

District 1 — Roma Dawson (VC)

District 3 — Barry Del Buono

District 5 — Ruben Navarro

District 7 — Victoria Partida

District 9 — Don Jackson

Mayor — Zenia Cardoza

Lived Experience (Mayor) — Sketch Oppie

Lived Experience Alternate (Mayor) — Jerome Shaw

(C) Alex Shoor — District 2

Linh Vong — District 4

Andrea Wheeler — District 6

Huy Tran — District 8

Roberta Moore — District 10

Daniel Finn — CAAC MR

Ryan Jasinsky — CAAC ML

Commissioners are appointed by corresponding Council Members, but do not need to reside in that Council District.

REGULAR MEETING AGENDA

5:45 PM

February 9, 2023

Virtual [Zoom Link](#)

Web ID: **940 5398 8541**

888-475-4499 (Toll Free)

* COVID-19 NOTICE *

Consistent with AB 361 and City of San José Resolution Nos. 80628, 80659, 80685, 80724, 80758, 80809 and 80853 this meeting will not be physically open to the public and the Housing & Community Development Commissioners will be teleconferencing from remote locations.

The Housing & Community Development Commission is meeting via teleconference from remote locations in accordance with State and local orders and measures taken as a result of the COVID-19 pandemic. Members of the public may view and listen to the meeting by following the instructions below. Additional instructions are provided below to those members of the Public who would like to comment on items on the agenda.

How to attend the Housing & Community Development Commission Meeting:

- 1) **Electronic Device Instructions:** For participants who would like to join electronically from a PC, Mac, iPad, iPhone, or Android device, please click this URL: [Zoom Link](#).
 - a. Use a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
 - b. Enter an email address and name. The name will be visible online and will be used to notify you that it is your turn to speak.
 - c. When the Chair calls for the item on which you wish to speak, click on “raise hand.” Speakers will be notified shortly before they are called to speak.
 - d. When called, please limit your remarks to the time limit allotted.

- 2) **Telephone Device Instructions:** For participants who would like to join on their telephones, please dial **888-475-4499 (Toll Free)** and when prompted, enter meeting Webinar ID: **940 5398 8541**. You may also **press *9 to raise a hand to speak**.

- 3) **Public Comments prior to meeting:** If you would like to submit your comments prior to the meeting, please e-mail Luisa.Cantu@sanjoseca.gov or call **(408) 535-8357** **no less than 90 minutes before the start of the meeting.** Comments submitted prior to the meeting will be considered as if you were present in the meeting.

Commissioners are encouraged to log on by 5:30pm to ensure there are no technical difficulties – thank you!

Note that the times for items shown below are approximate and intended only to notify the Commission of the approximate amount of time staff expects each item might take.

Please note that items may be heard before or after the times shown, and plan accordingly.

APPROX. TIME	AGENDA ITEM
5:45	<p>I. Call to Order & Orders of the Day</p> <p style="padding-left: 40px;">A. Chair reviews logistics for Zoom meetings</p>
5:46	<p>II. Introductions and Roll Call</p>
5:50	<p>III. Consent Calendar</p> <p style="padding-left: 40px;">A. Approve the Minutes for the Regular Meeting of January 12, 2023 ACTION: Approve the January 12, 2023 action minutes.</p> <p style="padding-left: 40px;">B. Approve the Minutes for the Special Meeting of January 18, 2023 ACTION: Approve the January 18, 2023 action minutes.</p>
5:55	<p>IV. Reports and Information Only</p> <p style="padding-left: 40px;">A. Chair</p> <p style="padding-left: 40px;">B. Director</p> <p style="padding-left: 80px;">i. Update on recruitment for open Commission seats</p> <p style="padding-left: 40px;">C. Council Liaison</p>
6:00	<p>V. Open Forum</p> <p><i>Members of the Public are invited to speak on any item that does <u>not</u> appear on today's Agenda and that is within the subject matter jurisdiction of the Commission. Meeting attendees are usually given two (2) minutes to speak during Open Forum; however, the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate due to a large number of speaker requests.</i></p>
6:04	<p>VI. Old Business</p>
	<p>VII. New Business</p>

- 6:05** **A. Sixth Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan for the Reallocation of Coronavirus Aid Relief And Economic Security Act Funds Awarded by the United States Department Of Housing and Urban Development for Eligible Uses (S. Gutowski, Housing Department)**
ACTION: Conduct a Public Hearing on the Sixth Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan (Action Plan) to reallocate \$6,770,616 in Community Development Block Grant CARES Act funds among eligible uses, take public comment as required by the U.S. Department of Housing and Urban Development (HUD), and recommend to the City Council it approve the Sixth Substantial Amendment.
- 6:45** **B. Rent Stabilization Program Strategic Plan Update (E. Hislop, Housing Department)**
ACTION: Review a progress update on the Strategic Plan for the Rent Stabilization Programs (Apartment Rent Ordinance, Mobilehome Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance) and give feedback to staff on content.
- 8:15** **VIII. Open Forum**
Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission (per [Section 2.08.2840](#) of the San José Municipal Code). Meeting attendees are usually given two (2) minutes to speak during Open Forum; however, the time limit is in the discretion of the Chair of the meeting, and may be limited when appropriate due to a large number of speaker requests.
- 8:15** **IX. Meeting Schedule**
The next Regular Meeting for the Commission is scheduled to be held on **Thursday, March 9, 2023, at 5:45 p.m. online**. Items tentatively expected to be heard are:
- FY 2023-24 Annual Action Plan Funding Priorities
 - Annual Homelessness Report
 - Rent Stabilization Program Annual Report
 - Rent Stabilization Program Fiscal Year 2022-2023 Quarter 2 Report for Apartments, Including the Apartment Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance
 - Rent Stabilization Program Fiscal Year 2022-2023 Quarter 2 Report for Mobilehomes, Including the Mobilehome Rent Ordinance
- 8:10** **X. Adjournment**

The City's [Code of Conduct](#) is intended to promote open meetings that welcome debate of public policy issues being discussed by the City Council, their Committees, and City Boards and Commissions in an atmosphere of fairness, courtesy, and respect for differing points of view.

You may speak to the Commission about any discussion item that is on the agenda, and you may also speak during Open Forum on items that are not on the agenda and are within the subject matter jurisdiction of the Commission. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during Open Forum. Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the Commission unless listed on the agenda, which has been posted not less than 72 hours prior to meeting. Agendas, Staff Reports and some associated documents for the Commission items may be viewed on the Internet at <http://www.sanjoseca.gov/hcdc>. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Commission.

Correspondence to the Housing & Community Development Commission is public record and will become part of the City's electronic records, which are accessible through the City's website. Before posting online, the following may be redacted: addresses, email addresses, social security numbers, phone numbers, and signatures. However, please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the Housing & Community Development Commission, will become part of the public record. If you do not want your contact information included in the public record, please do not include that information in your communication.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the City Clerk, 200 East Santa Clara Street, 14th Floor, San José, California 95113, at the same time that the public records are distributed or made available to the legislative body. Any draft resolutions or other items posted on the Internet site or distributed in advance of the Commission meeting may not be the final documents approved by the Commission. Contact the Office of the City Clerk for the final document.

On occasion, the Commission may consider agenda items out of order.

The Housing & Community Development Commission meets every second Thursday of each month (except for July and sometimes December) at 5:45pm, with special meetings as necessary. If you have any questions, please direct them to the Commission staff. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

To request translation or interpretation services, accommodation, or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events, or printed materials, please call (408) 535-1260 as soon as possible, but at least three business days before the meeting. Please direct correspondence, requests, and questions to:

City of San José Housing Department
Attn: Luisa Cantu
200 East Santa Clara Street, 12th Floor

San José, California 95113

Tel: (408) 535-8357

Email: Luisa.Cantu@sanjoseca.gov

Para residentes que hablan español: Si desea mas información, favor de llamar a Luisa Cantu al 408-535-8357.

Tiếng Việt: Xin vui lòng liên lạc Janie Le tại 408-975-4462.

對於說華語的居民: 請電 408-975-4450 向 Ann Tu 詢問詳細事宜。

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

MEETING ACTION MINUTES

January 12, 2023

MEMBERS PRESENT:	Daniel Finn Ryan Jasinsky Roma Dawson Alex Shoor Barry Del Buono Linh Vong Ruben Navarro Andrea Wheeler Victoria Partida Huy Tran Roberta Moore Zenia Cardoza Sketch Oppie	Commissioner (MR) Commissioner (ML) Vice Chair (D1) Chair (D2) Commissioner (D3) Commissioner (D4) Commissioner (D5) <i>left at 7:05 pm</i> Commissioner (D6) Commissioner (D7) Commissioner (D8) Commissioner (D10) Mayor (CW) Lived Experience (CW)
MEMBERS ABSENT:	VACANT	Commissioner (D9)
STAFF PRESENT:	Kristen Clements Luisa Cantu Dylan Sanchez Josh Ishimatsu	Acting Secretary, Housing Department Assistant Secretary, Housing Department Council Office Liaison, District 2 Senior Development Officer, Housing Dept.

(I) Call to Order & Orders of the Day

A. Chair Shoor called the meeting to order at 5:45 p.m. and reviewed logistics for Zoom meetings

(II) Introductions – Commissioners and staff introduced themselves.

(III) Consent Calendar

A. Minutes for the Regular Meeting of December 8, 2022

ACTION: Approve the December 8, 2022 action minutes.

Commissioner Del Buono made the motion to approve the minutes for the meeting of December 8, 2022, with a second by Commissioner Vong. The motion passed 10-0. (Commissioner Navarro had connectivity problems at the time this vote was taken.)

