



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Erik L. Soliván

SUBJECT: Rent Stabilization Program
Strategic Plan Status Report

DATE: August 13, 2024

Approved

Date:

8/15/24

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- a. Accept the staff report on the proposed Rent Stabilization Program Strategic Plan 2024-2027, including Apartment Rent Ordinance, Mobilehome Rent Ordinance, Tenant Protection Ordinance, Ellis Act Ordinance, and goals and objectives for the program over the coming years; and
- b. Cross-reference the staff report to the September 17, 2024, City Council meeting.

SUMMARY AND OUTCOME

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

BACKGROUND

The Rent Stabilization Program (Program) consists of education, engagement, collaboration, and enforcement of policies and regulations intended to build and maintain safe, healthy, and sustainable communities. The City has administered the Program since the passage of the Apartment Rent Ordinance in 1979. Management of the Program has evolved, supporting changes in City Council policy.

City Auditor's 2016 Report

In 2016, 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.

Status Update to the CED Committee

On April 24, 2023, staff provided a status report on the development of the draft Strategic Plan to the CED Committee. In its 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 Housing and Community Development Commission, and return to the CED Committee with another status report before presenting the Strategic Plan to City Council.

The draft Strategic Plan was posted on the Housing Department website in July 2023 and presented to the Housing and Community Development Commission on August 10, 2023. Staff made further revisions to the draft Strategic Plan based on feedback received from the public and input from the 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.

In April 2024, staff posted the draft Strategic Plan² for the April 22, 2024, CED Committee meeting. At this meeting, the CED Committee voted to defer the item to fall 2024 due to the anticipated arrival of the new Housing Director in May 2024. The new Housing Director has reviewed and updated the plan, providing additional clarity on the objectives, strategies, and outcome measures included in the Strategic Plan (**Attachment A**).

¹ <http://www.sanjoseca.gov/Home/ShowDocument?id=33888>

²File Number: CC 24-338, April 22, 2024, Item Name: Rent Stabilization Program Strategic Plan Status Report <https://sanjose.legistar.com/LegislationDetail.aspx?ID=6609948&GUID=37DFCE3E-A2E8-431E-83D6-CEE8B44C5307&Options=&Search=>

ANALYSIS

In developing the Strategic Plan, staff examined goals, strategies, and measurements of program effectiveness to ensure the community is receiving necessary housing services. Staff considered the City Auditor's direction on the Strategic Plan's components to develop the structure of the plan.

Overview of the Strategic Plan

The Strategic Plan provides a clear and actionable roadmap for achieving short—and long-term goals related to housing stability and unit preservation. By addressing the specific needs of families through targeted programs and policies, the Program can prevent homelessness and support housing stability while balancing the interests of tenants and housing providers.

Staff developed the draft Strategic Plan to guide program implementation over the next three years by establishing a set of goals, objectives, strategies, and measurements intended to evaluate and improve the effectiveness of the overall Program. The Strategic Plan was also informed by goals and strategies for housing stability and tenant protections included in the City's Housing Element³.

The three goals of the Program are to stabilize housing for families, preserve the units in which people live, and provide broad outreach and education to better protect tenants and support housing providers. Table 1 summarizes the three goals outlined in the Strategic Plan.

Table 1 – Summary of Strategic Plan Goals

| Strategic Plan Goal | Description |
|------------------------------|--|
| Family Housing Stabilization | Implement programs and employee evaluation tools to increase the stability of families and fairness in the rental market |
| Unit Preservation | Implement systems and operational enhancements to promote and enable unit preservation |
| Outreach and Engagement | Foster positive relationships between tenants and housing providers and further fair housing through inclusive education and outreach to tenants and housing providers |

³ City of San José's 2023-2031 Housing Element <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/citywide-planning/housing-element>

