

**Minutes of a Special Meeting of the
Rent Review Advisory Committee
Wednesday, April 17, 2019**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:40 p.m.

Present: Chair Murray; Vice Chair Sullivan-Cheah;
Members Chiu and Sidelnikov

Absent: Member Johnson

Program staff: Grant Eshoo; Bill Chapin

City Attorney staff: None

2. AGENDA CHANGES

Staff called roll of case participants. The tenants for Agenda Items 7-C, 7-D, and 7-F were not present and moved to the end of the agenda.

3. STAFF ANNOUNCEMENTS

Staff requested Chair Murray and Vice Chair Sullivan-Cheah provide dates between June 10 and June 22, 2019, for upcoming training.

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

None.

5. CONSENT CALENDAR

None.

6. UNFINISHED BUSINESS

None.

7. NEW BUSINESS

7-A. Case 1236 - 1845 Poggi St., Apt. D214

Tenant: Bashir, last name unknown

Landlord: Andy King

Proposed rent increase: \$198.00 (10.0%), to a total rent of \$2,182.00,
effective March 1, 2019

Mr. King said the current ownership purchased the property in October 2017, and the property had extensive deferred maintenance. The ownership has spent more than \$3 million in the last year and a half on renovations including seismic upgrades, roofing, painting, and improvements to the grounds. The rent increase is intended to recoup some of this investment. The request is also based on market rates; Mr. King submitted information showing the ownership currently asks \$2,524 for a slightly smaller 2-bedroom unit at a nearby property.

Bashir said the four tenants are all students attending a nearby university. He said they accepted two previous rent increases without question but now are having trouble making ends meet. He said they have been good tenants and requested consideration for the fact that all tenants will be graduating within the next year and a half. The tenants have no complaints about the management; the only issue is their financial situation.

Mr. King declined to respond.

Committee members asked for additional information about the tenants' financial situation. Bashir said that some tenants work part-time and some receive scholarships. Their parents occasionally help with bills when they request help. He said they would have to consider moving if the 10 percent increase became effective.

Committee members asked for more information about the unit. Mr. King said a new tenant would be charged \$2,660 per month for an identical two-bedroom unit at this property. Bashir said there have been no significant improvements made to the interior of the unit, and noted the windows rattle during strong winds.

In response to statements made by Bashir, Mr. King explained that the ownership has begun offering incentives to tenants who agree to proposed rent increases. These include upgraded appliances or carpeting or a \$1,000 gift card.

Member Sidelnikov noted that Bashir mentioned multiple rent increases, but records provided to the Committee showed just one previous increase. Bashir said the tenants originally paid \$1,775 per month. Staff said if this was the case, the 2017 rent increase to \$1,890 would have been in excess of 5 percent. Since it was not filed with the program, such an increase would be invalid. In such a case, staff would direct the landlord to reset the rent to the last valid level and refund any overpayment, which would alter the base rent. Chair Murray suggested the Committee may need to defer hearing the case until a factual basis can be established.

Mr. King said the submission was based on records on file for the unit, but the previous ownership's records were not always accurate. He noted that there was currently no evidence to back up the tenant's statement or that rent would need to be refunded. He

proposed a lesser rent increase to a total of \$2,025. Staff said such an agreement could constitute the tenant waiving his rights, which is not allowed under Ordinance no. 3148.

Vice Chair Sullivan-Cheah expressed concern that the Committee was mediating a private agreement based on assumptions. Motion and second to table this item until staff can verify rent history and present any updated facts to the Committee (Vice Chair Sullivan-Cheah and Member Sidelnikov). Motion passed 4-0.

7-B. Case 1237 - 1845 Poggi St., Apt. D307

Tenant: Moyende Kamali

Landlord: Andy King

Proposed rent increase: \$170.00 (10.0%), to a total rent of \$1,878.00, effective March 1, 2019

Mr. King submitted online rental postings showing the current asking rates for three comparable one-bedroom units at this property and a neighboring property owned by the same group, ranging from \$2,271 to \$2,341.

Mr. Kamali said he works as a self-employed general contractor, so his income can vary based on his current clientele. He said he does not believe the requested rental rate reflects the quality of the unit, and he specifically cited damaged windows where the frame does not close correctly, leaving a gap that lets in air.

Following questions about the incentives program, Mr. King said the ownership would be willing to replace windows in the unit if Mr. Kamali agreed to the rent increase. Mr. Kamali proposed an 8 percent increase. The parties agreed on an increase of \$136 to a total rent of \$1,844, effective May 1, 2019.

7-E. Case 1250.1 - 1825 Poggi St., Apt. A202

Tenants: Jason Schabert and Tammy Cordero-Schabert

Landlord: Andy King

Proposed rent increase: \$127.00 (10.0%), to a total rent of \$1,402.00, effective June 1, 2019

Mr. King had no specific statements unique to this case.

