



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Councilmember Pam Foley  
Councilmember Dev Davis  
Councilmember Johnny Khamis

**SUBJECT:** SEE BELOW

**DATE:** April 24, 2020

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Approved

Date

4/24/20

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Handwritten signature of Johnny Khamis in blue ink.

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**SUBJECT: Actions Related to a Temporary Moratorium on Rent Increases for Rent Stabilized Apartments and Mobilehomes, Suspension of Late Fee Charges for Apartment Rent Ordinance Program Fees, Allow Landlords and Tenants to Enter Into Agreements to Reduce Rent, and Waiver of Building Fees for Apartment Buildings with 20 or Fewer Units.**

## **RECOMMENDATION**

1. Adopt staff's alternate ordinance (a) and alternate ordinance (b) with the following recommendations:
  - A. Suspend late fees on ARO home providers for FY 20/21.
  - B. Waive permit fees for all apartment buildings regardless of unit count.

## **BACKGROUND**

The moratorium on rent increases should be enacted without hesitation at the upcoming city council meeting and made effective from that point forward. This public health and economic crisis impacts everyone — including both tenants and home providers. Many tenants may no longer earn a wage in exchange for their labor, and because of that, many landlords who rely on rental payments no longer have an income in exchange for their property.

Our City government must work in tandem with all its residents to alleviate the economic pain society is experiencing from this pandemic. We must strike the proper balance

between preserving property rights and preserving the tenants ability to pay back their rent.

The vast majority of landlords are making good faith efforts to negotiate with tenants on the terms of their rent. Most landlords realize the severity of these unusual and uncertain times. City Council should provide as much stability and certainty in the areas under our control. This moratorium can provide that for our residents.

We urge the Council to approve this balanced approach. It takes into consideration factors such as the potential for an exacerbated homeless crisis, mounting debt for those who have lost their ability to work, and considers the plight of many home providers who must forego their rental property income until this crisis subsides. At the April 28<sup>th</sup> City Council meeting, let's set expectations for tenants and home providers by enacting a moratorium on rent increases that begins once we approve it.

But we cannot stop there. The City of San José should consider lowering, or at least pausing, various fees placed upon owners and tenants during this time. For example, the City of San José is implementing garbage rate increases of up to 15%. When the City of San José is seeking to place a moratorium on rental increases that adversely impact home providers, should we really be allowing our garbage fees to increase on the very people we are trying to help by enacting a moratorium on rent increases? It is inappropriate to simultaneously freeze rents while we increase garbage rates.

In a short period of time, staff has accomplished plenty of work. The City Attorney's Office and the Housing Department should be commended for their hard work on these complex issues. Based upon previous direction, City Staff are interpreting the waiver of Apartment Rent Ordinance late fees to apply to the FY 2019-2020 fiscal year, which we do not believe was the intention. The FY 2019-2020 fee collection has already passed, it was well before the pandemic, and almost everyone has already paid. We would like to see this direction amended to apply to the FY 2020-2021 fiscal year. This is billed in December 2020 and this is when home providers will need the most assistance.

Similarly, we realize many property owners are facing the same issue with income and we want to encourage all property owners to perform their repairs with permits. This gives incentive to landlords in larger buildings to give rent concessions to those that need them. All tenants will have the same need for repairs regardless of the building they live in.

The economic fallout growing from this virus has not been totaled, but it's anticipated to cost more than anything we could have ever expected. Let's do everything we can to be fair to both tenants and home providers and move forward with this balanced approach that helps the most people possible.