

Minutes of a Special Meeting of the

Rent Review Advisory Committee

Wednesday, August 7, 2019

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:30 p.m.

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

Absent: None

Program Staff: Gregory Kats, Grant Eshoo and Angel Nguyen

City Attorney Staff: Michael Roush

2. AGENDA CHANGES

Staff informed the Committee that Agenda Item 7-B had resolved prior to the meeting.

3. STAFF ANNOUNCEMENTS

None.

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

None.

5. CONSENT CALENDAR

None.

6. UNFINISHED BUSINESS

None.

7. NEW BUSINESS

Staff announced that the time for this meeting and next week's RRAC meeting starts at 6:30 p.m. The website shows 6:00 p.m. but will be changed to the correct time tomorrow.

Chair Sullivan-Cheah made an announcement that this was a public meeting and anything said or shared during the proceedings would become a public record.

7-A. RI1307 – 1825 Poggi Street, Unit A206

Landlord: Andy King

Tenant: Tsegai Tensae

Proposed rent increase: \$148 (9.8%), to a total rent of \$1,658, effective September 1, 2019.

Mr. King said the current owner purchased the property a few years ago and invested about \$4 million on renovations. They are attempting to earn a return on the investment made in addition to the base property investment. He said the rent for this unit is about \$1,000-\$1,200 below the rate that current two-bedrooms are renting. At last year's Committee meeting, there was a \$40 (2%) increase on this unit, which is why they are asking for 9.8% increase in an effort to earn a return.

Mr. Tensae said in the last year 5 years, his rent has increased over 23%. New ownership had made some repairs, like replacing windows inside his unit, but water continues to leak through his bedroom windows when it rains. He notified maintenance, and they said they were going to fix it from the outside, but nothing had been fixed. He said he's currently working for a freight company and doesn't have a full schedule, which was creating a financial hardship. He asked for a decrease in rent or keeping the same rent if possible.

Member Murray asked Mr. Tensae if his hours were cut back and he replied yes. She asked about his current work schedule. Mr. Tensae said that his schedule fluctuates every week. Sometimes he works 2 days, 3 days, or 5 days out of the week. He said his employer would call an hour in the morning before the shift started.

Member Murray asked Mr. Tensae if there was a guaranteed schedule provided at work. He responded no. He said he asked his employer for a set schedule, so that he can look for another job, but his employer was unable to help.

Member Murray asked Mr. Tensae if anyone else is living in the unit. Mr. Tensae said his son is living with him. He is currently working part-time as an accountant.

Member Murray asked Mr. Tensae if his son is in school. Mr. Tensae said his son just completed his bachelor's degree and is planning on going back for his master's to help him get a full-time job.

Member Murray asked Mr. Tensae if his son is contributing anything towards rent. He said his son has been making some contributions.

Member Chiu asked Mr. Tensae if his income had changed in the last year. Mr. Tensae responded that his income had decreased by about 25-30%.

Chair Sullivan-Cheah asked about the water issues in the unit and if it had been completely addressed. Mr. Tensae said after complaining to maintenance, they said

they were going to repair and seal the windows from the outside. However, last winter, rain water continued to leak through.

Mr. King said they replaced the windows and Mr. Tensae agreed that they were replaced, but rain water continued to leak through when it rained. Last year, Mr. Tensae made a complaint to the people in the office and was told that maintenance was going to fix it and seal it from the outside.

Chair Sullivan-Cheah said the Committee did not have any jurisdiction over repairs, but it was a good forum to address ongoing maintenance issues.

Mr. King said he was surprised with the ongoing leaks because the windows were replaced and it had been dry over the last couple of months. He said if there was water in the unit, he would talk to maintenance to get it resolved.

Mr. Tensae said he's not sure what needs to be done in order to get things resolved when making a complaint with the office.

Chair Sullivan-Cheah asked if Mr. Tensae was given a work order number when he put in the request at the office. Mr. Tensae responded no.

Mr. King said they would have an internal record of work order and will check on that record.

Chair Sullivan-Cheah recommended that Mr. Tensae follow up with the office about the work order.

To have a better understanding of Mr. Tensae's financial situation, Chair Sullivan-Cheah asked Mr. Tensae about his current work schedule and his son's status in school.

Mr. Tensae said that he asked his company for additional hours to make up for the loss of income, but his company was unable to help. He said that his son is living with him and just completed his bachelor's degree in accounting. His son is planning on furthering his education to be more marketable.

Chair Sullivan-Cheah asked Mr. Tensae that apart from the windows replaced, were there any other repairs made. Mr. Tensae said the carpet and kitchen has been in the same condition for 15 years. He was given the option to have the carpets replaced with a 10% increase, but declined the offer.

Chair Sullivan-Cheah asked Mr. Tensae what would be a reasonable amount for a rent increase, and he asked for a decrease of \$200 instead.

Member Murray asked Mr. King about the formula that was used to determine the cost of replacing the windows. He calculated \$3500 for the windows.

Member Murray asked Mr. King if they have made any specific improvements to the unit. He said not that he's aware of.

Member Murray asked Mr. Tensae how much his son is contributing to rent and is he paying for school. Mr. Tensae replied his son is contributing \$300 each month for rent and is receiving financial aid for school.