**Housing & Community Development Commission
Draft Minutes – Regular Meeting of January 12, 2023**

Yes	Finn, Jasinsky, Dawson, Shoor, Del Buono, Vong, Wheeler, Tran, Moore, Cardoza (10)
No	None (0)
Absent	Navarro, Partida (2)
Abstain	Oppie (1)

(IV) Reports and Information Only

- A. Chair:** Chair Shoor reviewed logistics and guidelines for participation. Chair Shoor expressed his excitement to have new commissioners joining the commission. In addition, Chair Shoor reminded commissioners about upcoming elections for new Commission Chair and Vice Chair.
- B. Director:** Ms. Kristen Clements expressed her excitement to have new commissioners joining the Commission. Ms. Clements also conveyed a warm welcome from Housing Director Jacky Morales- Ferrand who was not able to be present due to her deployment at the City’s Emergency Operations Center. Ms. Clements encouraged all commissioners to attend the new commissioner training presentation on January 18, 2023 at 5:00 pm.
- C. Council Liaison:** No report.

(V) Open Forum

(VI) Old Business

(VII) New Business

**A. Third Study Session on the Draft 2023-2031 Housing Element
(K. Clements, Housing Department)**

ACTION: Hold a third study session on the Draft 2023-2031 Housing Element and give feedback to staff on draft Chapter 3, Housing Goals and Strategies, focusing on Section 3.4: Healthy, thriving neighborhoods with access to good jobs, schools, transportation, and other resources, and Section 3.5: Racially and socially inclusive neighborhoods that overcome past and present discrimination.

Commissioners asked clarifying questions and gave feedback to staff. No motions were made. Notes on Commissioner comments will be created for all three study sessions and included in future draft minutes.

(VIII) Open Forum

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**Housing & Community Development Commission
Draft Minutes – Regular Meeting of January 12, 2023**

time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Commission.

(IX) Meeting Schedule

The next Regular Meeting for the Commission is scheduled to be held on **Thursday, February 9, 2023, at 5:45 p.m. online**. Items expected to be heard are (*updated*):

- Substantial Amendment to FY 19-20 Annual Action Plan
- Rent Stabilization Program Strategic Plan Update

(X) Adjournment

Chair Shoor adjourned the meeting at 9:10 p.m.

DRAFT

**Housing & Community Development Commission
Minutes –Special Meeting January 18, 2023**

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

MEETING ACTION MINUTES

January 18, 2023

MEMBERS PRESENT:	Daniel Finn Alex Shoor Don Jackson Roberta Moore Zenia Cardoza Sketch Oppie Jerome Shaw	Commissioner (MR) Chair (D2) Commissioner (D9) Commissioner (D10) Mayor (CW) Lived Experience (CW) Lived Experience Alternate (Mayor)
MEMBERS ABSENT:	Roma Dawson Barry Del Buono Linh Vong Ruben Navarro Andrea Wheeler Victoria Partida Huy Tran Ryan Jasinsky	Commissioner (D1) Commissioner (D3) Commissioner (D4) Commissioner (D5) Commissioner (D6) Commissioner (D7) Commissioner (D8) Commissioner (ML)
STAFF PRESENT:	Kristen Clements Luisa Cantu Mindy Nguyen	Secretary, Housing Department Assistant Secretary, Housing Department Development Officer, Housing Department

- (I) Call to Order & Orders of the Day**
- (II) Introductions – Announcement and Welcoming of Commissioners**
- (III) New Business**

**A. New Commissioner Orientation
(K. Clements, M. Nguyen)**

ACTION: Staff will present an overview of the Commission and commissioner roles and responsibilities and answer questions. (No memo)

Staff presented the slides on City policies and issues relevant to commission service and answered commissioner questions.

**B. Lived Experience Commissioner Orientation
(K. Clements, M. Nguyen)**

**Housing & Community Development Commission
Minutes –Special Meeting January 18, 2023**

ACTION: Staff will present an overview of the Commission and commissioner roles and responsibilities and answer questions. (No memo)

Lived Experience commissioners asked general questions as part of Item A. Staff will make themselves available for additional support for the Lived Experience commissioners at a later date.

Open Forum

Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission. Meeting attendees are usually given two (2) minutes to speak on any discussion item and/or during open forum; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Commission.

(IV) Meeting Schedule

The next Regular Meeting for the Commission is scheduled to be held on **Thursday, February 9, 2023, at 5:45 p.m. online**. Items tentatively expected to be heard are (*updated*):

- Sixth Substantial Amendment to FY 2019-20 Annual Action Plan
- Rent Stabilization Program Strategic Plan Update

(V) Adjournment

Chair Shoor adjourned the meeting at 7:00 p.m.



Memorandum

TO: HOUSING & COMMUNITY
DEVELOPMENT COMMISSION

FROM: Ragan Henninger

SUBJECT: SEE BELOW

DATE: February 2, 2023

Approved

Date

SUBJECT: SIXTH SUBSTANTIAL AMENDMENT TO THE FISCAL YEAR 2019-2020 ANNUAL ACTION PLAN FOR THE REALLOCATION OF CORONAVIRUS AID RELIEF AND ECONOMIC SECURITY ACT FUNDS AWARDED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR ELIGIBLE USES

RECOMMENDATION

Conduct a Public Hearing on the Sixth Substantial Amendment to the Fiscal Year 2019-2020 Annual Action Plan (Action Plan) to reallocate \$6,770,616 in Community Development Block Grant CARES Act funds among eligible uses, take public comment as required by the U.S. Department of Housing and Urban Development (HUD), and recommend to the City Council it approve the Sixth Substantial Amendment.

SUMMARY AND OUTCOME

This is the sixth substantial amendment to the Fiscal Year (FY) 2019-2020 Action Plan originally approved by the City Council at its May 14, 2019, City Council Meeting. Action plans govern the expenditure of entitlement funds and competitive grants that the City receives from HUD. The purpose of this amendment (Sixth Substantial Amendment) is to spend funds available for COVID-19 response. Although the City is currently in the FY 2022-2023 Annual Action Plan period, per HUD's direction, it is necessary to amend the FY 2019-2020 Annual Action Plan because the City originally recognized federal CARES Act funding in its FY 2019-2020 Annual Action Plan.

This Sixth Substantial Amendment enables the City to redirect and use \$6,770,616 in existing CDBG CARES Act funds to serve some of the most vulnerable community members impacted by COVID-19. More specifically, funding will help respond to the following community needs:

1) food distribution for homeless, senior, and disabled populations; and 2) sanitation services at encampments.

If the City Council approves this action, staff will increase and extend current contracts for food distribution to end on June 30, 2023, with an option to extend the agreements into the first quarter of FY 2023-2024. The extensions will allow services to be given and expenditures to be processed to meet HUD's expenditure deadline of October 2023. These include contracts with Loaves & Fishes, San José Conservation Corps, The Health Trust, Catholic Charities of Santa Clara Count, Sacred Heart Community Services, Hunger at Home, Veggjelution, and West Valley Community Services. These amendments are warranted due to the critical needs of the community and are permitted by federal government regulations.

BACKGROUND

All entitlement jurisdictions such as San José that receive HUD's federal funds by formula allocation are required to have an adopted Citizen's Participation Plan. San José's Citizen's Participation Plan describes the efforts that the City will take to encourage its residents to participate in developing federal spending plans. It also requires a public process when a substantial amendment to programs funded in an Action Plan are proposed.

According to the City's Citizen Participation Plan,¹ a Substantial Amendment constitutes a change to a previously adopted Annual Plan that:

- Increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding; or
- Makes a significant change to an activity's proposed beneficiaries or persons served; or
- Funds a new activity not previously described in the Action Plan.

When a proposed change in program funding reaches one of these thresholds, the City must comply with the public process required in the Citizen Participation Plan for substantial amendments. This process requires a 30-day public comment period and two public hearings. Public hearings may be conducted virtually in the event of an emergency.

ANALYSIS

This recommended action proposes a Sixth Substantial Amendment to the City's FY 2019-2020 Annual Action Plan. The purpose of the Substantial Amendment is to reallocate Community Development Block Grant (CDBG) CARES funds to address critical community needs and to effectively meet the federal deadline to expend the CDBG CARES funds.

¹ City of San José, *Citizen Participation Plan*, amended Aug. 4, 2020, <https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/hud-reports/consolidated-annual-action-plans/citizen-participation-plan>

To date, the City of San José has been awarded \$12,841,924 in CDBG CARES Act funding.

Table 1: FY 2019-2020 Federal CDBG CARES Act Funding Levels

Fund	Allocation	Expended	Balance Available
CDBG CARES Round 1	\$5,263,414	\$5,263,414	\$0
CDBG CARES Round 3	\$7,578,510	\$807,894	\$6,770,616
TOTAL	\$12,841,924	\$6,071,308	\$6,770,616

The City’s FY 2019-2020 Action Plan is being amended to fund critical needs of the community and provide continuous assistance and service identified in the Action Plan. The City is required to meet the federal deadline to expend CDBG CARES funds by October 2023.

The proposed amendment to the City’s FY 2019-2020 Action Plan qualifies as a Substantial Amendment because it meets the criteria identified. The updates requested make a significant change to an activity's proposed beneficiaries served and it funds new activities not previously described in the Action Plan.

The City Council approved the Fourth Substantial Amendment to the FY 2019-2020 Action plan at its March 23, 2021 meeting.² The Fourth Substantial Amendment and the proposed Sixth Substantial Amendment changes are summarized in Table 2.

