

**Minutes of a Special Meeting of the
Rent Review Advisory Committee
Monday August 29, 2018**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:30 P.M.

Present were: Chair Cambra; Vice Chair Murray; Members Friedman and Sullivan-Cheah

Absent: Member Griffiths

Program staff: Grant Eshoo, Gregory Kats

City Attorney staff: Michael Roush

2. AGENDA CHANGES

- a. The Committee agreed to move the Consent Calendar item (Agenda Item 5-A) to the end of the agenda.

3. STAFF ANNOUNCEMENTS

- a. None.

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

- a. None.

5. CONSENT CALENDAR

- a. Approval of the minutes of the July 23, 2018 Special Meeting – moved to end of the agenda.

6. UNFINISHED BUSINESS

Chair Cambra asked for the Committee to discuss a letter the landlords had sent since the last (August 20, 2018) meeting providing feedback on the Committee's rent review process. Member Sullivan-Cheah said that the RRAC is not a legislative body, is bound by the requirements of the Ordinance, and members do their best to be fair.

Vice Chair Murray said she appreciated the letter and the concerns it expressed. Regarding mediation, she said, the Housing Authority offered it prior to Committee hearings, as the Alameda community desired that parties try to reach agreements to housing issues voluntarily. She added that there's an inherent tension in the Ordinance's attempt to shift the balance of the common law's bias toward the landlord to make it fairer to the tenant, and the Committee's role is also to try to do this. She said if parties had concerns regarding the operation of law, they should bring up their concerns to the relevant legislative body that makes those laws.

Member Friedman said that he requested the landlords provide additional information on how they calculated fair rate of return at the last meeting, but the landlords' letter did not provide this.

Chair Cambra noted that the RRAC process is different than most other cities' process for holding hearings and evaluating rent increases.

6-A. CASE 1086 – 2485 Shoreline Dr., Apt. 222

Tenant: Jamila Harakat

Landlords: Joanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher

Proposed rent increase: \$310.64, effective October 1, 2018, from a base rent of \$1,395.00 to a total rent of \$1,705.64.

Ms. Harakat said she and her husband moved to Tropic Sands in 2011 and received increases in 2012 and 2013. She said her husband was injured at that time and could not work. She said that when construction on the apartments started her husband got sick and discovered he was allergic to dust. To aid his healing, they left the country during the construction that began in 2015 so he would not be exposed to the construction dust. She said he works part-time now, and their income is limited. She said she works full-time in a shoe store in Alameda, and the proposed increase posed a financial hardship. She added that their apartment required maintenance, and their maintenance concerns have not been addressed. She said there is mold in the unit which she believes is causing a reaction in her eyes. She said that Darren, former maintenance staff, had come into their unit without permission twice. She said they could afford an increase of \$50.

Vice Chair Murray reflected back Ms. Harakat's concerns and clarified that the tenants paid six months' rent up front while they were out of the country during the construction.

The landlords stated that the construction ended in 2017 and lasted about 1.5 years. Mr. St. John passed out notes to the RRAC members responding to Ms. Harakat's Form RP-01, clarifying that the carpet was new when she moved in, even though she said there was a stain on it.

Member Sullivan-Cheah asked Ms. Harakat when the work was done on the balcony and she said in 2015. The landlords clarified that her balcony faced an interior courtyard.

Member Sullivan-Cheah asked about her husband's work and condition. She said he works part-time for Uber and was permanently injured, making it hard for him to sit or stand for long periods of time. He then asked her what percentage of her income would go toward rent with the landlords' requested increase. Ms. Harakat said that if the rent increased to \$1,527.53 under the multi-year phase-in option, the rent would amount to about 60% of her income, and her husband's income is inconsistent and covers just some basic bills, such as his car and insurance.

Member Friedman asked the landlords what portion of the proposed increases could have been recovered through the City's Capital Improvement Plan (CIP). Mr. St. John stated that he believes most of it could have been included. He spoke about what increase he thinks the landlords could be entitled to under a fair rate of return analysis.

