



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: April 9, 2024

Approved

Date

4/15/2024

**SUBJECT: RENT STABILIZATION PROGRAM STRATEGIC PLAN STATUS
REPORT**

RECOMMENDATION

- (a) Accept the staff report on the proposed Strategic Plan 2024-2027 for the Rent Stabilization Program and the ordinances it administers, including the Apartment Rent Ordinance, Mobilehome Rent Ordinance, Tenant Protection Ordinance, and Ellis Act Ordinance.
- (b) Cross-reference the report to the May 7, 2024, City Council meeting.

SUMMARY AND OUTCOME

The Community and Economic Development Committee will review the proposed Strategic Plan 2024-2027 (Strategic Plan) for the Rent Stabilization Program.

BACKGROUND

In 1979, the City Council appointed a task force to address issues in rental housing and adopted a rent stabilization ordinance for mobilehome parks and apartments. This was the foundation for the establishment of the Apartment Rent Ordinance and Rent Stabilization Program (Program). The Program's mission is to enforce the City's housing ordinances through education, engagement, and collaboration to build and maintain safe, healthy, and sustainable communities.

In 2016, the City Council began a series of actions to strengthen the City's Apartment Rent Ordinance, address rising housing costs, and help avoid the displacement of vulnerable residents. In November 2016, the City Auditor issued an audit report entitled: "The Apartment Rent Ordinance: Additional Investment, Improved Processes, and Strategic Resource Deployment

Needed to Better Serve Tenants and Landlords” (City Auditor’s Report)¹. The City Auditor’s Report included 19 recommendations regarding additional investment, improved processes, and strategic resource deployment needed to better serve residents and housing providers.

Recommendation #15 of the City Auditor’s Report directed the Housing Department to “develop a strategic plan for (the Program) that outlines desired goals and outcomes and establishes measures of program effectiveness.” The City Auditor’s Report reasoned that a strategic plan provides a foundation for the effective administration of the programs that define desired results and plan tasks to meet those results. The City Auditor’s Report recommended that the strategic plan include objectives, strategies, activities, outcome measures, and targets.

In April 2021, Program staff (staff) presented an initial draft of a three-year Strategic Plan to the Housing and Community Development (HCD) Commission (Commission). Commissioners provided significant feedback and recommendations on the initial draft. Given the feedback and staff’s need to focus on COVID-19-related responsibilities, the Housing Department decided to procure the services of a consultant to support the research and analysis needed to develop a strategic plan. The consultant would assist staff with information gathering, self-assessments, consensus building on objectives, and program and operational priorities.

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

On April 24, 2023, staff provided a status report on the development of the Strategic Plan to the Community and Economic Development (CED) Committee. In the motion to approve the status report, the CED Committee requested that staff conduct additional outreach, present the community and housing provider’s feedback to the HCD Commission, and return to the CED Committee with another status report before presenting the draft Strategic Plan to the full City Council.

In June 2023, RSG delivered the draft of the Strategic Plan, and staff worked with RSG to make revisions and refinements. The draft Strategic Plan was posted on the Housing Department website in July 2023 and presented to the HCD Commission on August 10, 2023. Staff made further revisions to the draft Strategic Plan based on feedback received from the public and HCD Commissioners. A revised draft of the Strategic Plan was posted on the Housing Department website in September 2023, and staff sought feedback from stakeholders on the revisions that were made.

¹ p. 55-58, <https://www.sanjoseca.gov/home/showpublisheddocument?id=10563>

ANALYSIS

In developing the Strategic Plan, staff examined goals, outcomes, and measurements of program effectiveness to ensure the community is receiving necessary housing services. Staff and RSG worked together to consider the City Auditor's direction on the Strategic Plan's components. The City Auditor's Report² stated:

“The Strategic Plan should prepare for contingencies, create a framework for progress, and allocate resources strategically to meet its goals. In our opinion, the Housing Department should develop a formal strategic plan with specific goals, that include:

- Objectives that are specific, measurable, attainable, relevant, time-framed, and state what is expected to change as part of the goal;
- Strategies that clearly articulate pathways to achieve an objective, give clear direction, and allocate resources and new opportunities as they advance the goal;
- Activities which are steps taken by an agency to implement a strategy; they should communicate the intended action and describe the results of that action; they should be measurable as they advance the goal;
- Measures to track the performance of objectives, strategies, and activities; they should be relevant, measurable, unambiguous, reliable, and meaningful to users;
- Targets are quantitative levels of a measure that the organization is striving to achieve through its activities, strategies, and objectives; they should be realistic, have clear ownership, and be clear about trade-offs between competing targets.”

