



California Apartment Association

San Jose, CA 95126
caanet.org

June 25th, 2018

Mayor Sam Liccardo and City Council
City of San Jose
200 E. Santa Clara St.,
San Jose, CA 95113

Dear Mayor and City Council,

The California Apartment Association (CAA) recognizes the importance of seismic retrofits of soft story buildings. But we would like to point out that undertaking such an effort involves a significant expense on behalf of the property owner. In making these types of demands, the City must consider an owner's ability to afford them, since many of the soft story buildings fall under the Apartment Rent Ordinance (ARO). We were strongly encouraged both last year when Council prioritized voluntary action and in conversations with the Housing Department earlier this year with the City's focus on a voluntary retrofit program with incentives to encourage soft story owners to retrofit. However, the recommendation before you marks a shift away from an incentive/voluntary based approach to a mandated one is in stark contrast to Council's direction.

According to the recent memo titled Developing A Multifamily Soft Story Seismic Retrofit Program (6/14/18), most multifamily soft story buildings in San Jose were built before 1978 which would subject them to the ARO. The financial impact of the ARO with the reduction in the rent cap and the elimination of utility cost sharing needs to be considered as the City requires these same owners to spend upwards of \$100,000 per building on seismic retrofits (which is only a conservative estimate).

CAA looks forward to engaging on the development of a seismic retrofit program that encourages owners to update their buildings by taking advantage of all available incentives. In particular, we would like to encourage the City to consider the impact of their actions on apartment owners, who want to do the right thing and update their buildings but might not be able to afford to do so.

Sincerely,

Anil Babbar
Vice President of Public Affairs
California Apartment Association