Member Friedman asked the landlords how much the total operating expenses for running the building were. St. John provided a response.

Vice Chair Murray asked Ms. Harakat what effect the increase would have on her. Ms. Harakat replied that she would have to find another job to pay for it, because she did not want to leave Alameda. Ms. Harakat asked if the increase they're being asked to pay also included costs of repairing or upgrading other units. Mr. St. John said that the CIP expenses were being divided equally among the units at the property. Ms. Harakat continued to express concern that she would be paying for part of the work done to make units nicer than hers nicer still. Mr. St. John replied that it's not feasible to allocate costs different for each unit, even when for example, some units may benefit more from the seismic upgrades than others, and each unit was being asked to pay an equal share.

Chair Cambra asked if it was correct that the landlords did not want to negotiate on the amounts of the increase. Mr. St. John said that said their increase requests already took hardship on the tenants into account.

The parties took their seats and the Committee deliberated.

Member Sullivan-Cheah stated he did not think it was reasonable to have an increase that would require the tenants to have to get a second job.

Vice Chair Murray said that the amount of money the tenants would have to make to pay the increase did not seem excessive to her. She said she thought \$50 was too small an amount to increase the rent considering the expenditures made by the landlords, and that the \$132.53 increase proposed by the landlords seemed reasonable.

Chair Cambra said he found the landlords' "one size fits all" formula problematic, as each unit may be affected differently by the improvements. He added that he thought the CAPX amount of \$87.61 provided in the landlords' paperwork seemed like a good number to start the discussion.

Member Friedman discussed the complexity of the cases at Tropic Sands. He said the increase in this case would definitely create a financial hardship on the tenants and said he thought an increase of \$75 was reasonable.

Responding to Vice Chair Murray's comment that \$1,500 per year was not a lot of money, Member Sullivan-Cheah said opined that this was relative, as it would be a lot of money

for his family, as they are considered low-income in this community. He said that part of the purpose of the Ordinance was meant to keep low-income people in the community. He said \$100 would be the maximum amount of increase he would support, acknowledging that the landlords could come back next year and request another increase.

Vice Chair Murray responded that she did not mean to say that amount was an insubstantial amount of money, and added that the landlords also had expenses. She said, for example, that as a landlord she has heavy debts to keep her properties running that constrain her income. She said the Ordinance also asks the Committee to balance both sides' interests. She proposed a \$100 per month increase.

Chair Cambra said he was a little uncomfortable with a \$100 increase, and would want it to be a little less to give the tenants time to adjust.

Motion and second for a \$100 increase (Vice Chair Murray and Member Sullivan-Cheah). Motion failed 2-2.

Motion and second for a \$90 (6.5%) increase (Member Sullivan-Cheah and Chair Cambra). Motion passed 4-0.

6-B. CASE 1087 – 2485 Shoreline Dr., Apt. 111

Tenant: Karen Walters

Landlords: Joanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher

Proposed rent increase: \$337.06, effective October 1, 2018, from a base rent of \$1,495.00 to a total rent of \$1,832.06.

Ms. Walters said she paid rent throughout the construction project, although for a couple months she paid \$200 less as compensation for the inconveniences caused by the work. She said she works part-time, in the evening, and does not get home until 10:00 p.m. or midnight and the construction workers would start working as early as 6:30 a.m. to 7:30 a.m. and would wake her up when she needed sleep. She added that the workers would "gawk" into her apartment and she doesn't feel any increase is warranted. She said she's lived in Alameda most of her life and moving out of the city would be a hardship for her. She said she's on a fixed income combined of social security, retirement savings, and income from her part-time job. She said she could afford a small increase but would probably have to pick up extra shifts at work if she could. She said she should not be liable for the costs of maintenance that was neglected over the years, and doesn't believe she should have to pay interest on the financing the landlords obtained to do the construction work. She added that she believes the construction workers were incompetent and made more problems than they should have, inducing extra costs.

