

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Monday, June 1, 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.

Members absent: (none)

RRAC staff in attendance: Claudia Young.

At this time, the Chair took the opportunity to thank Karen Miller for her nine years of service on the RRAC. Ms. Miller had previously announced that she would be resigning from the RRAC by July.

2. CONSENT CALENDAR

- a. Approval of the Minutes of the April 6, 2015 Regular Meeting
Approved by unanimous consent (M/S Miller/Nguyen).

3. UNFINISHED BUSINESS (None)

4. NEW BUSINESS

- a. Case 337 – 434 Central Avenue. Units 114 and 220
Tenants/public speakers: Jerry L. Stepp and Richard Miranda
Owner representative/public speaker: Jeff Kaplan, property manager for Kadami Enterprises

Mr. Stepp, a seven-year tenant, stated that all the maintenance concerns that he presented to the RRAC last year (RRAC Case No. 314, April 2014) have only just been addressed in time for this meeting. Ten percent rent increases two years in a row amounts to a 21% increase in 13 months. The owner should leave the rent as-is or make some upgrades. No outside maintenance has been done either. The Vice Chair noted that there had been no rent increases from 2008-10 and from 2011-2013.

Mr. Miranda, a 30-month tenant, stated that for a period of time, the owner had hired a third-party company to collect utility costs from the tenants as an alternative to rent increases. He stated that there was no justification for increasing the rents; the owner wants to charge the same amounts as neighboring buildings but does not want to take care of anything.

Mr. Kaplan stated that he was authorized to negotiate on behalf of the owner. The owner did try to use a third-party utility billing service to collect from tenants; however, it caused problems so he backed away from that. The tenants were refunded their money through rent credits. Regarding outside maintenance, the pressure washing and painting had been put out to bid but that work cannot proceed due to the drought. The repair of the secure entry system has been put out to bid. The owner has been presented with a bid for new

security cameras. The designated smoking area for existing tenants is being enforced and new tenants are required to sign a non-smoking addendum to their leases. The justification for increasing the rents is due to the increasing costs of water, utilities, and property taxes.

Member Roberts asked what type of lease was being offered to the tenants. Mr. Kaplan responded that they are now using six-month leases. Rent increases are being kept to under ten percent per year per RRAC's recommendation last year. Mr. Kaplan added that the street rent for a one-bedroom unit is \$1,850 and \$2,049 for a two-bedroom unit.

The Vice Chair asked about the utility billing to the tenants. Mr. Kaplan responded that the billings had been directed at the month-to-month tenants. He added that currently the owner pays for water, garbage, and sewer and the tenants pay for electricity and gas.

Member Roberts asked if the six-month lease was something new. Mr. Kaplan responded that for the last two years that he has been employed by the owner, they have been using the six-month lease; however, per the RRAC's recommendation, the rent increases are once a year at only ten percent. The increases are ten percent minus one dollar. The Chair stated that the RRAC has never recommended any particular rent increase and that cases are heard on an individual basis. Somehow the notion has gotten out there that the RRAC has some set-in-stone benchmark but that is not the case. The Vice Chair stated that this was the RRAC's recommendation last year for this particular case.

Member Roberts stated that one of the tenants has been there for seven years and the other for 30 months and asked if the owner took into consideration the amount of time the tenant has been on the property. Mr. Kaplan responded no.

The Vice Chair asked Mr. Kaplan if the carpet had been changed in Mr. Stepp's unit during the seven years he's lived there. Mr. Kaplan responded that the carpet had been cleaned and it was in great shape. He added that he had taken care of the other maintenance items.

The Vice Chair asked Mr. Kaplan where he got his street rent numbers. Mr. Kaplan responded that they were based upon research provided by his corporation and Craig's List. The Vice Chair stated that just prior to this meeting, she polled a couple of the rental companies in Alameda and found that the least expensive one-bedroom units were \$1,400 - \$1,500 and the least expensive two-bedroom unit was \$1,700.