Table 2: Funding Increases to Selected Activities from Fourth and Sixth Substantial Amendments to the FY 2019-2020 Annual Action Plan

Activities	Approved Fourth Substantial Amendment	Additional Funds to be Spent in FY 2022-2023 per Sixth Substantial Amendment
Meals-Food Distribution Program	\$453,000	\$2,746,815
Sanitation Services at Encampments	\$400,000	\$4,023,801
TOTAL	\$853,000	\$6,770,616

Proposed Newly-Funded Activities

The CDBG CARES Act funds must be used to prevent, prepare for, and respond to COVID-19. The Housing Department is proposing to amend several agreements to add funds and extend services to the end of FY 2022-2023, and possibly to October 2023 with eligible uses.

² *Fourth Substantial Amendment to the FY 2019-2020 Annual Action Plan* approved March 23, 2021
<https://sanjose.legistar.com/View.ashx?M=F&ID=9259480&GUID=186F1BC3-72AF-45FF-9131-B6448BD62E70>

- **Food Distribution** - The food distribution team provides delivery of meals to our most vulnerable residents. The food program will serve Seniors, disabled residents, homeless residents, low-income individuals, and low-income families. Staff will increase and extend agreements to June 30, 2023 to add CDBG-CV (CARES) funds. Current contracts will be amended to end on June 30, 2023, though there is an option to extend the agreements into October 2023. This will allow expenditures to be processed to meet the HUD expenditure deadline of October 2023.

Food Distribution Agreements with the agencies listed below will be amended to include an additional total amount of \$2,746,815:

1. Catholic Charities of Santa Clara County
2. The Health Trust
3. Loaves & Fishes Family Kitchen
4. Hunger at Home
5. Sacred Heart Community Service
6. Veggielution
7. West Valley Community Services (WVCS)
8. San Jose Conservation Corps

The Food and Necessities Distribution Team has managed emergency food distribution efforts in response to the COVID-19 pandemic since March 2020. From July 1, 2022, to December 31, 2022, the community-based organizations partnering with the City to provide food security relief distributed approximately three million meals to vulnerable communities across San José. This work has continued to-date with a view toward gradually transitioning the City away from emergency food distribution services. Since demand for food services remains high, the Housing Department and the Department of Parks, Recreation and Neighborhood Services (PRNS) are working closely to secure short-term service agreement extensions with partnering agencies. These extensions will be funded by accessing available CDBG CARES Act funding, as well as the balance of unused American Rescue Plan Act (ARPA) funding allocated for food security. This will provide residents time to find other long-term food security assistance.

The extensions that are currently being developed include those with Loaves & Fishes, The Health Trust, Catholic Charities of Santa Clara County, Sacred Heart Community Services, Hunger at Home, Veggielution, and West Valley Community Services, all of which will be extended through June 2023. In addition, a food-boxing agreement with the San Jose Conservation Corps' will be extended through March 31, 2023. Staff from the Housing Department and PRNS are working together to transition the administration of these agreements quickly and efficiently, including the establishment of "warm handoff" meetings with our partner agency representatives.

- **Encampments** - Funds will also provide sanitation services to some of the City's largest encampments as part of the City's Services, Outreach, Assistance and Resources

program. This program provides sanitation and trash services, comprehensive street-based outreach and support services, and housing and shelter referrals for encampment residents.

PUBLIC OUTREACH

Staff published official notices of the public meetings and 30-day public review period in newspapers as required by HUD. The Substantial Amendment is also posted on the Housing Department's website at www.sanjoseca.gov/housingconplan. Official notices of the public meetings were posted in English, Spanish, Vietnamese, Chinese, and Tagalog and were published in *The Mercury News*, *the El Observador*, *Vietnam Daily News*, *World Journal*, and *the Asian Journal newspapers*. Staff also sent email announcements of the public hearings on the Substantial Amendment to over 880 organizations and individuals concerned about affordable housing and community development issues. The email announcements were also posted on the Housing Department's website at www.sanjoseca.gov/housingconplan and were turned into news briefs that were automatically sent to media outlets.

In addition to submitting directly to staff, comments will be accepted prior to the hearing via a link on the City Council's [agenda webpage](#) as well as by e-mail to the City Clerk (city.clerk@sanjoseca.gov) by 12:00 p.m. the day of the hearing. Emailed comments to the Clerk will be included with staff's responses when the document is submitted to HUD. The community also can comment virtually at the public hearing held by the City Council on February 14, 2023.

Staff will include all public comments provided to the City both verbally and in writing together with staff's responses when staff submits the Substantial Amendment to HUD.

CONCLUSION

The Housing and Community Development Commission's public hearing provides an opportunity to commissioners and the public to provide comment on the Sixth Substantial Amendment to the FY 2019-2020 Annual Action Plan at this publicly noticed meeting. The Sixth Substantial Amendment will allow the City to reallocate the City's existing CDBG CARES Act funds to address critical needs and to effectively meet the federal deadline to expend the funds. The expenditure deadline is October 20, 2023.

EVALUATION AND FOLLOW-UP

After the Commission's public hearing, staff will submit the comments to the City Council for its February 14, 2023, public hearing and then to HUD for approval. The performance outcomes of the HUD-funded programs will be reported to the Commission, the public, and the City Council in the Consolidated Annual Performance Evaluation Report in fall 2023.

COMMISSION RECOMMENDATION/INPUT

The Commission's public hearing provides an opportunity to commissioners and the public to provide comment on the Sixth Substantial Amendment to the FY 2019-2020 Annual Action Plan. Comments and recommendations will be shared with the City Council in a Supplemental Memo for the February 14, 2023 meeting and with HUD.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's *Consolidated Plan 2020-25*, adopted by the City Council on August 11, 2020, and with the City's Adopted *Housing Element 2014-2023*, in that the action provides services to very low-income households. It also furthers the advancement of the *Community Plan to End Homelessness* approved by the City Council in February 2020.

/s/

RAGAN HENNINGER
Deputy Director, Housing

For questions, please contact Ragan Henninger, Deputy Director, at ragan.henninger@sanjoseca.gov.

Attachment: Sixth Substantial Amendment to the FY 2019-2020 Action Plan

Attachment

Sixth Substantial Amendment to the FY 2019-2020 Action Plan

Summary

The following is a summary and draft language that amends the Fiscal Year 2022-23 Annual Action Plan.

Background

This is a proposed Sixth Substantial Amendment to the City's Fiscal Year 2019-2020 Annual Action Plan. The purpose of the amendment is to reallocate Community Development Block Grant (CDBG) CARES funds to address critical community needs and to effectively meet the federal deadline to expend the CDBG CARES funds.

The City's Annual Action Plan details its funding strategy for the CDBG, Emergency Solutions Grant, HOME Investment Partnership, and Housing Opportunities for People with AIDS programs each year. Annual Action Plans implement a jurisdiction's Five-Year Consolidated Plan and are developed through public input, analysis, and planning. The Action Plan provides spending caps for the different programs or services funded by federal funds.

Substantial Amendment is Needed

All entitlement jurisdictions such as San José that receive Housing and Urban Development federal funds by formula allocation are required to have an adopted Citizen Participation Plan. San José's Citizen Participation Plan describes the efforts that the City will take to encourage its residents to participate in developing federal spending plans. It also provides requirements for the public process to be used when a Substantial Amendment to programs funded in the Annual Action Plan is proposed. Per the City's Citizen Participation Plan, a substantial amendment constitutes a change to a previously adopted Five-Year Plan or Annual Plan that:

- Increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding, or
- Makes a significant change to an activity's proposed beneficiaries or persons served, or
- Funds a new activity not previously described in the Action Plan.

The proposed changes to the City's Fiscal Year 2019-2020 Action Plan qualify as a substantial amendment because they meet the Housing and Urban Development criteria of making a significant change to a program's budget.

Sixth Substantial Amendment to the FY 2019-2020 Action Plan

Proposed Amendment

This proposed Substantial Amendment reallocates CDBG-CV (CDBG CARES Act) funds as follows:

Beginning on page 48 of the approved Fiscal Year 2019-2020 Annual Action Plan, amend the estimated amount of CDBG-CV and Activities in section AP-38 Project Summary, as follows

AP-38 Projects Summary
Project Summary Information

Table 1: Project Summary

Activities	Needs Addressed	Funding	Outcomes
Meals-Food Service Program	Strengthen Neighborhood	CDBG CARES Act \$2,746,815	TBD
Sanitation Services at Encampments	Affordable Housing	CDBG CARES Act \$4,023,801	TBD
TOTAL		CDBG-CARES Act \$6,770,616	



Memorandum

TO: HOUSING AND COMMUNITY
DEVELOPMENT COMMISSION

FROM: Rachel VanderVeen

SUBJECT: SEE BELOW

DATE: February 2, 2023

Approved

Date

SUBJECT: RENT STABILIZATION PROGRAM STRATEGIC PLAN UPDATE

RECOMMENDATION

Review a progress update on the Strategic Plan for the Rent Stabilization Programs (Apartment Rent Ordinance, Mobilehome Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance) and give feedback to staff on content.

SUMMARY AND OUTCOME

The Housing and Community Development Commission will receive an update from the Rent Stabilization Program staff and the consultant, RSG, Inc., regarding work related to preparation of the Rent Stabilization Programs' Three-Year Strategic Plan (Strategic Plan). The update will include preliminary findings, a timeline for development of the Strategic Plan, and an opportunity for staff and RSG, Inc. to receive feedback from the Commission and the public.