Member Sullivan-Cheah and Vice Chair Murray reflected back Ms. Walters' points. She added that during a time when she was healing from a car accident a neighbor above her made a lot of noise that disturbed her as she was medicated and trying to heal.

Mr. Kessler confirmed that the owners had obtained a loan for the property on which they were paying interest. He said his family acquired the property in the late 1970's.

Mr. St. John stated that Ms. Walters had rent credits in the amount of about \$10,000 during the construction to alleviate the burdens the construction caused. Ms. Walters said she thought the rent she was paying was still excessive given how hard it was to live in her apartment.

Mr. St. John gave the Committee members a document rebutting the concerns the tenant raised in her Form RP-01. Ms. Leonard summarized the document.

Ms. Walters said she thought an increase of about 5%, to about \$1,575 from \$1,495, would be reasonable. She said she would love to have some things in her apartment attended to, such as on her balcony and in her bathtub.

Chair Cambra again asked Mr. St. John if he was willing to compromise on the amount of the increase and Mr. St. John again said no. Mr. St. John reiterated that the landlords already made compromises in coming to the increase amounts that they did.

Member Sullivan-Cheah said that he looks at cases individually, and does not set out to make compromises uniformly across all cases.

Chair Cambra said the Committee makes efforts to express a rationale for their decisions to ensure that parties do not think the decisions are arbitrary.

The parties took their seats and the Committee members deliberated.

Member Sullivan-Cheah requested clarity from the other members about how landlords calculate increases and compensation during renovations. He said that he acknowledged that Ms. Walters said she would be able to afford a modest increase if she took on additional shifts at her work.

Chair Cambra said he thought the CAPX amount (\$93.89) provided by the landlords or a little more would be reasonable.

Vice Chair Murray acknowledged that Ms. Walters had a fixed income and health concerns that would limit her ability to take on too much additional work. She said it was important to both treat cases individually and also be evenhanded in their treatment of each. She said an increase of \$95 to \$110 would be a reasonable range.

Member Friedman said that the landlords did their best to come up with amounts that work for them, and that the Committee should try to keep the tenants happy with their housing, given the history of poor service expressed by many tenants. He said he would support a motion in the range being discussed.

Motion and second for an increase of \$95 (Member Sullivan-Cheah and Member Friedman). Motion passed 3-1, with Chair Cambra opposed.

Chair Cambra expressed confusion of the amount being voted on.

Motion and second to reconsider previous motion (Member Sullivan-Cheah and Vice Chair Murray). Motion passed 4-0.

Motion and second for a \$95 (6.4%) increase (Member Sullivan-Cheah and Vice Chair Murray). Motion passed 4-0.

6-C. CASE 1089 – 2485 Shoreline Dr., Apt. 306

Tenant: Elizabeth Anderman and Alan Anderman

Landlords: Joanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher

Proposed rent increase: \$327.84, effective October 1, 2018, from a base rent of \$1,395.00 to a total rent of \$1,722.84.

Ms. Anderman stated that she misread Form RP-01 and thought the form was asking for the median rent, not that maximum amount that she can pay personally. She said that \$1,450 is the most rent she can afford. She said she lived at the property since 2012 and said she is a single mother with multiple emotional or psychological disabilities. She said she felt sexually harassed when a management worker entered her apartment without authorization. She said the same worker made inappropriate comments about her breasts and about her minor son's sexual orientation. She said she made complaints to management many times starting in 2015 about his behavior and they did nothing to address her complaints and concerns. She said the construction workers woke her up frequently, as early as 6:00am, working on the roof. She said management had her car towed the day before Christmas Eve one year, and it cost her \$800 to retrieve it. She concluded that management's lack of respect has made her disinclined to work with them.

The landlords distributed a written response to the RRAC members and tenants to the statements Ms. Anderman made in her Form RP-01 submission.

Member Sullivan-Cheah reflected back Ms. Anderman's concerns.

