



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: January 23, 2017

Approved

D. D. Syl

Date

1/24/17

SUPPLEMENTAL

SUBJECT: AUDIT OF THE APARTMENT RENT ORDINANCE

REASON FOR SUPPLEMENTAL

This purpose of this memorandum is to: 1) provide a summary of public comment on the Audit of the Apartment Rent Ordinance from the Housing and Community Development Commission (HCDC); and 2) Inform the City Council of a modification to the Administration's Response to Recommendation #5 pertaining to apartment unit addresses.

BACKGROUND

Per Section 2.08.2840.B.1 of the San José Municipal Code, it is a function of the HCDC to make recommendations to the City Council regarding regulations pertaining to the Apartment Rent Ordinance (Chapter 17.23 of the Municipal Code.)

On Thursday, January 12, 2017, the City Auditor provided a presentation on the published report, *The Apartment Rent Ordinance: Additional Investment, Improved Processes, and Strategic Resource Deployment Needed to Better Serve Tenants and Landlords*. The Housing Department asked the Commission to provide recommendations to the City Council on Audit recommendations #12 and #13 as these were policy issues under the purview of the HCDC. The Commission was also asked to provide a recommendation #17 it directly involved the HCDC.

ANALYSIS

Housing and Community Development Commission Actions

The HCDC provided input and recommendations on the Audit Report. Recommendations from the Commission is provided below.

Recommendation #12: The City Council should consider eliminating the banking provision in the final Ordinance.

The HCDC voted to recommend the City Council accept the Auditor's recommendation to consider eliminating the banking provision in the final Apartment Rent Ordinance (passed 8-1 vote).

Recommendation #13: To reduce costs and burdens associated with rent registries, the Housing Department should develop and implement a simpler unit registry. This could be potentially achieved through the citywide integrated permitting system.

The HCDC voted to recommend that the City Council adopt the Housing Department's recommendation to have a rent registry, rather than the unit registry (passed 8-1 vote).

Recommendation #17: The Housing Department should provide periodic updates on the Apartment Rent Ordinance, rent stabilization efforts, and the Rental Rights and Referrals Program to the HCDC.

The Commission voted unanimously to support the Auditor's recommendation to have the Housing Department provide periodic updates on the Apartment Rent Ordinance, rent stabilization effort and the Rental Rights and Referrals Program to the HCDC (passed 9-0 vote).

At the end of the discussion, the HCDC took action to accept the remaining recommendations in the Auditor's report (passed 9-0 vote).

Amendment to the Audit Response – Recommendation #5

Subsequent to the submission of the Audit Response, the Housing Department had additional discussions with the City Auditor regarding Recommendation #5. From the outset, the Administration has concurred with the City Auditor that ARO apartment unit information should be available to all City systems, including the citywide integrated tracking system.

The Administration's initial concern was that the permit system is undergoing a major system upgrade. As a result, unit information will initially need to be stored in the Housing Department's ARO database.

Once the permit system is ready to accept unit information, the apartment unit information will be incorporated into the permit system as stated in the City Auditor's recommendation.

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Ultimately, the Master Address Database (MAD) system will be the repository for unit information. Once the MAD system is running, updates to unit information will be controlled through that system and automatically updated into all systems accessing its data.

With this information, the Administration is modifying its response to recommendation #5 as stated below.

Recommendation #5: The Housing Department should enter unit addresses into the citywide integrated permitting system.

After further review, the Administration concurs with this recommendation. The Housing Department will work with the Information Technology Department, the Public Works Department and the Planning, Building and Code Enforcement Department to determine the most cost effective approach to share complete address data between critical systems within the City. The Administration agrees that Housing and Code Enforcement staff should have live access to unit address data from one, centrally managed data source. This data will be available in the citywide integrated permitting system.

Yellow – The cost and implementation schedule related to implementing the data into the relevant systems will be evaluated and incorporated into the Administration's workplans.

COORDINATION

This memorandum has been coordinated with the Department of Planning Building and Code Enforcement, and the Information Technology Department, and the City Manager's Office.

/s/

JACKY MORALES-FERRAND

Director, Department of Housing

For questions, please contact Rachel VanderVeen, Housing Policy Planning Officer, at (408) 535-8231.