The Chair asked Mr. Kaplan if there was any flexibility on these rent increases. He added that if the rents were increased by ten percent each year for three years, that would be a 30 percent increase in 23 months; you would not expect a mortgage payment to increase like that. Mr. Kaplan responded that the owner was not open to negotiating on rent increases right now.

Member Nguyen stated concern that Mr. Kaplan could not provide hard dates for pressure washing and painting. Following discussion, Mr. Kaplan stated that he would consult EBMUD about getting permission for the pressure washing.

The Vice Chair stated that she was sympathetic regarding the owner's increased costs: water and gas have increased up to 30 percent; and garbage, insurance, and taxes have also increased but she wasn't sure that the increased costs added up to ten percent.

Member Harrison stated that he believed the owner was trying to game the system but that market forces have to be respected, too.

Member Nguyen stated that the property manager needed to step up and get things done and not just wait until people complain at the next rent increase. She added that she did not want to see everyone back next year because the items that he is promising now hadn't been done, as the dates are not set in stone.

RRAC recommendation: The ten percent rent increases were determined to be acceptable. The owner should address all maintenance concerns presented by the tenants (M/S Miller/Nguyen and passed unanimously).

b. Case 338 – 1701 Shoreline Dr. Unit 305

This item was withdrawn from the agenda, as the tenant and landlord had reached a resolution prior to the meeting.

c. Case 340 – 2164 San Jose Ave. Unit B

This item was withdrawn from the agenda, as the tenant and landlord had reached a resolution prior to the meeting.

d. Case 339 – 470 Central Avenue. Units 1, 3, 4, 8, 9, 10, 11, 14, 15, 16, 18, 22, 23, 25, 29, 31, 32 & 33

Tenants/public speakers: Vicente Placido, Gina Yambao, Michael Sabo, Charles Penalver, Romel Laguardia, Julia Balthasar, Melanie M. Garcia, Garfield Kincross, Melvin Peterson, and Guillermo A. Garcia

Owner representative/public speaker: Paul Lin representing the owner, Holmes Business LLC

Vicente Placido stated that the rent increase was excessive and that no improvements have been made since last year (RRAC Case No. 317, June 2014). The resident manager does not respond to maintenance complaints. He still has holes in the floor and walls of his hallway. He has tried without success to get the resident manager to look at the mold problem in his unit. The mold is throughout his unit and he has repainted the walls himself. Water is coming in through the ceiling.

Gina Yambao's mother stated that she lives with her daughter, Gina and wanted to express her concern regarding the excessive rent increase.

Michael Sabo, a tenant for over ten years, stated that he commiserated with his fellow tenants regarding the excessive rent increases. He stated that he was a senior citizen on a fixed income and that he wanted to see just cause for this increase. The Vice Chair stated that his application was not clear regarding his rent increase history and asked if there was a period of time when there were no increases. Mr. Sabo stated that he could not clearly recall

this. Member Roberts asked about the carpet in the unit. Mr. Sabo stated that it had been changed in 2011 but is now worn.

Charles Penalver stated that he could handle a three to five percent increase but nine percent on top of last year's ten percent would be a total increase of 19 percent in the past two years. He is supporting a child and his income has not increased. Since last year's increase, he has been paying 50 percent of his income for rent and this new increase would make that 61 percent. He stated that he did not think that the owner's increased expenses justified the amounts of the rent increases.

Romel Laguardia stated that he was part of the group that appeared before the RRAC in 2014. When he moved into his unit in November 2010, the rent was \$850. In November 2013, it was raised to \$950. In November 2014, it was raised to \$990. The latest increase would bring the rent to \$1,090. He stated that his income has stayed the same but understands that market research has played a factor in these increases. He stated that he and his wife have three children and he needed to know if there were going to be nine or ten percent increases every year. He stated that the on-site manager was unresponsive, which had been a complaint last year, too. He stated that the tenants were not high tech people making over a \$100,000 a year. He stated that he wanted his family to be able to stay in Alameda but they may be forced to move if these increases continue and he was asking the Committee for help. The Chair asked him about his lease. Mr. Laguardia responded that he had a one-year lease for the first year and became month-to-month after that. The manager came around just before this meeting to take care of things but they should be coming by on a regular basis.

