

**Minutes of a Special Meeting of the
Rent Review Advisory Committee
Monday, December 17, 2018**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:31 p.m.

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

Absent: Member Chiu

Program staff: Greg Kats, Grant Eshoo

City Attorney staff: John Le

2. AGENDA CHANGES

Staff informed the Committee that the tenant in Agenda Item 7-C requires translation services and recommended that it be heard first.

Staff informed the Committee that Agenda Item 7-E had informed staff that he would have to take time off work to attend the meeting and recommended the Committee hear this item second.

Motion and second to reorder the agenda to accommodate these recommendations (Vice Chair Murray and Member Sullivan-Cheah). Motion passed 3-0.

Staff called roll to ascertain which parties were present. The tenants for Agenda Items 7-A, 7-B, 7-E, 7-H, 7-I, 7-J, 7-K, 7-L, 7-M, and 7-N were not present and were moved to the end of the agenda.

3. STAFF ANNOUNCEMENTS

None.

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

Angie Watson-Hajjem from ECHO Housing provided information on ECHO's fair housing and landlord-tenant services.

5. CONSENT CALENDAR

None.

6. UNFINISHED BUSINESS

6-A. CASE 1123 – 1845 Poggi St., Apt. D204

No Committee review. Prior to the hearing the parties reached an agreement concerning the amount of the rent increase.

7. NEW BUSINESS

7-C. CASE 1173 – 1861 Poggi St., Apt. B217

Tenant: Oyunjargal Tsedendash

Landlord: Andy King

Proposed rent increase: \$179.00 (10%), to a total rent of \$1,974, effective December 1, 2018

Using a speaker phone Staff called a translation service to obtain a Mongolian translator for Ms. Tsedendash. Ms. Tsedendash stated that she lives at the unit with her husband and child. She said the rent increase would pose a hardship because she does not work and her husband brings in a limited income.

Vice Chair Murray explained the meeting procedure and Member Sullivan-Cheah reflected back the tenant's opening statements.

Mr. King stated that his company purchased the property over a year ago and has made \$3 million in improvements, as the prior owners had neglected maintaining and improving the property. Mr. King detailed the improvements made to the property, which included seismic retrofitting, security improvements, and the addition of amenities. He added that the property tax bill was approximately half a million dollars more than the previous owner.

Ms. Tsedendash responded that an increase up to \$80 would be acceptable to her and the suddenness and amount being requested was not something that her family could accommodate.

Vice Chair Murray asked if Mr. King would like to revise the requested increase amount and Mr. King proposed an increase of \$100 in light of the difficulties presented by the tenant.

Ms. Tsedendash replied that she and her family had just moved to this country and they were trying to adapt to life here. She added that they had a car loan and had just received a \$500 auto-related fine. She said that a \$100 increase would be acceptable, but \$80 would be much easier for them.

Mr. King said that he would be agreeable to an \$80 increase in light of the tenants' situation.

Member Sullivan-Cheah asked Ms. Tsedendash about a broken window she had mentioned earlier. She replied that water was dripping from the window. Mr. King informed her how to request a repair.

The parties agreed to an increase of \$0 for December 2018, followed by an \$80 increase from January-November 2019.

7-D. CASE 1179 – 1845 Poggi St., Apt. D223

Tenant: Tam Trung Nguyen

Landlord: Andy King

Proposed rent increase: \$169.00 (10.0%), to a total rent of \$1,864, effective December 1, 2018

Using a speaker phone Staff called a translation service to obtain a Vietnamese translator for Mr. Nguyen. Vice Chair Murray explained the meeting procedure to Mr. Nguyen.

Mr. King stated that his company purchased the property over a year ago and have made \$3 million in improvements, as the prior owners had neglected maintaining and improving the property. Mr. King detailed the improvements made to the property, which included seismic retrofitting, security improvements, and the addition of amenities. He said the property tax bill was approximately half a million dollars more than the previous owner.

Mr. Nguyen said he had lived in the unit for two years, and is paying more than many current residents. He said that he could afford a 5% increase but not the 10% the landlord was requesting. He said that there have been improvements to the property but not the inside of his unit.

Member Johnson asked Mr. King how many units were currently vacant and he provided an approximate number. She asked how much current units were renting for and Mr. King provided a range of current market rate rents.

Mr. Nguyen said he was a baker for Sugar Bowl Bakery and his son attended a high school in the City of Alameda. He said his wife worked part-time in a local spa as a nail technician.

Member Sullivan-Cheah asked Mr. Nguyen how much of a rent increase he could afford. Mr. Nguyen said he could afford a maximum increase of \$80. He said an increase above that would make their budget very tight considering their other expenses.

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

Member Johnson said she thought an increase of about 5% was reasonable as the landlord acquired the property knowing the improvements that needed to be done and how much the current tenants' rents were.

Member Sullivan-Cheah said he found the previous increases significant considering the tenants' short tenancy, and that the rent was generally close to market rate. He said he was thinking that a rent of \$1,784 would be reasonable.

Vice Chair Murray said she agreed a 5% increase was reasonable, and thought a rate of \$1,780 (increase of \$85) was reasonable, and on the high side for comparable units.

Motion and second for an increase of \$0 for December 2018, followed by an increase of \$85 effective January 2019 through November 2019 (Members Sullivan Cheah and Johnson). Motion passed 3-0.

