

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Wednesday, February 22, 2017**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:34 p.m.

Present were: Chair Sullivan-Sariñana; Vice-Chair Landess; Member Griffiths

Absent: Member Friedman

Vacancy: Housing Provider member

Program Administrator staff: Jennifer Kauffman

City Attorney staff: Michael Roush

Translation staff: Haiyan Chen

2. AGENDA CHANGES

- a. None.

3. STAFF ANNOUNCEMENTS

- a. The next Committee meeting will be Monday, March 6, 2017. More information is available at www.alamedarentprogram.org.
- b. Staff explained the schedule for the evening, noting where to find the meeting agenda and procedures for public comment. Staff noted there is translation at tonight's meeting and the Committee will adjust as needed.

4. PUBLIC COMMENT, NON-AGENDA, NO.1

- a. No public comment.

5. CONSENT CALENDAR

- a. Approval of the Minutes of the January 24, 2017 Special Meeting.
Vice-Chair Landess noted that she will abstain from this vote as she was not in attendance at the January 24, 2017 meeting. Staff recommends continuing this item to the next meeting until three members are able to vote on the item. Motion and second to continue this item to a future Committee meeting (Sullivan-Sariñana and Griffiths). Approved by unanimous consent.

6. UNFINISHED BUSINESS

- a. No unfinished business.

7. NEW BUSINESS

7-A. CASE 683 – 871 Oak St.

Tenant: Merin Lund

Landlord: Lori Hanson, Daniel Cheung

Proposed Rent Increase: \$1,000.00 (50.0%), effective March 15, 2017

This rent increase review was originally scheduled for the February 6, 2017 Rent Review Advisory Committee meeting. The review was postponed two weeks to the February 22, 2017 meeting. Staff researched the number of housing units on the property and determined that there is only one housing unit; therefore the rent increase is exempt from a binding decision.

The tenant, Merin Lund, stated that there should be no rent increase. Ms. Lund stated that the rent increase is not warranted given the property's current condition. She also noted that the rent was raised \$500.00 in March 2016 and \$100.00 the previous fall. These previous increases have been a financial burden on her and she is not in a position to pay for an additional increase in the amount requested by the landlord. Additionally, Ms. Lund has several concerns regarding maintenance of the property. In July 2016, she said mold had been discovered in the unit and she remains concerned that the efforts to eliminate the mold have not been successful. Ms. Lund stated that she believes the large rent increase is in retaliation of her raising concerns about the mold to the landlord. She noted that she would prefer to live in a unit that was healthy for her family and that she does not have full use of the property because the landlord uses some space for storage and occasionally stays in a shed in the back of the property. Ms. Lund said that she has been a good tenant for the eight years she has resided at the property.

The landlord, Ms. Hanson, stated that the rent increase will raise rent to comparable rates for similar units. The landlord noted that she considers rent of similar units to range between \$3,000 and \$3,200. She explained that the increase is also related to her interest in seeking a reasonable return on the property; currently, she noted that she has not yet made a profit on the property. In addition, Ms. Hanson explained the rent increase was necessary for recent and projected capital expenses for the property including foundation work, window repair, gutter repair, mold removal, and yardwork. She said there had been a temporary reduction in rent of \$200 for several months in 2016. She stated that she is a diligent landlord and follows up on maintenance and code enforcement issues.

Mr. Cheung, the attorney for Ms. Hanson, explained that the rent increase is necessary to cover maintenance costs. He suggested postponing the increase to give the tenant a chance to search for a new unit.

Ms. Lund stated she was open to this option but would need at least 4 or 5 months to search for new housing.

Mr. Cheung stated that postponing the rent 4 months while the tenant searched for a new unit would be acceptable to the landlord. He suggested that the rent increase to \$3,000.00 become effective March 15th, but not be enforced for 4 months. If the tenant does not vacate the unit at the end of the 4 months, the tenant would owe the amount of the rent increase (\$1,000) for the 4 months it was delayed. Mr. Cheung explained that he could draft an agreement to ensure those conditions enforceable.

Staff clarified the current base rent is \$2,000.00.

Ms. Lund explained that while it is possible for her to vacate in four months, she is concerned about owing back rent if she cannot vacate in time.

Mr. Cheung suggested a full and early return of Ms. Lund's security deposit to facilitate the moving process.

The parties were unable to reach an agreement.

The Committee made the following non-binding decision:

- The \$1,000 (50.0%) rent increase from \$2,000 to \$3,000, effective March 15, 2017, is delayed four months to provide the tenant the opportunity to search for new housing.

Motion and second (Sullivan-Sariñana and Griffiths). Unanimous approval.