Melanie Garcia spoke on behalf of her mother, Alicia Garcia. She stated that her mother had also appeared before the RRAC last year. Of the complaints that were listed last year, the only item that was taken care of was the replacement of the balcony screen. There had been talk at last year's meeting of the carpet being replaced, as it had become infested despite the tenant's regular cleanings but the replacement has not yet happened. There is also mold similar to what was described by a previous speaker. Over the past 15 years, they have invested in a lot of repairs themselves due to the non-responsiveness of the management. There were several years with no rent increases but there was a different manager then. She stated that she was aware of the competitive rental market in Alameda but doesn't know how she can continue to raise her daughter in Alameda if these rent increases continue. Member Harrison asked Ms. Garcia if she believed the resident manager to be unresponsive. She responded yes and that had been one of her main complaints last year. She added that she had asked the manager for her schedule but it hasn't been that effective. She did note that the manager's husband has been helpful. Ms. Garcia stated that the tenants have not been provided with maintenance request forms.

Garfield Kincross stated that he has been a tenant for 23 years and was also with the tenant group that appeared before the RRAC last year. He stated that it has taken nine to 11 months for management to address the maintenance issues from last year. He stated that there has been some hesitation by management to respond to many of his requests and does not believe that a ten percent increase is justified. He cited structural damage to the balcony. He has gone back and forth with management for a year and they still have not done the termite

control. He would like to see the management do an assessment of all the balconies. He stated that his second-floor balcony had been shored up somewhat but that the workers had commented that the entire balcony should be replaced. He stated that the tenants were not provided with maintenance request forms. He stated that he had received rent increases every year for the last four years. Last year's rent increase had been reduced to ten percent for a 12-month period after he and other tenants appeared before the RRAC. He stated that he was originally on a six-month lease but was now month-to-month. Member Roberts asked Mr. Kincross what he would consider to be a fair increase. Mr. Kincross responded five percent.

Guillermo Garcia has been a tenant since 1992 and was also with the tenant group that appeared before the RRAC last year. Last year the RRAC had requested that the owner work with Mr. Garcia regarding his request to replace the carpet. The carpet has still not been replaced. He stated that he should not have to pay an increase until this is done. The Vice Chair asked Mr. Garcia if the carpet had ever been replaced since 1992. He responded no. She also asked if he ever reminded the manager about the carpet when other repairs were being done in his unit. He replied no, that they should already know, as the RRAC had recommended it.

At this time, Angie Watson-Hajjem of ECHO Housing addressed the meeting. She pointed out the ECHO flyers on the public table and stated that ECHO was available to assist in resolving tenant/landlord issues involving repairs.

Julia Balthasar stated that she also had issues with the manager's responsiveness regarding repairs. She stated that she was getting the impression from the RRAC that tenants should expect rent increases every year. The Vice Chair stated that rent increases shouldn't be automatic but that landlords had to keep up with inflation.

Melvin Peterson had not yet submitted a rental increase complaint form. The Chair asked for a vote of the RRAC to allow Mr. Peterson to speak, as he was part of the tenant group and it would be in everyone's best interests for him to be heard at this time. The RRAC voted unanimously to allow this. Mr. Peterson stated that he has been a tenant for over 18 years. His current rent for a one-bedroom unit is \$953.70 and his increase would bring it to \$1,040.00. He requested that this increase be postponed for one year or that the amount of increase be reduced. The Vice Chair asked if there were issues with the management regarding maintenance. Mr. Peterson responded that he had nothing he wished to discuss. In response to a question from Member Nguyen regarding previous rent increases, Mr. Peterson stated that he has had regular rent increases since 2011 but he could not recall the exact amounts. Member Roberts asked if there were any current maintenance issues. Mr. Peterson responded that if he had any, he would call the manager.

