



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember
Magdalena Carrasco
Councilmember Raul Peralez

SUBJECT: SEE BELOW

DATE: April 10, 2020

Approved by: Magdalena Carrasco, Raul Peralez ^{DRAFT} Date: April 10, 2020

SUBJECT: MORATORIUM ON RENT INCREASES

RECOMMENDATION

1. Direct the City Attorney to return with an emergency ordinance that would impose a moratorium on rent increases for units subject to the Apartment Rental Ordinance (ARO) during the declaration of the national emergency; and
2. Explore retroactivity to April 1st, 2020.
3. Explore the extension of a moratorium on rent increases to Mobile Homes

BACKGROUND

Some of our lowest income and vulnerable residents reside in the 38,867 rent-stabilized units throughout San Jose. Many of our partners and our own council offices have heard directly from residents that landlords are increasing rents during the stay at home order. Our families have lost their employment and have reduced work hours that have resulted in severe financial impacts resulting from the COVID-19 pandemic. The city should exercise its legal authority to prohibit annual rent increases to units that are subject to the Apartment Rental Ordinance during the eviction moratorium.

Currently, landlords subject to the Apartment Rent Ordinance can legally increase rents up to 5% in a 12-month period.

We suggest that for rental units regulated by our Apartment Rental Ordinance, there shall be no notice of rent increase above the CPI Rent Adjustment during the national Emergency unless it is required to provide a fair return.

The City Attorney, in his memo dated April 6, 2020, that was sent to City Council under 8.3, stated, “Local rent control ordinances have utilized their police power authority to enact rent freezes in order limit rent increases. These procedures have been upheld by Courts so long as they provide a mechanism for increasing the rent to afford the landlord the ability to obtain a reasonable return on their investment.”

On average, a two-bedroom unit that is rent-controlled costs \$1,979, and two months of nonpayment of that rent would equal \$3,958. In San Jose, 56% of families that make under \$50,000 spend over half of their income to pay for a single month of rent. In addition to this back pay, a rent increase would be detrimental to the livelihood of many, especially those who live paycheck to paycheck. It is unconscionable to allow any amount of rent increase during a time where we are mandating that residents remain at home and stop working. A rent freeze would not eliminate the debt, but it would at least give a small degree of peace of mind to tenants that there would be one less uncertainty to worry about.

As we fight to stop COVID-19, the number one priority for our residents should be the safety and health of themselves and their families, not the extra burden of anxiety and fear of becoming evicted and homeless. We must do everything within our power to reduce the financial burden for our residents in this crisis.