

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Monday, July 7, 2014**

1. CALL TO ORDER AND ROLL CALL

Chair Miller called the meeting to order at 7:00 p.m.

Present were: Chair Miller; Vice Chair Perry; and Members Harrison and Roberts. Member Nguyen was absent. RRAC staff in attendance: Claudia Young.

2. CONSENT CALENDAR

a. Approval of Minutes of the June 2, 2014 Regular Meeting

The consent calendar was approved by unanimous consent (3-0-1-1) with one abstention (Harrison).

3. UNFINISHED BUSINESS (None)

4. NEW BUSINESS

a. Case 316 – 1701 Shoreline Dr. Unit 209

This case was not heard, as the tenant had withdrawn the complaint prior to the meeting.

b. Case 319 – 320-A Central Avenue

This case was not heard, as the tenant had withdrawn the complaint prior to the meeting.

c. Case 320 – 2065-C Alameda Avenue

Tenants /public speakers: Kevin Dickens and Julie Dickens.

Owner/public speaker: Kevin Qi

According to the rental increase complaint, the rent was increased from \$1,760 to \$1,900 per month effective July 1, 2014. The tenants have lived at the property since August 2010, with two prior rent increases.

The tenants cited maintenance and health and safety concerns, which they claimed were not fully remedied until after they had filed the rental increase complaint. Another issue cited by the tenants was that they were entitled to a 60-day notice but were served a 30-day notice; however, they paid the new rent by July 1 anyway. In response to a question by Member Roberts, Mr. Dickens stated that they were on a lease for the first year, then month-to-month after that. He added that they would be willing to sign a new lease.

The owner, Kevin Qi, stated that he was justified in giving a 30-day notice, as it was his understanding that the original lease was being extended every time a rent increase notice was issued and was therefore in compliance with State law. Mr. Qi's office manager, Jenni Qi, was in attendance and produced a copy of a month-to-month agreement. The Committee Members reviewed the documents and determined that the tenants were on a month-to-month agreement and therefore, should have received a 60-day notice. Vice Chair

Perry asked Mr. Qi if he would consider a five percent increase instead of an eight percent increase due to the shorter notice period. Mr. Qi responded that he could not do that, citing that market conditions. Mr. Qi confirmed that the tenants paid the new rent on time, by July 1. He stated that he had no intention of raising the rent for another 12 months.

Following further discussion among all parties, the RRAC's recommendation was as follows (motion by Roberts, seconded by Harrison, and passed unanimously):

- A new 60-day notice will be issued. (The rent will remain at \$1,760 during this time.)
- Overage paid by tenant on July 1, 2014, prior to the new 60-day notice being issued, will be refunded or deducted from next month's rent.
- After 60 days, the rent will be increased to \$1,900 and will be in effect for ten (10) months, ending June 30, 2015, and prorated as needed.

The owner indicated that he was in agreement with this recommendation.

d. Case 321 – 1162 Marianas Lane

Tenant /public speaker: Sabrina Cherifi.

Owner representation/public speaker: Yelena Kazantseva

According to the rental increase complaint, the rent would increase from \$1,850 to \$2,850 per month effective August 1, 2014. The tenant has lived at the property since August 2004, with no prior rent increases.

The tenant stated that during her ten-year tenancy, even though there had been no prior rent increases, she had taken responsibility for the maintenance of the unit. During the course of a phone call between the tenant and the owner's wife, Ludmilla Gurvich, regarding the repair of a patio door, the tenant was informed that there would be a rent increase. The tenant informed Mrs. Gurvich that she wanted to stay in the unit. When the tenant received the 60-day notice and saw the large amount of the rent increase (\$1,000), she contacted Mrs. Gurvich in an attempt to negotiate the amount of the increase; however, the tenant was informed that there would be no negotiation of the amount. The tenant stated that she had signed the original lease with the owner, Edward Gurvich. Mrs. Gurvich informed the tenant that Mr. Gurvich had medical issues and that Mrs. Gurvich now had power of attorney to act on her husband's behalf.