BACKGROUND

In 1979, the San José City Council appointed a task force to address issues in rental housing and adopted a rent stabilization ordinance for mobilehome parks and apartments. The Rent Stabilization Program's (Program) mission is to enforce the City's housing ordinances through education, engagement, and collaboration to build and maintain safe, healthy, and sustainable communities. Over the last few years, the Program has developed and implemented multiple policies and programs aimed at protecting the rental community which includes approximately: 38,000 rent-stabilized apartments, 40,000 market-rate apartments, and 10,000 mobilehome spaces. As a result of the increase in services provided, the Program increased staffing to meet the Program's demand and strives to provide community members excellent levels of customer service. A summary of the significant policy changes in the past five years includes:

- **2017 Adoption of the Tenant Protection Ordinance and Ellis Act Ordinance and Staffing and Fee Implementation:** On June 17, 2017, the adoption of the Tenant

Protection Ordinance provided just-cause protections for residents and property owners of apartments in the City. In addition, the Ellis Act Ordinance was adopted to allow property owners to withdraw apartments from the rental market while providing notification and relocation benefits to impacted residents.

- **2018 Updated Apartment Rent Ordinance Regulations and Adoption and launch of Rent Registry:** The City Council made substantial amendments to the Apartment Rent Ordinance that included an update on the hearing process, rent registry, capital improvement, and a refined fair-return process. The Rent Registry is an online database comprised of rental information that rent stabilized property owners must submit annually. During the open registration period, property owners update rent increases and vacancy information.
- **2019 Adoption of the Housing Payment Equality Ordinance:** On August 13, 2019, the City Council adopted the Housing Payment Equality Ordinance to prevent discrimination based on a resident's payment method (e.g., use of a rental voucher).
- **2019 and 2020 Adoption of the Administrative Citation Program:** On December 3, 2019, the Program proposed amendments to the administrative citation schedule of fines for violations of the Apartment Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance.
- **2020 and 2021 Adoption of the Eviction Moratorium and Moratorium on Rent Increases:** In response to the COVID-19 pandemic, the City Council took three actions to stabilize residents affected by the Program. First, it adopted the Eviction Moratorium and Moratorium on Rent Increases. Second, on May 19, 2020, the City Council amended the Apartment Rent Ordinance to allow a temporary reduction of rent without impacting a property owner's ability to raise rents at the termination of the COVID-19 public health emergency. In addition, the City Council approved reduced program fees for apartments and mobilehomes subject to Apartment Rent Ordinance, Ellis Act Ordinance, Tenant Protection Ordinance, and Mobilehome Rent Ordinance.

In April 2021, Program staff presented a draft Strategic Plan to the Housing and Community Development Commission. Commissioners had significant feedback and recommendations on the draft. Given this feedback and staff's need to focus on COVID-19-related responsibilities, the Housing Department decided to procure the services of a consultant to help develop a Strategic Plan. The consultant would lead Program staff in information gathering, self-assessments, consensus building on Strategic Plan objectives, and focusing on program and operational priorities.

As reported to the Commission in June 2022, in spring 2022, the Housing Department posted a request for proposals for consulting assistance to create a Strategic Plan. The City received two proposal submissions. A selection panel determined that RSG, Inc. (RSG), would be awarded the consultant contract. Staff entered into a contract with RSG during summer 2022 and began work in July 2022.

ANALYSIS

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

To develop its Strategic Plan in partnership with RSG, Program staff outlined the Program's goals in its Request for Proposal with a focus on stabilizing housing through various policy and program implementation efforts. To review, those goals were:

Program Strategic Goals

- Conducting policy research and development to maintain tenancies and mitigate displacement of apartment and mobilehome residents in the City.
- Supporting furthering fair housing through inclusive education and outreach.
- Fostering positive relationships between residents and property owners to ensure housing satisfaction and stability, while encouraging tenure of tenancy by monitoring annual rent increases and just cause notices, as well as educating residents and owners to ensure compliance with the ordinances.
- Preserving mobilehomes and mobilehome parks as a source of affordable housing for senior citizens, residents on limited or fixed incomes, and other vulnerable residents.
- Stabilizing housing for renters in the City of San José through mediation, the petition process, and enforcement of the ordinances.
- The Strategic Plan will address fundamental questions related to the effectiveness of the ordinances managed by the Program. These questions include:
 - Is the Tenant Protection Ordinance meeting the goal of keeping tenants housed?
 - Is the Apartment Rent Ordinance meeting the goal of stabilizing rents?
 - Is the Ellis Act Ordinance meeting the goals of maintaining the rent-stabilized housing stock and protecting displaced tenants?
 - Is the Mobilehome Rent Ordinance meeting the goal of stabilizing mobilehome rents and helping residents to maintain affordable housing?

These key areas will require input from multiple perspectives to thoughtfully address the strategic questions presented in **Attachment A**. The strategic questions align with the four

ordinances that fall within the jurisdiction of the Program. These questions will serve as guide for the development of the Strategic Plan and will assist the Program in developing its framework to provide improved community services and education.

Program Goals

The following four goals reflect the key areas identified by the Program to be addressed in the Strategic Plan. The purpose of these goals is to evaluate the impact of educational services and implementation and enforcement efforts undertaken by the Program pursuant to the Rent Ordinance (ARO), Tenant Protection Ordinance (TPO), Ellis Act Ordinance, Mobilehome Rent Ordinance (MHRO), and to evaluate if key objectives of the Ordinances are being met.

A. Apartment Rent Ordinance

The ARO protects residents from excessive and unreasonable rent increases, by limiting annual rent increases, regulating how much and what types of costs may be passed through to residents, monitoring rents, permitting property owners to receive a fair and reasonable return, and providing an administrative review process for housing-related disputes like maintenance and habitability concerns.

Goal: Stabilize residents in apartments covered by the ARO.

Staff's objective is to determine the impact the ARO has within the rent-stabilized community by examining the following: tenancy longevity; frequency and limitations of rent increase caps; comparisons of rents with market-rate units; maintenance and upkeep of rental units; and the application and use of petitions.

B. Tenant Protection Ordinance

The TPO provides eviction protections for tenants by prohibiting evictions, unless there is a qualifying just cause, and prohibiting retaliation. The Program's role is to ensure compliance with the Ordinance.

Goal: Preserve and enforce resident rights under the TPO through support and compliance efforts.

Staff's objectives are to: determine effectiveness of the TPO in protecting residents from unjust evictions; examine the driving force and underlying issues leading to just cause evictions; and, monitor the degree to which property owners and managers are adhering to the TPO.

C. Ellis Act Ordinance

The Ellis Act Ordinance includes the City's requirements for withdrawal of a building or units

from the residential rental market in accordance with the Ellis Act¹ and mitigate any adverse impact on persons displaced by that withdrawal through the provisions of relocation assistance.

Goal: Mitigate against the effects of displacement by Ellis Act Ordinance withdrawals by: providing supportive services to residents in properties undergoing a withdrawal; and, working with owners and developers on new development requirements in order to maintain or increase the rent-stabilized and affordable housing stock.

Staff's objective is to: examine the programmatic framework in monitoring compliance of Ellis Act Ordinance projects; gain knowledge of the reasons for the removal of properties from the market; and evaluate if provisions are sufficiently mitigating the effects of displacement and working to maintain or increase the affordable and rent-stabilized housing stock.

D. Mobilehome Rent Ordinance

The MHRO prevents excessive and unreasonable rent increases for mobilehome park residents to avoid an exploitation of the shortage of available mobilehome lots in the City, establishes a process for rent dispute resolution, and permits mobilehome park owners to receive a fair and reasonable return by petition.

Goals: Stabilizing mobilehome space rents, and supporting residents to maintain affordable housing.

Staff's objective is to determine the MHRO's impact within the mobilehome community by examining the following: tenancy longevity; frequency and limitations of rent increase caps; the application and use of petitions; and policy limitations on local jurisdictions' ability to provide services.

Consultant Progress Report

Attachment B is RSG's preliminary findings and progress report. **Exhibit 1** to **Attachment B** outlines the progress timeline and status of tasks.

CONCLUSION

The development of a Rent Stabilization Program Strategic Plan during this fiscal year will be supported by RSG, Inc., the consultant hired to work closely with Program staff to develop the Strategic Plan. The creation of this Strategic Plan responds to the City's 2016 audit and reflects the Housing Department's intention for Program operations to further strengthen the Program's services, education, and support to the community to help San José residents access stable housing.

¹ California Government Code Sections 7060 - 7060.7, as amended.

EVALUATION AND FOLLOW-UP

Program staff will incorporate feedback and comments from the Housing and Community Development Commission into development of the Strategic Plan. An update on the Strategic Plan will be brought to the City Council's Community and Economic Development Committee on March 27, 2023. That update will incorporate input received from the Commission and stakeholder engagement efforts described in **Attachment B** and below. The proposed Strategic Plan currently is scheduled to be brought to the Commission in June 2023 before being submitted to City Council for final approval in August 2023.

PUBLIC OUTREACH

The Commission's feedback on this topic in April 2021 and feedback from the public was used to help scope the Strategic Plan work. In-person and virtual stakeholder engagement sessions are scheduled from late February through March 2023.

COMMISSION RECOMMENDATION/INPUT

Recommendations and input from the Commission will be used to adjust or shape stakeholder engagement questions and will be considered in the drafting of the Strategic Plan. City Council will be informed of the Commission's input and recommendations in the item being brought to the City Council's Community and Economic Development Committee on March 27, 2023.

FISCAL/POLICY ALIGNMENT

Ensuring that the City operates effective tenant Protection programs along with Production and Preservation programs is consistent with the City's *Residential Citywide Anti-Displacement Strategy*, approved by the City Council in September 2020, and aligns with the following City anti-displacement goals:

- General Plan Policy H-1.16: Identify, assess, and implement potential tools, policies, or programs to prevent or to mitigate the displacement of existing low-income residents due to market forces or to infrastructure investment.
- Fifth Cycle Housing Element Program #34: Consider proposed policies or ordinances to protect low- and moderate-income residents in market-rate and deed-restricted affordable housing from displacement.

/s/

RACHEL VANDERVEEN

Deputy Director, Housing Department

For questions, please contact Emily Hislop, Division Manager, at Emily.Hislop@sanjoseca.gov.