7-B Case 648.1 – 1715 Sherman St., Unit B

Tenant/Public speakers: Ernest Yip and Cai Hong Zhang

Landlord/Public speakers: Wai Cheung [with representative for translation]

Translation staff: Haiyan Chen

Proposed Rent Increase: \$450.00 (32.1%)

The tenants stated the reasonable maximum monthly rent increase should be \$100.00 (7.1%). Mr. Yip explained that they have been willing to negotiate and offered the landlord a \$120.00 (8.6%) rent increase. He explained that the proposed \$450.00 increase would be a financial burden. He expressed concerns regarding his current job security and provided earnings statements to demonstrate only a small raise last year. The tenants noted that they currently pay for water and electricity in addition to rent. In addition, the tenants stated they do not believe it is fair to average the increases over the previous 10 years. The tenants also noted several maintenance issues, such as peeling exterior paint and mold concerns.

The landlord, Mr. Cheung, explained that the rent had not been raised for 7 years. He explained that when all the increases are averaged over the entire tenancy, there is about a 2% increase per year. Mr. Cheung indicated that the rent increase is related to keeping up with costs of operation and inflation, such as utilities, maintenance bills, and property taxes. He explained that the property was poorly managed in its early years and he now seeks to manage it better and raise the rent closer to market rate. Mr. Cheung indicated that a 2 bedroom unit payment standard for the Section 8 Housing Choice Voucher program is equal to \$2,390. Mr. Cheung noted that he quoted this rate for reference and was not asking for the rent to be \$2,390.00.

Mr. Cheung offered to reduce his increase request to \$300.00 (21.0%), for a total rent of \$1,700.00.

The tenants offered to pay \$140.00 (10.0%) rent increase, for a total rent of \$1,540.00. The tenants expressed concern about maintenance issues such as a leaking roof.

The landlord clarified that he had fixed the roof but will re-inspect it immediately. The landlord explained that he is very invested in maintaining the property.

Mr. Cheung explained that he does not have more room to negotiate because another unit in the building agreed to a rent increase. He expressed that he wants to be fair to all tenants and charge the same rent for all units.

The tenants explained that they pay for water while the other tenants do not. Therefore, charging the same rent is not treating each tenant equally.

Staff clarified that each unit has a separate rental history and a separate agreement around amenities. Therefore, reasonable rent is determined for each unit separately.

The parties were unable to reach an agreement.

Member Griffiths acknowledged that the current rent appears less than market rates. However, he noted that this rent increase is not consistent with the landlord's previous rent increase requests. While the landlord reduced his request from \$450 to \$300, Member Griffiths noted that \$300 is still a significant jump to absorb at one time. Member Griffiths also stated that even though the tenant offered to pay a \$140.00 (10%) increase, this amount of an increase is still very significant to absorb at one time. Therefore, he stated he would be most comfortable with a rent increase of \$120.00 (8.6%).

Chair Sullivan-Sariñana stated that this is a difficult situation with a very large rent increase following a long period of no increases. He noted that the original \$450.00 increase request is not in line with the landlord's previous increases of \$50.00 and \$100.00. He explained that he believes the reduced offer to a \$300 increase is also unreasonable. He explained that the purpose of the Ordinance is to keep Alameda renters in their homes. He recommended a \$140.00 (10.0%) rent increase.

Vice Chair Landess asked City Attorney staff to clarify the purpose of the Ordinance.

Mr. Roush explained that the Ordinance may not specifically indicate its purpose as keeping Alameda renters in their homes. Rather, the Ordinance looks to keep rents in a posture to be affordable for individuals to continue to live in Alameda. He noted that there is an inherent tension

in keeping rents affordable for Alameda residents and providing property owners a fair return on investment. The Committee's task is to find some balance between those tensions.

Vice Chair Landess acknowledged that prior property management set an unsustainable precedent of not increasing rent. However, an increase of 32% (\$450) is excessive. She stated that having more information on capital improvements would have helped justify such an increase. Without this information, she recommended an increase of \$140.00 (10.0%).

The Committee recommended a rent increase of \$140.00 (10.0%) from \$1,400.00 to \$1,540.00, effective March 1, 2017. Motion and second (Sullivan-Sariñana and Landess). Unanimous approval.

8. PUBLIC COMMENT, NON-AGENDA, NO. 2.

- a. No public comment.

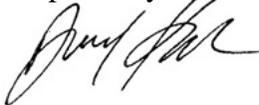
9. MATTERS INITIATED

- a. None.

10. ADJOURNMENT

- a. The meeting was unanimously adjourned at 8:52 p.m.

Respectfully submitted,



RRAC Secretary

Jennifer Kauffman

Approved by the Rent Review Advisory Committee on April 3, 2017.