The Chair noted for the record that the tenants of the following units had submitted rental increase complaints but did not speak: units 4, 8, 11, 15, 18, 22, 29, and 32.

Paul Lin identified himself as the off-site manager. In response to questions by the Chair, Mr. Lin stated that he was a partial owner of the LLC and was authorized by the other owners to act on their behalf. Mr. Lin stated that as of last year, all units had been provided with maintenance request forms and that all records were kept in a computer. He stated that existing tenants have been given consideration already. A vacant one-bedroom unit now rents for \$1,395. Last year at RRAC, it was agreed that the rents would not be raised (above ten percent) for 12 months, so they waited until one year later and raised the rents. They followed the general guidelines by not going over ten percent and gave the tenants 60-days' notice to make sure they had enough time to prepare for the new rent. In response to the complaints about the on-site manager, Mr. Lin cited examples of two different units with broken windows that were addressed within a few hours. He stated that he would have his office manager send the tenants another copy of the off-site contact email address and copies of work order forms.

The Chair stated that the RRAC appreciated hearing about the items that were addressed but that the RRAC had just heard numerous complaints from tenants about items that were not responded to in a timely manner. Mr. Lin stated that he was aware of only one outstanding work order. The Chair responded that tenants don't seem to be aware of the forms and that it was a manager's responsibility to respond to maintenance requests regardless of how they are relayed. The Vice Chair suggested to Mr. Lin that the work order forms could be made available in the laundry room along with a box for completed forms that the on-site manager could check daily. Mr. Lin agreed that was a good idea. The Vice Chair asked why Mr. Garcia's carpet had not yet been changed. Mr. Lin stated that he did not have an answer for that. He stated that the policy was to clean the carpets every two years. Member Roberts mentioned Mr. Placido's unit with the mold and holes in the walls and that many times he has requested this to be fixed and asked Mr. Lin if he was aware of that. Mr. Lin responded that he was not aware of the holes. He checked his information and stated that in December 2014, they repaired a faucet and toilet handle; in March 2014, they replaced a kitchen faucet; and in April 2014, they replaced an exhaust and fan. The Chair asked how those records are recorded. Mr. Lin responded that the on-site manager enters the information online. If the work cannot be handled by on-site staff, a contractor will be dispatched. The Chair asked Mr. Lin if the information is not entered into the system then he does not see it and Mr. Lin responded that was right. Member Nguyen stated that she was concerned that even with the work order forms available in the laundry room, the on-site manager must still input the information and asked Mr. Lin if tenants could email him directly. Mr. Lin responded yes. He added that the tenants were notified of this last year and that he would do so again. The Chair asked Mr. Lin if every year he was taken by surprise by the tenants' complaints regarding maintenance, then maybe it was an issue of the on-site manager not communicating these things and what was he going to do about this. Mr. Lin responded that he would work to improve the communication. He stated that he was surprised at the maintenance complaints that arise whenever there is a rent increase but on a day-to-day basis, the requests are responded to in a reasonable period of time. He clarified that he is surprised by the complaints that are not true. If they are true, he will try to fix them as soon as possible. Member Nguyen asked Mr. Lin if he was aware of the tenant's complaint regarding mold in

every room and the tenant painting it himself. Mr. Lin responded that he was not aware of that. He stated that this was something that surprised him, as they just went into his unit four months ago and that two months ago, a walk-through was refused by the tenant. This was in addition to the repair visits previously mentioned. The Vice Chair asked Mr. Lin if he had a walk-through schedule for all the units. Mr. Lin responded that he has pest control people come out every two months and they go through four to six units each time and they try to have the on-site manager walk through with them.