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

February 2, 2023

Subject: RENT STABILIZATION PROGRAM STRATEGIC PLAN UPDATE

Page 7

Attachment: Memorandum from RSG, Inc. dated February 1, 2023, on San Jose Rent Stabilization Program Research – Status Update

Strategic Plan Questions

Apartment Rent Ordinance (ARO)

Goal: Stabilize residents in apartments covered by the ARO.

- Do tenants and property owners understand the ordinance?
- Relationship of percentage rent increases non-ARO covered units vs. ARO units? What is the rent rate change after turnover in non-ARO covered units vs. ARO units? Are the rent increase rates less for ARO properties than non-ARO properties? If rent increase rates are less for ARO units, why are they less? Is it to remain competitive with market rate properties?
- How frequent are petitions for capital improvements and fair returns? Are property owners getting a fair return?
- Are property owners choosing to sell? What are the ownership transfer rates? What do sale prices of the properties show over time? To that extent, what are the reasons why owners are selling?
- Is the physical condition of rent stabilized apartments reduced or deteriorated as compared decontrolled units or non-ARO units? If so, is it related to rent increases being capped? How do we measure the conditions of the housing stock and track conditions over time?
- How do turnover rates compare between high-rent apartments versus ARO stock? Are tenants staying longer in the ARO units?
- What are the compliance efforts related to frequent or high rent increases and how do we reach out to property owners to inform them that they served a rent increase of more than 5% or more than once every 12 months?
- How do we evaluate that the property owner refunded/credited/corrected the incorrect rent increase?
- How are the outcomes of petitions tracked after mediation? Are the decisions being enforced?
- Which communities file petitions? Which communities receive the most frequent rent increases? Which communities experience the most housing service reductions?

Tenant Protection Ordinance (TPO)

Goal: Preserve and enforce resident rights under the TPO through support and compliance efforts.

- Is the TPO effective in helping to prevent unjust evictions?
- How many notices are submitted within three days of the notice of termination being served on the tenant?
- In how many cases were legal agencies able to defend the tenant by utilizing the TPO? For example, there was a successful judgment for the tenant represented by a local nonprofit, where part of the tenant's defense utilized the property owner's lack of compliance with the TPO.
- How many unlawful detainers are submitted? What is the primary reason landlords are evicting tenants? What are the underlying issues driving these evictions? What are the

limitations of accessing information from the courts? Do we need state legislation to compel courts to release information to municipalities?

- How many tenants received relocation benefits under the TPO relocation just causes or as a result of an owner receiving a notification of an unpermitted dwelling from Code Enforcement?
- Do property owners understand the TPO? What kind of support are landlords receiving and from where?
- What are the demographics of households the TPO typically protects? What demographics does the TPO attempt to protect but fails to? Who is the TPO protecting and are there buildings/people that should be protected but are not?
- There are some people who are protected under the TPO but not covered by the ARO. Is there a difference in behavior between property owners of TPO/non-ARO and TPO/ARO properties? For example, under TPO only properties, are landlords increasing rents to induce tenants to vacate units?

Ellis Act Ordinance

Goal: Mitigate against the effects of displacement by Ellis Act Ordinance withdrawals by providing supportive services to residents in properties undergoing a withdrawal, and working with owners and developers on new development requirements in order to maintain or increase the rent-stabilized and affordable housing stock.

- Why are owners taking the properties off the market?
- When properties are being redeveloped after an Ellis Act withdrawal, are rental units or single ownership units (e.g., condos, single-family homes) being constructed?
- Tenants have the right to return to their apartments if the same apartments return to the rental market within ten years. How does the program monitor the activities of properties in Ellis?
- How does the program verify relocation needs?
- What is the reason for tenant buyouts? What is the average amount for buyout agreements? In which neighborhoods are buyouts taking place? What is the new rent after buyouts?

Mobilehome Rent Ordinance

Goal: Stabilizing mobilehome space rents and supporting residents to maintain affordable housing.

- What are the average space rents in mobilehome parks?
- Are the conditions of mobilehome parks impacted by a limit on rent rates?
- How many fair returns are filed for mobilehome parks?
- How many parks are being withdrawn?
- What are the limitations for local jurisdictions to provide services to mobilehome residents?
- How frequent are evictions in mobilehome parks? What are the reasons for eviction?
- What is the frequency and impact of long-term leases in mobilehome parks?

Attachment A

- What other trends or issues are there concerning mobilehome park space rents and mobilehome rentals?



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Date: February 1, 2023

To: Rachel VanderVeen, Deputy Director, Housing Department
Emily Hislop, Division Manager, Rent Stabilization Program
CITY OF SAN JOSE

From: Tara Matthews, Principal
Mark Sawicki, Director
Jessica Henderson, Associate
RSG, INC.

SUBJECT: San Jose Rent Stabilization Program Research - Status Update

EXECUTIVE SUMMARY

RSG, Inc. (“RSG”) was selected by the City of San Jose (“City”) Housing Department to prepare a data-driven three-year Strategic Plan (“Plan”) that will set goals and identify metrics to help determine if the City’s Rent Stabilization Program (“Program”) is meeting its intended purpose. The Plan will provide a report on Program effectiveness and make policy recommendations.

This memorandum provides a summary of progress to date, along with next steps for the completion of the Plan later this year. This progress memo is not intended to be a comprehensive report on our findings and recommendations for the Program, as we are still performing on our scope of work and have not drafted the Plan. The memo includes some of our preliminary findings and recommendations resulting from our research to date that has provided some insights on Program effectiveness. Although additional research and stakeholder engagement are underway, this memo presents an opportunity for RSG and City staff to seek feedback from the Commission, residents, property owners, and stakeholders that can inform the remainder of our work and development of the Plan.

BACKGROUND

The City’s Rent Stabilization Program consists of education, engagement, collaboration, adoption and enforcement of policies and regulations intended to build and maintain safe, healthy, and sustainable communities. The City has over 40,000 rent stabilized apartments, over 64,000 market rate units, and more than 10,000 mobilehome spaces, regulated through one or more of the following five (5) related Ordinances:

- Tenant Protection Ordinance (TPO)
- Apartment Rent Ordinance (ARO)
- Ellis Act Ordinance (EAO)
- Mobilehome Rent Ordinance (MRO)
- Housing Payment Equality Ordinance (HPEO)

On April 1, 2022, the City's Housing Department released a Request for Proposals ("RFP") "seeking an experienced planning consultant to design and facilitate a participatory strategic planning process that will create a three-year strategic plan for the Program." The RFP indicated that the Plan process would be a means to evaluate the effectiveness of the aforementioned policies and programs in meeting the following strategic goals:

- Policy research and policy development to maintain tenancies and avoid vacancies for residents who rent apartments and own mobilehomes in the City.
- Support fair housing through inclusive education and outreach.
- Foster positive relationships between tenants and property owners to ensure housing satisfaction and stability, while encouraging tenure of tenancy by monitoring annual rent increases and just cause notices and educating residents and owners to ensure compliance with the Ordinances.
- Preservation of mobilehomes and mobilehome parks as a source of affordable housing for senior citizens, residents on limited or fixed-incomes, and other vulnerable residents.
- Stabilize housing for renters in the City of San José through mediation, the petition process, and enforcement of the Ordinances.

The primary strategic questions to be answered through the Plan process are to include:

- Is the TPO meeting the goal of keeping tenants housed?
- Is the ARO meeting the goal of stabilizing rents?
- Is the EAO meeting the goal of maintaining the rent stabilized housing stock?
- Is the MRO meeting the goal of stabilizing mobilehome rents and supporting residents to maintain affordable housing?
- Is the HPEO meeting the goal of preventing discrimination against low-income households who received rental assistance, especially those in protected classes?

RSG was selected by the City based on its response to the RFP, and a consulting agreement was executed by the City on July 18, 2022. The basic scope of services included the following tasks:

1. Information gathering, self-assessments, consensus building on plan objectives, and program and operational prioritization.
2. Meetings with City staff, tenants, property owners, property managers, and stakeholders.
3. Creation of a three (3) year strategic plan for the Housing Department's Rent Stabilization Program.
4. Other tasks as assigned as they relate to the project.

RSG's proposal included the following more detailed scope of services:

- Task 1: Kick-off and periodic check-ins with City staff
- Task 2: Review Ordinances and other program documents
- Task 3: Analyze historic tenant protection implementation data
- Task 4: Identify comparable jurisdiction best practices
- Task 5: Stakeholder engagement
- Task 6: Prepare a memo presenting alternatives and a draft strategic plan
- Task 7: Prepare a report to City Council with recommendations.

PROGRESS TO DATE

Shortly after our kickoff meeting in July 2022, RSG reviewed the Program-related Ordinances, related sections of State law, and available literature and studies on rent stabilization programs and tenant protections. RSG then identified, gathered, researched, and analyzed various City and third-party data sources on the San Jose rental market and demographics including:

- Rent Stabilization Program Annual Reports from FYs 2016-17 to 2020-21
- City of San Jose Rent Registry
- U.S. Census - American Community Survey (ACS)
- Bureau of Labor Statistics (BLS)
- U.S. Department of Housing and Urban Development (HUD)
- California Department of Housing and Community Development (HCD)
- CoStar Market Analytics
- Princeton Eviction Lab

RSG has reviewed stakeholder feedback collected through the General Plan Housing Element update process and has met with representatives from the Santa Clara Housing Authority and the City's Code Enforcement staff, to better understand different perspectives and aspects of the overall Program and its effectiveness.

