standard to measure the CPI? Does that include housing price please? What if CPI drops? Should house owners drop the rent as well? You are just introducing more groundless policies into the already quite messy system. A direct 5% rent limit is much easier to measure and enforce.

Can you just keep your hands off those hard-working middle-class house owners and figure out some feasible solutions to tackle the housing issue? Eg. you may lower the tax to create more jobs, attract builders to make full use of so many vacant lands in San Jose? Use our tax to actually do something impressive before you will ask for more!

**From:** Hui Qian  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Keep the Current 5% Change in Place  
**Date:** Wednesday, August 30, 2017 10:41:30 PM

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Mayor, Council of San Jose and Housing Department of San Jose,

As a small business person I ask you to keep the current 5% change in place that was made almost one year ago.

### **Rents are in decline**

The SJ Housing Department is claiming that CPI-U plus vacancy decontrol is a fair and reasonable solution. But, that is not the case. There is no consideration for economic downturns in the rental market; which we are experienced right now. In renting a one bedroom I manage in August, last month's rent was 27.7% higher than this month's rent. The average of CPI-U for the past 10 years has been 2.4% for the Bay Area. Assuming a 2.4% CPI-U increase of rent it would take us 11.5 years for best case recovery to reach the previous rent. Assuming there is no vacancy decontrol. All expenses will continue to rise faster while it will take 11.5 years to get back to the original rent. Meaning, there will not be funds available for maintenance, upgrades, or unforeseen large projects. CPI is especially dangerous to small businesses when applied after down turns with no ability to recover in a reasonable period of time. Previously there was 21% increase allowed if an increase had not been made within two years. This should be reinstated.

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If tenants never leave their apartments then we are renting to them forever. It's a first date on the application and then we are married to them for a long, long time. CPI-U will create this situation.

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without respect to their ability to pay or how/where they spend money. Tenants buy vacation homes, luxury cars, and take expensive vacations while in rent controlled apartments and never leave because they can spend their money on these additional luxuries while small business housing providers cannot afford pensions or healthcare and have to manage risk. Clearly these tenants could afford market rent.

### **Controlling rents for only some**

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If the City wants to implement severe rental price fixing then they should in turn manage more carefully what tenants can afford and where tenants spend their money. If a tenant in need chooses to buy a new expensive car instead of paying market rate rent then the City should tell the tenant to reallocate where they are spending their money.

### **Breakeven approach does not allow for savings or expenses**

There is no ability to catch up with expenses after a rent decline. When there is a downturn, rents will decline. There is no provision to allow housing providers to catch up with the rise of expenses once there is an upturn. Housing providers assume substantial risk for tenant damages, earthquake, flood, fire and other acts of nature. The Housing Department has underestimated the expenses of small businesses including savings for risk, pension, healthcare, insurance, interest rate changes for variable loans, mandatory refinances, and numerous other expenses. Many loans need to be refinanced (additional expenses) at new interest rates every 10 years. In addition, savings must be put aside for risk as well as large expenditures such as roofs, exterior painting, sidewalk replacement (SJ assessed us \$10K for sidewalk repair last year). There has been no thorough analysis of

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### **Our Stories**

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providing housing you are expected to do your job without complaint but no one ever calls to say hello. If someone calls, it's with a complaint of their own. No one has asked about our stories as to how we started our businesses and the sacrifices and risks we took to make our business. No one has heard about the variable interest rates that we have to manage or the loans that come due every 10 years and you need to refinance again and again. No one has asked how many times we started to fill out bankruptcy forms hoping something would work out. And no one has heard about how many other jobs we have had in order to support the mortgages despite being paid rent. Someone said 'cry me a river'. But I'm trying to do my job and be proud to provide housing that I too would want to live in. Someone else said that 'housing providers shouldn't make a profit'. After you hear our stories, let me know how much you would pay someone on Christmas Eve to remove thigh-deep black-water or call a dead tenant's relative. Our stories are many, our community diverse, but no one has asked.

### **Anti-immigration policy**

Buildings built before 1979 are C class buildings and the majority are without pools, air conditioning, garbage disposals, fitness centers. These buildings serve folks who want to spend less on housing such as families, students, and new comers trying to figure out how to financially survive in Silicon Valley. If severe rental price fixing goes into effect no one will move out of their apartment. It will not be a fiscally advantageous decision to move out when they can save so much money. If no one moves, then new people cannot move in at the lower rates provided by C class buildings.

### **Housing built before 1979 provides substantially lower housing costs.**

Please request an independent study (independent of the Housing Department) to assess the real value of housing these small businesses provide.

### **City continues to ignore housing crisis**

SJ had yet another opportunity for more housing and declined. Why should small business owners pay for the lack of housing if SJ is unwilling to work on solutions?

[City works against affordable housing](#)

Thank you for your consideration.

**From:** Lily Xu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#)  
**Subject:** small business need help in San Jose  
**Date:** Thursday, August 31, 2017 7:47:13 AM

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Dear Councilperson ,

I am a small business person impacted by the Housing Departments decisions and I ask your help.

### **Can San Jose afford the Housing Department?**

The Director of Housing makes \$393,539.75 in yearly compensation. The Housing Policy and Planning Administrator makes \$253,843.53 annual compensation and the other Housing Policy and Planning Administrator makes \$238,882.52 in annual compensation all with pension and health care retirement. As a small business owner I must provide for my own pension and my own health care as part of providing housing. My income is being artificially capped but the Housing Department has no such cap on their pension etc. The Housing department has stated they will add 6-12 employees all at the expense of small businesses that they actively do not support. Can we afford 12 or even 6 more Housing Department employees that only look at one side of a solution?

As the Housing Department looks to add 6-12 employees and build an empire they are looking for more fees from small businesses. It is unfair to single out small businesses solely to support the Housing Department.

### **Housing Department Bias**

The San Jose Housing Department is funded by small business owners like myself, yet serves only tenants. The words they carefully choose in literature and publications is marketing at its best and clearly states they are siding with tenants in a war of their own making. When one party is always in need of control and the other party is always in need of protection these words create a division. Nowhere at any time has the Housing Department actively reached out to housing providers, however they have mailed letters directly to tenants. Even when asked to reach out to housing providers or supply power point presentations they refuse or delay. They are intentionally creating animosity through their word choice and not working to solve problems. They are intentionally deceiving the council by hiding clauses (roommate clause) and obfuscating the truth by saying their proposals are fair and making documents long and confusing. They often merely copy and paste from documents from other cities without regard as to the unique impact on San Jose. On their website they list "What meetings can I attend" and the link has no meetings listed. There are numerous unintended consequences that the Housing Department has not considered and they place San Jose in harms way by putting unclear last

minute proposals in front of the City Council. The housing crisis has been created by a lack of inaction to planning and building; small businesses should not fall victim to the Housing Departments misplaced vengeance.

Thank you,  
Lily Xu



**From:** C. Lai  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** oppose CPI  
**Date:** Thursday, August 31, 2017 8:26:54 AM

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Dear Mayor and Councilperson ,

I am a small business person impacted by the Housing Departments decisions and I ask your help.

### **Can San Jose afford the Housing Department?**

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by a lack of inaction to planning and building; small businesses should not fall victim to the Housing Departments misplaced vengeance.

Thank you,

Cynthia L.

**From:** Li Dong  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** The RC in San Jose  
**Date:** Thursday, August 31, 2017 11:07:23 AM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".
7. Housing is asking us to comment on a package with 5% and all Housing fees paid by the housing providers. How can we comment on this when we have not been told how much the fees will be? And, when we have no idea how much the fees will increase over the new few years? All we have been told is that Housing plans to hire 6 - 12 new staff right now.
8. How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our input about the additional occupants in the Tenant Protection Ordinance has not been responded to or updated in the TPO yet?
9. We do not know what "additional occupants" means for the CPI package. What was the rent ceiling

changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities?

Dong

**From:** jiajan gan  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** regarding ARO draft and CPI  
**Date:** Thursday, August 31, 2017 11:20:48 AM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".
7. As the Housing Department looks to add 6-12 employees and build an empire they are looking for more fees from small businesses. It is unfair to single out small businesses solely to support the Housing Department.

Jiayan Gan  
San Jose tax payer

**From:** Jenny Lu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** regarding ARO draft  
**Date:** Thursday, August 31, 2017 11:21:42 AM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

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Jenny Lu  
San jose resident

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**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#)  
**Subject:** Additional Issues for Small Businesses in San Jose  
**Date:** Thursday, August 31, 2017 1:01:00 PM

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Leaders of San Jose,

The rent-controlled housing providers are small businesses responsible for funding the City of San Jose Housing Department (HD) with salaries over \$800,000; and our voices are being ignored. I am strongly opposed to CPI.

The HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process. The voices of these small business owners must be heard.

CPI does not take into account the maintenance issues on older buildings. It does not account for new water and utility increases, property tax increases, and the Housing Fees that will be increasing every year. It does not account for required re-financing every 10 years. It does not account for variable interest rate changes on mortgages. And doesn't account for specialized, expensive contractors who are required by law to make repairs. Nor does it account for necessary savings for risk management (earthquake, flood, interest rate fluctuations, vacancies, economic downturns, etc) nor pensions, healthcare and other expenses of running a small business.

CPI is not a fair return to the housing provider, as stated in the HD analysis and presented to the Council, and will drive many small businesses out of business. Businesses cannot operate on losses. Vacancy decontrol will not make it fair. If a tenant moves during a downturn, the chance to recover back to the previous rent with a new tenant is diminished even further because of such a limiting cap. As the note below explains, there is now a current down turn and it will take over 11 years to recover if CPI is used.

#### ALL SAN JOSE TAXPAYERS SHOULD BE PART OF THE FINANCIAL SOLUTION TO SUPPORT HOUSING

Small businesses have not been brought to the table and have been excluded from developing solutions that work for everyone. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Housing providers are being asked to financially support and to single handedly address the long-standing housing problems that the City has refused to address for decades. This is a community problem that must be solved and financed by the WHOLE community, not just by one industry and not by one small segment of the industry hitting small business the hardest.

#### ADDED BUREAUCRACY AND EXPENSE

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. The HD could educate tenants and housing providers, post notices, and require housing providers to distribute information for new tenants. There are many solutions that have not been considered in a rush to address housing problems that took decades to create. The housing crisis was created because the City chose to ignore housing and homelessness and cater to businesses for the past 20 years. It is time to listen to housing providers who play a vital and essential role in San Jose's infrastructure and respond to housing providers in a way that demonstrates the crucial symbiotic relationship we have with the City of San Jose. Service BOTH tenants and housing providers effectively before making more complicated, expensive regulations.

#### TOO LITTLE IS KNOWN TO MAKE DECISIONS

Housing is asking us to comment on a package with 5% and all Housing fees paid by the housing providers. How can we comment on this when we have not been told how much the fees will be? And,

when we have no idea how much the fees will increase over the new few years? All we have been told is that Housing plans to hire 6 - 12 new staff right now.

How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our input about the additional occupants in the Tenant Protection Ordinance has not been responded to or updated in the TPO yet?

We do not know what "additional occupants" means for the CPI package. Why was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, very expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities that is self serving to financially support the existence of the Housing Department?

On Wed, Aug 30, 2017 at 8:22 PM, I Sch [REDACTED] wrote:

Council of San Jose and Housing Department of San Jose,

As a small business person I ask you to keep the current 5% change in place that was made almost one year ago.

### **Rents are in decline**

The SJ Housing Department is claiming that CPI-U plus vacancy decontrol is a fair and reasonable solution. But, that is not the case. There is no consideration for economic downturns in the rental market; which we are experienced right now. In renting a one bedroom I manage in August, last month's rent was 27.7% higher than this month's rent. The average of CPI-U for the past 10 years has been 2.4% for the Bay Area. Assuming a 2.4% CPI-U increase of rent it would take us 11.5 years for best case recovery to reach the previous rent. Assuming there is no vacancy decontrol. All expenses will continue to rise faster while it will take 11.5 years to get back to the original rent. Meaning, there will not be funds available for maintenance, upgrades, or unforeseen large projects. CPI is especially dangerous to small businesses when applied after down turns with no ability to recover in a reasonable period of time. Previously there was 21% increase allowed if an increase had not been made within two years. This should be reinstated.