Attachment A – Rent Stabilization Program Strategic Plan 2024-2027 is the final revised draft Strategic Plan. Under the leadership of the new Housing Director, the final version of the Strategic Plan includes an update to the three goals in a new, clearer format. Previous versions of the Strategic Plan included four goals, which were simplified and consolidated into Family Housing Stabilization, Unit Preservation, and Outreach and Engagement. The Outreach and Engagement goal was retained from the previous version of the Strategic Plan. Furthermore, the strategies for each goal were reordered in the plan to align with the three clarified goals. There are no proposed changes to the Apartment Rent Ordinance, Mobilehome Rent Ordinance, Tenant Protection Ordinance, or Ellis Act Ordinance (collectively referred to as ordinances) in the current version of the Strategic Plan presented as part of this memorandum.

The Strategic Plan provides objectives, strategies, and performance measurements for each goal. The objectives provide clarity on the purpose of each goal. In an effort to meet each goal, short- and long-term strategies are identified to improve program administration. Finally, performance measures will track progress toward meeting Strategic Plan goals over time.

EVALUATION AND FOLLOW-UP

This item will be cross-referenced to City Council on September 17, 2024.

COORDINATION

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

PUBLIC OUTREACH

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

| Date | Activity |
|-------------------|---|
| February 9, 2023 | Presentation of preliminary findings and analysis to Housing and Community Development 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 the general public 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 Housing and Community Development 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 |
| October 4, 2023 | Mobilehome community virtual engagement meeting on draft Strategic Plan |
| October 5, 2023 | Housing Provider Roundtable meeting |
| October 19, 2023 | Housing Provider virtual engagement meeting on draft Strategic Plan |
| Upcoming Meetings | |
| August 16, 2024 | Affordable Housing Stakeholder Engagement meeting |
| August 22, 2024 | Housing Providers Roundtable meeting |

Staff will host two additional stakeholder engagement meetings in August. The final revised draft of the Strategic Plan will be presented and discussed at these two meetings, and any additional feedback will be communicated verbally to the Community and Economic Development Committee on August 26, 2024.

Attachment B – Summary of Stakeholder Feedback provides summaries of the feedback received at each of the stakeholder engagement meetings and feedback received via email. The top three messages expressed by participants at the initial stakeholder engagement meetings were related to transparency, cultural relevancy, and partnership.

Transparency

Stakeholders want to see transparency in implementing 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 tenants have when there is a violation of the ordinance. They want new housing providers and tenants to be educated and aware of what the ordinances are and how they impact both housing providers and tenants.

Cultural Relevance

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

Partnership

Additionally, stakeholders wanted a greater partnership between the City and advocacy groups representing both housing providers and tenants. Tenants and housing providers have firsthand experience with the impacts of the ordinances. Stakeholders want to ensure the City recognizes and uses their firsthand knowledge and lived experiences as tenants and housing providers because their experiences offer valuable insight. Housing providers have direct experience following and complying with the ordinances and program procedures, whereas tenants have firsthand experience of being vulnerable to housing instability and reporting housing issues. Both groups want to ensure their voices are heard in decision-making.

COMMISSION RECOMMENDATION AND INPUT

In April 2021, staff presented a draft report of the three-year Strategic Plan to the Housing and Community Development 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 pandemic-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 Housing and Community Development Commission heard this item again on August 10, 2023. The Commissioners heard comments from the public and discussed the report. During its discussion, the Housing and Community Development Commission raised concerns stating that the draft Strategic Plan did not adequately address the needs of housing providers. Public comments and input from some Housing and Community Development 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 August 2023 Housing and Community Development Commission meeting, staff met with housing providers to follow up on their concerns and review the draft Strategic Plan in further detail. Staff has considered the concerns raised by the Housing and Community Development Commission and public comments and has incorporated them into the final 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/
Erik L. Soliván
Housing Director

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

ATTACHMENTS

Attachment A: Rent Stabilization Program Strategic Plan 2024-2027

Attachment B: Summary of Stakeholder Feedback