7-F. CASE 1158 – 1825 Poggi St., Apt. A318

Tenant: Jason Bey, accompanied by Jeff Cambra

Landlord: Andy King

Proposed Rent Increase: \$179.00 (10.0%) to a total rent of \$1,984, effective December, 1 2018

Mr. Cambra submitted a document that provided a summary of market rate one-bedroom apartments. He stated that landlords should not expect to be able to recoup all of the costs for improvements immediately, as the landlord should amortize the costs of the improvements over the life of the improvements and use those amortized amounts as the basis on which to request gradual rent increases.

Mr. Bey said he was a single parent caring for his daughter, who attends Encinal High School. He said he works as a security guard and makes approximately \$1,000 per week and had increasing expenses for his family. He said that if the rent increased to the amount the landlord was requesting he would be paying half of his income toward rent.

Mr. King responded that the improvements made to the unit should increase the market value of the unit. He provided alternative comparable units, including a one-bedroom renting for \$2,500, adding that new tenants at Vue Alameda paid about \$2,300 for a similar unit.

Member Sullivan-Cheah asked Mr. Bey if he had received any improvements to the inside of his unit and Mr. Bey replied that the balcony was remodeled, but nothing was improved on the inside of the unit.

Vice Chair Murray asked Mr. Bey if he thought he would continue to be a security guard for the foreseeable future and he said yes. He added that his daughter was currently applying for college. She asked what effect the full increase would have on his family and he said it would be difficult for them to make it fit into their budget.

Member Johnson clarified with Mr. King how he capitalizes expenses at the property.

Mr. King proposed an increase of \$80 from January 2019 to November 2019, and Mr. Bey accepted.

7-G. CASE 1159 – 1843 Poggi St., Apt. C106

Tenant: Cecilia Maldonado

Landlord: Andy King

Proposed rent increase: \$179.00 (10.0%) to a total rent of \$1,974, effective December 1, 2018

Mr. King opened with an offer of an increase of \$80 per month.

Ms. Maldonado said that she thought the improvements done by the landlord made the property more secure and look better. She said she was a single parent of a disabled child, which has brought extra expenses and challenges for her. She said that she had reported the window and sliding door in her unit needed fixing, but was told they would be taken care of later, after the other renovations were finished. She said her daughter is on a respirator and it was important that her daughter did not breathe cold, wet air. She said the bathroom plumbing had needed repair, as it had leaked and discolored the hardwood floor around the toilet. She said there was something that falls from their bathroom ceiling into her tub, but she was not sure what it was. She added that she moved to Alameda because she was able to get her daughter into a special education program to help with her disability-related needs.

She said that she was accustomed to an increase of around 3% every three years, and could currently afford an increase of \$55.

Mr. King said he would like to correct whatever was wrong with her toilet even though it did not seem like an old one that was slated to be replaced.

Member Sullivan-Cheah explained the City of Alameda's rent review and rent stabilization process. He asked Ms. Maldonado what she does for work and she said she does clerical work for the County of Alameda. She said she and her daughter were the only occupants of the unit and no one else helped her pay rent. He asked how much of her income would go toward rent if the landlord's proposed increase of \$80 went into effect and she said about half.

Vice Chair Murray asked if Ms. Maldonado received extra assistance to help with the expenses related to her daughter's needs and she said she does not. She confirmed she has health insurance that covers some of her daughter's medical needs.

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

Member Sullivan-Cheah commented that the rent was on the high end for one-bedroom units and expressed concerns about the tenant's ability to remain in the City if she was paying up to half of her income toward rent. He said he favored an increase of \$55 as proposed by the tenant.

Member Johnson agreed and added that Ms. Maldonado's daughter, being very young (4 years old), needed to stay in the community in order to keep the special needs education that she's able to obtain here.

Vice Chair Murray said that she thought an increase of \$40 would be a reasonable amount considering the needs presented by the tenant.

Motion and second for an increase of \$0 for December 2018, followed by an increase of \$55 effective January 2019 through November 2019 (Members Sullivan-Cheah and Johnson). Motion passed 3-0.

7-A. CASE 1126 – 1845 Poggi St., Apt. D312

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-B. CASE 1127 – 1845 Poggi St., Apt. D321

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-E. CASE 1156 – 1825 Poggi St., Apt. A302

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-H. CASE 1172 – 1861 Poggi St., Apt. B210

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-I. CASE 1166 – 1845 Poggi St., Apt. D322

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-J. CASE 1170 – 1861 Poggi St., Apt. B207

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-K. CASE 1177 – 1845 Poggi St., Apt. D120

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-L. CASE 1164.1 – 1845 Poggi St., Apt. D222

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-M. CASE 1162.1 – 1843 Poggi St., Apt. C302

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-N. CASE 1176 – 1861 Poggi St., Apt. B315

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.

8. PUBLIC COMMENT, NON-AGENDA ITEMS, NO. 2.
None.

9. MATTERS INITIATED

Vice Chair Murray asked to place two items on the agenda for January 9, 2019: a discussion regarding and a vote for Chair and Vice Chair.

10. ADJOURNMENT

a. The meeting adjourned at 9:25 p.m.

Respectfully Submitted,

Grant Eshoo
RRAC Secretary

Approved by the Rent Review Advisory Committee on February 4, 2019