There has been a 4.78% decrease in rent as of July 2017. [RentJungle.com](http://RentJungle.com) - Rent Trend Data in San Jose. In 2017, I have 3 apartments that have taken longer than



2.5 months to rent.

### **No apartment turnover with CPI-U**

With 8% rent increases each year and 21% allowed if no increase for two years, SJ Housing Department reports that rental turnovers have been every four years with vacancy decontrol allowing for rents to adjust to market rates. But in reality with CPI-U the expected turnover will be 10-15 years because tenants will stay in place. There will be no vacancy decontrol. Tenants will be financially incited to stay in their highly rent controlled apartment. SJ Housing Department has not studied the impact on San Jose if there is no tenant movement and they may have underestimated the 10-15 years length of tenant stay as it could be much longer.

If tenants never leave their apartments then we are renting to them forever. It's a first date on the application and then we are married to them for a long, long time. CPI-U will create this situation.

There are many reports of tenants taking advantage of price controlled apartments without respect to their ability to pay or how/where they spend money. Tenants buy vacation homes, luxury cars, and take expensive vacations while in rent controlled apartments and never leave because they can spend their money on these additional luxuries while small business housing providers cannot afford pensions or healthcare and have to manage risk. Clearly these tenants could afford market rent.

### **Controlling rents for only some**

This is an ineffective blanket approach that does not get the neediest the help they need. While many of my tenants drive more expensive cars, have high end cable, go out to dinner more often at restaurants and have more iPhones than I do, there are those who need assistance that the City should provide. Rather than spending money on managing small business owners and forming new departments to enforce new rental price fixing regulations the City should work on developing a better Section 8 program to get the help to those in need. We all agree that we need firefighters, waitresses, teachers, students, families, and many other folks to make a great community. And some of these folks need help financially to live and work in the same community. But not all need help; and since the community benefits from having folks live and work in the same community we should all

contribute to helping those who are in actual need. The City should not force one small segment of one industry to financially support all tenants and tenants should not be financially supported regardless of need and regardless of how frivolously they may spend. We all agree that single moms need to find a place where she can stay; but rent control does not help the single mom today. She needs help today and price fixed rent control might only help her years from now if rents continue to rise and she is able to stay in the same apartment.

If the City wants to implement severe rental price fixing then they should in turn manage more carefully what tenants can afford and where tenants spend their money. If a tenant in need chooses to buy a new expensive car instead of paying market rate rent then the City should tell the tenant to reallocate where they are spending their money.

### **Breakeven approach does not allow for savings or expenses**

There is no ability to catch up with expenses after a rent decline. When there is a downturn, rents will decline. There is no provision to allow housing providers to catch up with the rise of expenses once there is an upturn. Housing providers assume substantial risk for tenant damages, earthquake, flood, fire and other acts of nature. The Housing Department has underestimated the expenses of small businesses including savings for risk, pension, healthcare, insurance, interest rate changes for variable loans, mandatory refinances, and numerous other expenses. Many loans need to be refinanced (additional expenses) at new interest rates every 10 years. In addition, savings must be put aside for risk as well as large expenditures such as roofs, exterior painting, sidewalk replacement (SJ assessed us \$10K for sidewalk repair last year). There has been no thorough analysis of expenses or risk assumed by housing providers. There must be an additional study that looks at the impact on small businesses that provide housing and the expense side of the equation not just the income side. Repairs for housing built before 1979 requires an additional certification (asbestos, lead, etc) for licensed contractors only adding to the additional expense for small businesses. Why has SJ Housing Department completely ignored the expense side of providing housing?

### **Undue burden**

The City does not limit the price of any number of services and products including iPhones (going to \$1,200 for the next release) nor the salary of a CEO nor the price of a house. Housing prices are determined by supply and demand and the price of houses have the most direct impact on apartment rents. Rising housing

prices are in the best interest of the City as property taxes rise. The City needs higher housing prices but is forcing lower rents inequitably. The City did not plan for appropriate housing nor are they limiting or placing special taxes on those who move to the City. As a result of an unfettered increase in population and lack of City housing planning it is not fair to place the burden of financially supporting lower rental prices on the housing industry alone nor is it fair to place additional burden on a smaller segment of the housing industry that has little or no voice in politics, lobbying or unions.

## **Our Stories**

No one from the Housing Department has asked for our personal story. We are immigrants, second generations, and people who roll up their sleeves to clean toilets. A story that includes replacing walls, windows, doors and sub-flooring from a tenant who only stayed a year and a security deposit that couldn't possibly cover all that damage. Or stories that include the deaths of tenants in their apartments and calling the families and hazmat to remove the bodies. No one has heard the stories about suicide on the premises. Or the stories that include Christmas Eve up to my thighs in black-water because San Jose burst a street pipe and I managed a 5 person hazmat team to remove 19 26-gallon drums because I want my tenants to have a breathable Christmas morning. Or the attorney from the Law Foundation calling to threaten that despite the tenant causing a fire and health hazard to adjoining tenants with junk piled up past the windows, clothing and debris on the floor two feet thick topped with numerous areas of cat feces she will not give 30 days notice and not pay this month's rent and wants a full security return and if I don't agree she will make sure the tenant stays in the apartment for 6 months for free and force an eviction. She slyly mentions she has lots of other attorneys at her disposal but I will need to hire one and I'm helpless to protect my current tenants. No one asks about the storage fees for belongings when a tenant goes to jail and doesn't want his stuff and I'm stuck with storage fees. Or that after 27 years I have yet to file for an eviction. No one has heard the story of a tenant who stalked me through various social media sites and threatened my family. When you are in the business of providing housing you are expected to do your job without complaint but no one ever calls to say hello. If someone calls, it's with a complaint of their own. No one has asked about our stories as to how we started our businesses and the sacrifices and risks we took to make our business. No one has heard about the variable interest rates that we have to manage or the loans that come due every 10 years and you need to refinance again and again. No one has asked how many times we started to fill out bankruptcy forms hoping something would work out. And no one has heard about how many other jobs we have had in order to support the mortgages despite being paid rent. Someone said 'cry me a river'. But I'm trying to do my job and be proud to

provide housing that I too would want to live in. Someone else said that 'housing providers shouldn't make a profit'. After you hear our stories, let me know how much you would pay someone on Christmas Eve to remove thigh-deep black-water or call a dead tenant's relative. Our stories are many, our community diverse, but no one has asked.

### **Anti-immigration policy**

Buildings built before 1979 are C class buildings and the majority are without pools, air conditioning, garbage disposals, fitness centers. These buildings serve folks who want to spend less on housing such as families, students, and new comers trying to figure out how to financially survive in Silicon Valley. If severe rental price fixing goes into effect no one will move out of their apartment. It will not be a fiscally advantageous decision to move out when they can save so much money. If no one moves, then new people cannot move in at the lower rates provided by C class buildings.

### **Housing built before 1979 provides substantially lower housing costs.**

Please request an independent study (independent of the Housing Department) to assess the real value of housing these small businesses provide.

### **City continues to ignore housing crisis**

SJ had yet another opportunity for more hosing and declined. Why should small business owners pay for the lack of housing if SJ is unwilling to work on solutions?

### **[City works against affordable housing](#)**



**From:** Bill Wu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Re: I am against RC with CPI  
**Date:** Thursday, August 31, 2017 3:23:37 PM

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Leaders of San Jose,

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We do not know what "additional occupants" means for the CPI package. Why was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, very expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities that is self serving to financially support the existence of the Housing Department?

On Wed, Aug 30, 2017 at 2:20 PM, Bill Wu <[REDACTED]> wrote:

Dear Sir,

Please use facts and data to do research and support the policy making. Right now, whatever the housing department is doing is like a joke. They are very UNPROFESSIONAL. It is like asking a elementary first grade student to do a high school math here. The result will be totally absurd.

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

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**From:** Z Guan  
**Subject:** opposed to CPI  
**Date:** Thursday, August 31, 2017 4:15:50 PM

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7. As the Housing Department looks to add 6-12 employees and build an empire they are looking for more fees from small businesses. It is unfair to single out small businesses solely to support the Housing Department.

Thanks for your time.

Jon Guan

San Jose Property Owner and Tax Payer



**From:** Bonnie Liu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#)  
**Subject:** Strongly opposed to CPI.  
**Date:** Friday, September 1, 2017 6:16:33 AM

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Leaders of San Jose,

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CPI does not take into account the maintenance issues on older buildings. It does not account for new water and utility increases, property tax increases, and the Housing Fees that will be increasing every year. It does not account for required re-financing every 10 years. It does not account for variable interest rate changes on mortgages. And doesn't account for specialized, expensive contractors who are required by law to make repairs. Nor does it account for necessary savings for risk management (earthquake, flood, interest rate fluctuations, vacancies, economic downturns, etc) nor pensions, healthcare and other expenses of running a small business.

CPI is not a fair return to the housing provider, as stated in the HD analysis and presented to the Council, and will drive many small businesses out of business. Businesses cannot operate on losses. Vacancy decontrol will not make it fair. If a tenant moves during a downturn, the chance to recover back to the previous rent with a new tenant is diminished even further because of such a limiting cap. As the note below explains, there is now a current down turn and it will take over 11 years to recover if CPI is used.

#### ALL SAN JOSE TAXPAYERS SHOULD BE PART OF THE FINANCIAL SOLUTION TO SUPPORT HOUSING

Small businesses have not been brought to the table and have been excluded from developing solutions that work for everyone. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Housing providers are being asked to financially support and to single handedly address the long-standing housing problems that the City has refused to address for decades. This is a community problem that must be solved and financed by the WHOLE community, not just by one industry and not by one small segment of the industry hitting small business the hardest.

#### ADDED BUREAUCRACY AND EXPENSE

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. The HD

could educate tenants and housing providers, post notices, and require housing providers to distribute information for new tenants. There are many solutions that have not been considered in a rush to address housing problems that took decades to create. The housing crisis was created because the City chose to ignore housing and homelessness and cater to businesses for the past 20 years. It is time to listen to housing providers who play a vital and essential role in San Jose's infrastructure and respond to housing providers in a way that demonstrates the crucial symbiotic relationship we have with the City of San Jose. Service BOTH tenants and housing providers effectively before making more complicated, expensive regulations.

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We do not know what "additional occupants" means for the CPI package. Why was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, very expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities that is self serving to financially support the existence of the Housing Department?

Sincerely,  
Bonnie

**From:** mary yan  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Opposed CPI  
**Date:** Friday, September 1, 2017 6:51:26 AM

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CPI does not take into account the maintenance issues on older buildings. It does not account for new water and utility increases, property tax increases, and the Housing Fees that will be increasing every year. It does not account for required re-financing every 10 years. It does not account for variable interest rate changes on mortgages.

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Businesses cannot operate on losses. Vacancy decontrol will not make it fair. If a tenant moves during a downturn, the chance to recover back to the previous rent with a new tenant is diminished even further because of such a limiting cap. As the note below explains, there is now a current down turn and it will take over 11 years to recover if CPI is used.

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## ADDED BUREAUCRACY AND EXPENSE

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. The HD could educate tenants and housing providers, post notices, and require housing providers to distribute information for new tenants. There are many solutions that have not been considered in a rush to address housing problems that took decades to create. The housing crisis was created because the City chose to ignore housing and homelessness and cater to businesses for the past 20 years. It is time to listen to housing providers who play a vital and essential role in San Jose's infrastructure and respond to housing providers in a way that demonstrates the crucial symbiotic relationship we have with the City of San Jose. Service BOTH tenants and housing providers effectively before making more complicated, expensive regulations.

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Mary Yan

Sent from my iPad

**From:** Duli Mao  
**To:** [ARO](#)  
**Subject:** NO to CPI !  
**Date:** Friday, September 1, 2017 10:34:03 AM

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Dear Housing Department,

As a small housing provider, I would like to voice my strong opposition to capping rent increase to CPI. The city just lowered max rent increase from 8% to 5% last year. We would never see headlines about some greedy landlord raising rent by 50%. The minimum wage is going up at a rate much higher than 5%. So, I do not see the need to further tighten the rent control which may cause more problems, and make the housing crisis worse, not better.