Overview of the Strategic Plan

The purpose of the Strategic Plan is to improve Program implementation and ensure adequate tools for assessing whether the Program ordinances are achieving their intended goals – stabilizing and protecting tenants and ensuring a fair return on investment to owners. The Strategic Plan includes elements that aim to improve data collection, enhance implementation and enforcement, and increase community engagement and understanding of the Program.

Staff developed the draft Strategic Plan³ to guide Program implementation over the next three years by establishing a set of goals and tasks intended to evaluate and improve the effectiveness of the overall Program. The Strategic Plan also draws from some of the goals and strategies for housing stability and tenant protections that are included in the City’s Housing Element⁴. The Strategic Plan outlines short-term and long-term tasks aimed at improving the Program in four general areas:

² *Ibid.*

³ An initial draft of the Strategic Plan was posted on the website in July 2023 and the public and HCD Commission were invited to give feedback. The initial draft is here:

<https://www.sanjoecounty.gov/home/showpublisheddocument/103977/638264100690600000>

⁴ 2023-2031 Housing Element adopted by City Council June 20, 2023: <https://www.sanjoecounty.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/citywide-planning/housing-element/2023-2031-draft-housing-element>

1. Data collection and metrics;
2. Process and operations;
3. Outreach and engagement; and
4. Program design.

After receiving public comment and feedback, staff revised the Strategic Plan. **Attachment A – [Proposed] Rent Stabilization Program Strategic Plan 2024-2027** is the final revised draft Strategic Plan. There are no proposed changes to the Apartment Rent Ordinance (ARO), Mobilehome Rent Ordinance, Tenant Protection Ordinance (TPO), or Ellis Act Ordinance (collectively referred to as ordinances) in the Strategic Plan.

Stakeholder Engagement and Feedback

In February and March 2023, RSG and staff engaged tenants, housing providers, property managers, mobilehome residents and park owners in a series of meetings to gather input on the Program. The purpose of this initial stakeholder engagement phase was to learn what is going well with the Program from the public's perspective, what issues residents and housing providers are seeing with the implementation of the Program, and suggestions for improvements to Program operations and procedures. **The purpose of the Strategic Plan is not to propose changes to any of the ordinances.** The feedback from residents and housing providers served to inform staff and RSG about what tasks should be planned to make the Program more effective and what tasks will help measure the Program's effectiveness, including identifying types of analysis to conduct to examine impacts to housing providers and residents.

On April 4, 2023, RSG presented (in a virtual community meeting) a summary of the stakeholder engagement meetings and community input⁵. **Attachment B – Summary of Stakeholder Feedback** provides summaries of the feedback received at each of the stakeholder engagement meetings and feedback received by email.

The top three messages expressed by participants at the initial stakeholder engagement meetings were related to transparency, cultural relevancy, and partnership.

1) Transparency

Stakeholders want to see transparency in the implementation of the ordinances, what the City is doing, and where the fees are going. They also expressed a desire for transparency on what course of action housing providers and residents have when there is a violation of the ordinance. They want new housing providers and residents to be educated and aware of what the ordinances are and how they impact both housing providers and residents.

⁵ April 4, 2023 RSP Report Out on Stakeholder Engagement <https://youtu.be/pij-PuFqAdc>

2) Cultural Relevance

Stakeholders also want the City to be culturally responsive to both residents and housing providers. Stakeholders would like information to be accessible to vulnerable populations and want to ensure that communities are protected and can afford to live in San José.

3) Partnership

Additionally, stakeholders expressed wanting a greater partnership between the City and advocacy groups representing both housing providers and residents. Residents and housing providers have firsthand experience with the impacts of the ordinances. Stakeholders want to make sure the City is recognizing and using their firsthand knowledge and lived experiences of residents housing providers because their experiences offer valuable insight. Housing providers have direct experience with following and complying with the ordinances and program procedures. Both groups want to ensure that their voices are heard in the decision-making process.

This stakeholder input was incorporated into a draft Strategic Plan, which was posted in July 2023 on the Housing Department website. Electronic notices were emailed out inviting the public to provide feedback on the draft Strategic Plan through August 18, 2023.

On August 10, 2023, staff presented the draft Strategic Plan to the HCD Commission. Several public comments were made during the Commission meeting about the initial draft Strategic Plan. The public comments were echoed by some HCD Commissioners expressing concern that the initial draft Strategic Plan did not adequately address the needs of and impacts to housing providers. Public comments and input from some HCD Commissioners also demonstrated that there was a perception and concern that the draft Strategic Plan would lead to significant policy changes that would further constrain housing providers. In the weeks after the HCD Commission meeting, staff met with housing providers to follow up regarding their concerns and review the draft Strategic Plan in further detail.

Staff considered all feedback that was received and revised the draft Strategic Plan. The revised draft was posted on the Housing Department's website on September 25, 2023, and an e-blast was sent inviting the public to review and provide additional commentary and feedback.

