

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Monday, March 5, 2018**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:31 P.M.

Present were: Chair Cambra; Vice-Chair Sullivan-Sariñana; Members Griffiths and Friedman

Absent: Member Murray

Program staff: Grant Eshoo, Jennifer Kauffman

City Attorney staff: John Le

2. AGENDA CHANGES

- a. Staff informed the Committee that several cases on the agenda would not be heard, as they resolved prior to the hearing.

3. PUBLIC COMMENT, NON-AGENDA ITEMS, NO.1

- a. No public comment.

4. STAFF ANNOUNCEMENTS

- a. Staff welcomed the attendees and participants, and informed them of the process for participating in the meeting.

5. CONSENT CALENDAR

5-A. Approval of the Minutes of the February 5, 2018 Regular Meeting, with amendments from Chair Cambra.

Motion and second to approve minutes, as amended (Friedman and Sullivan-Sariñana). Motion passed 3-0, with Member Griffiths abstaining.

6. UNFINISHED BUSINESS

- a. No unfinished business.

7. NEW BUSINESS

7-A. CASE 984 – 753 Lincoln Ave., Apt. B

Tenants: Srijana and Uma Devi Kandel

Landlord: Malcolm Lee

Proposed rent increase: \$368.00 (21.3%) to a total rent of \$2,100.00, effective March 1, 2018

Landlord Malcolm Lee opened the discussion saying that he was requesting the increase due to increased costs of running the property. He cited costs incurred from his neighbor's trees causing problems, the Rent Program fee, and water damage in the

subject unit, which caused him to have to remodel the bathroom. He stated that he believed market rate rent for the unit was \$2,300-\$2,500 based on his review of Craigslist ads for similar units. He added that the repairs the property needed would require a bank loan, the payment of which will require increased rental income from each unit.

Tenant Srijana Kandel replied that she did not ask Mr. Lee to remodel the bathroom, but that he had to do it due to water damage. She added that the rest of the units in the property were remodeled, but no other part of their unit except the bathroom had been renovated. She said she believes that because their apartment is unimproved, it could not fetch market-rate rent. She informed the Committee that she is the only person living at the unit who brings in income, and that paying the increased amount requested by Mr. Lee would create a financial hardship.

Mr. Lee added that he voluntarily changed the carpet in the unit upon the tenants' initial move-in, put in a new stove and fridge, and rented it below market to them at the time because he sympathized with them as they shared the experience of being immigrants. He said he also prefers to rent to families rather than roommates and liked that a family would be living there.

Ms. Kandel replied that the stove had not been working for 3-6 months and Mr. Lee had not yet fixed it, despite being notified it was broken. She said that her father lives in Japan where he runs a restaurant and takes care of his elderly father.

Chair Cambra asked if Mr. Lee learned anything new from the discussion thus far. Mr. Lee replied that he did not know that the tenant's father was taking care of his father. Mr. Lee added that the tenants were subleasing the apartment, and he believed they could pass on some of the cost to the subtenants.

Chair Cambra asked Ms. Kandel if she had learned something new thus far. She replied that she did not know Mr. Lee had new expenses on the property.

Vice Chair Sullivan-Sariñana asked Mr. Lee if he had approached the neighbor about paying for some of the costs incurred by the neighbor's trees falling on his property. Mr. Lee said that he had but that the neighbor was not responsive and it was easier for him to take care of the damage himself than wait for his neighbor to act.

Vice Chair Sullivan-Sariñana asked about whether there was a sub-tenancy and Ms. Kandel replied that her uncle came to visit often but was not subleasing or helping pay the rent.

Member Friedman asked Ms. Kandel how much of her income goes to pay the rent. She replied that more than half of her income went toward rent and that she must ask her father for financial support frequently.

Member Friedman asked Mr. Lee what his monthly costs relating to the unit were, and Mr. Lee replied that they were \$2,250 per month. Mr. Lee distributed a list of income and costs that had not been previously submitted. It stated that the rent required to break even for the unit in 2017 was \$1,557.01, and the cost to break even in 2018 is \$1,814.08.

Member Griffiths asked Ms. Kandel what the maximum she could pay was, and she replied \$1,850 (a 7% increase).

Chair Cambra asked and Mr. Lee replied that he had owned the building for 13 years. Chair Cambra noted that the rental amount Mr. Lee was requesting was \$100 more than the cost of the unit, including vacancy costs. Chair Cambra advised Mr. Lee to continue to work with neighbors to have them fix trees that were causing problems. He noted that Mr. Lee's previous rent increases were reasonable and gradual, and commented how going from those smaller, more gradual increases to a 21% increase presented a difficulty for the tenant and the Committee in allowing the jump. He asked Mr. Lee if other units in the building were at market rate. Mr. Lee said they were. Chair Cambra asked for the gross monthly rent at the complex, and Mr. Lee replied it was \$23,100 per month, and total expenses were \$19,667 per month.