Take a look at San Francisco and other cities that had strict rent control for long time: people who got in rent controlled unit are hoarding the limited supply and making it harder for new comers (hired by big companies like Google that the city is trying hard to attract!). A increasingly wide gap between market rent and regulated rent would make it impossible for old tenant to move, making the limited supply of rent regulated housing disappear permanently, which would put even higher pressure to push the non-regulated apartments even more expensive. In the worst case, landlord who got scared of problem tenant had to choose to get out of the rental market. When such withdraw happens, it is loss for the landlord, tenant, and for Housing Department. So, please do NOT copy a proven bad rent control policy!

Furthering tightening the rent control would also make it hard to keep the properties maintained properly. Material cost, water, utilities, are all increasing at much higher rate than CPI, labor cost is even worse! With 5% rent cap, it is barely enough to keep up with the maintenance cost. It would be impossible to manage if it is tightened any further.

I have little hope that you will listen to a landlord. But if you had patience to read to this point, I thank you for that.

Regards,

Duli Mao

**From:** Zhuoyuan Zhang  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** ARO Owners concerns  
**Date:** Friday, September 1, 2017 1:58:21 PM

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From: Paul Mircea Gorenuc  
To: ARO, VanderVeen, Rachel, Morales-Ferrand, Jacky, City Clerk, District1, District2, District3, District4, District5, District6, District7, District8, District9, The Office of Mayor Sam Liccardo, [REDACTED]  
Subject: SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!!  
Date: Friday, September 1, 2017 2:48:37 PM

[ARO@sanjoseca.gov](mailto:ARO@sanjoseca.gov); [rachel.vanderveen@sanjoseca.gov](mailto:rachel.vanderveen@sanjoseca.gov); [jacky.morales-ferrand@sanjoseca.gov](mailto:jacky.morales-ferrand@sanjoseca.gov); [cityclerk@sanjoseca.gov](mailto:cityclerk@sanjoseca.gov); [dist1@sanjoseca.gov](mailto:dist1@sanjoseca.gov); [dist2@sanjoseca.gov](mailto:dist2@sanjoseca.gov); [dist3@sanjoseca.gov](mailto:dist3@sanjoseca.gov); [dist4@sanjoseca.gov](mailto:dist4@sanjoseca.gov); [dist5@sanjoseca.gov](mailto:dist5@sanjoseca.gov); [dist6@sanjoseca.gov](mailto:dist6@sanjoseca.gov); [dist7@sanjoseca.gov](mailto:dist7@sanjoseca.gov); [dist8@sanjoseca.gov](mailto:dist8@sanjoseca.gov); [dist9@sanjoseca.gov](mailto:dist9@sanjoseca.gov); [dist10@sanjoseca.gov](mailto:dist10@sanjoseca.gov); [mayoremail@sanjoseca.gov](mailto:mayoremail@sanjoseca.gov); BAHN Org; [REDACTED]

**Subject: SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!**

LADIES AND GENTLEMAN,

I LIVED FOR 28 YEARS UNDER THE COMMUNIST DICTATORSHIP IN EASTERN EUROPE!

I SEE THE SIGNS AND THE THREATS OF COMMUNISM IN THE SAN JOSE HOUSING DEPARTMENT POLICIES!

PLEASE STOP THEM BEFORE IT WILL BE TOO LATE!

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**\$393,539.75** yearly POSITIONS, FOR EVER, FUNCTIONING ON THE PRINCIPLE **DIVIDE AND CONQUER**

PAUL GORENIUC

Sculptor

MA,MFA

GENERAL CONTRACTOR

PROPERTY OWNER,

AND **TAX PAYER**



9:47 AM (3 hours ago)





**From:** John Worthing  
**To:** [rachael.vanderveen@sanjoseca.gov](mailto:rachael.vanderveen@sanjoseca.gov); ARO  
**Subject:** Questions and other things  
**Date:** Friday, September 1, 2017 3:37:12 PM  
**Attachments:** [buying power of \\$\\$\\$ example.xlsx](#)

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Hi Rachel, Sorry if I got a bit short yesterday. I find this process quite frustrating. I know you are only doing your job.

I have attached a chart to show you that if expenses go up greater than the amount of the CPI allows then the owner's income goes down in terms of buying power. He may make a bit more money in true dollars because you are raising the income but for buying power purposes the landlord loses. See attached.

Also could you please answer the following questions:

- 1) Will all fee increases, including the new ARO fee, charged by the City of San Jose to Owner's be capped at CPI like you are doing to rents?
- 2) I looked up San Francisco, Hayward, Berkeley, Santa Monica, Los Gatos and Oakland rent control ordinances. Only Berkeley and Santa Monica have registry's. Can you please tell me what other cities have a registry program like the one that is being proposed? (Very big brother but if you look at apartment rent roll in Santa Monica, it is quite interesting. I looked at 601 California, Santa Monica where a two bedroom unit is on the market for \$5400. Clearly the new tenant will be carrying the 4 tenants that are paying less than \$1000. That is what your 25,000 high tech workers will be doing for the people that are locked into "Golden Handcuffs" in San Jose.)
- 3) I asked on Wednesday for an answer about Paragraph 17.23.315. Are you saying that all existing pass through programs that are currently under lease, where both parties have agreed to a utility payment by tenant, must be abandoned? I believe the intent is that a utility pass through on an existing tenant will not be allowed. Further this says that we cannot implement a utility pass through on turnover and I believe that would go against Costa-Hawkins. This paragraph may need serious upgrading.

Thanks for your help.

John L Worthing  
Worthing Capital  
845 Oak Grove Ave. Suite 105  
Menlo Park, CA 94025  
650 327-6677  
650 327-6699 (fax)

## Buying power outline

### Scenario 1, Expenses only go up at rate of CPI

	Year 1	Year 2	Difference
		cpi= 3%	
Rent	\$ 1,000.00	\$ 1,030.00	3.00%
Expenses	\$ 400.00	\$ 412.00	3.00%
Buying power	\$ 600.00	\$ 618.00	3.00%

Buying power unchanged

### Scenario 2, CPI goes up 3% but expenses go up at rate of 5%

	Year 1	Year 2	Difference
		cpi = 3%, expenses increase 5%	
Rent	\$ 1,000.00	\$ 1,030.00	3.00%
Expenses	\$ 400.00	\$ 420.00	5.00%
Buying power	\$ 600.00	\$ 610.00	1.67%

Buying power reduced by 1.311%

### Scenario 3, rents go up 3%, expenses 5% but you have water heater go out. Cost per unit of \$7 per month

	Year 1	Year 2	Difference
Rent	\$ 1,000.00	\$ 1,030.00	3.00%
Expenses	\$ 400.00	\$ 427.00	6.75%
Buying power	\$ 600.00	\$ 603.00	0.50%

Buying power reduced by 4%

Specific examples of increased costs:

San Jose business taxes, nearly doubled

San Jose Minimum wage going up 12.5% in January, up 35% in less than 5 years

San Jose Water rates up 20% in past year

PGE rates up have averaged 5.6% increase since 1999

**for 10 years**

**From:** Paul Mircea Gorenuc  
**To:** ROM HASSE; FRANK PINE; BRIAN CALLE; MIKE BROSSART; LARRY WILSON; KEVIN MODESTI; SCOTT KAUFMAN; RICH ARCHBOLD; ADAM SUMMERS; SAL RODRIGUEZ; ARO; VanderVeen, Rachel; Morales-Ferrand, Jacky; City Clerk; District1; District2; District3; District4; District5; District6; District7; District8; District9; The Office of Mayor Sam Liccardo; [REDACTED]  
**Subject:** Subject: SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!  
**Date:** Friday, September 1, 2017 3:59:47 PM

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PAUL GORENIUC

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PROPERTY OWNER,

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*Please delete my email address before forwarding & remember to forward under the bcc mode so that no one can see the addresses and names to which you are sending the mail.*

*Thanks*

*In scopul de a prevenii virusii si junk-mail-uri va rog sa STERGETI numele meu si adresa de e-mail INAINTE de RETRANSMITEREA la altii! ...si nu uitati sa retransmiteti prin BCC MODE*

*Multumesc,*

**From:** bbs mit  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Against CPI for ARO unit  
**Date:** Saturday, September 2, 2017 5:49:02 PM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".
7. Housing is asking us to comment on a package with 5% and all Housing fees paid by the housing providers. How can we comment on this when we have not been told how much the fees will be? And, when we have no idea how much the fees will increase over the new few years? All we have been told is that Housing plans to hire 6 - 12 new staff right now.
8. How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our input about the additional occupants in the Tenant Protection Ordinance has not been responded to or updated in the TPO yet?
9. We do not know what "additional occupants" means for the CPI package. What was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a

complicated, expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities?

Sincerely yours,

Michael

**From:** Danling Gu  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!  
**Date:** Saturday, September 2, 2017 9:12:03 PM

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WE SEE THE SIGNS AND THE THREATS OF COMMUNISM IN THE SAN JOSE HOUSING DEPARTMENT POLICIES! PLEASE STOP THEM BEFORE IT WILL BE TOO LATE!

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YING ZHANG AND DANLING GU

PROPERTY OWNERS

AND **TAX PAYERS**

**From:** Sunny 920  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Oppose CPI  
**Date:** Saturday, September 2, 2017 9:59:09 PM

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Dear HD of San Jose,

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

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2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
3. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Yet, HD continues to bully the ARO property owners when so much has already been done for the tenants. You are pushing property owners' backs against a wall to try to address the long-standing housing problems, and that it not the democratic way to do it.
4. The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. You should educate the tenants and property owners, post notices, and require owners to provide notice for new tenants. It's time to stop punishing the property owners. Property owners did not create this housing crisis. It was created because the City chose to ignoring housing and homeless and cater to businesses for the past 20 years. You want to take away our retirement, yet you expect us to pay for pensions for the Housing Department for some unknown number of ever-increasing employees.
5. It is time to listen to property owners, and stay with the vote of 5%. Be reasonable and fair; and finalize the Tenant Protection Ordinance, give this some time; build up your Housing Department so you can actually service the tenants and landlords effectively before making more complicated, expensive regulations.
6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".
7. Housing is asking us to comment on a package with 5% and all Housing fees paid by the housing providers. How can we comment on this when we have not been told how much the fees will be? And, when we have no idea how much the fees will increase over the new few years? All we have been told is that Housing plans to hire 6 - 12 new staff right now.
8. How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our input about the additional occupants in the Tenant Protection Ordinance has not been responded to or updated in the TPO yet?
9. We do not know what "additional occupants" means for the CPI package. What was the rent ceiling



changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities?

Small Landlord,,  
Lani

From: Isaac Agam  
To: Paul Mircea Gorenuc; ARO; VanderVeen; Rachel; Morales-Ferrand; Jacky; City Clerk; Distr.ct1; District2; District3; Distr.ct4; District5; District6; Distr.ct7; District8; District9; The Office of Mayor Sam Liccardo; bahn-bay-area-homeowners-network@googlegroups.com; BAHN; District10; Irene Smith; Jason Mihal Jordan  
Subject: RE: [bahn] SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!!  
Date: Saturday, September 2, 2017 10:07:49 PM

I liked this letter very much.

Thanks Paul.

I think that you need to sign your name at the bottom for clarification.

However, as absolutely right you are, the only way to fight Housing is provocations.

I've offered before and offer it now again.

1 - We should initiate a San Jose City Resolution that the income of the head of the Housing Dept. will not exceed the average household income in San Jose and that her/his retirement will not be increased by more than the CPI.

The title and content of the measure can be "The rich City employee vs the hard working people in San Jose" or something like that.

This will create attention. It will show in every household in San Jose. It may not pass the first time, but it will disclose to the San Jose residence the huge overpayment to City managers and we can continue from there.

In my opinion, bringing up the Resolution alone will calm down the Housing Dept.

2 - Second, we should sue the Housing Department for lying to the City Council about the proven effect of rent control on crime in the city and lying about the ability of minimum wage earner to afford housing in San Jose. If we look carefully, we'll probably find more such lies.

Both actions will bring us to the attention of the press.

3 - Additional measure will be to write public letters and publish on Social Media a warning to all businesses thinking of opening offices or businesses in San Jose that they should not believe all the promises and incentives of the City. Eventually the Socialist of the City will be after their money.

