



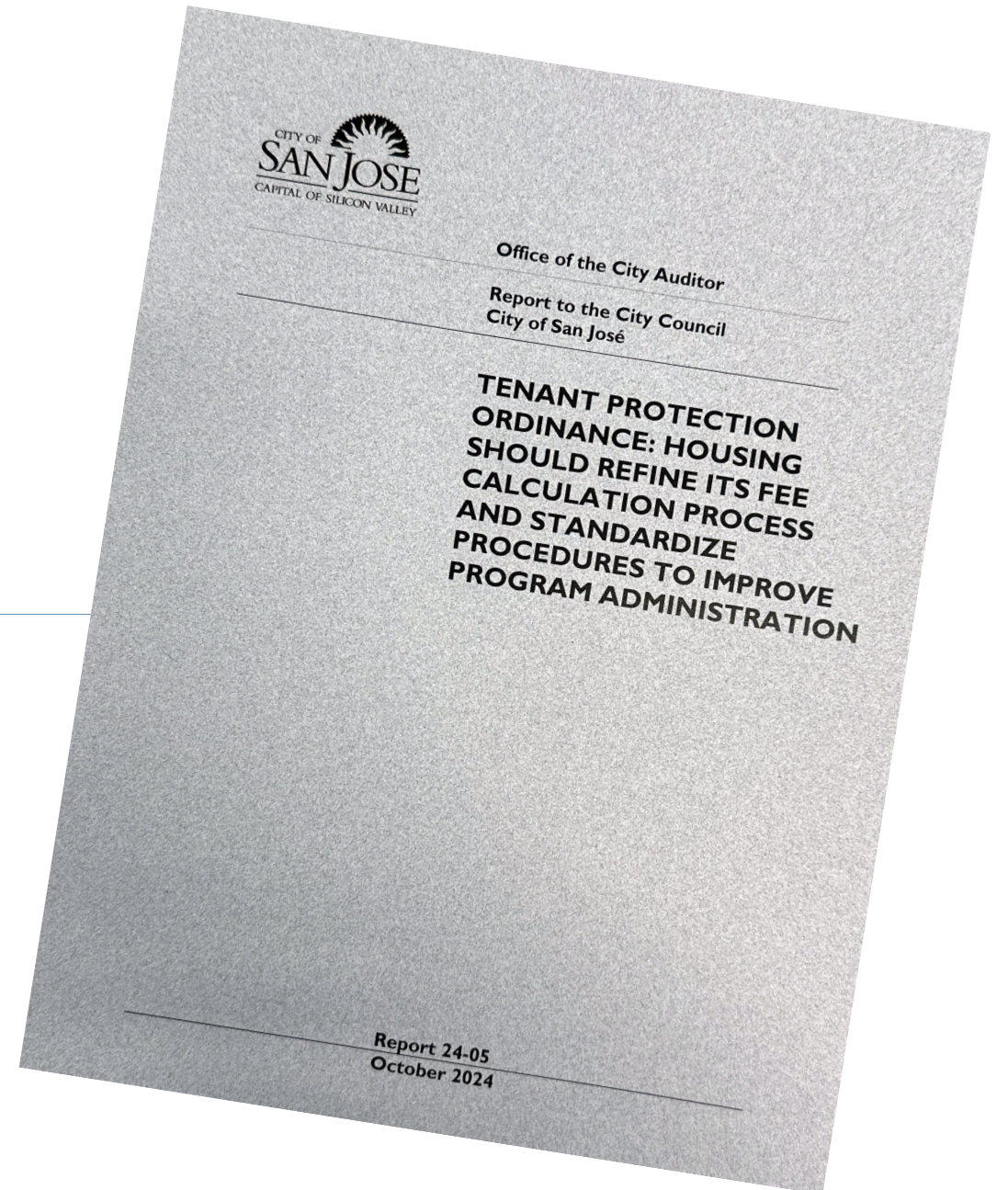
# Tenant Protection Ordinance: Housing Should Refine its Fee Calculation Process and Standardize Procedures to Improve Program Administration

A Report from the City Auditor  
Issued October 2024

<http://www.sanjoseca.gov/auditor>

Presenter: Joe Rois, City Auditor

Community and Economic Development Committee  
Agenda Item (d) I



## Background

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- In 2017, the City Council passed the Tenant Protection Ordinance (TPO) to promote housing stability and fairness within the residential rental market.
- Housing administers TPO as part of the Rent Stabilization Program.
- Units only covered by the TPO pay the TPO-only fee. Units covered by the Apartment Rent Ordinance are charged a separate, higher fee.