Mr. Lee said he could come down from asking for \$2,100 to \$2,000 total rent, a \$268 (15.5%) increase.

Vice Chair Sullivan-Sariñana asked Mr. Lee when he anticipated having his vacant unit ready for rental and Mr. Lee said it's available now, but that he was having trouble finding a good tenant with the right credentials, stating that many applicants have "challenging credit." He said he was asking \$2,350 for the vacant unit.

Member Friedman noted that he believed the landlord's proposed cost for retrofitting the roof may be on the high end, and that he may be able to do the work for less than the proposed \$200,000. Mr. Lee briefly replied explaining his reasons for coming to that number.

Chair Cambra and Member Griffiths asked if Mr. Lee would be open to a stepped increase. Mr. Lee replied that he would be open to receiving a lower increased amount for the first three months of the following year, then \$2,000 total rent per month for rest of the year.

Ms. Kandel stated that her unit is on the ground floor and is not remodeled like others in the building that can fetch market rate. She said the unit was dark all the time due to little natural light exposure, and they had to keep the lights on all the time.

Mr. Lee replied that not all other units are remodeled. He added that Unit C is also on the ground floor and was currently renting for \$1,950.

The parties returned to their seats, and the RRAC members deliberated over the case.

Vice Chair Sullivan-Sariñana stated that he believed the reasonable range of rent for the subject unit was between \$1,850 and \$2,000.

Member Friedman stated that he believed Mr. Lee's proposed increase goes more toward profit than keeping up with expenses. He said he believed Mr. Lee needs about \$100 more per month, and he thought Ms. Kandel's proposed increase to \$1,850 was reasonable.

Member Griffiths stated that he believed \$1,900 total monthly rent was reasonable based on Mr. Lee's operating costs, and noted that it was about half way between the tenant and landlord's proposed amounts. He noted that Mr. Lee provided a lot of detailed evidence of his costs, while Ms. Kandel did not provide evidence of financial burden.

Chair Cambra stated that he believed a \$150 increase was reasonable.

Motion and second (Sullivan-Sariñana and Griffiths) for a \$168 (9.7%) increase to a total rent of \$1,900. Motion passed 4-0.

Program staff commented that the RRAC must also determine the effective date of the increase.

Motion and second (Sullivan-Sariñana and Friedman) to amend, adding an April 1, 2018 effective date. Motion passed 4-0.

7-B. CASE 995 – 413 Coral Reef Rd.

No Committee review. Prior to the RRAC meeting, the tenant and landlord agreed to a rent increase of \$347.50, a 16.1% increase, bringing the rent to a total of \$2,500.00, effective April 1, 2018.

7-C. CASE 998 – 1151 Park Ave., Apt. B

No Committee review. Prior to the RRAC meeting, the tenant and landlord agreed to a rent increase of \$50.00, a 2.6% increase, bringing the rent to a total of \$2,000.00, effective March 1, 2018.

7-D. CASE 1000 – 732 Central Ave., Apt. 11

No Committee review. Prior to the RRAC meeting, the tenant and landlord agreed to a rent increase of \$80.00, a 4.9% increase, bringing the rent to a total of \$1,7150, effective October 1, 2018.

8. PUBLIC COMMENT, NON-AGENDA ITEMS, NO. 2.
 - a. No public comment.

9. MATTERS INITIATED

Chair Cambra stated that he wanted agendize an item to discuss the possibility of submitting comments alongside the Rent Program's annual report to City Council in April. Program staff replied that staff could get back to the RRAC about the timeline and guidelines for submitting comments. Chair Cambra asked the other RRAC members if they would like to make comments. Vice Chair Sullivan-Sariñana and Member Griffiths said they would.

Vice Chair Sullivan-Sariñana stated that he doesn't think the timing of the Housing Authority's report to the City Council should necessarily influence when the RRAC submits comments or suggestions to staff or City Council.

Member Friedman said he thought the RRAC should discuss making and presenting a report to City Council separate from Program staff's report.

City Attorney staff interjected that it may be best to not speak about this topic at length presently, but agendize a time to discuss it after staff has had a chance to provide details consistent with the RRAC's direction.

Chair Cambra commented that he believes the City of Alameda's RRAC is a very successful process with superior results compared to other jurisdictions he has reviewed.

10. ADJOURNMENT

The meeting adjourned at 8:15 PM.

Respectfully submitted,

RRAC Secretary
Grant Eshoo

Approved by the Rent Review Advisory Committee on May 7, 2018