



California Apartment Association

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April 5, 2019

Mayor Sam Liccardo and City Council
200 E. Santa Clara St.,
San Jose, CA 95113

Item 4.2 – Ellis Act Ordinance Recontrol Provisions

Dear Mayor Liccardo and City Council

The California Apartment Association (CAA) represents local owners and operators of residential housing in Santa Clara County. Our membership is diverse; it encompasses owners of single unit rentals as well as owners of multi-unit apartment communities.

CAA Tri-County would like to applaud the Council's decision to reevaluate the Ellis Act. In particular, the provisions that govern the controls placed on new construction. The current requirement that 50% of the units constructed be recontrolled has disincentivized the development of new housing. It will also slow down the Mayor's goal of producing 25,000 units of housing over the next 5 years.

The goal laid out by Mayor Liccardo will help meet the demand for housing. The recent changes to incentivize the development of high-rise housing in the downtown carries the potential to create a significant number of units, much like previous high-rise incentive programs have. However, the goal cannot be achieved through this type of development alone. To achieve the Mayor's goal, we will need a combination of high-rise, high density housing and the redevelopment of in-fill housing.

The Housing Department is proposing an alternative to the current 50% recontrol provision that maintains the status quo. Their proposal would maintain the 50% recontrol requirement unless the developer builds more than 7 times the number of units originally on the parcel. Using a four-plex as an example, unless the developer builds more than 28 units on a parcel of land that once held only 4 units, they would have to keep 50% of the new units under rent control. This is a difficult threshold to meet because the existing lot may not be large enough and the lot may not accommodate the additional parking needed to support those units.

Instead, CAA proposes that city eliminates any recontrol provision on all new units. This would maintain the current stock of affordable units while greatly expanding the housing supply.

We look forward to the Council supporting a policy that exempts net new units from recontrol.

Sincerely,

A handwritten signature in black ink, appearing to read "ABabbar". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Anil Babbar
Vice President of Public Affairs
California Apartment Association