Isaac Agam

From: bahn-bay-area-homeowners-network@googlegroups.com [mailto:bahn-bay-area-homeowners-network@googlegroups.com] On Behalf Of Paul Mircea Gorenuc

Sent: Friday, September 01, 2017 2:49 PM

To: ARO@sanjoseca.gov; rachel.vanderveen@sanjoseca.gov; jacky.morales-ferrand@sanjoseca.gov; cityclerk@sanjoseca.gov; District1@sanjoseca.gov; District2@sanjoseca.gov; Distr.ct3@sanjoseca.gov; District4@sanjoseca.gov; District5@sanjoseca.gov; District6@sanjoseca.gov; Distr.ct7@sanjoseca.gov; District8@sanjoseca.gov; District9@sanjoseca.gov; mayjor@mail@sanjoseca.gov; bahn-bay-area-homeowners-network@googlegroups.com; BAHN; District10 San Jose; Irene Smith; Jason Mihal Jordan

Subject: [bahn] SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!!

ARO@sanjoseca.gov; rachel.vanderveen@sanjoseca.gov; jacky.morales-ferrand@sanjoseca.gov; cityclerk@sanjoseca.gov; District1@sanjoseca.gov; District2@sanjoseca.gov; Distr.ct3@sanjoseca.gov; District4@sanjoseca.gov; District5@sanjoseca.gov; District6@sanjoseca.gov; District7@sanjoseca.gov; Distr.ct8@sanjoseca.gov; District9@sanjoseca.gov; District10 San Jose; mayjor@mail@sanjoseca.gov; BAHN Org; [REDACTED]

Subject: SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!!

LADIES AND GENTLEMAN,  
I LIVED FOR 28 YEARS UNDER THE COMMUNIST DICTATORSHIP IN EASTERN EUROPE!

I SEE THE SIGNS AND THE THREATS OF COMMUNISM IN THE SAN JOSE HOUSING DEPARTMENT POLICIES!  
PLEASE STOP THEM BEFORE IT WILL BE TOO LATE!

WE DO NOT WANT SOCIALISM, OR COMMUNISM WITH ITS UGLY FACE TO TAKE  
OVER OUR COUNTRY,OUR PROPERTY RIGHTS AND THE FREE MARKET  
ECONOMY IN OUR CAPITALIST UNITED STATES OF AMERICA!

COMMUNISM HAS NO PLACE IN USA!  
CLEAN THE HOUSING DEPARTMENT SWAMP!

GET READ OF THE COMMUNIST LEADERSHIP OF  
THE SAN JOSE HOUSING DEPARTMENT,WHO HAS SHAMELESSLY HIGH SALARIES AND IS  
TRYING TO BANKRUPT AND DESTROY THE HARD WORKING SMALL BUSINESS OWNERS OF RENTAL PROPERTIES IN SAN JOSE!

OUR PROPERTY RIGHTS ARE GUARANTEED BY THE CONSTITUTION!

HOUSING DEPARTMENT HAS NO RIGHTS GUARANTEED BY THE CONSTITUTION EXCEPT THE GREED AND WISH TO HOLD TO THEIR \$393,539.75 yearly POSITIONS, FOR EVER, FUNCTIONING ON THE PRINCIPLE "DIVIDE AND CONQUER"

PAUL GORENIUC  
Sculptor  
M.A.M.F.A  
GENERAL CONTRACTOR  
PROPERTY OWNER,  
AND TAX PAYER



9 47 AM (3 hours ago)



You received this message because you are subscribed to the Google Groups "BAHN Bay Area Homeowners Network" group.  
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To view this discussion on the web visit [https://groups.google.com/d/msgid/bahn-bay-area-homeowners-network/CAOVGLUCx3R54%3Dz67pNLkajcv613vNBOFST\\_J%3D-%3DOD9-5vmRR7NQ%40mail.gmail.com](https://groups.google.com/d/msgid/bahn-bay-area-homeowners-network/CAOVGLUCx3R54%3Dz67pNLkajcv613vNBOFST_J%3D-%3DOD9-5vmRR7NQ%40mail.gmail.com).  
For more options, visit <https://groups.google.com/d/optout>.

**From:** Sunny 920  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Can San Jose afford the Housing Department?  
**Date:** Saturday, September 2, 2017 10:12:59 PM

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Dear Councilperson ,

I am a small business person impacted by the Housing Departments decisions and I ask your help.

### **Can San Jose afford the Housing Department?**

The Director of Housing makes \$393,539.75 in yearly compensation. The Housing Policy and Planning Administrator makes \$253,843.53 annual compensation and the other Housing Policy and Planning Administrator makes \$238,882.52 in annual compensation all with pension and health care retirement. As a small business owner I must provide for my own pension and my own health care as part of providing housing. My income is being artificially capped but the Housing Department has no such cap on their pension etc. The Housing department has stated they will add 6-12 employees all at the expense of small businesses that they actively do not support. Can we afford 12 or even 6 more Housing Department employees that only look at one side of a solution?

As the Housing Department looks to add 6-12 employees and build an empire they are looking for more fees from small businesses. It is unfair to single out small businesses solely to support the Housing Department.

### **Housing Department Bias**

The San Jose Housing Department is funded by small business owners like myself, yet serves only tenants. The words they carefully choose in literature and publications is marketing at its best and clearly states they are siding with tenants in a war of their own making. When one party is always in need of control and the other party is always in need of protection these words create a division. Nowhere at any time has the Housing Department actively reached out to housing providers, however they have mailed letters directly to tenants. Even when asked to reach out to housing providers or supply power point presentations they refuse or delay. They are intentionally creating animosity through their word choice and not working to solve problems. They are intentionally deceiving the council by hiding clauses (roommate clause) and obfuscating the truth by saying their proposals are fair and making documents long and confusing. They often merely copy and paste from documents from other cities without regard as to the unique impact on San Jose. On their website they list "What meetings can I attend" and the link has no meetings listed. There are numerous unintended consequences that the Housing Department has not considered and they place San Jose in harms way by putting unclear last

minute proposals in front of the City Council. The housing crisis has been created by a lack of inaction to planning and building; small businesses should not fall victim to the Housing Departments misplaced vengeance.

Thank you,  
Small business landlord,  
Lani

**From:** Michael Zhang  
**To:** [ARO](#)  
**Subject:** appose CPI 8-2017  
**Date:** Saturday, September 2, 2017 10:51:58 PM

---

> Dear Sir / Madam,

>

> I appose CPI8-2017.

>

> The rent-controlled housing providers are small businesses responsible for funding the City of San Jose Housing Department (HD) with salaries over \$800,000; and our voices are being ignored. I am strongly opposed to CPI.

>

> The HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process. The voices of these small business owners must be heard.

>

> CPI does not take into account the maintenance issues on older buildings. It does not account for new water and utility increases, property tax increases, and the Housing Fees that will be increasing every year. It does not account for required re-financing every 10 years. It does not account for variable interest rate changes on mortgages. And doesn't account for specialized, expensive contractors who are required by law to make repairs. Nor does it account for necessary savings for risk management (earthquake, flood, interest rate fluctuations, vacancies, economic downturns, etc) nor pensions, healthcare and other expenses of running a small business.

>

> CPI is not a fair return to the housing provider, as stated in the HD analysis and presented to the Council, and will drive many small businesses out of business. Businesses cannot operate on losses. Vacancy decontrol will not make it fair. If a tenant moves during a downturn, the chance to recover back to the previous rent with a new tenant is diminished even further because of such a limiting cap. As the note below explains, there is now a current downturn and it will take over 11 years to recover if CPI is used.

>

> **ALL SAN JOSE TAXPAYERS SHOULD BE PART OF THE FINANCIAL SOLUTION TO SUPPORT HOUSING**

> Small businesses have not been brought to the table and have been excluded from developing solutions that work for everyone. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Housing providers are being asked to financially support and to single handedly address the long-standing housing problems that the City has refused to address for decades. This is a community problem that must be solved and financed by the **WHOLE** community, not just by one industry and not by one small segment of the industry hitting small business the hardest.

>

> **ADDED BUREAUCRACY AND EXPENSE**

> The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. The HD could educate tenants and housing providers, post notices, and require housing providers to distribute information for new tenants. There are many solutions that have not been considered in a rush to address housing problems that took decades to create. The housing crisis was created because the City chose to ignore housing and homelessness and cater to businesses for the past 20 years. It is time to listen to housing providers who play a vital and essential role in San Jose's infrastructure and respond to housing providers in a way that demonstrates the crucial symbiotic relationship we have with the City of San Jose. Service **BOTH** tenants and housing providers effectively before making more complicated, expensive regulations.

>

> **TOO LITTLE IS KNOWN TO MAKE DECISIONS**

> Housing is asking us to comment on a package with 5% and all Housing fees paid by the housing providers. How can we comment on this when we have not been told how much the fees will be? And, when we have no idea how much the fees will increase over the new few years? All we have been told is that Housing plans to hire 6 - 12 new staff right now.

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> How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our

input about the additional occupants in the Tenant Protection Ordinance has not been responded to or updated in the TPO yet?

>

> We do not know what "additional occupants" means for the CPI package. Why was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, very expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities that is self serving to financially support the existence of the Housing Department?

>

> That is why I appose CPI8-2017.

>

> Regards,

>

> Michael Zhang

>

> San Jose resident.

**From:** Bill Wu  
**To:** [ARO](#); [District1](#); [District 10](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [City Clerk](#); [Morales-Ferrand, Jacky](#); [The Office of Mayor Sam Liccardo](#); [VanderVeen, Rachel](#)  
**Subject:** Re: I am against RC with CPI  
**Date:** Sunday, September 3, 2017 11:11:27 AM

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## **I Duplex inclusion under the ARO**

I am against the inclusion of duplexes under ARO for the following reasons.

1. The owners of duplexes are people, who purchase a duplex as an investment and are relying on it to augment their retirement. They only have that rental.
2. They are not corporations.
3. The age of their property requires more maintenance. No duplexes are being built.
4. Most manage the property by themselves.
5. Many perform their own maintenance (sweat equity) because they don't have sufficient funds.
6. According to city statements some 1,500 out of a total 5,500 live in their duplex.
7. These owners tend to be the least able financially to take the expenses of housing.
8. If you destroy their ability to stay solvent, you destroy their ability to trade up into four unit rentals. The slow destruction of the property will erode the value and tax base as well.

## **II Changing from 5% to CPI, currently 3.25%**

1. How does it aid a tenant by limiting an owner's income to the actual increase in costs of living?
  - a. Two new hires at \$133,629 and \$126,113 and Housing Director \$223,371 = \$483,113
  - b. How many more are being hired?
  - c. Housing Fees and Charges Report 2017-18, Estimated Cost \$4,465,954 with a 99.9% recovery in fees. That means landlords pay.
  - d. Tenants were supposed to pay 50% but fairness rule gave it all to the property owners.
2. It might be different if other costs were 3.25%
  - a. Property Tax 2% each year.
  - b. Water is uncontrolled increases 59%
  - c. Business Tax raised 30%
  - d. Sewer 9.25%
  - e. Garbage will receive a 5% increase for 2017, 2018 and 2019. A dispute with trash company over back wages \$1.7 million in question as to who pays
  - f. Coming is a .12 cent raise in gasoline raising to over \$3.00 per gallon
  - g. Half cent raise in sales tax

- h. These charges: water, City fees, City hires, garbage, sewer, gas, sales tax raises are reflected in all maintenance labor and ultimately must be absorbed by rents or the owner will go out of business.
- i. In most ARO properties, the owner pays for water, trash, City license and tax, sewer, property tax, and new Housing hires without recourse from the residents.

### III CPI and A Fair Return

1. I keep reading “fair return” yet I have never seen it spelled out in the ARO. While some entities like Pacific Gas and Electric are guaranteed a 9% profit on their regulated business practice, the San Jose Rent Ordinance does not. With that in mind, the following points might be informative.
  - a. I don't believe a duplex has been built since the ARO began because it is not the best property use. In other words a four unit building is better. If the intent is to make duplexes and other rentals to go away, the CPI and the ARO are a great way to achieve it.
  - b. Speaking of the present ARO properties, a recent study: 2016 Survey of Operating Income & Expenses In Rental Apartment Properties by the National Apartment Association states that of 987,342 units surveyed, in properties 20 or more years old, the operating expenses represent 39.3% of their gross revenues whereas the operating expenses of properties 5 years or younger this figure is only 35.0% - a differential of 4.3% of gross revenues.
  - c. The definition that all properties built before 1979 are under ARO control makes the youngest 38 years old. Bear in mind that properties built before 1979 have asbestos, lead paint, single pane windows, galvanized plumbing, electrical systems lacking GFI, grounded outlets and barely adequate amps for today's demands. All properties built after 1979 do not have lead paint or asbestos but have all the above rental demands.
  - d. If you allow only the cost of living CPI annual increase in rents, where is this nebulous “fair return?”
  - e. If the 4.3% difference in maintenance costs between 20 and 5 year old properties is taken at face value and the youngest ARO property is 38, does it not follow that there might be even a little more expense differential? (See b above)
  - f. Does it not make sense that age be a consideration? If so then a minimum offering should include a 4.5% addition to a rental allowance. Even with the present 5%, would the fair return be the one half percent?