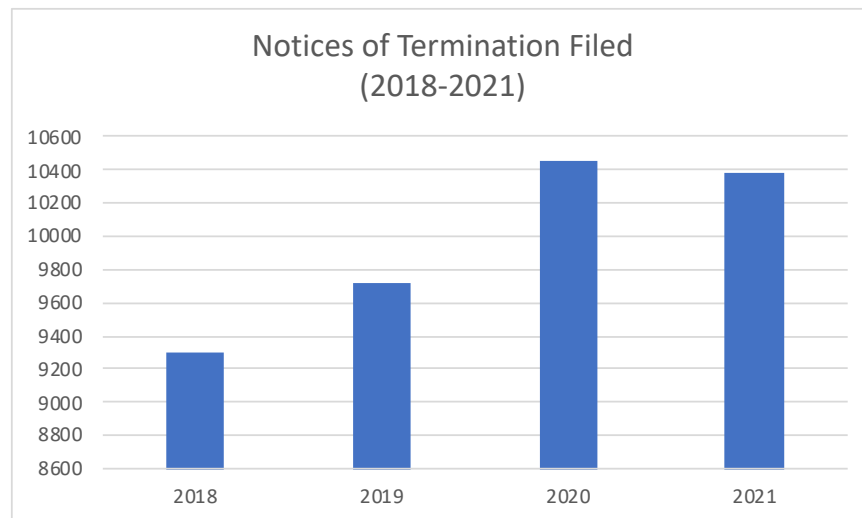
PRELIMINARY FINDINGS

As noted earlier, this progress memo is not intended to be a comprehensive report on our findings. However, below are some of our preliminary findings resulting from our research to date that provide some insight on Program effectiveness:

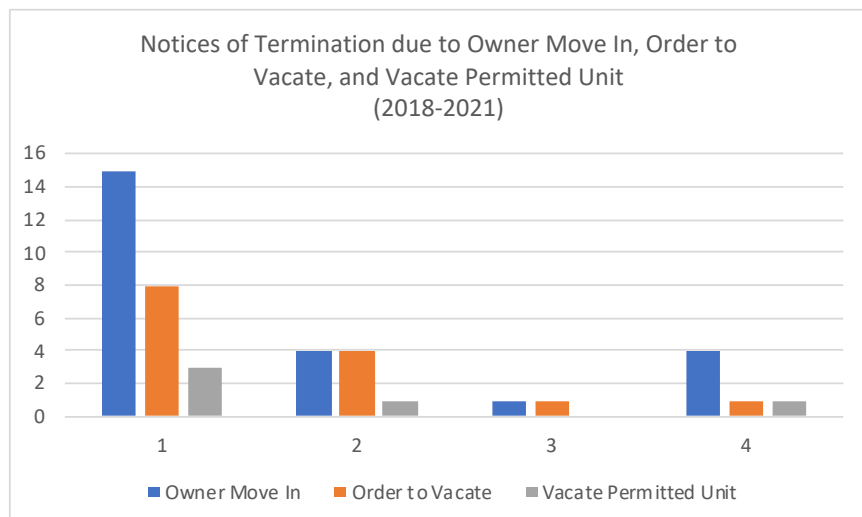
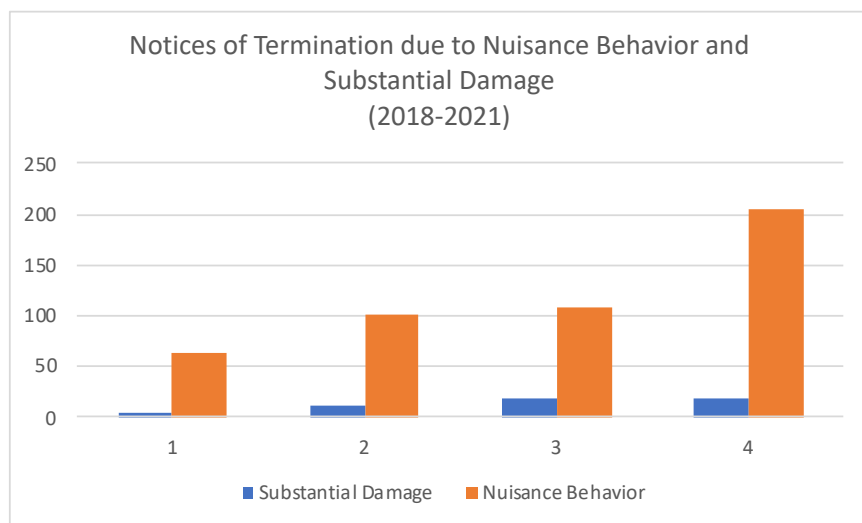
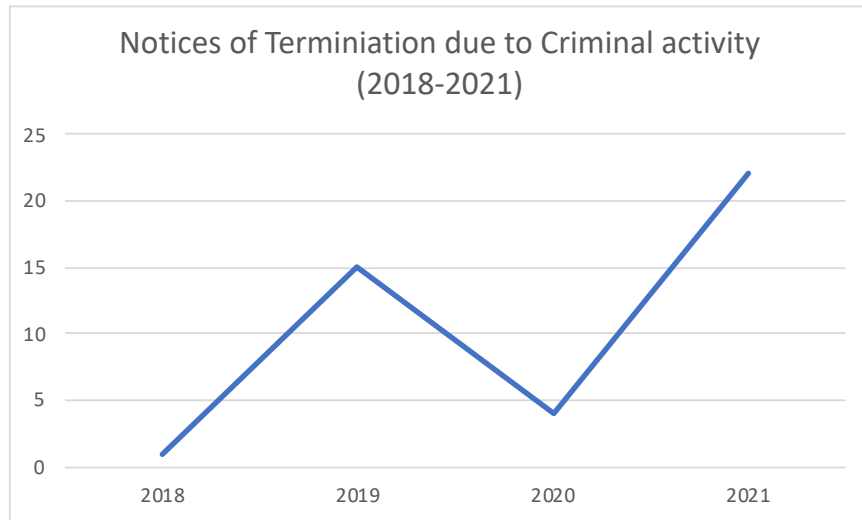
Tenant Protection Ordinance (TPO)

Notices of Termination/Just Cause Submissions and Evictions (data from Annual Reports and Princeton Eviction Lab)

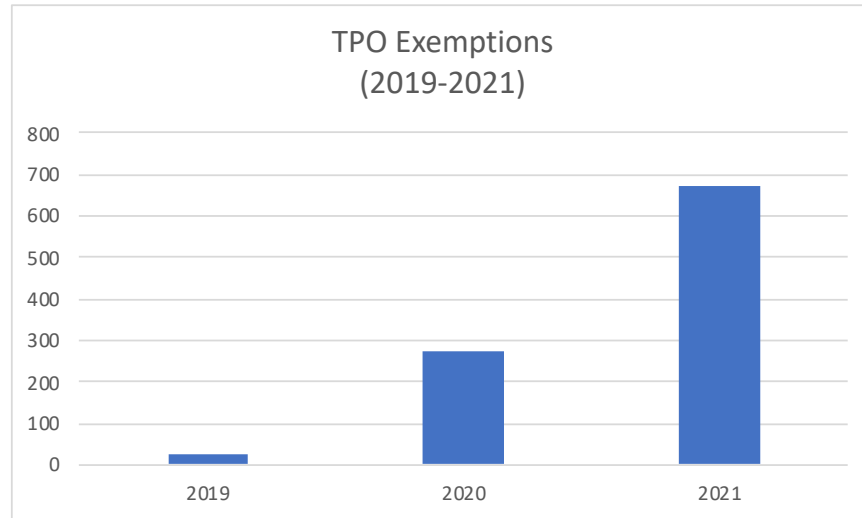
- Notices of Termination increased 12% from 2018 to 2020, and then decreased slightly from 2020 to 2021 (presumably due to COVID policies).



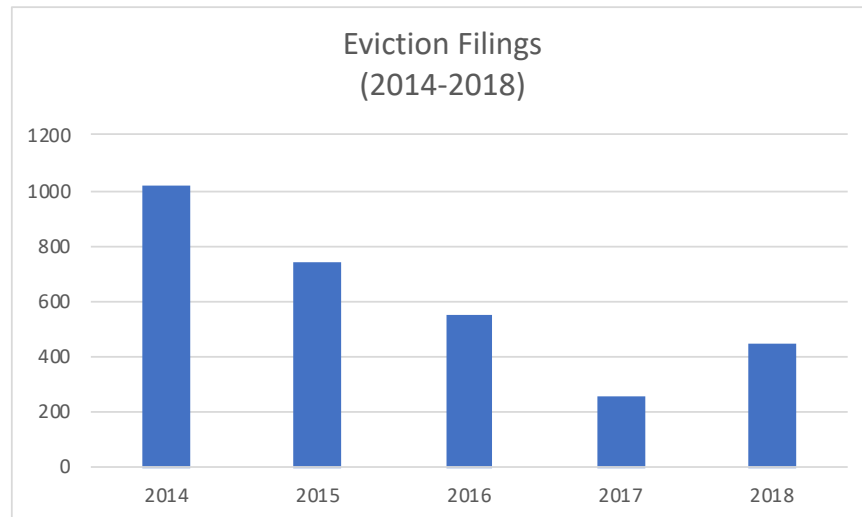
- The reasons cited on Notices shifted between 2018 and 2021, with significant increases for “Criminal Activity” (cited 22x more), “Substantial Damage” (3.6x), and “Nuisance Behavior” (3.2x), while decreasing by about two-thirds each for “Owner Move In”, “Order to Vacate”, and “Vacate Unpermitted Unit” reasons. The increase for the “criminal activity” reason is primarily due to it only being added to the Ordinance in May, 2018, and subsequently included as an option on the form.



- TPO Exemptions increased by more than 25x from 2018 to 2021.



- Eviction filings decreased 57% overall from 2014 to 2018, although they increased by 74% from 2017 to 2018.