Yelena Kazantseva, New Age Realty and Mortgage in San Francisco (agent), addressed the Committee and stated that she was representing the owner. She stated that Mrs. Gurvich contacted her at the end of May to seek advice regarding how to best use the unit (their sole income property) to generate income to provide 24/7 in-home medical care for her husband, who has been ill for over five years.

The agent noted that the rental increase complaint contained numerous maintenance issues that were never previously reported to the owner. The agent accused the tenant of underreporting maintenance issues to avoid an inspection of the property or a rent increase. Ten years ago, the unit was rented to four adults with stable incomes and one baby;

however, she has no idea who is living there now. She added that there was no justification to continue charging only \$1,850 per month rent for a unit of that size in that location.

The Chair stated that her main problem was the rent never being raised in ten years. Nobody could budget for that kind of increase in one month. The RRAC encourages landlords to make yearly increases, at least when the market is going up, so you don't get into this situation. Yearly increases could have brought the rent up to what the owner wants but would have been an easier transition for the tenant. The Chair also stated that she had a problem with the owner not doing yearly inspections of the property. It's not just the tenant's fault that she did not complain; it's just as much the owner's fault that he did not inspect the property. As far as determining if who is living there is on the lease, again it is the landlord's responsibility to establish that. The Chair stated that the tenant has been paying for maintenance out of her own pocket over the years. The agent responded that the costs of these repairs have been deducted from her rent.

In response to a question by the Vice Chair, the agent stated that the owner had granted her authority to negotiate. He asked, since this rent increase is not something the RRAC could agree to, what was the agent prepared to offer on behalf of the owner. The agent responded that they would be willing to have the property management company make all the listed repairs; however, the tenant has had the benefit of many years of low rent. The owner can't afford less than the amount they are asking due to the cost of in-home care. The Vice Chair responded that the repairs are the landlord's responsibility anyway. The agent responded that they could offer more time, such as a 90-day notice, so the rent increase would be effective September 1 instead of August 1. The Vice Chair responded that for the same rent increase amount, it would be just "kicking the can down the road."

In response to a question from Member Roberts, the agent stated that she had been managing this particular property since mid-May of this year. Member Roberts asked if the tenant had deducted the cost of repairing the patio door and the agent responded that it had been deducted from the May rent. The agent confirmed that the rent increase notice was issued on May 28; however, the door repair was not a factor in the timing of the rent increase. Member Roberts noted that it had been previously stated that the owner had been ill for over five years. The agent responded that Mrs. Gurvich had only approached her recently.

The Chair stated that besides the amount of the increase, she took issue with the agent's statement that the rent was low during the past ten years. The Chair stated that between 2003 and 2008, rents were flat in Alameda and that rents actually went down in 2007 and 2008. Rents have only increased significantly over the past couple of years. She questioned the comps for the townhouse complex where the unit is located and that she did not think \$2,850 was reasonable. There have been no upgrades in the past ten years and, like Member Roberts, found the timeline of the increase to be questionable.

Member Harrision asked what the increase was based upon. The agent responded that she had brought copies of comps and that she was familiar with the complex as a Realtor and was aware of the increased demand because of the schools. She provided comps for properties a 4/3 townhouse on Lagunaria Lane in Harbor Bay and a 3/1.5 single-family home on College Avenue in the East End. The Chair stated that she was also a Realtor and

that the townhouses on Lagunaria were more valuable and the rents higher than the ones in the tenant's complex. The College Avenue property is in a completely different school area and would not apply.

In response to a question by Vice Chair Perry, the agent stated that other than extending more time for the increase to take effect, the owner wants the amount of increase to remain the same.

Member Harrison asked the tenant about the other adults in the household. The tenant responded that her ex-husband moved out two years ago and her retired parents live with her part of the year. Member Harrison asked the tenant what she would consider to be a fair rent. She responded five percent but was open to a reasonable increase. She added that this is the only home her children have known and she was looking forward to all three of them being together at Earhart School this year. The Chair noted that this was an example of how the landlord business is not like any other business – it's about people's homes.