Usually buying larger units requires 30% cash down with a variable loan. So what comes down can come up. Investors seek the Net Operating Income to see if the purchase price is justified. NOI is found by taking all the expenses from taxes, utilities, maintenance etc. and subtracting that from the rental income. If, as is the case of older properties, 40% of income will give the estimated NOI. If you paid \$1.5 million for a fourplex and each two-bedroom unit rents for \$2,000 (\$8,000 per month). The owner put down \$300,000, the loan is \$1,200,000 at 4.5% is \$6080 Principle and Interest per month.

40% of \$8,000 (income) = \$3,200 (Owner's expense per month)

\$8,000 income minus \$3,200 = \$4800 NOI (the amount that's net to go toward debt service.)

\$6,080	P & I
\$ 200	Insurance
\$1,562	Property. Tax
\$7.800	Total Payment PITI
\$3,740	Total Monthly Maintenance Cost
\$11,540	Total Monthly Costs
\$8,000	Less Monthly Rental Income
\$3,540	Negative per Month
\$4,260	Net Operating Income

A recent survey from the National Association of Realtors in which they say out of the 987,342 units surveyed, the properties that are 20 or more year's operating expenses represent 39.3% of their gross revenues whereas the operating expenses of properties 5 years or younger this figure is only 35.0% - a differential of 4.3% of gross revenues. The report also points out that capital expenditures of properties 20 years or older are \$1.30 per square foot or more than 4 times the \$0.32 per square of properties that are less than five years old.

Let's be kind and look at a month without major emergencies:

Lawn Care	\$2,800	\$233 month
Property Mgmt	\$4,200	\$350 month
Trash	\$1,386	\$115 month
Water	\$3074	\$256 month
Estimate Little surprises:		\$250 month Plumber, Appliance, Lock Smith, Painter, Electrician
	Total	\$1,204 monthly expenses

So this month would have only a \$2,336 negative this month.

If the Rent Increase is CPI (3.35%) that's \$260 per month \$2,000 plus \$65 rent increase

After one year \$2,076 negative per month

This owner is in trouble. He may just patch the roof, he may sell, but he won't get the price he paid for it. The new buyer would look at lowering the offer by at least \$400,000 for CPI and major capital spending. That's \$1,100,000 with 220,000. The new loan balance is \$880,000 and principal and interest is \$4,458, which would still leave a \$714 negative each month.

The city will lose over \$13,200 in taxes, the owner will be severely damaged, the tenant will live in an increasingly decaying property and most investors will pass on this purchase.

#### IV ARO Control Resident Occupancy Issue/Resident sub-letting

1. It is reasonable to use the formula of 2 per bedroom plus 1.
2. It doesn't labor the property overly although normal wear and tear is expected.
3. The idea of allowing family expansion up to maximum capacity without owner consent is unworkable.
  - a. The decision as to resident qualifications should always be the prerogative of the owner.
  - b. What happens if a qualified family of three, took in a wife and brother-in-law without owner consent or even knowing about it, and they move leaving two unqualified, possibly unknown residents in the property and unable to pay.
  - c. What happens to the contract that says absolutely no subletting without owners consent?
  - d. Is the City going to rewrite State Law?
  - e. Because City Housing maintains that the tenancy of a new resident has no probation period and is permanent upon signing and allowing only the twelve points of Just Cause Eviction, it collides with State Contract Law guiding lease time. It also forces the owner to be ultra cautious in meeting all qualification requirements.
  - f. No owner of an income property wants to dislodge a good tenant, because it means extensive maintenance, down time and filling the vacancy at the same

On Thu, Aug 31, 2017 at 3:23 PM Bill Wu <[billzwu@gmail.com](mailto:billzwu@gmail.com)> wrote:

Leaders of San Jose,

The rent-controlled housing providers are small businesses responsible for funding the City of San Jose Housing Department (HD) with salaries over \$800,000; and our voices are being ignored. I am strongly opposed to CPI.

The HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process. The voices of these small business owners must be heard.

CPI does not take into account the maintenance issues on older buildings. It does not account for new water and utility increases, property tax increases, and the Housing Fees that will be increasing every year. It does not account for required re-financing every 10 years. It does not

account for variable interest rate changes on mortgages. And doesn't account for specialized, expensive contractors who are required by law to make repairs. Nor does it account for necessary savings for risk management (earthquake, flood, interest rate fluctuations, vacancies, economic downturns, etc) nor pensions, healthcare and other expenses of running a small business.

CPI is not a fair return to the housing provider, as stated in the HD analysis and presented to the Council, and will drive many small businesses out of business. Businesses cannot operate on losses. Vacancy decontrol will not make it fair. If a tenant moves during a downturn, the chance to recover back to the previous rent with a new tenant is diminished even further because of such a limiting cap. As the note below explains, there is now a current down turn and it will take over 11 years to recover if CPI is used.

#### ALL SAN JOSE TAXPAYERS SHOULD BE PART OF THE FINANCIAL SOLUTION TO SUPPORT HOUSING

Small businesses have not been brought to the table and have been excluded from developing solutions that work for everyone. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Housing providers are being asked to financially support and to single handedly address the long-standing housing problems that the City has refused to address for decades. This is a community problem that must be solved and financed by the WHOLE community, not just by one industry and not by one small segment of the industry hitting small business the hardest.

#### ADDED BUREAUCRACY AND EXPENSE

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. The HD could educate tenants and housing providers, post notices, and require housing providers to distribute information for new tenants. There are many solutions that have not been considered in a rush to address housing problems that took decades to create. The housing crisis was created because the City chose to ignore housing and homelessness and cater to businesses for the past 20 years. It is time to listen to housing providers who play a vital and essential role in San Jose's infrastructure and respond to housing providers in a way that demonstrates the crucial symbiotic relationship we have with the City of San Jose. Service BOTH tenants and housing providers effectively before making more complicated, expensive regulations.

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We do not know what "additional occupants" means for the CPI package. Why was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, very expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities that is self serving to financially support the existence of the Housing Department?

On Wed, Aug 30, 2017 at 2:20 PM, Bill Wu <[billzwu@gmail.com](mailto:billzwu@gmail.com)> wrote:

Dear Sir,

Please use facts and data to do research and support the policy making. Right now, whatever the housing department is doing is like a joke. They are very UNPROFESSIONAL. It is like asking a elementary first grade student to do a high school math here. The result will be totally absurd.

The rent-controlled property owners are responsible for funding the City of San Jose Housing Department, and their voices are being ignored. I am strongly opposed to CPI for many reasons.

1. HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process and treating all property owners as "bad" "problem" landlords. Property owners in San Jose supply 45,000 units and work hard to maintain them and deal with the daily duties of property management; They DO NOT just sit back and collect rents on the first of the month. Their voices should be heard by someone who cares to understand what they do and what issues (both financial and other) that they address in their daily management of the units.
1. CPI does not take into account the maintenance issues on property owners' older buildings. It does not account for water, property tax increases, and the Housing Fees that will be increasing every year.
2. CPI in no way represents a fair return to the property owner, as you have noted in your analysis. And the Fair Return, process, based on CPI, in no way represents a fair return. You are saying that vacancy decontrol will make it OK. But, that is a totally deceptive statement. There is rarely a chance to get anywhere near a fair value with CPI, and if the a tenant moves during a downturn, the chance to recover back to the previous rent is diminished even further.
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6. The San Jose Housing Department's mission statement is: "To strengthen and revitalize our community through housing and neighborhood investment". Really, it should be: "To bankrupt the property owners, encourage tenants to fight with them, and have slums in San Jose".
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8. How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our input about the additional occupants in the Tenant Protection Ordinance has

not been responded to or updated in the TPO yet?

9. We do not know what "additional occupants" means for the CPI package. What was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities?

**From:** Paul Mircea Gorenuc  
**To:** [REDACTED]; [Isaac Agam](#); [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [The Office of Mayor Sam Liccardo](#); [BAHN](#); [District 10](#); [Irene Smith](#)  
**Subject:** Re: [bahn] Newspaper  
**Date:** Sunday, September 3, 2017 11:43:14 AM

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Seigi,

You are so very naive!

The reporters, are all kissing their a..es

Don't forget, they are all part of the system and "fake media"!

They are afraid of retaliation from the City, and afraid to lose their jobs if they say anything against the City of Jose...! Same applies to all TV stations! I contacted a few, and they said they do not cover these things....

All the good articles written by BAHN members should be sent for publication to A.O.A. and CAA

Each time before the Mayor and City Council members start their work, they recite with their hands on their hearts, the Pledge of Allegiance to the United States Constitution!  
Is time that they start" putting their money where their mouth is"!

Don't let yourself be intimidated by the Code Enforcement "Gestapo" tactics using the threat of \$2500.00 and Civil and Criminal penalties each time they write you a simple "violation" notice, or by the out of control San Jose Marxist -Leninist city government with their incompetent and irresponsible Housing Department!

Our property rights are guaranteed by the Constitution!

They are forcing the property owners to rent their apartments with no incentive for a profit, imposing irrational and irresponsible regulations that will ruin the Housing Market and applying Communist dictatorship rules!

We are being discriminated against!

In U.S.A. Discrimination is illegal!

Why don't they try these things on Apple or Samsung and force them to reduce the price of their phones to \$100 so every one could afford a \$900 mobile phone \$800 cheaper??  
Of course they would not dare, because they would be sued in the court of law and lose.  
We have the same powers to sue the City and Housing Dept. for shamelessly interfering in our private businesses... and trying to bankrupt the small business owners!

Don't you ever forget, we live in the United States, **"the land of the free and the home of the brave."**

Keep fighting and protesting ,lawfully , intelligently and peacefully!

Regards,

Paul Gorenuc

MA, MFA

Gl. Contractor

San Jose Property Owner and

Tax payer

On Sat, Sep 2, 2017 at 12:09 PM, seigitado via BAHN Bay Area Homeowners Network

< [REDACTED] > wrote:

Does anyone know of a reporter for the San Jose paper or other papers to motivate them print an article on the suppressive ordinances demanded by the City on the ARO owners?

Seigi

--

**From:** David Yan  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [The Office of Mayor Sam Liccardo](#)  
**Cc:** [David Yan](#)  
**Subject:** About ARO revision: I am against using CPI as rent increase limit  
**Date:** Sunday, September 3, 2017 5:07:32 PM

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To whom it may concern,

I am writing to express my deep concern that San Jose's housing department is going extreme in rent control. I am strongly against limiting annual rent increase to CPI, and I am strongly against rent registry.

As far as I know, in San Jose the discussion of modifying apartment rent ordinance has been going on for a few years. Last year I wrote you many emails and attended numerous public meetings in the city hall to share my opinions on the proposals from the housing department about rent control ordinance. I remember many people pointed out that using CPI to cap the annual rent increase is a ridiculous idea. In the business world nothing is limited by CPI. Landlord's cost includes property maintenance, insurance, utility, property tax, etc. There is no way to limit the increase of those costs to CPI, even housing department staff's salary increase is not limited by CPI, why should you put such a limit to the apartment rent increase?

Fortunately the city council listened to the public opinions, and in last year's modification of rent control ordinance the council agreed on a limit of 5% (down from 8% in original rent control ordinance) instead of CPI. It was not a great news for the small landlords of San Jose but was acceptable. However, in just a few months the housing department launched yet another round of efforts to modify the rent control ordinance, and CPI was brought onto the table again. If I am not mistaken, this CPI idea was brought up early this year and failed. Now it is being discussed again. I am very confused. Where is the stability of the ordinance? Do you treat city council's voting result as a piece of toilet paper that you can throw away at any moment? What is housing department's role in pushing for CPI, that you keep bringing it up again and again, until it finally wins the city council's vote?

