Brownstein: San Jose rent control law still falls far short of the need

By Bob Brownstein

Special to The Mercury News

Posted: 05/23/2016 10:34:04 AM PDT | Updated: 4 days ago

By adopting only minimal improvements to San Jose's rent control law, the City Council has allowed our affordable housing crisis to grow worse each year. Wildly escalating rents are the most damaging effect of the region's housing problems.

High rents displace seniors and low wage workers; they force multiple families to crowd into a single apartment; they make it impossible for working parents to meet the needs of their children.

Contrary to the recent column by the California Apartment Association, the new changes in the law were anything but "harsh" to landlords. In addition to the allowable 5 percent increase, landlords may profit from:

- Rent increases above 5 percent in order to make a "fair" return.
- Pass-throughs of many capital improvement costs.
- Unlimited rent increases to market levels after a voluntary vacancy or an eviction for cause (50 percent of apartments turn over every four years).
- Full capital appreciation of their property (estimated by the city's consultant to be 400 percent over 10 years).

In reality, San Jose's revised ordinance provides renters a mere fraction of the protections guaranteed in other large California cities. By failing to act decisively, the city's leaders are allowing 44,000 apartments to become unaffordable (state law limits rent control to these older units, about 1/3 of all apartments in San Jose). No combination of other affordable housing strategies can make up for this massive loss.

Advertisement

Similarly, the City Council's actions on retaliation address only a small part of the problem. The proposed protections cover only tenants who file code enforcement complaints. The ordinance leaves out the renter evicted because she protested drug dealing on the premises or because she yelled at an apartment manager to keep his hands off her daughter or because she had the courage to speak out at a city council meeting.

To respond to our affordable housing crisis, the City Council must strengthen its existing rent control ordinance. Building on this base, it can help generate additional solutions.

Allowing more market rate apartments to be built can be helpful. City leaders must recognize that the reason old and poorly maintained units can command exorbitant rents is that the city restricts the housing supply. However, this strategy has limits.

The amount of new housing needed to actually bring down rents would be massive, possibly doubling the size of the city. Our elected leaders believe — with justification- that there are fiscal and environmental obstacles to allowing new construction on such a gigantic scale.

Recognizing that city planning limits supply, the city council should demand that the effects of this policy be allocated fairly. But right now, the limits force the transfer of millions of dollars from low wage workers to investors. They turn San Jose into two separate cities — one composed of those who gain from a housing shortage and one of families devastated by the lack of affordable shelter.

After strengthening the rent control law and permitting additional apartment construction, there is much that local governments can do to address the crisis.

The county and cities should work together to support a large scale affordable housing bond. Every city should adopt residential and commercial impact fees to generate revenue that allows non-profit developers to construct affordable units.

Homelessness is a blight that we should no longer accept. It is broadly agreed that supportive housing works. All that is required is political will and adequate funding.

However, leaving 44,000 households facing displacement because of inadequate rent controls is the absolutely wrong place to start this effort.

Bob Brownstein is director of policy and research at Working Partnerships USA. He wrote this for the Mercury News.