Mr. St. John said that Ms. Anderman does not pay the rent, but her father does, and both she and her father are on the lease. Ms. Anderman said her father helps her pay the rent because she only works part-time and can't pay it all herself. She said her father is retired and has started developing Alzheimer's disease.

Ms. Leonard said she investigated Ms. Anderman's claim of harassment and the employee denied the allegation. She said they obtained another maintenance person to attend to maintenance in Ms. Anderman's unit which helped take care of the problem until recently. Ms. Leonard said that employee, Darren, resigned recently. She said they changed Ms. Anderman's lock immediately after he illegally entered her apartment.

Ms. Anderman said she has an income of \$1,200 per month from a new job as an office manager of a startup in Alameda, and pays her parents between \$500-\$700 for rent when she can, and her father writes the rent checks to management each month. She said in addition to developing Alzheimer's, her mom recently had a stroke. She said her father said the increase was excessive but her current rent was below the market average, although they have not had an in-depth discussion about the increase. She said her parents are both retired and on a fixed income from social security and a pension. She said they had to sell their house and are renting an apartment, and are looking for assisted living options.

The parties took a seat and the Committee deliberated. Member Friedman said he was ready to approve a \$75 increase.

Vice Chair Murray and Member Sullivan-Cheah acknowledged that having a cosigner on the lease should be considered, although having limited information on their ability to pay makes it a tricky matter to deliberate. Vice Chair Murray suggested an increase between \$90 and \$110.

Chair Cambra acknowledged the stress having a management employee harassing her, and agreed that having a cosigner on the lease was relevant in the deliberation and wondered how much of a hardship an increase would affect the parents.

Member Sullivan-Cheah said his range would be between \$75 and \$90. He said the letter the tenant wrote was difficult for him to review, but wasn't sure how to factor it into the rent increase.

Member Friedman said the condition of the apartment in the past and management's response was an area of concern.

Motion and second for an increase of \$100 (Chair Cambra and Vice Chair Murray). Motion failed 2-2.

Motion and second for an increase of \$87.61 (Member Sullivan-Cheah and Member Friedman). Motion failed 2-2.

Motion and second for an increase of \$90, (Member Friedman and Chair Cambra). Motion failed 2-2.

Members deliberated again.

Motion and second for an increase of \$90 (Chair Cambra and Vice Chair Murray). Motion passed 4-0.

6-D. CASE 1095 – 2485 Shoreline Dr., Apt. 215

Tenant: Revik Dillon

Landlords: Joanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher

Proposed rent increase: \$320.19, effective October 1, 2018, from a base rent of \$1,350.00 to a total rent of \$1,670.19.

Ms. Dillon said she is a fourth generation Bay Area native who has lived in this apartment since 2009. She said she felt the increase was too large. She said she is going through a divorce, and used to own her own home and rent an in-law unit so understood being a landlord as well as a tenant. She said she has no problem with her unit or the management, but felt she could only afford an increase of \$50 at this point in time. She said she would probably be able to afford a larger increase next year.

Mr. St. John said he thinks the Committee's focus on CAPX only while leaving out cost of living increases is unfair to the landlords.

Member Sullivan-Cheah asked what percentage of her income the rent was, and she declined to answer.

Vice Chair Murray asked what she did for a living, and she said she is a behavioral consultant, and works part-time for Amazon.

The parties took a seat and the Committee began deliberations.

Motion and second for a \$90 increase (Member Friedman and Chair Cambra). Motion passed 4-0.

7. NEW BUSINESS

No new business.

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

a. None.

9. MATTERS INITIATED

None.

5. CONSENT CALENDAR

- a. Motion and second to approve the minutes of the July 23, 2018 Special Meeting (Member Friedman and Chair Cambra). Motion passed 4-0.

10. ADJOURNMENT

The meeting adjourned at 9:44 p.m.

Respectfully Submitted,

RRAC Secretary
Grant Eshoo

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