Rent registry is another "fake drug" that the housing department has been trying to sell to the public relentlessly. The housing department is the only beneficiary if it is passed. It costs San Jose tax payers hundreds of thousands of dollars annually to grow the housing department by 6 to 12 employees. You've tried so hard to squeeze San Jose's small business owners to grow yourself into a monster government department. Please remember: when all small businesses are killed, all San Jose residents will suffer, and eventually the government will go bankrupt (which means you lose your jobs). We are not short of such government bankruptcy examples in the history of north California.

I hope you wake up and stop the dangerous game.

Regards,



David

**From:** Jason Ho  
**To:** [ARO, City Clerk, District5, The Office of Mayor Sam Licardo](#)  
**Subject:** Fw: [bahn] SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!!!!  
**Date:** Monday, September 4, 2017 12:06:44 AM

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On Saturday, September 2, 2017 7:51 PM, Paul Mircea Gorenium <paul.mircea.gorenium@gmail.com> wrote:

[ARO@sanjoseca.gov](mailto:ARO@sanjoseca.gov); [rachel.van.derveen@sanjoseca.gov](mailto:rachel.van.derveen@sanjoseca.gov); [jacky.morales-ferrand@sanjoseca.gov](mailto:jacky.morales-ferrand@sanjoseca.gov); [cityclerk@sanjoseca.gov](mailto:cityclerk@sanjoseca.gov); [District1@sanjoseca.gov](mailto:District1@sanjoseca.gov); [District2@sanjoseca.gov](mailto:District2@sanjoseca.gov); [District3@sanjoseca.gov](mailto:District3@sanjoseca.gov); [District4@sanjoseca.gov](mailto:District4@sanjoseca.gov); [District5@sanjoseca.gov](mailto:District5@sanjoseca.gov); [District6@sanjoseca.gov](mailto:District6@sanjoseca.gov); [District7@sanjoseca.gov](mailto:District7@sanjoseca.gov); [District8@sanjoseca.gov](mailto:District8@sanjoseca.gov); [District9@sanjoseca.gov](mailto:District9@sanjoseca.gov); [District10@sanjoseca.gov](mailto:District10@sanjoseca.gov); [San Jose;mayoremail@sanjoseca.gov](mailto:SanJoseMayorEmail@sanjoseca.gov); BAHN Org; [REDACTED]

**Subject:** SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!

LADIES AND GENTLEMAN,  
I LIVED FOR 28 YEARS UNDER THE COMMUNIST DICTATORSHIP IN EASTERN EUROPE!

I SEE THE SIGNS AND THE THREATS OF COMMUNISM IN THE SAN JOSE HOUSING DEPARTMENT POLICIES!  
PLEASE STOP THEM BEFORE IT WILL BE TOO LATE!

WE DO NOT WANT SOCIALISM , OR COMMUNISM WITH ITS UGLY FACE TO TAKE  
OVER OUR COUNTRY,OUR PROPERTY RIGHTS AND THE ,FREE MARKET  
ECONOMY IN OUR CAPITALIST UNITED STATES OF AMERICA!

COMMUNISM HAS NO PLACE IN USA!  
CLEAN THE HOUSING DEPARTMENT SWAMP!

GET READ OF THE COMMUNIST LEADERSHIP OF  
THE SAN JOSE HOUSING DEPARTMENT,WHO HAS SHAMELESSLY HIGH SALARIES AND IS  
TRYING TO BANKRUPT AND DESTROY THE HARD WORKING SMALL BUSINESS OWNERS OF RENTAL PROPERTIES IN SAN JOSE!

OUR PROPERTY RIGHTS ARE GUARANTEED BY THE CONSTITUTION!

HOUSING DEPARTMENT HAS NO RIGHTS GUARANTEED BY THE CONSTITUTION EXCEPT THE GREED AND WISH TO HOLD TO THEIR

**\$393,539.75** yearly POSITIONS, FOR EVER, FUNCTIONING ON THE PRINCIPLE **DIVIDE AND CONQUER**

PAUL GORENIUC  
Sculptor  
MA,MFA  
GENERAL CONTRACTOR  
PROPERTY OWNER,  
AND **TAX PAYER**



9:47 AM (3 hours ago)





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**From:** Jason Ho  
**To:** [ARO](#); [City Clerk](#); [District5](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** Fw: [bahn] SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!!  
**Date:** Monday, September 4, 2017 12:08:39 AM

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On Sunday, September 3, 2017 11:06 PM, Jason Ho <jasonhousa@yahoo.com> wrote:

On Saturday, September 2, 2017 7:51 PM, Paul Mircea Gorenuc <paul.mircea.gorenuc@gmail.com> wrote:

[ARO@sanjoseca.gov](mailto:ARO@sanjoseca.gov); [rachel.van.derveen@sanjoseca.gov](mailto:rachel.van.derveen@sanjoseca.gov); [jacky.morales-ferrand@sanjoseca.gov](mailto:jacky.morales-ferrand@sanjoseca.gov); [cityclerk@sanjoseca.gov](mailto:cityclerk@sanjoseca.gov); [District1@sanjoseca.gov](mailto:District1@sanjoseca.gov); [District2@sanjoseca.gov](mailto:District2@sanjoseca.gov); [District3@sanjoseca.gov](mailto:District3@sanjoseca.gov); [District4@sanjoseca.gov](mailto:District4@sanjoseca.gov); [District5@sanjoseca.gov](mailto:District5@sanjoseca.gov); [District6@sanjoseca.gov](mailto:District6@sanjoseca.gov); [District7@sanjoseca.gov](mailto:District7@sanjoseca.gov); [District8@sanjoseca.gov](mailto:District8@sanjoseca.gov); [District9@sanjoseca.gov](mailto:District9@sanjoseca.gov); [District10@sanjoseca.gov](mailto:District10@sanjoseca.gov); [mayoremail@sanjoseca.gov](mailto:mayoremail@sanjoseca.gov)  
BAHN Org: [REDACTED]

**Subject:** SAN JOSE HOUSING DEPARTMENT OUT OF CONTROL!!!

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**\$393,539.75** yearly POSITIONS, FOR EVER, FUNCTIONING ON THE PRINCIPLE **DIVIDE AND CONQUER**

PAUL GORENIUC  
Sculptor  
MA,MFA  
GENERAL CONTRACTOR  
PROPERTY OWNER,  
AND **TAX PAYER**



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—  
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**From:** Joe V  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Joe V](#)  
**Subject:** ARO: opposed to expensive rent registry  
**Date:** Monday, September 4, 2017 3:55:55 PM

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I am opposed to the rent registry which is meant to keep landlords from giving illegal rent raises or evicting without Just Cause. It is punishing all landlords for the few who have caused problems.

This rent registry is like making someone pay to be in prison. All the landlords rights being taking away, and we are being made to pay for it.

Take away our rights; make us pay; what non-democratic society is this?

Think about it? To start with, the fees will probably be around \$100 per unit per year. For 45,000 units, that will be \$4.5 million dollars going to the Housing Department. And, the rates will increase every year.

That is an outrageous amount of money for landlords to spend for administration (really meaning policing) of the housing providers.

Joe V.  
Outraged property owner in San Jose

**From:** Joanne Cash  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** ARO: request landlord protections for additional occupants  
**Date:** Monday, September 4, 2017 5:06:41 PM

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To: San Jose Housing & City Council members,

Even with Housing's proposed changes to the roommate clause (2 adults per bedroom +1) and unlimited children under 18 years of age, San Jose is still promoting the same overcrowding as originally stated in the TPO.

The new ARO should have some protection for the landlord against tenants deceptively moving in additional family members upon initial application.

As it stands now, a new tenant can apply as an individual on the rental application and bring many additional family members in on the move-in date. And, the landlord has no choice but to accept this.

As a landlord, I request that a 60-day period be set from initial move-in before additional family members can move-in because San Jose has set the occupancy limit to be the highest in California. And, if there are unique exceptions, for an emergency, then the tenant can petition the Housing Department for a waiver. This is the type of process that is being used to protect tenants and it should be equally applied to protect landlords.

As an example:

With the current "roommate clause", and even with the possible changes that Housing has been communicating about, up to five people can live in a studio apartment. So, if one person applies for the studio apartment, and brings four additional family members on the move-in date, the landlord must accept the additional family members.

Does five people in a studio apartment make sense to you? Especially if only one person has applied on the rental application. Per San Jose's Uniform Housing Code, a studio apartment that is 475 square feet, with 220 of that being habitable living space (meaning the one main room of the studio, you still allow 5 people (2 for the first 70 square feet, and 3 for each additional 50 square feet;  $70 \text{ sq ft} + 150 \text{ sq ft} = 220 \text{ square feet}$ ; therefore 5 people can live there).

Please take a look ; why are you are encouraging this??

I am completely against the idea that you are still allowing five people in a studio apartment, even with your possible changes to the roommate clause. The same applies for the typical 1, 2 and 3-bedroom units where you are still allowing 8, 11 and 15 people respectively. If you really think this occupancy limit is reasonable, then you should provide some type of protection for the property owners.

Your complete disregard for the property and it's intended occupancy limit will lead to overcrowding, deterioration of our already-aging properties, and complete breakdown of landlord / tenant relationship.

Housing said that the roommate clause was intended to allow for the case where a new child or family member was in need of housing. But you have opened it up to deceptive practices by the tenants and you are promoting overcrowding. How can you expect the owner to pay for you to administer this program when you are not providing any protections for us?

It is a complete dictatorial take-over of our properties.

Property Owner in San Jose

**From:** Joanne Cash  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Joanne Cash](#)  
**Subject:** ARO: Be Honest about CPI  
**Date:** Monday, September 4, 2017 6:15:24 PM

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Dear **Housing Department**,

LET'S BE HONEST: It is clear that you have no concern for the risk and liability that rental property owners have taken on by investing in the housing stock in San Jose. You are open to working with the investors who are affected by the Affordable Housing Impact Fee, and the property owners who are impacted by Bridge Housing, and the community of property owners under Title 20. But, the rental property owners are being ignored, bullied, and called greedy and problematic.

You claim to be **transparent**. But after ignoring housing issues for so many years, in your efforts to make a correction, you are taking extreme, uninformed steps and ignoring the future impact on our community as a whole. Transparency and fairness, which is the cornerstone that the City is supposedly based on, is being side-stepped. Information about what "REALLY" happens in cities with CPI is being withheld from the council and the property owners. CPI plus "vacancy decontrol" is being sold as the magic formula. But it is far from that!

At least be honest about how CPI will affect all of us: Admit that vacancy decontrol in cities with CPI happens on the average of 15-20 years, downturns will be extremely difficult for the owners, property maintenance will suffer, no one will ever take the risk to buy a rundown ARO property in the hopes of revitalizing it, the ARO properties will deteriorate rapidly and be unsafe, there will be constant law suits, bankruptcies, endless new regulations, overcrowding, tenants and property owners will be at odds with each other, many ARO units will be taken off the market,. The research has already been done by other cities for the past 25-35 years. Open your eyes and take a look at the real impact on the people and the properties.

CPI is not rent stabilization; IT IS RENT SUBSIDIZING by newer tenants! When the opportunity arises, the property owners will increase rents as much as possible, and soon we will see rents at

\$5,000 (just like in Berkeley, Santa Monica, Los Angeles and San Francisco) because the newer tenants will have to subsidize the older tenants.

It is understood that you are trying to address a long-ignored problem. But, there is more housing in the pipe-line and there will be an economic downturn. In fact, the rental market in San Jose is in a downturn right now. With 5% flat rent increases, property owners are already limited by the market, and tenants are safe with a life-time lease and protections under Just Cause Eviction.

There is no democracy in ignoring those who work hard to provide housing, and ignoring the future of this City. You have already done your job of creating protections for the tenants and addressing all of the injustices that were highlighted over the past two years. Why do you want to create a new set of problems that are inherent with cities that have gone to CPI?

Long-time resident and ARO owner in San Jose,

**CC: Mayor and City Council**



**From:** Joanne Cash  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Joanne Cash](#)  
**Subject:** ARO: San Jose Garbage increased by 5%  
**Date:** Monday, September 4, 2017 6:20:02 PM

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To: San Jose Housing and Council Members:

Our San Jose garbage bill just increased by 5%.  
So, how can you say that CPI reflects the cost of living in San Jose?