Apartment Rent Ordinance (ARO)

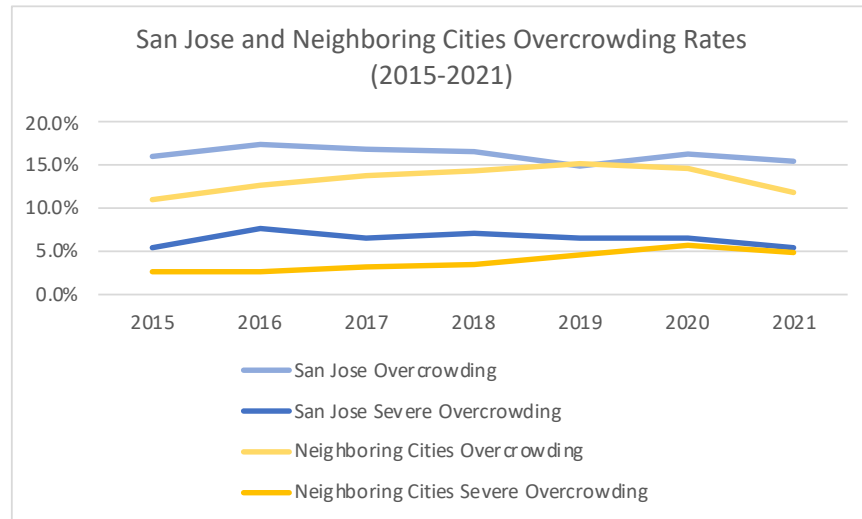
Overcrowding

(The U.S. Census defines “overcrowding” as a unit occupied by more than one person per room. Units with more than 1.5 persons per room are considered “severely overcrowded.”)

- Overcrowding among City renters decreased from 16.1% in 2015 to 15.6% in 2021.
- Severe overcrowding remained about the same, 5.4% in 2015 and 5.5% in 2021.
- Across four neighboring cities without rent control (Campbell, Milpitas, Cupertino, and Santa Clara) overcrowding rose from 11% in 2015 to 11.7% in 2021. Severe overcrowding

rose from 2.5% in 2015 to 4.9% in 2021.

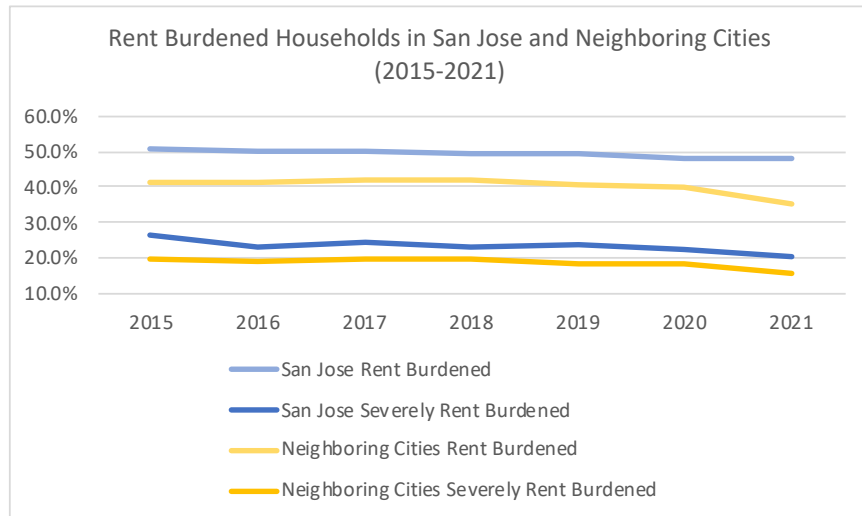
- It appears that the Program is helping to reduce overcrowding in San Jose, as compared with neighboring cities.



Rent Burdened Households

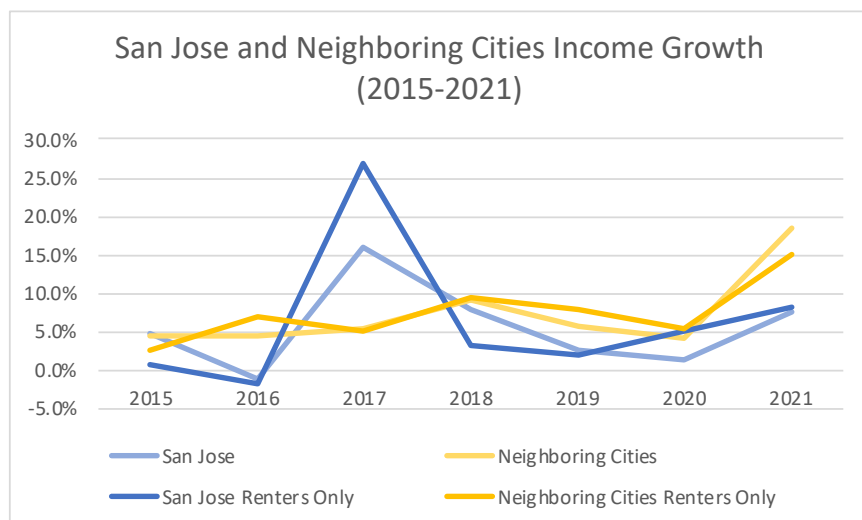
(HUD defines “rent burdened” as households that spend 30% or more of income on rent, and “severely rent burdened” as spending 50% or more.)

- The number of rent burdened households decreased between 2015 and 2021 in both San Jose and the four neighboring cities without rent control.
- Rent burdened households in San Jose decreased from 50.9% in 2015 to 48.1% in 2021, and severely rent burdened households decreased from 26.2% to 20.7%.
- Rent burdened households in neighboring cities decreased from 41.1% in 2015 to 35.3% in 2021 and severely rent burdened households decreased from 19.6% to 15.8%.
- All of the four neighboring cities had smaller percentages of rent burdened households than San Jose, which may reflect their higher relative household incomes.
- It is worth noting that since January 2020, all California cities now have some level of rent increase protection afforded under the State Tenant Protection Act (AB1482). In addition, San Jose had a rent increase moratorium on ARO units during 2020-21.



Change in Income

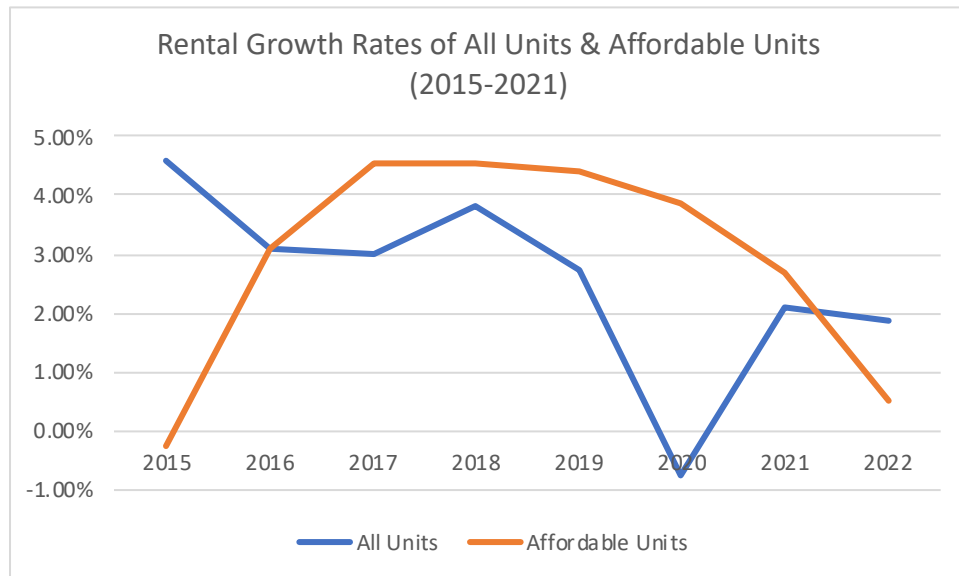
- The median income of all households, and renters specifically, rose significantly in the four neighboring cities compared to San Jose.
- From 2020 to 2021, the median income among all households in the neighboring cities grew by 18.6% compared to 7.7% in San Jose.
- For renters specifically, median income grew 14.9% in the neighboring cities, compared to 8.2% in San Jose.



Rental Rates

- In 2015, the increase in rental rates for all units in San Jose was 4.59%. This has gradually decreased to 1.87% in 2022, based on data collected from Costar.
- According to Costar, the rate of rent growth for affordable units rose from 2016 (3.08%) to 2018 (4.53%), but then declined since down to only 0.5% in 2022.

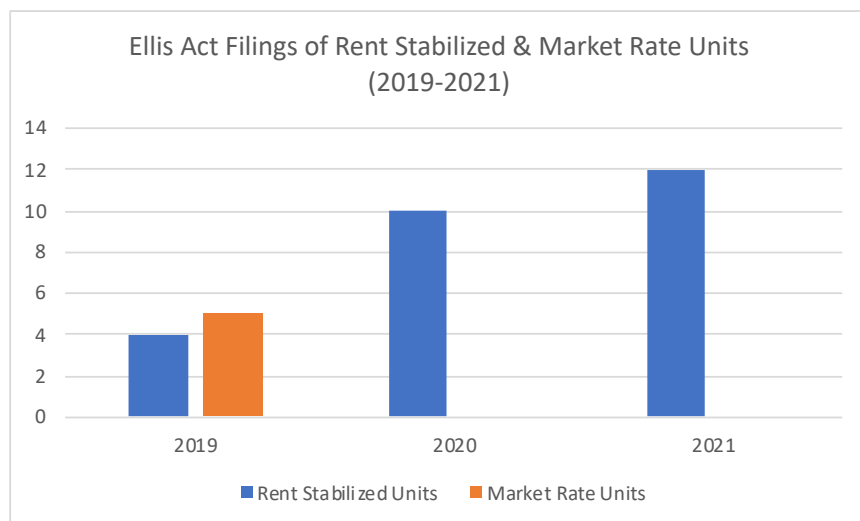
- Although there are other factors in the market, it appears that adoption of the ARO has led to smaller increases in average rents.



