



April 4, 2019

Honorable Mayor Sam Liccardo and City Council
City of San José
200 East Santa Clara Street
San José, CA 95113

Executive Committee

2019 BOARD CHAIR
Marc Parkinson
Petrinovich Pugh & Company

1st VICE CHAIR
Michael Bangs
Oracle Corporation

VICE CHAIR ECONOMIC
DEVELOPMENT
Tony Miranda
Blach Construction Company

VICE CHAIR PUBLIC POLICY &
ADVOCACY
Cosme Fagundo
Wilco Management

VICE CHAIR
COMMUNITY ADVANCEMENT
Janikke Klem
Technology Credit Union

AT-LARGE

Traci Cornaglia
PayPal

Sean Cottle
Hoge Fenton

Claudia Folzman
Iron Construction

Michael Fox Jr.
Goodwill Silicon Valley

Tim Leets
BBSI

Jonathan Noble
Microsoft

Michael Turpin
Bay Area News Group

Rick Beatty
Lehigh Hanson

SVO PAC CHAIR
Anil Babbar
California Apartment Association

LEGAL COUNSEL
Eugene Ashley, Esq.
Hoge Fenton

TREASURER
Emily Ruvalcaba
Bridge Bank

IMMEDIATE PAST CHAIR
Lennies Gutierrez
Comcast

PRESIDENT & CEO
Matthew R. Mahood
The silicon valley organization

Re: Ellis Act Re-Control Provisions

Dear Mayor Liccardo and City Council:

On behalf of The Silicon Valley Organization (The SVO), I am writing to urge the Council to adopt a 1-for-1 replacement policy of rent-controlled units for new residential projects under the Ellis Act. By way of background, The SVO is the Silicon Valley’s premier business advocacy organization representing nearly 1,200 companies that employ over 300,000 workers, and we represent our membership as the region’s largest Chamber of Commerce.

Any revisions to the Ellis Act re-control rules should preserve the existing supply of rent-controlled housing units, while avoiding unnecessary policies that would make residential projects infeasible for redevelopment opportunities. The city’s existing 50% re-control rules on new construction projects makes it extremely difficult for housing developers to obtain adequate financing to increase the city’s housing stock. The key to solving the housing crisis is to significantly accelerate housing production at all income levels – we must do everything we can to remove impediments to housing and the Council must not impose a 50% re-control rule that would be counterproductive to the city’s housing production goals.

According to a recent staff report on the Housing Crisis Work Plan, an average of 2,800 residential units were built between 2010 and 2017. There simply is not enough housing production to tackle the housing affordability crisis head-on. Furthermore, we are aware that the Housing Department is floating a proposal to exempt the 50% re-control provisions, but only for new residential projects that generate at least 7 times the number of original units on the existing site. Many small sites will be unable to meet this density requirement and this policy proposal essentially supports the status quo by denying redevelopment opportunities. By amending the Ellis Act re-control provisions to strictly a 1-for-1 replacement rule, we can remove obstacles to construction and start encouraging residential development that will address housing affordability in the region.

In closing, we strongly urge the Council to exempt new residential construction from the Ellis Act 50% re-control provisions. If you have any questions about The SVO’s position on this issue, please contact Eddie Truong, Director of Government and Community Relations, at

[REDACTED]

Sincerely,

[REDACTED]

Matthew R. Mahood
President & CEO



April 5, 2019

Mayor Sam Liccardo
San Jose City Council
Via email submittal

RE: San Jose CC Meeting 4.9.19 Ellis Act Recontrol Provisions

Dear Mayor Liccardo and San Jose City Council,

BIA Bay Area urges the City Council to eliminate the 50% re-control provisions under the Ellis Act and adopt a 1-for-1 replacement policy of rent-controlled units for new residential projects. Any revisions to the Ellis Act re-control rules must eschew counterproductive policies from current housing law that make residential redevelopment opportunities infeasible.

The city's existing 50% re-control rules on new construction projects effectively kills the potential of any redevelopment project on older rent controlled properties. The City should be working to achieve housing goals by removing impediments to new development. The Ellis Act 50% re-control rule is yet another obstacle to achieving the city's housing production goals vital to improving housing availability at all income levels.

According to a recent staff report on the Housing Crisis Work Plan, an average of 2,800 residential units were built between 2010 and 2017. There simply is not enough housing production to tackle the housing affordability crisis head-on. By amending the Ellis Act re-control provisions to strictly a 1-for-1 replacement rule, we can remove obstacles to construction and start encouraging residential development that will address housing affordability in the region.

California's high housing cost and lack of housing supply compromise the ability to access opportunity (jobs, health, stability) for families and individuals, including working families. Homeownership rates are the lowest since the 1940s and the State has not met its projected need for housing in the last 15 years. Housing supply needs are of vital importance and the highest priority.

In conclusion, BIA Bay Area strongly urges the Council to eliminate the Ellis Act 50% re-control provisions on new residential construction. BIA remains ready to work with the City to assist in any way we are able. Please feel free to contact me at dmartin@biabayarea.org.

Yours truly,

Dennis Martin
BIA BAY AREA



Honorable Mayor Sam Liccardo and City Council
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113
Re: Ellis Act RE-Control Provisions

Dear Mayor Liccardo and City Council:

On behalf of the Santa Clara County Association of REALTORS® (SCCAOR), and the 6,500 Real Estate Professionals we represent, I am writing to you to express support for revising the existing Ellis Act ordinance to reduce the re-control requirement to a 1-to-1 ratio.

SCCAOR is committed to the defense of private property rights and to taking action on policy issues that support the expansion of our housing supply at all levels. A reduction in the re-control requirement of the Ellis Act is a step in the right direction – and indicates a commitment to expedient action as is necessary when addressing a crisis.

As is evident by the stagnation of applications for redevelopment projects being done under the Ellis Act, it is clear that the Ellis Act is not supporting the Mayor’s vision to build 25,000 units of housing. According to the Housing Department’s memorandum dated February 28, 2019 and submitted to HCDC on March 3, 2019, “to date, two properties have issued a notice to withdraw” under the Ellis Act. This is clear indication that investment confidence in these type of redevelopment projects is low under the status-quo of the Ellis Act.

Lowering the re-control provision to 1-to-1 is a necessary step to reduce the reluctance of investors. Redevelopment of properties under the Ellis Act have so many net-benefits to our community that are being prevented under the existing ordinance: Dramatically increased supply (two projects have set to build 529 units, imagine how many more that could be), safety (new units will be up to code), higher quality units, and stronger communities.

It is our hope that you will act with a crisis mindset in the best interest of affordability and housing supply and amend the Ellis Act re-control provision to be 1-to-1.

Thank you for your service to our community and for considering SCCAOR’s position on this issue.

Regards,



Gustavo Gonzalez, President
Santa Clara County Association of REALTORS®

CALIFORNIA’S FIRST REAL ESTATE BOARD

*SCCAOR exists to meet the business, professional and political needs of its members
and to promote and protect home ownership and private property rights.*