Why aren't you regulating the garbage increase to CPI?

Who is being greedy now?

Another disenfranchised property owner!!

**From:** Joanne Cash  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Joanne Cash](#)  
**Subject:** ARO: San Jose Garbage increased by 5%  
**Date:** Monday, September 4, 2017 6:20:02 PM

---

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Why aren't you regulating the garbage increase to CPI?

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**From:** Maxine Lubow  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Maxine Lubow](#)  
**Subject:** ARO: pass-throughs for balcony (safety)  
**Date:** Monday, September 4, 2017 6:46:27 PM

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Hi Rachel,

The ARO has several items listed under "maintenance pass-throughs".

I am particularly concerned about balconies and stairwell replacement falling under the "maintenance" category, especially since you are phasing out the maintenance pass-throughs.

In light of the recent balcony collapse in Berkeley, I would think that putting balconies (and stairwell) replacement under the "safety" category would make more sense.

It is costly enough to maintain these older properties, and as that ability is rapidly being taken away from the property owners, the property, and therefore, the tenants' safety and well-being, are being jeopardized.

Please review the pass-through category for these items to ensure that they are reasonable.

Thank you!

**From:** Joe V  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Doyle, Richard](#); [Joe V](#)  
**Subject:** Re: ARO: Vacancy Decontrol Section is in violation of Costa Hawkins Act  
**Date:** Monday, September 4, 2017 7:11:36 PM

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Hi Rachel,

Will you please provide a response from the San Jose City Attorney?

Tenant buyouts, which occur for various reasons, have always been considered a voluntary vacancy in other rent-controlled cities. And, therefore, vacancy decontrol comes into effect.

Why is it that San Jose is trying to violate the Costa-Hawkins Act?

Thank You!

On Wed, Aug 30, 2017 at 1:27 PM, Joe V [REDACTED] wrote:

Dear Housing and City Council,

The below section of the proposed ARO about vacancy decontrol is a direct violation of the Costa-Hawkins Act and undermines settlements in Unlawful Detainer Cases. As acknowledged by other cities, such as Berkeley, Los Angeles, and San Francisco, "tenant buyouts" are a tool used by tenants and landlords. It is used to settle an eviction/unlawful detainer without going to trial and it is a means for tenants to receive a sizable sum of money for moving. It is a "voluntary vacancy" and is protected by the Costa-Hawkins Act.

Other cities have regulations which require a "cooling off period" of 30 - 45 days, and, for an unlawful detainer case, the cooling off period is waived. Perhaps San Jose should follow that same path.

Changing the wording to "A Landlord effectively terminated a tenancy ..." does not change the fact that it is a voluntary vacancy which is covered under the Costa Hawkins Act.

This is the reference section of the draft ARO from August 14, 2017:

17.23.300 Initial Rent and Vacancy Decontrol

B. Exceptions to Decontrol. Only the Rent charged consistent with this Chapter to the former Tenant, plus any annual adjustment authorized by this Chapter, may be charged for a Rent Stabilized Unit in the following circumstances.

3. Tenant Buyout by Landlord. A Landlord effectively terminated a tenancy without cause by paying a Tenant listed on the rental agreement, or the Tenant Household generally, with a primary purpose of encouraging the Tenant and Tenant Household to vacate the Rent Stabilized Unit.

There are five exceptions based on landlord actions that would not allow vacancy decontrol: 1) no cause termination, 2) continuing tenancy, for when existing tenants or members of the tenant household enter into a new rental agreement, 3) tenant buyout by landlord, 4) unlawful landlord activity, and 5) other illegal evasion by landlord.

Please review this.

Thank You!

**From:** Gail Kaku  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#)  
**Subject:** Housing Concerns  
**Date:** Monday, September 4, 2017 10:04:05 PM

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Dear Housing Department,

<!--[if !supportLineBreakNewLine]-->

<!--[endif]-->

We are a private, small business who owns an old duplex built 1951 and we don't have "deep-pockets." ARO and the proposed housing ordinances deter us from providing the best and most comfortable housing to our tenants.

The proposed plan to place rentals built before 1979 under ARO, paying moving costs for tenants and limiting annual rate increases to the Consumer Price Index (CPI) will adversely impact our ability to survive, and doesn't take into consideration a number of factors, including vacancies and downturns in the rental market.

Recently we added a new 110' long concrete driveway to replace an old cracked asphalt driveway, because if someone were to trip and fall, we'd be liable. Quotes came in at \$20 to \$30k—not cheap just for a driveway. That's just one of many safety issues we're responsible for.

Many rentals are older properties. Therefore, they require a lot of repairs and high maintenance. They have older sewer systems, which have to be replaced. Also they aren't retrofitted for earthquakes; require new roofs and fences and so much more.

We manage such a property and we're shocked about the number of service calls we have to attend to. For example, one tenant allowed the kitchen to become filthy and greasy, which caused an infestation of cockroaches. Another example is tenants fail to change the air intake filters that we supply. This has resulted in damaging both the central air conditioner and heater—not once, but multiple times. A brand new A/C and evaporator coil had to be replaced already.

Several years ago, we replaced the galvanized pipes with copper, upgraded the electrical, converting two-prong outlets to three-prong GFI, replaced most of the single-pane windows with dual-pane, repaired dry rot and water damaged sheetrock, added a new lawn and landscaping, installed all new floors in one unit, new appliances, fixed the foundation and so much more.

If landlords are squeezed by ARO and similar ordinances, it will force many to become insolvent. Costs of building materials and contractor labor have climbed exorbitantly due to the Silicon Valley construction boom, making things even more challenging. Only if we're willing to pay astronomical rates, are we able to get a

contractor quickly.

Recently, a long-term tenant moved out and we incurred over \$50K in damages from deep scratches, gouges and water damage in hardwood floors that used to gleam, four broken windows and a patio glass sliding door knocked off its track, over 70 large, baseball to basketball-sized holes in the walls. Additionally, major kitchen appliances were broken even though they were brand new when the tenant moved in. The tenant never paid for any of these repair costs. These items are just a subset of a list of 225 items that required repairs or cleaning.

Finding good and responsible tenants who will take proper care of your property are a challenge. One young couple with excellent credit sublet the property to 17 people and the property was thrashed in less than one year after it had been completely renovated and remodeled. Other landlords have been through similar experiences. Yet the risks we take on and the damages we incur aren't being accounted for and our voices aren't being heard.

We understand that housing in Silicon Valley is very expensive. However, ARO and similar ordinances will de-incentivize landlords from owning properties. That will further squeeze the supply of rental properties and cause rents to climb even higher.

That along with the annual increases in property taxes, fire and earthquake insurance, utilities, and the high mortgage costs due to the inflated land values make it very tough for landlords.

If anything, property owners should be given tax credits for providing decent housing, while taking on risks and incurring hefty expenses for damages caused by negligent tenants, flooding, fires, earthquakes and other disasters.

Respectfully submitted,

Robert and Gail Kaku

**From:** [REDACTED]  
**To:** [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [ARO](#); [City Clerk](#); [The Office of Mayor Sam Liccardo](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District5](#); [District 6](#); [District7](#); [District8](#); [district9@sanjoseca.gov](#); [district10@sanjoseca.gov](#)  
**Subject:** San Jose Housing ARO ordinance  
**Date:** Monday, September 4, 2017 11:46:49 PM

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## Dear Rachel and the Housing Staff members proposing ARO revisions

The draft of proposed autocratic ordinance are riddled with

1. Illogical thinking such as for relocation cost and major remodeling cost
2. Onerous administration for the owners and the city staff, such as proposed in the rent registry and CPI rate increase package
- 3, Discriminatory action to against ARO owns to further reduce rent on the heel of a 37.5%" rent increase" reduction just a year ago

PGE increased their rate 11% this year. City business tax increased 275% this year. Garbage rate increased by 4.5%

this year. Those using Property mgmt. fee is typically 7 % to 8% of the gross rental income. How can these increases and more to come

in the future be compensated by CPI?

4. Uncompassionate consideration such as permitting overcrowded living conditions and allowing tenant criminal activities
5. Unimaginative concept such as in allowing guests free rent.
6. Illegal override on contractual leases allowing tenants to perpetuate irresponsible behavior such as allowing them to bring in related guest  
with no charge to them when this clearly adds to the wear, tear, additional maintenance, and utility cost

Many inputs have been submitted to the ordinance committee on the above items with silent response.

The San Jose low rent housing problem will continue when only 33% of the rental units are subjected to rent control, based on the age of the building .The City has incentivized new construction to provide more housing units but does not address the low rental housing since the new constructions are exempt from ARO. The City council and Housing had 38 year to devise a plan to increase housing for low income people. The only accomplishment I see is the formation of ARO with continual discriminatory actions to ARO owners to keep suppressing rent and rent increases and recently trying to put more existing units under ARO.

The city is trying to correct their oversight by imposing ridiculous and discriminatory ordinances to preserve the low rental housing on those units that charged low rents prior to the shortage. Ethical, moral, and "right things to do for all" are not considered by Housing and the City Council, who are obvious advocates for the tenants.

Staff member who are paid well and the City council members should have the vision to foresee the needs of the City housing in lieu of suppressing the free market competition through ordinances. Would the City dare to pass an ordinance that states that all private homes build before 1979 must be sold at the market value set as of that date and cannot be increased by more than 5% or CPI per year hereafter? Yet the City is doing exactly that to the rental building built before 1979

What thoughts have gone into creating low cost housing so that the supply is in balance with the demand to keep the rents competitive?

What city owned properties have been considered as sites for low cost rental?

What incentive has City proposed to encourage Owners to accommodate few more occupants to the rental units?

What benefits have the City proposed to ARO owners who are charging low rents?

What tenant discipline is demanded by the city to ensure safety, peace to neighboring tenants, and

respect for the property they rent?

What consideration has the City given to the owners with respect to their input on currently proposed ordinances?

What effort have gone into making ordinances easily understood in lieu of layers of numerical references and legal jargon?

The proposed ordinance do not adhere to the "Whereas" stipulated in Ordinance #29912..

The TPO as implied by the name is for the protection of the tenants; therefore any cost associated in administrating the ordinance or cost of added staff to do so should be charged solely to the tenants in ARO units. This would be administered by the city charging an annual administration fee named "TPO fee" to the owners who then collects this annual fee from the tenants then residing in the units.

Get rid of your adversarial attitude toward ARO Owners.

Do the right things with fair treatment to ALL!!!

With fervent prayer that sanity prevails,

Seigi Tadokoro



**From:** bbs mit  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#)  
**Subject:** I am strongly against CPI  
**Date:** Monday, September 4, 2017 11:55:49 PM

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Leaders of San Jose,

The rent-controlled housing providers are small businesses responsible for funding the City of San Jose Housing Department (HD) with salaries over \$800,000; and our voices are being ignored. I am strongly opposed to CPI.

The HD is ignoring the recent Council vote, earlier this year, to limit the rent increase to 5% without banking. HD is completely overriding the democratic process. The voices of these small business owners must be heard.

CPI does not take into account the maintenance issues on older buildings. It does not account for new water and utility increases, property tax increases, and the Housing Fees that will be increasing every year. It does not account for required re-financing every 10 years. It does not account for variable interest rate changes on mortgages. And doesn't account for specialized, expensive contractors who are required by law to make repairs. Nor does it account for necessary savings for risk management (earthquake, flood, interest rate fluctuations, vacancies, economic downturns, etc) nor pensions, healthcare and other expenses of running a small business.

CPI is not a fair return to the housing provider, as stated in the HD analysis and presented to the Council, and will drive many small businesses out of business. Businesses cannot operate on losses. Vacancy decontrol will not make it fair. If a tenant moves during a downturn, the chance to recover back to the previous rent with a new tenant is diminished even further because of such a limiting cap. As the note below explains, there is now a current down turn and it will take over 11 years to recover if CPI is used.

