

**Minutes of a Regular Meeting of the
Rent Review Advisory Committee
Monday, March 4, 2019**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:37 p.m.

Present: Chair Murray; Vice Chair Sullivan-Cheah; Members Chiu &
Johnson

Absent: None

Program staff: Grant Eshoo; Bill Chapin

City Attorney staff: John Le

2. AGENDA CHANGES

Program staff informed the Committee that Agenda Items 7-C, 7-D, and 7-E had resolved prior to the meeting.

3. STAFF ANNOUNCEMENTS

Program staff requested Committee members submit their Form 700 to the City Clerk by April 2, 2019, and said that a link to the form was emailed to them earlier that day.

Program staff informed the Committee that the City would be closed on Monday, May 6, when May's regular meeting had originally been scheduled and requested their availability for either May 1st or 8th. Member responses concluded that May 1st would be a more favorable date for most members and staff confirmed the meeting would be held May 1st.

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

Angie Watson-Hajjem from ECHO Housing provided information on ECHO's fair housing and landlord-tenant services.

5. CONSENT CALENDAR

5-A. Approval of the minutes of the January 23, 2019 regular meeting

Motion and second to approve the minutes (Vice Chair Sullivan-Cheah and Member Chiu). Motion passed 4-0.

6. UNFINISHED BUSINESS

None.

7. NEW BUSINESS

7-A. Case 1201 - 1566 Lincoln Ave., Apt. A

Tenant: Gwendolyn Hammer

Landlord: Charles Hanson

Proposed rent increase: \$100.00 (4.8%), to a total rent of \$2,200.00, effective January 1, 2019

Ms. Hammer said she has lived in the subject unit for over 19 years, and during that time increases averaged almost 4.5% each year. She said the landlord had purchased the house in 1997. She told the Committee that she had received the current rent increase in November 2018, along with an \$800 increase in her security deposit. She had asked the landlord if he would reconsider, and was hopeful mediation could occur before increases were due, as they totaled a \$3,000 payment, equaling 67% of her take-home pay. She said she was going through a financial hardship, as she was hospitalized for 11 days, and had a dental emergency which required her to take out a short-term loan. She said she works at the California Department of Public Health, and her contract with her employer did not include cost of living raises. As a civil service employee, she said, she could not keep pace with the requested rent increases, and feared the increases would cause Alameda to lose people like her. She said she is active with CERT, the Coast Guard Auxiliary, and has been involved with Engineers Without Borders. She said she has never contested a prior rent increase, but found the continuing increases to be egregious, specifically because the landlord kept them just under 5% so they did not require review by and were not subject to the binding authority of the RRAC.

Mr. Hanson asked if Ms. Hammer had renters insurance and Ms. Hammer replied that he had never asked for it. Mr. Hanson said that he had asked for it. He said the subject property is a free-standing one-bedroom duplex unit in Stonehenge, a community that is managed by an HOA that provides gardening. He said that the unit has a patio and garage, is approximately 1,200 square feet, has a dining room, fireplace, living room, kitchen, and laundry. He said that the rent he was requesting was below market rate for comparable units, which are renting for \$3,000. He said the HOA fees he pays include water and sewer costs.

Ms. Hammer responded that the unit was built in 1936, is very nice inside, but is antiquated.

Mr. Hanson said that Ms. Hammer had caused several tenants to move out due to nuisance issues, such as having a party in the early hours of the morning, and Ms. Hammer replied that she had never been made aware of this.

Mr. Hanson explained that the increase request was an attempt to keep up with increasing costs, such as utilities.

Vice Chair Sullivan-Cheah acknowledged that the landlord had significant expenses for 2018.

Member Chiu confirmed that Ms. Hammer had been paying the rent increase since January and asked her how paying the increase affected her livelihood.

Ms. Hammer said she has had to cut back on personal things. She said she had an unexpected dental bill in November 2018 for which she had to take out a short-term loan. She said she has had to tighten an already streamlined budget, and there were areas she could not cut, such as medical expenses for very serious injuries. She provided the Committee with a breakdown of her budget and explained that she could not keep up with increases of 4.5% per year.

Member Johnson asked if her apartment was in working order and Ms. Hammer said the basics were in working order, but there was nothing extravagant in her unit.

Vice Chair Sullivan-Cheah acknowledged the tenancy was long-term, and asked Mr. Hanson if she has been good tenant. Mr. Hanson replied that she had been a difficult tenant.

Vice Chair Sullivan-Cheah asked Ms. Hammer if Mr. Hanson has been a good landlord and she replied that she did not talk to him unless she had to. She acknowledged that their perceptions on many things differed, and she has always paid rent on time and kept the home clean. She said he made her feel uncomfortable at times and has said things that she considers inappropriate.

Chair Murray asked Mr. Hanson for details of his expenses and he provided them, including mortgage and sewer expenses. He said he relied on income from this and other investments to supplement social security, adding that he cannot afford to live in Alameda.

Chair Murray asked what impact it would have on him if he could not get the increase he was requesting. Mr. Hanson said he needed the full increase to build up a reserve to pay for things that come up, such as resurfacing the driveways.

Chair Murray noted a high level of contentiousness between the parties and no sign they were close to coming to an agreement.

The parties took their seats and the Committee began deliberations.

Member Chiu noted the rent of the property seemed low given the unit's size and amenities.

Member Johnson said she thought a \$100 increase was reasonable.

Vice Chair Sullivan-Cheah noted that Mr. Hanson provided a lot of insight into his expenses at the property, and his net income was low. He said he thought a \$100 increase was significant, but the total rent for the unit seemed low for the Bay Area.

Member Chiu said he recognized the impact the increase would have on the tenant, but noted the amount appeared reasonable given prevailing rents, and the cost of upkeep.