The Chair asked Mr. Lin if he would consider a five percent increase to be fair. He responded no, that ten percent would be very fair. The Chair asked if he wanted to talk about that. Mr. Lin stated that the new rent is almost \$1,400. Most of the increases are below \$100 and was worried about falling further and further behind. They are trying to stay within the ten percent. The Chair responded that from the tenants' perspective, they were falling further and further behind on maintenance and was wondering if they could find some middle ground. Mr. Lin restated that he thought ten percent was fair. The Vice Chair stated that she definitely had concerns about the maintenance and that, according to the tenants, a lot of this maintenance was done just prior to this meeting instead of during the normal course of business. She also stated that she was aware that his units were under market and that she did not have a problem with ten percent. Member Nguyen stated that she did not have a problem with ten percent either if the maintenance issues were taken care of. The Chair stated that he took issue with the maintenance, too. Things are not being communicated the way they should be. The units going for market rate do not have mold or old carpets.

Member Harrison asked to speak with Mr. Placido but staff stated that he had already left.

The Vice Chair stated that regarding her acceptance of a ten percent increase, she had noticed that a number of these one-bedroom units had three to five people living in them. The owner pays water and garbage and it adds up. Mr. Lin responded that their general guideline is two plus one and they don't allow five people to live in one unit and that he was surprised to just learn that some tenants had more people living with them than he was aware of and he had wanted to address that earlier. The Vice Chair stated that there is a HUD guideline of two people per bedroom plus one; although this is not a rule.

Member Roberts stated that when a large number of people turn out from one property, there are definitely issues there, some being more egregious than others. He proposed that Mr. Lin consider an incremental increase for six months followed by another incremental increase the next six months in order to help absorb the shock of ten percent increases to the tenants. However, he recommended that there be no increases for units 1 and 33 until the issues that were raised tonight were addressed.

Member Harrison stated that even though the RRAC needed to be sensitive to market pressures, the RRAC needed to distinguish the differences between this case and the previous case in terms of the severity of the maintenance issues. In view of that, he proposed that the average rent increases be limited to 7-1/2 percent over the next year, or four percent and four percent over six-month intervals. The Chair asked Member Harrison if that would be for all the units or would units 1 and 33 be excluded. Member Harrison responded that 7-1/2

percent would be an average for all the units and that units 1 and 33 could be entered as zero.

The Vice Chair stated that as egregious as the carpet situation is with unit 33, you're looking at a two-bedroom unit priced at \$1,260 when there are studios in this town going for that. Even though the RRAC does not know the rent history, if \$1,260 is the rent for a two-bedroom apartment, they are already getting consideration. A two-bedroom apartment rents for \$1,500 and the tenants have been there for five years, so they are giving consideration to someone who has been there for a long time.

Member Nguyen stated that she still had a concern about some of the maintenance issues. She stated that she had no objection to the ten percent increase if the owner or manager was responsible for taking care of maintenance issues in a timely manner. Not hearing about the maintenance issues is no excuse when one of the owners is on site once a month.

Member Roberts stated that in light of the maintenance issues, his recommendation would be for a 7-1/2 percent increase.

The Chair stated that he would be inclined to vote for a lower increase, as nothing had changed from last year.

Member Harrison stated that he wanted to make an observation to the general public. He stated that in not very long, the City Council is going to be thinking about rent control and this is not a good time for landlords to be seen as having punitive rent increases accompanied by poor maintenance.

At this time, the Chair entertained a motion. Member Harrison moved that the rent increases for the complaining apartments be limited to 7-1/2 percent for the next year and that the maintenance issues should be addressed in good faith. Seconded by Member Nguyen, and passed unanimously.

Staff explained that the next step was to issue a letter to the owner stating the RRAC's recommendation. The owner will have ten days to respond. If the owner does not agree to the recommendation, staff will initiate the City Council referral process. Staff emphasized that this can be a lengthy process and that it was important that the tenants pay their new rents by July 1.

5. ORAL COMMUNICATIONS
6. WRITTEN COMMUNICATIONS
7. PUBLIC COMMENT
8. ADJOURNMENT

The meeting was unanimously adjourned at approximately 10:05 p.m.

Respectfully submitted,



Claudia Young
Secretary

CY:rv

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.

Minutes approved by the Rent Review Advisory Committee on December 14, 2015.

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