Revisions to the Draft Strategic Plan

Based on the feedback received by residents, housing providers, and HCD Commissioners, the draft Strategic Plan has been revised and includes revised tasks to achieve the four goals of the three-year plan. The purpose of these changes is to support residents and housing providers in their efforts to create stable housing throughout San José.

Below is a summary of revisions to the short-term and long-term tasks set forth in the draft Strategic Plan:

Goal 1 – Improve Data Collection and Metrics: Revised Task

The Program aims to take steps in identifying all housing providers covered by the ARO that are required to register with the rent registry. A revision to Task 1.1 in **Table 1** below would allow the Program to maintain annual compliance through administrative measures.

Table 1: Draft Strategic Plan Revision under Goal 1

GOAL 1 – IMPROVE DATA COLLECTION AND METRICS		
Type of Revision	Short- or Long-Term	Task
Revised	Short-Term	1.1 Identify all housing providers of rent stabilized units that are not in the rent registry. Use notification, encouragement, and administrative citations to maintain at least 95% compliance of units annually.

Goal 2 – Improve Implementation through Process and Operational Enhancements: Revised Tasks

To further enhance the services provided, the Program seeks to establish and implement processes that would assist residents and housing providers within the rent-stabilized community. The enhancements highlighted in **Table 2** will serve to address areas of concern and improvements that reflect the input that was expressed by stakeholders.

Table 2: Draft Strategic Plan Revisions under Goal 2

GOAL 2 – IMPROVE IMPLEMENTATION THROUGH PROCESS AND OPERATIONAL ENHANCEMENTS		
Type of Revision	Short- or Long-Term	Task
Added	Short-Term	2.5 Establish a mediation program to support residents and housing providers in coming to voluntary mutual agreements for their disputes.
Moved	Short-Term (<i>Moved from Long-Term</i>)	2.6 Implement a pre-approval process for proposed capital improvements to allow housing providers to determine feasibility of cost recovery.
Revised	Long-Term	2.9 Consider a “hardship petition” process for low-income residents in response to a proposed increase petition from a housing provider.

Goal 3 – Improve Community Outreach and Marketing: Revised Tasks

The Program strives to further strengthen and expand educational opportunities within the mobilehome and rental communities to better educate the public regarding the City’s ordinances

and available resources. **Table 3** summarizes several updates intended to cultivate relationships and increase training within the community, which in turn will promote the Program’s education and outreach efforts.

Table 3: Draft Strategic Plan Revisions under Goal 3

GOAL 3 – IMPROVE COMMUNITY OUTREACH AND MARKETING		
Type of Revision	Short- or Long-Term	Task
Revised	Short-term	3.2 Consider collaboration with community organizations that may have well-established relationships with vulnerable populations, including any grassroots efforts like “promotores” programs, in an effort to increase awareness of tenants' rights under the ARO and TPO.
Added	Short-Term	3.3 Conduct Housing Provider “Landlord Learning Sessions” targeting smaller landlords, with multi-lingual translation/interpretation, and that are held in collaboration with, third party service providers and other City Departments.
Deleted	--	<i>3.4 Increase education and resources provided to tenants and landlords on City programs and their rights at tenant/landlord education centers located throughout the City. Locations should include Diridon Station Area, the City's forthcoming transit center, to maximize transit access as well as neighborhoods with high displacement risk according to UC Berkeley Urban Displacement Project analysis. Use digital tools, pop-ups, and/or mobile sites, and partner with community-based organizations to deliver services in ways that are convenient and accessible for all users, especially those with disabilities.</i>
Added	Short-Term	3.7 Establish standing regular meetings with housing providers.
Revised	Long-Term	3.9 Identify ongoing funding to increase nonprofit organizations' support of San José tenants’ and housing providers’ rights and responsibilities, including fair housing laws. Increase funding of nonprofits to do broad tenant outreach, education, and in some cases legal representation on housing issues, to lower income tenants in the City. Support a nonprofit-run hotline for information and referrals on general tenant/housing provider issues (not legal advice) for all housing providers and tenants, regardless of income or type of home. [Significantly Revised]
Deleted	---	<i>3.9 Explore a San José Right to Counsel program and/or alternative housing collaborative court model for the City Council's consideration. Issue a Request for Proposals and work with selected consultant to study costs and benefits of a right to counsel program and other court intervention alternatives and identify necessary legal, financial and other resources. Evaluate</i>

		<i>program options and seek City Council approval of a feasible program. Additionally, explore potential regional partnerships for a regional Right to Counsel study and implementation as an alternative.</i>
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Goal 4 – Evaluate Program Effectiveness of ARO, TPO, and Related Policies: Revised Tasks

The Program seeks to assess the effectiveness of the oversight of the City’s ordinances to determine what improvements could be made in the way that the ordinances are implemented. **Table 4** outlines changes made in this section of the Strategic Plan in response to concerns regarding short-term and long-term goals.

