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# San Jose City Council approves critical change to rent control policy



The San Jose City Council voted to eliminate an option to allow landlords of rent-controlled units to “bank” unused rent increases to apply at once.

By **RAMONA GIWARGIS** | [rgiwargis@bayareanewsgroup.com](mailto:rgiwargis@bayareanewsgroup.com) |

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SAN JOSE — Spurred by a critical city audit that raised the ire of Mayor Sam Liccardo and some veteran council members, city leaders Tuesday approved a major change to the city’s rent control policy — before it even went into effect.

San Jose's rent control law, which applies to 45,820 units built before 1979, caps rent increases to a maximum of 5 percent a year. Under the initial policy, if a landlord decided not to raise the rent any given year, they could "bank" the unused rent hikes and apply them at a later time. But a council majority Tuesday agreed to eliminate the banking option on a 7-4 vote. That policy would have allowed rent increases up to 8 percent a year.

Liccardo and council members Chappie Jones, Dev Davis and Johnny Khamis were opposed. The debate Tuesday landed City Auditor Sharon Erickson, who said the banking option hurt struggling renters and recommended eliminating it, in the hot seat.

Though the council ordered the audit last year, Liccardo said the auditor overstepped her boundaries by suggesting changes to a program that hasn't been fully implemented yet.

"I think we have a situation in which an auditor has gone beyond the scope of the role of the auditor," said Liccardo, denouncing the decision to "rehash" last year's lengthy rent control discussion with four new council members. "I think we're setting a dangerous precedent."

But Silicon Valley housing advocates applauded the decision to eliminate banking rent increases, a policy adopted by the previous City Council.

"(The rent increases) will leave people with a choice — do you pay for life essentials or continue to pay rent so you won't end up on the streets?" said Jeffrey Buchanan, the director of policy at Working Partnerships USA.

Newly-elected Councilman Sergio Jimenez challenged the mayor's assertion that the new council shouldn't take action on the auditor's suggestions. "I can't in good conscience turn away from some of the recommendations that were made," Jimenez said. "This information is here. Do we turn away? I don't think we should."

Erickson also suggested the city nix a rent registry to track rents in rent-controlled units, an idea that was not supported by the council majority Tuesday. The City Council voted 8-3 to maintain a rent registry to track rents — an effort to ensure landlords are complying with the rules.

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Councilman Lan Diep, Davis and Khamis voted against the rent registry, instead supporting the auditor's plan to use a scaled-down alternative that wouldn't include rents.

Amid panic about immigrant rights under President Donald Trump, Khamis worried the federal government could subpoena data from San Jose's rent registry to target Muslims. But Housing Director Jacky Morales-Ferrand said the registry wouldn't include renters' names — just vacancies, turnover rates and rent amounts charged for each apartment.

The registry ensures landlords aren't illegally terminating leases or raising rents beyond the 5 percent cap, Morales-Ferrand said. Some landlords Tuesday fired back against San Jose leaders, saying City Hall is creating more red tape and bureaucracy.

"One of the reasons I chose to become a citizen is my right to get ahead in life," said Steve Hanleigh, a retired real estate broker who said he sold his multi-unit properties in San Jose. "I didn't become a citizen to be told what I can and can't do with my private property. The problem is supply — it is not rents."

But advocates argued something must be done to stabilize rents in one of the nation's priciest markets.

"We are the most unaffordable city in the country," said Sandy Perry. "If we're going to have an ordinance, we might as well enforce it."

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**Ramona Giwargis** Ramona Giwargis is the San Jose City Hall reporter at The Mercury News. After stints in Eureka, Salinas and Merced, Giwargis returned to San Jose to cover local government and politics for her hometown newspaper. Giwargis won numerous awards for investigative journalism and is a graduate of San Jose State University.

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