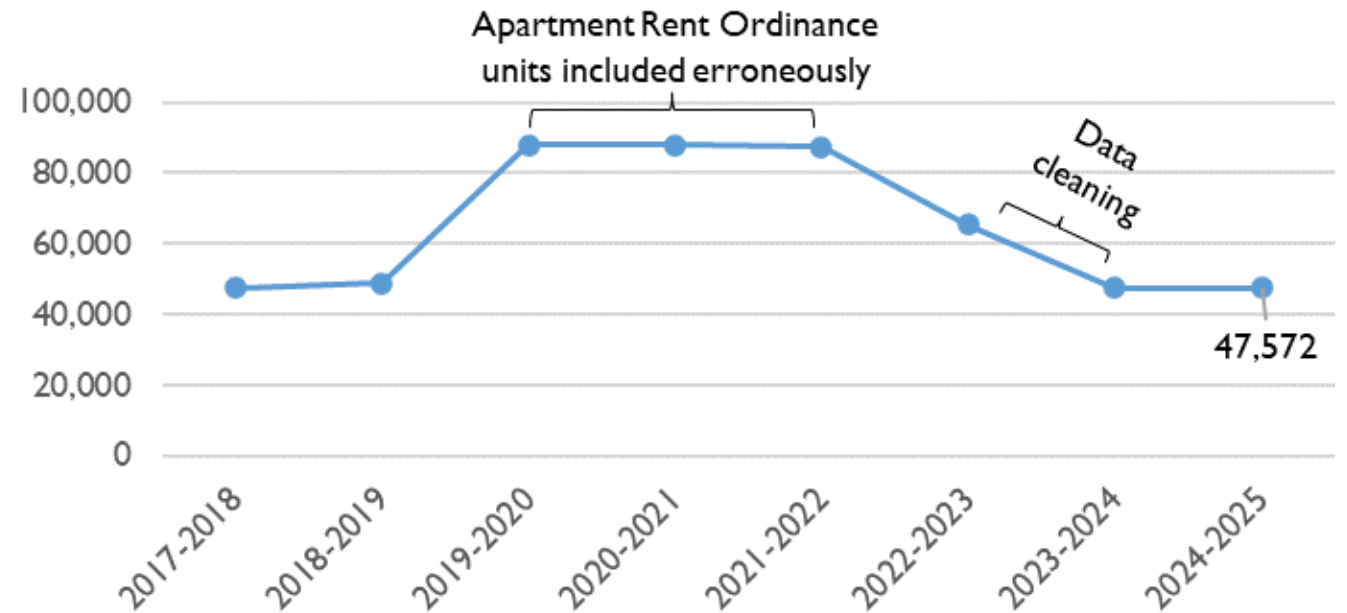
The TPO limits evictions to 13 just causes, including at fault and no fault to the tenant

The TPO-only fee is currently set at **\$23 per unit.**

# Finding I: Housing Should Develop a Standard Roster of Tenant Protection Ordinance Units and Better Document the Fee Calculation Process

- Housing estimated 48,000 TPO-only units in San José but included 6,450 hotel/motel rooms which should have been exempt.
- The unit counts in past fee calculations fluctuated because of the erroneous inclusion of other properties and ongoing data cleaning.

**Exhibit I: The TPO Unit Count Has Fluctuated Over Time**



## **Finding I: Housing Should Develop a Standard Roster of Tenant Protection Ordinance Units and Better Document the Fee Calculation Process**

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- Property exemptions from the TPO can be better clarified in communications with landlords
- Better tracking of staff time by ordinance would further improve the accuracy of the TPO-only fee calculation.

### **Recommendations:** Housing should:

- Develop a standard roster or database of TPO-only properties, excluding hotels and motels.
- Document and clarify the methodology for identifying TPO and exempt properties.
- Formalize procedures to track staff time across the different Rent Stabilization Program areas.

## **Finding 2: Standard Procedures and Data Collection Would Enhance the Tenant Protection Ordinance's Performance Management**

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- Program staff documented 1,500 TPO-related interactions across 600 properties in 2023.
- Rent Stabilization Program's procedures manual doesn't contain specific guidance for TPO interactions and enforcement.
- Better data collection and performance metrics can enable staff to better assess the TPO's effectiveness.

### **Recommendations:** Housing should:

- Update its Rent Stabilization Program procedure manual.
- Enhance its interaction log data collection.
- Develop performance measures to assess performance of TPO activities.

## Finding 3: Outreach, Education, and Coordination Efforts Should be More Proactive and Data-Driven.

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- Adopting a data-driven approach to identify and target high-need areas could improve the program's outreach.
- There appear to be gaps in landlord awareness of their obligations under the TPO.
- Housing and the Fire Department can improve communication to tenants displaced after fires or other incidents.

### **Recommendations:** Housing should:

- Identify high-need areas for outreach and address gaps in landlords' knowledge of the TPO.
- Collaborate with Fire to update materials provided to tenants displaced by incidents.

# Conclusion

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The report has 12 recommendations to refine the fee calculation process and improve program administration.

We would like to thank the Housing Department; the City Attorney's Office; Planning, Building and Code Enforcement; and the Fire Department for their time and insight during the audit process.

The audit report is available at [www.sanjoseca.gov/auditor](http://www.sanjoseca.gov/auditor)

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