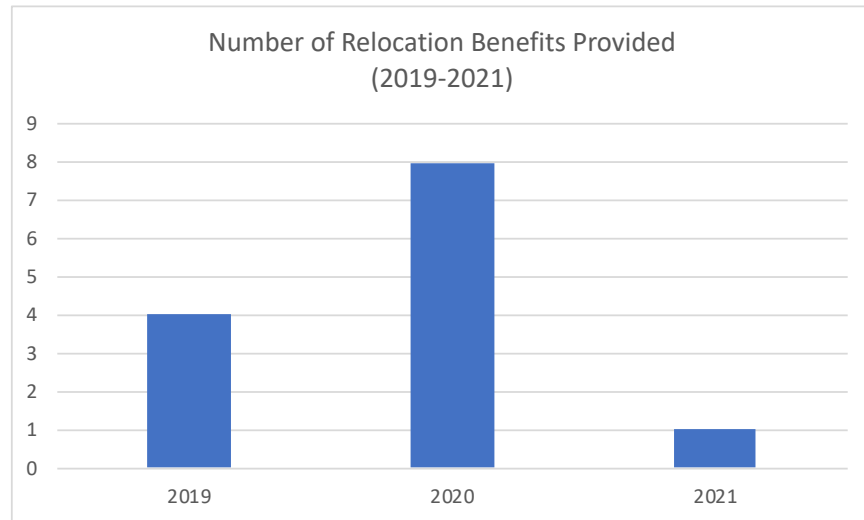
Ellis Act Ordinance (EAO)

Ellis Act Filings from 2019 to 2021

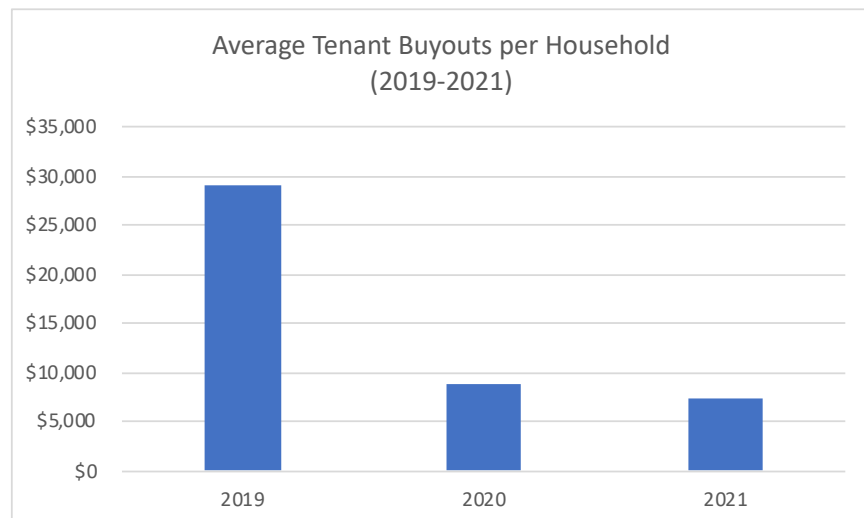
- Rent-stabilized units withdrawn from the market *increased* 200% (from 4 to 12).
- Market-rate units withdrawn from the market *decreased* 100% (from 5 to 0).



- Relocation benefits provided to households due to Ellis Act filings rose in 2020 to eight instances, but then decreased to only one household in 2021.



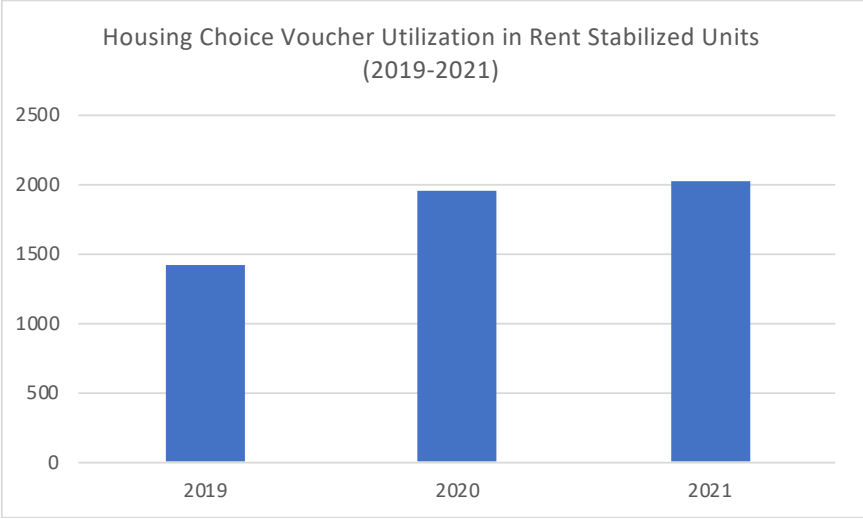
- Average voluntary tenant buyout per household decreased 75% (from \$29,050 to \$7,256).



Housing Payment Equality Ordinance (HPEO)

Housing Choice Voucher Utilization

- Utilization rates in ARO units increased 44% from 2019 to 2021.



PRELIMINARY DRAFT RECOMMENDATIONS UNDER CONSIDERATION

Below are some of RSG’s preliminary draft recommendations resulting from our research to date. These preliminary concepts are subject to change after further review and discussion with City Staff and stakeholders over the next few months.

Topic Area 1: Rental Registry Data in Salesforce Database

After reviewing and analyzing the information collected and reported in the City’s Rental Registry (maintained in a database using Salesforce software), we would suggest consideration of the following changes:

- Make rental registration mandatory for *all* rental properties. This would provide the City with a more complete picture of the rental market in San Jose, allowing for direct comparison among rent-controlled and market rate units and the impact of the Program on the full range of households in San Jose.
- Standardize the annual registration period dates to allow for consistent comparisons across periods.
- Collect more specific information for rental units, and add fields in the database, to allow for more detailed analysis and isolation of trends, and to better track the effectiveness of the Program in meeting the intent of the Ordinances. The City should include these additional fields in the database and information intake forms:
 - building location zip code;
 - unit square feet;
 - total tenure in unit;
 - % increase or decrease of rent at start of lease and thereafter; and
 - age of building or year of completion, plus dates of any major rehabilitation.

Topic Area 2: Program Administration

Based on preliminary feedback from stakeholders, and interviews with other cities that have comparable rent stabilization programs, RSG has compiled the following preliminary considerations for the Program and related processes. These adjustments would help to further ensure that the intent of the ordinances is being met:

- Establish regular meetings among Hearing Officers to create consistency and coordination, and to deliver best practices.
- Utilize different hearing officers for mediations and petitions.
- Increase coordination between City housing staff and the Police Department, Code Enforcement, other City and County departments, especially local courts, Legal Aid and other tenant support groups, churches, and schools.
- Participate in an informal consortium of jurisdictions with rent stabilization programs to share best practices and results.

NEXT STEPS

This progress memo has been prepared part way through our planned scope of services, and there remains a considerable number of outstanding tasks to complete before a draft Strategic Plan can be presented. Among the activities currently underway or in planning by RSG are:

- 1. Additional research and analysis of City and third-party data sources.**
- 2. Analyzing comparable jurisdictions for best practices and lessons learned.**
- 3. Stakeholder engagement:**
 - The current planned format is to hold six (6) meetings:
 - Two meetings each with tenants and property owners, one in-person and one online.
 - One virtual meeting with mobilehome park owners and residents.
 - The sixth meeting would be a report out open to all offered virtually.
 - Tenant meetings would seek their perspective on the following:
 - How effective is the Program at ensuring affordable housing options?
 - What are the benefits and challenges of the Program?
 - Do you feel protected from unfair evictions and displacements?
 - Property owners meetings would seek their perspective on the following:
 - Do you feel you are able to get a fair return on your property?
 - In what ways do the policies create challenges to a fair return?
 - Do policies allow you to exercise adequate control over your property?
 - Both tenants and property owners will give feedback on the following:
 - Do policies fairly protect the interests of both tenants and property owners?
 - What changes/improvements would you like to see?
- 4. Drafting Strategic Plan**

Exhibit 1 below shows a progress timeline for the project tasks, both completed and pending.

Exhibit 1
Progress Timeline

Task	Proposed Deadline	Adjusted Deadline	Status
Task 1: Kickoff and Check-ins	July - Ongoing	N/A	Strategic Plan questions were identified and agreed upon between RSG and City Staff.
Task 2: Review Ordinances and Program Docs	Jul - Aug	Complete	RSG reviewed the ARO, TPO, EAO, MRO, and HPEO and organized strategic plan questions by each Ordinance.
Task 3: Analyze Historic Data	Sept- Nov	Complete	RSG reviewed background documents received from City Staff, collected economic and RSP-related data, and continues to analyze for findings and recommendations.
Task 4: Comparable Jurisdictions Best Practices	Nov-Jan	Complete	RSG has researched comparable jurisdictions of interest, interviewed staff, and is organizing a summary of comparable jurisdiction data.
Task 5: Stakeholder Engagement	Jan - Feb	Feb-Apr	RSG is working with City Staff to schedule, invite stakeholders, and facilitate virtual and in-person community meetings.
Task 6: Memo and Draft Strategic Plan	Mar - Apr	Apr-May	N/A
Task 7: Report and Presentation	May	Jun-Aug	N/A