Table 4: Draft Strategic Plan Revisions under Goal 4

GOAL 4 – EVALUATE PROGRAM EFFECTIVENESS OF ARO, TPO, AND RELATED POLICIES		
Type of Revision	Short- or Long-Term	Task
Revised	Short-Term	4.1 Consider establishing an administrative procedure to identify, notify, and investigate within 18 months all instances where an ARO housing provider has increased the rent by more than the allowed 5%.
Added	Short-Term	4.3 Evaluate the frequency of use of joint petitions and consider enhancements to encourage their use by housing providers and tenants.
Revised	Short-Term	4.4 Work with the State to establish that San José can educate the public about and enforce AB 1482. Assess whether desired enforcement authority can be granted administratively or if legislation is needed.
Added	Long-Term	4.6 Evaluate the impact to housing providers and residents due to limits on utility charges.
Deleted	--	<i>4.6 Evaluate the current Apartment Rent Ordinance and its effectiveness to determine if possible amendments should be recommended to achieve the goals of (1) stabilizing rents, (2) promoting stability and long renter tenancy, and (3) ensuring a fair return on investment to property owners.</i>
Deleted	--	<i>4.5 Request that the City Council expand the Tenant Protection Ordinance to not count immediate household members against occupancy limits, to the extent allowed by State Health and Safety Code.</i>

In addition to the updates to the short-term and long-term activities, measurements were added to each goal area. Some of the feedback received concerned the lack of measurements and outcomes in the Strategic Plan. Staff strived to align the measurements in the Strategic Plan with

performance metrics and measures that are included in the City's Housing Element Annual Progress Report, the City Service Area reporting, and other regular reports.

EVALUATION AND FOLLOW-UP

This item will be cross-referenced to the May 7, 2024 City Council meeting.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

PUBLIC OUTREACH

The following outreach and engagement were conducted in the development of the Strategic Plan:

DATE	ACTIVITY
February 9, 2023	Presentation of preliminary findings and analysis to HCD Commission
February 27, 2023	Tenant virtual stakeholder engagement meeting to gather input on the Program
March 2, 2023	Tenant in-person stakeholder engagement meeting to gather input on the Program
March 6, 2023	Housing provider virtual stakeholder engagement meeting to gather input on the Program
March 8, 2023	Housing provider in-person stakeholder engagement meeting to gather input on the Program
March 13, 2023	Mobilehome community stakeholder engagement to gather input on the Program
February – March 2023	Online survey to gather input on the Program
April 4, 2023	Virtual community meeting with a summary of stakeholder community input
July – August 2023	Invitation for public comment on the initial draft Strategic Plan posted on the Housing Department website
August 10, 2023	Draft Strategic Plan presented to HCD Commission
September – October 2023	Invitation for public comment on the updated draft of the Strategic Plan posted on the Housing Department website
October 3, 2023	Tenant virtual engagement meeting on draft Strategic Plan

DATE	ACTIVITY
October 4, 2023	Mobilehome community virtual engagement meeting on draft Strategic Plan
October 5, 2023	Monthly Housing Provider Roundtable meeting
October 19, 2023	Housing provider virtual engagement meeting on draft Strategic Plan

COMMISSION RECOMMENDATION AND INPUT

In April 2021, staff presented a draft of a three-year Strategic Plan to the HCD Commission. Commissioners provided significant feedback and recommendations on the draft Strategic Plan. Given this feedback and the staff's need to focus on COVID-19-related responsibilities, the Housing Department decided to procure the services of a consultant to support the research and analysis needed to develop a strategic plan.

The HCD Commission heard this item again on August 10, 2023. The Commissioners heard comments from the public and discussed the report. During its discussion, the HCD Commission raised concerns to staff that the draft Strategic Plan did not adequately address the needs of housing providers. The Commission did not take any formal action on the draft Strategic Plan. Staff has considered the concerns raised by the Commission and public comments and has incorporated them into the revised draft Strategic Plan.

CEQA

Not a Project, PP17-009, staff reports, assessments, annual reports, and informational memorandums that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not provide a public subsidy as defined in sections 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

April 9, 2024

Subject: Rent Stabilization Program Strategic Plan Status Report

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The principal author of this memorandum is Emily Hislop, Division Manager. For questions, please contact Rachel VanderVeen, Assistant Director, at rachel.vanderveen@sanjoseca.gov or (408) 535-8231.

ATTACHMENTS

Attachment A: [Proposed] Rent Stabilization Program Strategic Plan 2024-2027

Attachment B: Summary of Stakeholder Feedback