Member Johnson noted that while rents are expensive, the costs to maintain property are also high.

Chair Murray stated she did not think Mr. Hanson was making outrageous profit on the unit and agreed that the costs of maintaining property were high. She also noted that increases each year just under 5% can place significant burdens on tenants. She also commented that the increased security deposit was a big lump sum payment to ask the tenant to make.

Member Johnson concurred, saying it was okay to increase the security deposit, but it could have been increased more gradually to lessen the impact on the tenant.

Motion and second for a \$100 increase (Members Chiu and Johnson).

Vice Chair Sullivan-Cheah said he wanted to bring attention to the fact that increases at the property have historically been high and consistent. While noting the landlord's interest in earning a reasonable rate of return, he said he did not hear Mr. Hanson articulate a significant financial impact if he did not get the full amount requested, while the tenant had articulated a burden. Vice Chair Sullivan-Cheah said he thought an increase of \$50 to \$75 would be reasonable.

Chair Murray noted that a motion remained on the floor. Motion failed 2-2.

Chair Murray said she thought the amounts Vice Chair Sullivan-Cheah mentioned were too low and thought they could come to an agreement somewhere in the middle.

Motion and second for an \$80 increase (Vice Chair Sullivan-Cheah and Chair Murray).
Motion passed 3-1.

7-B. Case 1203 – 553 Pacific Ave., Apt. D

Tenant: William Griffith

Landlord: Jeff Kirk

Proposed rent increase: \$200.00 (18.7%), to a total rent of \$1,270.00,
effective February 1, 2019

Mr. Kirk said he was a carpenter and is now retired and disabled, and needed to increase the rent to earn a reasonable rate of return. He said if his requested increase was approved he would earn a return of 3.9 percent. He noted that had he raised the rent 5% every year since the tenancy began the rent would be higher than what he was currently requesting. He said he thought the unit was below market rate even with the increase.

Mr. Griffith said that his unit was a studio, that he thought Mr. Kirk had been very fair, and acknowledged his rent was below market rate. He said there had been prior increases of about 4% and thought the current requested increase was high. He shared that he was hoping to compromise for an increase of about 10%, or a total rent of around \$1,230.

Mr. Kirk said previous increases were not 4% each, but 2.9%, 2.7%, 2.7%, 2.6%, 2.5%, 2.95%, and last year 3.9 percent. He said he had no problem working out a payment method for the tenant, but felt he needed to increase the rent the same amount for him as he did for another tenant in a similar unit. He said he thought he had raised the rent too little in previous years to keep up with costs.

Vice Chair Sullivan-Cheah asked if it was Mr. Kirk's intention to raise rents 5% per year going forward until the unit reached market rate. Mr. Kirk answered that he wanted to raise rents to obtain a fair rate of return, rather than market rate. Mr. Kirk said he had a family to consider, and since the value of the property would be determined by the income it could produce, he would be hurting his family if he did not raise the rent.

Vice Chair Sullivan-Cheah asked if there were any outstanding issues with the unit that needed to be addressed and Mr. Griffith replied there was a bit of water damage.

Chair Murray confirmed that the parties were not willing to come to a compromise and they preferred that the Committee make a decision.

The participants took a seat and the Committee began deliberations.

Member Johnson opined that a raise of 15% seemed acceptable.

Vice Chair Sullivan-Cheah said he did not think the landlord's requested rent increase was unreasonable given its location and the fact that prior increases were relatively low, while also noting that it was reasonable for the tenant to request a lower increase.

Chair Murray echoed these sentiments, saying she was glad community members felt comfortable coming to the Committee with their concerns and perspectives. She noted the landlord had invested significant upgrades in the property and said it was appropriate to seek balance in deciding how much of an increase would be allowed, as too much of an increase could negatively impact the tenant and too little could hurt the landlord. She said the Committee's charge is to make sure people can stay in Alameda,

while at the same time ensuring landlords are appropriately incentivized to provide housing. She said she was inclined to support the \$200 increase request for this year, while acknowledging that in future years what is considered reasonable may be different.

Motion and second for a \$200 increase (Chair Murray and Member Chiu). Motion passed 4-0.

Motion and second for reconsideration in order to amend and give an effective date (Chair Murray and Vice Chair Sullivan-Cheah). Motion passed 4-0.

Motion and second for a \$200 increase effective from April 1, 2019 to January 31, 2020 (Chair Murray and Vice Chair Sullivan-Cheah). Motion passed 4-0.

7-C. Case 1233 - 2133 Santa Clara Ave., Apt. 102

No Committee review. The parties reached an agreement prior to RRAC review.

7-D. Case 1234 - 413 Coral Reef Rd.

No Committee review. The parties reached an agreement prior to RRAC review.

7-E. Case 1243 - 1540 Ninth St., Unit F

No Committee review. The parties reached an agreement prior to RRAC review.

8. PUBLIC COMMENT, NON-AGENDA ITEMS, NO.2
None.

9. MATTERS INITIATED

Vice Chair Sullivan-Cheah asked if staff had any further clarification on the confidentiality/privacy concerns raised by the CAO's memo that were discussed at the previous meeting. Program staff replied that further discussion of the matter had been placed on the RRAC's March 11, 2019 agenda.

Vice Chair Sullivan-Cheah asked if there was any update on confirming a fifth RRAC member. Program staff replied that a candidate was going to be considered at the next City Council meeting.

Chair Murray asked if the Committee would have the new member by April and program staff replied that staff would notify the Committee members by email once a candidate was confirmed.

10. ADJOURNMENT

The meeting adjourned at 8:20 p.m.

Respectfully Submitted,

RRAC Secretary
Grant Eshoo

Approved by the Rent Review Advisory Committee on June 3, 2019