

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Monday, January 5, 2015**

1. CALL TO ORDER AND ROLL CALL

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

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

2. CONSENT CALENDAR

a. Approval of the Minutes of the December 1, 2014 Regular Meeting

The draft minutes were approved as corrected (typographical error). Motion by Miller, seconded by Harrison, and passed unanimously.

3. UNFINISHED BUSINESS (None)

4. NEW BUSINESS

a. Case 330 – 314 Central Ave. Unit C

The Chair reported that the case had been withdrawn by the tenant prior to this meeting.

b. Case 331 – Crolls Garden Court, Units 101, 103, 107, 111, 115, 121 & 127

Tenants/public speakers: Steve Devaney, Todd James Hebert, Mike Pacheco, Abel J. Macias II, Tom Hanus, and Doris Wong.

Owner representative/public speaker: Paul Judge

On-site property manager: Travis Faulk

Before proceeding with the case, the Chair gave an overview of the role of the RRAC and the composition of the membership. The tenants were then called to speak in agenda order. (The tenant of unit 127 was absent.) Tenant concerns included:

- A \$275 increase is excessive, especially since there have been steady rent increases. Some of the tenants stated that \$50 - \$75 increases would be appropriate.
- Several maintenance issues were noted and photos were provided. The concerns included no working wall heaters, serious drainage issues that arise after rain storms, and rotting wood on decks and railings.
- Concern that carport rental fees were being included with base rent when increases were calculated.

Mr. Judge stated that he had negotiating authority. The building has been under the current ownership for 14 years. Mr. Judge stated that he had not have a chance to review all the complaints, as he was not provided with copies until December 31. The Chair responded

that staff had not been provided with owner contact information until then. Mr. Judge stated that he would set up meetings with every tenant to discuss maintenance issues. He added that each tenant had a thorough walk-through at the inception of the tenancy but that there are not annual walk-throughs. Vice Chair Miller asked about the maintenance complaint process. Mr. Judge responded that the process would be to contact the on-site property manager. He added that he was completely blindsided by the tenant's statements about not having furnace heat. Mr. Faulk stated that he told the tenant in question to first report the heater problem to PG&E. Mr. Faulk stated that since he never heard back from the tenant, he assumed that PG&E had done its job, which is to make sure the pilot light is working. PG&E would then present a slip stating the problem and then Mr. Faulk would call a repair person to address the specific problem.

Mr. Judge stated that the owner conducted a rental survey and concluded that the rents were significantly below the market and that even the proposed increases to \$1,810 were significantly below the market. He added that he believed that the units were worth \$2,100. Mr. Judge was asked if the rental survey was based upon vacant units or units that were occupied. Mr. Judge replied that it was both; other landlords were consulted and that vacancy listings on Craigslist and Gallagher and Lindsey were checked. He also noted that the owner had a property tax increase. Also, there are very expensive maintenance issues that result from the building being at sea level such as pumping up the sewage from the building. Vice Chair Miller commented that the owner should have looked at that before purchasing the building and realized that these would be ongoing things. She also stated the owner was looking at rents for vacant, upgraded units and that it appeared that a lot of the tenants moved into the units when the units were not move-in ready. Chair Perry stated that the owner is imposing market rents on existing tenants. Mr. Judge responded that the past rent increases should have been higher and that "no good deed goes unpunished." He added that when these tenants moved in, the rents were below market and in his opinion, they were still below market.

Mr. Judge stated that the rent increase letter issued to the tenant of unit 107 had been issued in error. The owner's policy is not to raise rents more than once a year. The tenant's notice was supposed to be served in May of this year and to take effect in July and that the notice would be rescinded. The rent would be increased to \$1,810 at that time. He stated that he would not lower the other tenants' rents from \$1,810; however, he would address any maintenance issues. Vice Chair Miller asked if that included carpeting and painting. Mr. Judge responded that he would look at that on a case-by-case basis and would schedule a walk-through with every one of the tenants.

Member Harrison reminded Mr. Judge of his claim of having negotiating authority. Mr. Judge responded that if Member Harrison thought that he was not negotiating, he was sorry that he felt that way. He added that the owner was a business, not a nonprofit and that he still believed that the units would still be below market at \$1,810.

Chair Perry asked the tenants if there were any additional comments. One tenant stated that these are people's lives and that all the owner cared about was money. Another tenant stated that he had a heater problem and was told to call PG&E. He did not understand

why he should call PG&E when there was no pilot light in the heater. Another tenant stated his stove quit working and would not get hot and told Mr. Faulk that it was due to a circuit breaker. A new stove was provided but it would not get hot either. The tenant was told to call the stove company for repairs but it was all due to a circuit breaker problem; the circuit breaker for the stove was burning along with the one next to it. He added that the attitude is to take care of things yourself and if something is destroyed, then they will replace it.

Vice Chair Miller stated that she realized that being a landlord was a business but that it was a people business. It is not like owning a toy store where people have the choice to shop somewhere else. People live in these units; it is their home. The tenants don't have a choice in going somewhere – they are already there. People have a choice with a vacant unit.

Member discussion followed. Vice Chair Miller recommended a ten percent increase. Member Roberts recommended a 15 percent increase, as the owner would be facing a lot of maintenance expenses. Chair Perry stated that 15 percent was too high and that 7.5 percent would be appropriate, as there were a number of units that were rented in 2012 and considered to be market rate at that time. Member Nguyen stated that 10 percent for a 12-month period would be more normal and that the maintenance issues would need to be addressed.

Motion by Miller, seconded by Roberts, and passed unanimously that the RRAC recommend:

- Rescission of the rent increase letter sent to the tenant of unit 107, as the tenant's rent had already been increased within the past year (July 2014). This had been agreed to by Mr. Judge.
 - The remaining tenants' rents (excluding additional parking fees) be subject to a ten percent increase, from \$1,535.00 to \$1,688.50.
 - These increases would be in effect for a one-year period.
 - The maintenance issues cited by the tenants will be addressed.
 - If the recommendation is not accepted by the owner, the Council referral process will be initiated.
- c. Designate RRAC representatives to January 20, 2015 City Council Meeting

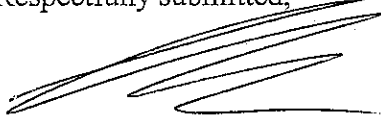
Chair Perry and Member Roberts will represent the RRAC at this meeting. Member Nguyen stated that she planned on attending this meeting.

5. ORAL COMMUNICATIONS (None)
6. WRITTEN COMMUNICATIONS (None)
7. PUBLIC COMMENT (none)

8. ADJOURNMENT

The meeting was unanimously adjourned at approximately 8:10 p.m.

Respectfully submitted,



Claudia Young
Secretary

CY:rv

Approved by the Rent Review Advisory Committee on March 2, 2015.

The Rent Review Advisory Committee does not provide legal advice. Each landlord and tenant is responsible for seeking the advice of legal counsel on any matters or document related to their specific circumstances. The Committee's recommendations are not legally binding.

All materials submitted to the Rent Review Advisory Committee are property of the City of Alameda and the Housing Authority of the City of Alameda and are subject to the laws governing Public Records.