



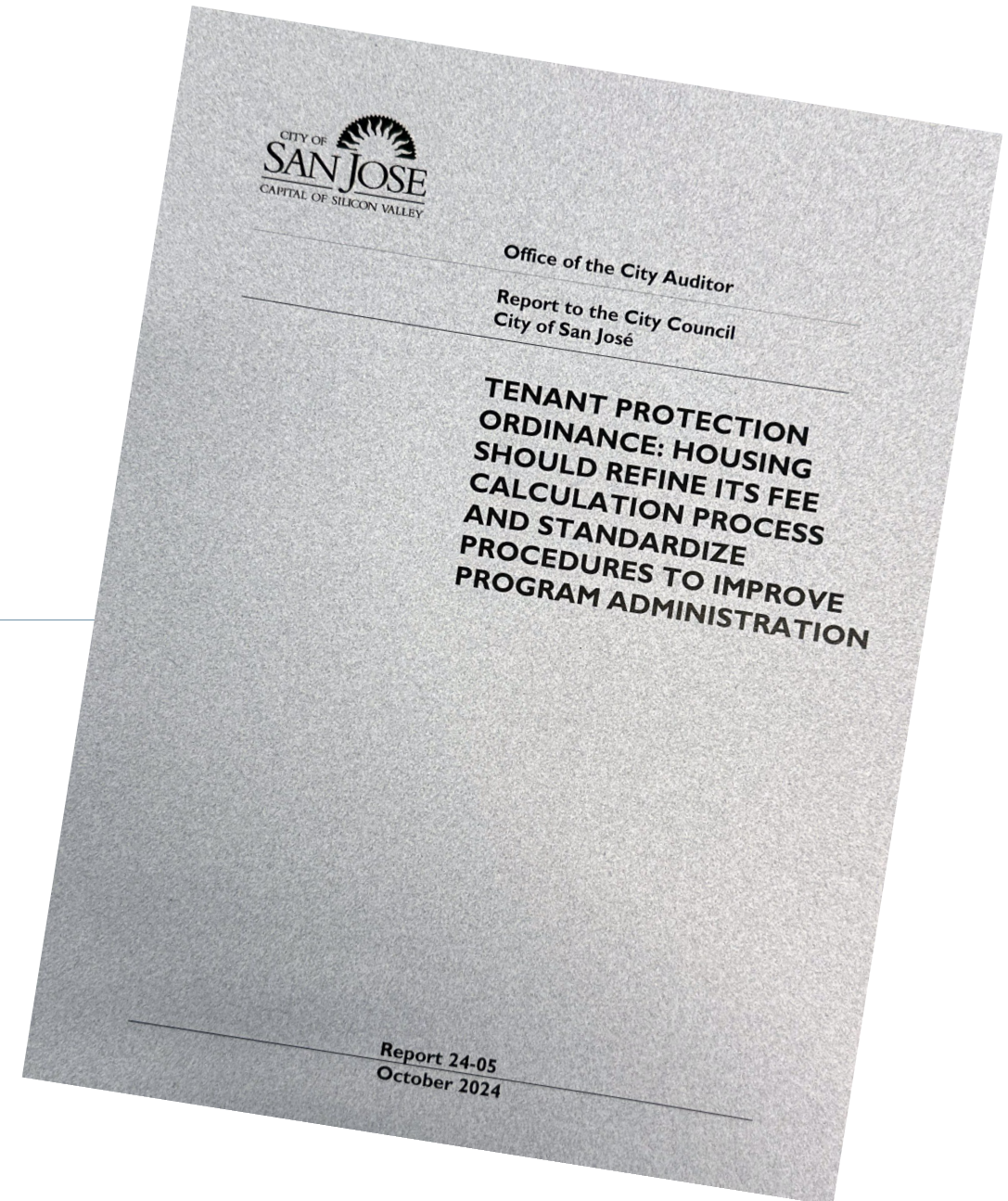
Tenant Protection Ordinance: Housing Should Refine its Fee Calculation Process and Standardize Procedures to Improve Program Administration

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

- 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.

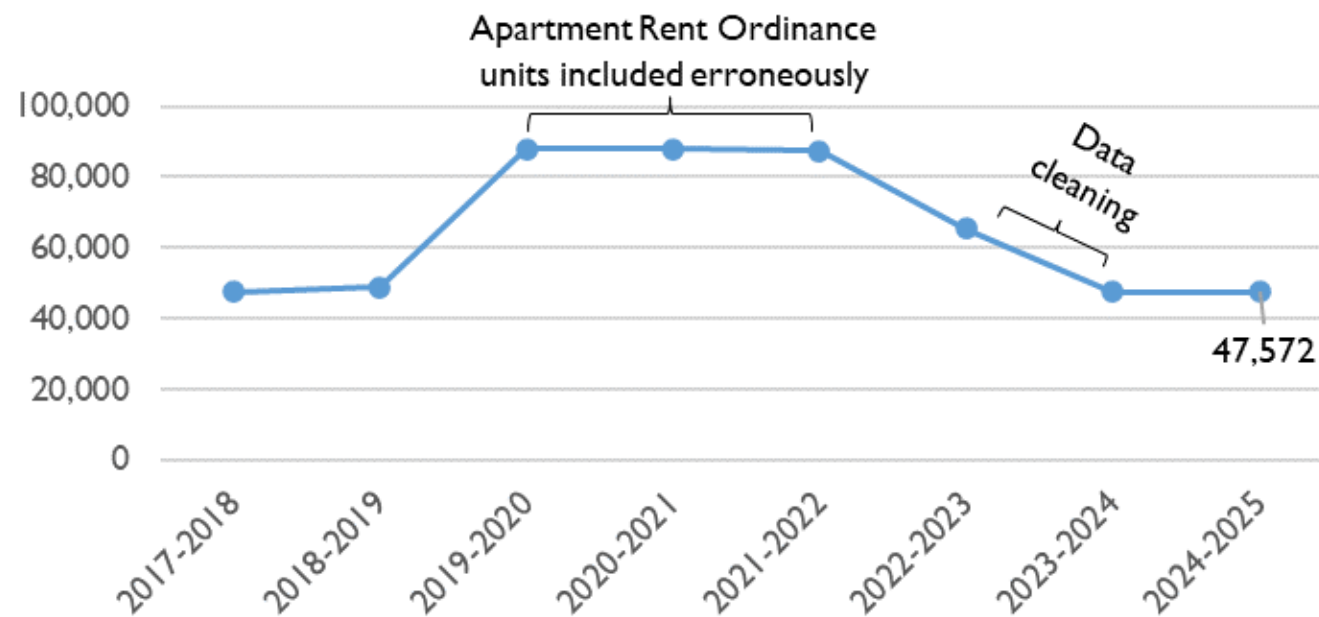
The TPO limits evictions to 13 just causes, including at fault and no fault to the tenant

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

- 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

- 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.

- 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

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

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