#### ALL SAN JOSE TAXPAYERS SHOULD BE PART OF THE FINANCIAL SOLUTION TO SUPPORT HOUSING

Small businesses have not been brought to the table and have been excluded from developing solutions that work for everyone. The Council is willing to work with AHIF, Bridge Housing, and Title 20 groups to find a fair and reasonable solution that works for all members of the community. Housing providers are being asked to financially support and to single handedly address the long-standing housing problems that the City has refused to address for decades. This is a community problem that must be solved and financed by the WHOLE community, not just by one industry and not by one small segment of the industry hitting small business the hardest.

#### ADDED BUREAUCRACY AND EXPENSE

The San Jose rent registry is expensive and costs will continue to rise as property owners pay for increased staffing; from 6 - 12 new staff to start with. This over-regulation is not needed. The HD could educate tenants and housing providers, post notices, and require housing providers to distribute information for new tenants. There are many solutions that have not been considered in

a rush to address housing problems that took decades to create. The housing crisis was created because the City chose to ignore housing and homelessness and cater to businesses for the past 20 years. It is time to listen to housing providers who play a vital and essential role in San Jose's infrastructure and respond to housing providers in a way that demonstrates the crucial symbiotic relationship we have with the City of San Jose. Service BOTH tenants and housing providers effectively before making more complicated, expensive regulations.

#### TOO LITTLE IS KNOWN TO MAKE DECISIONS

Housing is asking us to comment on a package with 5% and all Housing fees paid by the housing providers. How can we comment on this when we have not been told how much the fees will be? And, when we have no idea how much the fees will increase over the new few years? All we have been told is that Housing plans to hire 6 - 12 new staff right now.

How can we comment on a rent increase for additional occupants that is allowed with the CPI package, when our input about the additional occupants in the Tenant Protection Ordinance has not been responded to or updated in the TPO yet?

We do not know what "additional occupants" means for the CPI package. Why was the rent ceiling changed to 5% when Council's direction was to look at a rent ceiling of 8%? Why does Housing want a complicated, very expensive system for tracking CPI and maximum allowable rent when it has been shown not to work in other cities that is self serving to financially support the existence of the Housing Department?

Sincerely Yours,

Michael

**From:** Sean Rhinehart  
**To:** [Paul Mircea Gorenuc](#); [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [The Office of Mayor Sam Liccardo](#); [REDACTED]; [BAHN](#); [District 10](#); [Irene Smith](#); [Jason Mihai Jordan](#)  
**Subject:** Thoughts on recent ARO changes  
**Date:** Tuesday, September 5, 2017 2:47:09 AM

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My name is Sean, and I am a property owner in San Jose.

In 2011, my wife and I acquired an 8-unit building in the city, which is covered by the new rent control ordinance.

I would like to share my perspective of the situation leading to the current ordinance changes, and explain why these changes are unlikely to achieve the presumable goals.

### The Past

The recent rent control law changes were a response to the actions of one specific landlord, Ms. Peggy Demaio, who evicted several long-term tenants, to make room for more profitable city-subsidized tenants.

<http://www.mercurynews.com/2017/04/05/s-j-landlord-evicting-tenants-to-house-vets-at-higher-rents/>

While Ms. Demaio's behavior is deplorable, it is worth noting the San Jose City Council's role in inadvertently incentivizing this behavior, through a flawed implementation of the well-intentioned "All the Way Home" initiative.

### The Present

When the plight of Ms. Demaio's 30+ tenants became known to the public, the City Council (under the influence of the Rental Rights and Referrals Department) took the politically expedient course of painting all landlords with the same "greedy landlord" brush as Ms. Demaio, and rushed through the "Just Cause" eviction ordinance, affecting over 44,000 units in San Jose.

I have several problems with this ordinance:

1. The rental timeframe is essentially binding only on the landlord. There is no amount of prior notice that I can give to take a unit off the market, without incurring a "tenant relocation" charge. Once a lease is signed, the rate cannot change by more than 5% per year (without approval from the Housing Department), and I must make the unit available for as long as the tenant is willing and able to pay rent, or I must pay to relocate the tenant.

2. The ordinance invalidates any tenant conduct rules in the existing leases. Repeated noise complaints, theft of service (water or electricity), or other offenses (public urination, drug use, vandalism, etc.) are grounds for immediate eviction according to my lease contracts.

However, the city ordinance invalidates these provisions, and treats them all as nuisance complaints, which must occur more than once before a problem tenant can be evicted. The new ordinance forces me to choose from the following bad choices:

- a. Reward the tenant for bad behavior, by paying the problem tenant to leave, while (1) performing a either a substantial rehabilitation, losing income, and praying the tenant doesn't want to return when the renovations are complete, or (2) moving in as the owner.

b. Tolerate, and document the unacceptable behavior, hoping that at least 2 instances of the behavior occur, so that the case can proceed through arbitration before the bad behavior causes other tenants to leave.

3. If an uninsured driver drives into my building, and causes it to red-tagged, I not only need to pay for repairing the damages, but I need to pay to relocate the tenants while repairs are done. To add insult to injury, once the repairs are complete, I then have to invite the previous tenants back, at the same rate, so I cannot recover the incurred repair or relocation costs incurred without a special petition.

4. A similar situation occurred with a drug lab explosion taking the place of a drunk driver. The landlord had to play relocation costs for tenants displaced due to another tenant's criminal activity.

<http://www.kcra.com/article/evidence-of-drug-lab-in-rancho-cordova-apartment-explosion/6410720>

This did not happening in San Jose, or in one of my buildings. However, it is my understanding that even if I suspected I had tenants running a drug lab in my building (from multiple complaints from other tenants, for example), I couldn't begin to evict them until I had two nuisance complaints, or been refused access to the premises twice.

5. Municipal Code 17.23.020 states "It is found and declared that there is a growing shortage of and increasing demand for housing in the city of San Jose. This circumstance, coupled with increasing inflation, the rising cost of developing new housing, and other factors have put substantial upward pressure on residential rents. In order to protect the health, safety and welfare of the citizens of San Jose, this chapter is a necessary measure designed to alleviate some of the more immediate needs created by San Jose's housing situation. These needs include but are not limited to the prevention of excessive and unreasonable rent increases, the alleviation of undue hardship upon individual tenants, and the assurance to landlords of a fair and reasonable return on the value of their property."

One significant cause of the housing shortage not mentioned in 17.23.020 is the City Council's policy of attracting new businesses and high-wage workers with special tax incentives, and subsidies. The City Council provides incentives to Apple, and Cisco Systems, and other high tech companies, with the expectation of hundreds or thousands of new jobs, but seems to ignore the predictable outcome:

It is plausible that some small fraction of those new jobs will go to ARO tenants, but the vast majority of those new jobs will be going to those making considerably more than the ARO median income of \$39,000. Those employees whose education, training, and experience have prepared them for rewarding high-tech careers will be willing and able to pay higher prices for desirable housing, which raises the market rate.

6. I also take exception to the apparent "guilty until proven innocent" attitude toward ARO landlords which seems to pervade the City Council in general, and the Rental Rights and Referrals staff in particular. I expect that no one would be surprised by the following assertions:

a. ARO units are more likely to be in poorer areas. The ARO median income is \$39,000. Few people live in a poor area by choice. Those that have better options will generally exercise

them, and move elsewhere.

b. ARO units are generally more likely to be in higher crime areas. Where there is less opportunity, there is a higher tendency toward criminal activity. Without special incentives, developers naturally tend to build nicer, more luxurious housing in the nicest parts of town, which is where the crime levels are generally lower. It is not that ARO units attract crime, it is more that newer non-ARO developments specifically avoid higher crime areas.

c. ARO rents rise proportionally faster than non-ARO rents. Simply put, ARO buildings are older than most non-ARO buildings, will have gone through more owners, and are more likely to be suffering from vandalism, normal aging and deferred maintenance. The costs of repairing these conditions always falls to the latest owner.

Even if all of these stereotypical assumptions are true, it does not prove that ARO landlords are the greedy meanies that the City Council makes us out to be.

I am tired of being treated as a heartless miser by civil servants who make twice as much as me. The condescending, adversarial interactions are bad enough, but the fact that a chunk of tax money goes specifically to a group that works 100% against my interests is especially galling.

## The Future

As bleak as the above appears, it is likely to get worse.

The City Council is contemplating to further reduce the rent increase limit (which was already reduced from 8% to 5%), to the CPI, which basically means it will be tied to inflation.

Unfortunately, there are no such limits to building operating costs:

Debt service costs: > CPI (but City Council decided this was not applicable)

Water costs: up 100% (the dividends of conservation)

Electricity/gas: up > CPI, (as PG&E passes along their latest San Bruno litigation and damages costs)

Garbage: > CPI

Labor: up > CPI (just wait for Universal Income...)

Building materials: up > 15% (Thanks to a new trade war with Canada)

Increase in Rental Rights and Referals funding: > 5% (While it must be nice to legislate your own funding level, in this context, I find it hypocritical to exceed CPI)

So, what are my chances of successfully getting a rental increase petition approved?

After all, isn't a stated purpose of ARO (17.23.020) to assure landlords a fair and reasonable return?

Well, if my ROI goes negative, I suppose I can always sell to someone looking for a 1031 exchange/write off.

Someone whose primary goal is to write off a big paper loss should be more than willing to do timely repairs, and keep tenants happy, right?

**From:** h w  
**To:** [ARO](#)  
**Subject:** Comments to the draft of rent ordinance  
**Date:** Tuesday, September 5, 2017 8:48:16 AM

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Comments from both a renter and a landlord.

Rent control in the long run will contribute to higher rent and lower home prices that hurt both tenants and landlords, a proven fact in SF city. I don't know why we are doing the same and repeating their errors. The city of San Jose is responsible for doing their due-diligence and bringing up a more intelligent method to solve the housing crisis.

Should no other options exist, the new rent control ordinance should only apply to new leases.

Jaina

**From:** Joe V  
**To:** [ARO](#); [VanderVeen, Rachel](#); [Morales-Ferrand, Jacky](#); [City Clerk](#); [District1](#); [District2](#); [District3](#); [District4](#); [District5](#); [District 6](#); [District7](#); [District8](#); [District9](#); [District 10](#); [The Office of Mayor Sam Liccardo](#); [Joe V](#)  
**Subject:** San Jose ARO: can you manage it?  
**Date:** Tuesday, September 5, 2017 9:28:02 AM

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To Housing and City Council,

Since you are taking everything away from the property owners, perhaps you should also manage the property. But first, please hire someone into the Housing Department who has some experience with property management.

Then, you can:

Take 24/7 phone calls.

Go over in the middle of the night when the old underground piping breaks.

Call the police (who never come) when there is domestic violence.

Deal with almost daily parking problems.

Have bounced checks and late payments.

Be subjected to neighboring apartments with drug dealers (who you can't do anything about).

Replace completely urine-soaked carpets when tenants have 10 unapproved cats.

Have vacated units that are full of trash, spoiled food, and overall destruction.

Do the manual labor of fixing the old plumbing and the old two-prong electrical outlets.

Have trees that have grown in the PG&E lines.

Unapproved dogs that are barking constantly.

Drive over when tenants lock themselves out.

Have cockroaches from one filthy unit that are infesting other units.

Deal with bedbugs.

Have drunk tenants's cars damaging the carports.

People smoking in non-smoking apartments; and cigarette butts all over the property.

Furniture placed by the dumpster or on the sidewalk when tenants move out.

Have tenants who cannot understand that greasy stove pans and stove filters can cause fire.

Have \$800 water bills because the tenants don't tell you that toilets are running.

Doing most of the manual labor yourself.

Watch your water, garbage and property increase every year.

If you go out of town, make sure to keep managing all these things.

And, you can handle tenant complaints about:

- other tenants urinating by the dumpsters

- playing loud music in the carports

- who stole my bicycle that was locked up outside

- drunk and disorderly tenants

- impossible-to-prove drug users

- City of San Jose messing up their billing cycles

- documenting every receipt and action you take

- tenants physically assaulting other tenants

- tenants having verbal altercations with each other

- dumpsters overflowing

If you go out of town, make sure to keep managing all these things.

**And, you can also watch the San Jose Housing Department tell you that you are**

**greedy, and tell you that "If you don't like it, then you can sell your property".**

Mom and pop rental property owners really have a strong set of skills required to do their jobs (yes, it is a job!), and most people would really not be up for it. And, I am totally disgusted by the way that we are being treated by the City of San Jose.

Angry San Jose resident and ARO property owner.

Name excluded (because you really don't care who I am).