Member Murray asked Mr. Tensae if his son is going to continue living there while working on his masters. He responded yes.

Member Murray asked Mr. Tensae if his son gets accepted into grad school, will he have the ability to contribute \$300 towards rent. Mr. Tensae responded 60% of his income and \$300 from his son goes to rent.

Chair Sullivan-Cheah asked Mr. King if he's able to decrease rent by \$200, is firm with the original request or open to anything in between. Mr. King offered an increase of \$80 in light of the circumstances.

Chair Sullivan-Cheah asked Mr. Tensae if \$80 is acceptable. Mr. Tensae said he would like the rent to stay the same.

As no agreement was reached, the parties took their seats and the Committee began deliberations.

Chair Sullivan-Cheah said he was more comfortable with an increase of \$80 at this unit given its rent increase history and tenant's situation.

Member Sidelnikov noted that there's been over a 20% increase since 2015. A 2% increase was approved last year based on financial hardship and he believes that \$80 is reasonable.

Vice Chair Chiu acknowledged the tenant's employment issues. He agreed that an \$80 increase would be reasonable.

Member Murray noted the \$4 million initial investment and \$3500 to replace all the windows. She said to recoup those costs would be around \$179 per month with no interest, therefore \$80 is a small amount. She said she understands the tenant's financial challenges. However, the owners need to be compensated for their investment.

Chair Sullivan-Cheah asked Member Murray about the cost increase for property taxes.

Member Murray replied 4% each year and insurance and water have increased as well.

Chair Sullivan-Cheah made a motion for \$65 rent increase. No second.

Motion and second for an increase of \$80, effective September 1, 2019 (Chair Sullivan-Cheah and Member Sidelnikov). Motion passed 4-0.

7-C. RI1309 – 1825 Poggi Street, Unit A311

Landlord: Andy King

Tenant: Yoseif Philipos

Proposed rent increase: \$127 (9.8%), to a total rent of \$1,417, effective September 1, 2019.

Mr. Philipos said that in the past two years his rent has increased exponentially. He works as an engineer with the same salary. His wife hasn't been working since last year. He said that he's been taking care of his 2 children and his ill mother and is experiencing financial hardship.

Chair Sullivan-Cheah asked Mr. King if what he heard was different. Mr. King replied that he recalls the case from last year and offered a \$40 rent increase.

Chair Sullivan-Cheah asked Mr. Philipos if \$40 is acceptable. Mr. Philipos said \$25 would make a difference.

Member Murray asked Mr. Philipos of any changes in work or income since last year. He said there's been an increase with transportation by bus of \$40 a month.

Chair Sullivan-Cheah asked Mr. Philipos if there were any major upgrades to the unit. Mr. Philipos responded no.

As no agreement was reached, the parties took their seats and the Committee began deliberations.

Chair Sullivan-Cheah said the property has a history of regular increases and there was a larger rent increase last year of 10%, which helped with repairs. Any increase between \$25 and \$40 would be reasonable.

Member Chiu noted a member of the household of working age is currently not working and haven't been contributing to rent.

Member Murray said that \$25 would be another 25% increase from 2016. There was another increase the previous year of 8.4%. She said both amounts would be reasonable in the framework of the costs. However, she felt that a \$25 increase would be more appropriate. Since Bay Area living requires multiple people living in the unit to work and contribute, she agreed to the \$40 increase.

Motion and second for an increase of \$40, effective September 1, 2019 (Vice Chair Chiu and Member Sidelnikov). Motion passed 3-1.

7-D. RI1310 – 1825 Poggi Street, Unit A312

Landlord: Andy King
Tenant: Mirza Mehic

Proposed rent increase: \$136 (9.8%), to a total rent of \$1,522, effective September 1, 2019

Mr. Mehic said he was there to represent his father, since his father is in another country taking care of his sick brother. Mr. Mehic is currently living in the unit with his mother and father and is working part-time. He asked to share some pictures and videos of damaged items in the unit and of the water leakage when it rains.

Chair Sullivan-Cheah said Mr. Mehic's father submitted a request to have his rent increased to \$1,420.

Chair Sullivan-Cheah reminded the public that any information shared will be public recorded. Mr. Mehic continued sharing pictures and videos of the unit to the committee. Chair Sullivan-Cheah advised Mr. Mehic to send the files to staff.

Chair Sullivan-Cheah said the condition of the unit doesn't warrant a high rent increase and asked Mr. Mehic if the property manager is aware of the issues. Mr. Mehic said his father contacted maintenance for assistance.

Mr. King said he's not aware of the maintenance issue and they replaced the roof last fall. He asked Mr. Mehic if the water leakage is from the most recent rainy season.

Mr. Mehic said it was leaking when it rained last fall and the sink is damaged as well. Mr. King said he will have maintenance check and repair the items.

Based on the current condition of the unit, Mr. King agreed to Mr. Mehic's proposed rent increase of \$34, to a total rent of \$1,420, effective September 1, 2019.

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

None.

9. MATTERS INITIATED

Program staff confirmed with the committee about their attendance for the upcoming meeting. Member Murray said she's not sure if she will be available.

10. ADJOURNMENT

The meeting adjourned at 7:38pm.

Respectfully Submitted,

RRAC Secretary
Angel Nguyen

Approved by the Rent Review Advisory Committee on September 9, 2019