In response to a question from Member Roberts, the agent stated that if the owner does not get the needed income from rent, then he will be forced to sell the property. Member Harrison asked if there was a mortgage on the property and the agent responded that there was not. He suggested the possibility of the owner borrowing money from the property to take care of his immediate needs while keeping the tenant in place with regular rent increases. He added that by doing this, it would insulate the owner from possible property value decreases as we saw in 2008. The agent responded that there might be a line of credit on the property and that with the owners being retired, they may not qualify for a refinance. She also noted that the property is in a trust and there are some issues with the trust that she is not at liberty to discuss. Member Harrison responded that if the property is as valuable as she claims, there should still be plenty of equity left in the property even with the line of credit.

The Vice Chair asked the tenant what she thought about a ten percent increase now (\$2,035), followed by another ten percent increase in six months (\$2,238). The tenant stated concern about what might happen after that. The Vice Chair stated that the RRAC had no control over that at this time; however, if this case did ultimately go before the City Council, there needs to be a reasonable recommendation in place, particularly since there had been no rent increases for the past ten years.

The agent was asked what she thought about the recommendation. She stated that she saw the rent going up ten or 15 percent every six months and would ultimately go higher than \$2,800. The Chair stated that the purpose of the RRAC was to prevent the need for rent control and that the rent may never go up if we have rent control in this town, and to convey that to the owner. The Vice Chair reminded the agent that if the owner does not accept the RRAC's recommendation, the tenant has the option of taking the case to the City Council at a public, televised meeting. The Chair stated that there would be one more RRAC meeting before any referral to the City Council. The agent thanked the RRAC and commended them for their hard work.

The RRAC's recommendation was as follows (motion by Harrison, seconded by Perry, and passed unanimously):

- Effective August 1, 2014, the rent would increase by ten (10) percent to \$2,035 for a six-month period.
- Effective February 1, 2015, the rent would increase by an additional ten (10) percent to \$2,238 for a six-month period.

The Chair told the agent that a letter would be sent to her confirming the recommendation and if there was not agreement in writing on behalf of the owner, the case would be continued to the next regular RRAC meeting.

The tenant asked what she should do about the rent in the meantime. Vice Chair Perry advised her to work with ECHO Housing.

- e. Formation of a Subcommittee to review the current RRAC procedures and recommend any possible improvements to the City Council

The Chair stated that in view of the current discussions regarding Renewed Hope, a rent task force, and the Housing Element, it would be a good time to codify the function of the RRAC. The RRAC was created by a motion of the City Council, not an ordinance, and the RRAC has been basically operating on tradition up to this time. The Chair proposed forming a subcommittee that could meet privately to discuss the process and find a way to get more power for the RRAC. There also needs to be more awareness in the community that the RRAC exists. She stated that San Leandro used Alameda as model for its program but San Leandro has codified its process. When tenants in San Leandro sign a lease, they are provided a copy of the ordinance, so they know their rights. Vice Chair Perry asked about the task force proposed by Planning Board Member Knox-White to study the impact of rising rents in Alameda. The Chair stated that she believed this task force and the Renewed Hope renters' survey would be a precursor to rent control in Alameda. The Chair would like to see the RRAC's task force be an alternative to that and to do what could be done to prevent rent control by tightening up what the RRAC does.

The subcommittee will be comprised of Chair Miller and one renter representative from the RRAC. (Vice Chair Perry and Member Roberts will share this seat depending upon their schedules.) Chair Miller will meet with one of the other members for an hour prior to the next RRAC meeting. (No more than two RRAC members can meet at one time as a subcommittee.)

Staff stated that this process will help staff, as it will set parameters for screening cases. Staff also noted that the RRAC has been operating without a budget and this is an issue when discussing public outreach efforts. The Chair stated that the City needs to appropriate funds for the RRAC and perhaps they will do that when the RRAC is codified with an ordinance or as part of the Charter.

5. ORAL COMMUNICATIONS (none)
6. WRITTEN COMMUNICATIONS (none)

7. ADJOURNMENT

The meeting was unanimously adjourned at 9:00 p.m.

Respectfully submitted,

Claudia Young, Secretary

CY:rv

Minutes approved by the Rent Review Advisory Committee on October 6, 2014.