Mr. Schabert said he is a blue-collar worker and his wife is a homemaker. He said he receives an annual salary increase, but it is not large enough to keep pace with regular rent increases of more than 5 percent. He said the apartment currently has mold in the bathroom and bedroom that will require them to sleep in another apartment for a minimum of two to three days while repairs are made. He said he would agree to a 5

percent rent increase, but any more than that seems excessive to him. Member Sidelnikov noted that the form the tenants filed said a total rent of \$1,350 would be acceptable, which is a 5.88 percent increase. Mr. Schabert said he would accept a 5 percent increase. Ms. Cordero-Schabert said they were trying to compromise by meeting in the middle.

Chair Murray noted the filed paperwork had conflicting dates that the increase would become effective. Staff confirmed an effective date of June 1, 2019.

Committee members asked for additional information on the tenants' financial situation. Mr. Schabert said the full rent increase would strain their ability to pay for medical care, prescriptions, groceries, and gasoline. He said he has come to rely on substantial overtime at his warehouse job. Medical issues prevent Ms. Cordero-Schabert from working. This is a recent development, and she currently receives no income.

The parties were not able to reach an agreement, and the Committee began deliberations.

Vice Chair Sullivan-Cheah said this is a case where the rent increase is reasonable, but the full increase would create financial hardship for the tenant. Members Chiu and Sidelnikov agreed the tenant had demonstrated hardship. Chair Murray suggested an increase to a total rent of \$1,350 because the tenants had indicated in paperwork that they were comfortable with that amount, even if the percentage came out to greater than 5 percent.

Motion and second for an increase of \$75 to a total rent of \$1,350, effective June 1, 2019 (Member Chiu and Vice Chair Sullivan-Cheah). Motion passed 4-0.

7-F. Case 1249.1 - 1825 Poggi St., Apt. A210

Tenants: Desiree Ann Shaver

Landlord: Andy King

Proposed rent increase: \$120.50 (10.0%), to a total rent of \$1,328.00, effective June 1, 2019

Mr. King had no specific statements unique to this case.

Ms. Shaver shares the 1-bedroom apartment with her mother and 22-year-old daughter. Ms. Shaver's salary is the primary source of income for the household, although her mother does receive some Social Security benefits and her daughter works part-time. She also provides some financial support to her father. Her mother has medical issues, and Ms. Shaver is responsible for her care and transport to medical appointments. She said she understands an increase is inevitable but a 10 percent increase would be hardship.

Mr. King declined to respond.

Member Chiu noted that the paperwork Ms. Shaver filed stated a total rent of \$1,267.87 would be acceptable, which would be a 5 percent increase. Ms. Shaver said she could even afford a 6 percent increase to a total rent of \$1,280.

Committee members asked for additional information on the family's financial situation. Ms. Shaver said her daughter currently works three days a week and helps pay the cell phone and cable bills. She is not currently attending school. Ms. Shaver works for an accounting firm.

Committee members asked about any maintenance issues with the apartment. Ms. Shaver said the stove and the bathroom fan do not work, the cold water sometimes comes out hot, the bathtub does not drain, and the bathroom floor is discolored.

The parties were not able to reach an agreement, and the Committee began deliberations.

Vice Chair Sullivan-Cheah said that, while the proposed rent increase is significant, he was inclined to approve it based on the idea that Ms. Shaver's daughter is capable of working full time and contributing to the rent. Member Sidelnikov and Chair Murray expressed agreement. Chair Murray added that the Committee should encourage and recognize landlords who make investments in seismic upgrades.

Motion and second for an increase of \$120.50 to a total rent of \$1,328, effective June 1, 2019 (Vice Chair Sullivan-Cheah and Member Sidelnikov). Motion passed 4-0.

7-C. Case 1256 - 1843 Poggi St., Apt. C104

No Committee review. The tenant was not present. The landlord may impose the rent increase as noticed or as otherwise agreed upon by the parties.

7-D. Case 1264 - 1845 Poggi St., Apt. D216

No Committee review. The tenant was not present. The landlord may impose the rent increase as noticed or as otherwise agreed upon by the parties.

7-G. Continuation of discussion of memo from CAO to RRAC concerning confidentiality of information on agenda materials provided to the Committee and the public

Chair Murray said the Committee wants all five members present to consider this item. Staff noted that, based on Committee members' stated conflicts, the next three meetings will not have the full committee present.

Chair Murray and Vice Chair Sullivan-Cheah summarized some of the Committee's previously stated concerns with the policy. Chair Murray said the City Attorney's Office was to consider those concerns and present alternatives. The Committee has not seen alternatives, and the memo remains unchanged. She asked that the item be added to the agenda for the next meeting when all five Committee members and a representative of the City Attorney's Office will be present so there can be a discussion.

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

None.

9. MATTERS INITIATED

None.

10. ADJOURNMENT

The meeting adjourned at 9:09 p.m.

Respectfully Submitted,

RRAC Secretary
Bill Chapin

Approved by the Rent Review Advisory Committee on May 15, 2019