

**Minutes of the Regular Meeting of the  
Rent Review Advisory Committee  
Monday, October 2, 2017**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:32 p.m.

Present were: Chair Cambra; Vice-Chair Sullivan-Sariñana; Members  
Friedman, Murray

Absent was: Member Griffiths

Committee Staff: Jennifer Kauffman, Janice Heredia, Grant Eshoo

City Attorney staff: John Le, Michael Roush

2. AGENDA CHANGES

- a. Staff informed the Committee that two cases on the agenda will not be heard. As those cases are called, staff will provide more detail.

3. STAFF ANNOUNCEMENTS

- a. Staff explained where to find meeting minutes, agendas, and other materials relating to the RRAC meeting and Rent Program, both printed and online.

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

- a. Angie Watson-Hajjem provided an overview of ECHO's housing services. She provided flyers and business cards for the public.

5. CONSENT CALENDAR

- a. No items on the consent calendar.

6. UNFINISHED BUSINESS

- a. No unfinished business.

7. NEW BUSINESS

**7-A. CASE 911 - 2904 Central Avenue**

Tenant: Valerie Adams

Landlord: Jack Sullivan

Current Rent: \$2,025 for a 3-bedroom single family residence.

Proposed Rent Increase: \$1,556.26 (76.9%) for a total rent of \$3,581.96, effective  
September 1, 2017

Third-party rent decision: Non-binding

Mr. Sullivan stated the purpose of the rent increase is related to a need for additional income because the landlords are retired and have a fixed income. Mr. Sullivan stated that Ms. Adams has been a good tenant for 13 years. The landlords are requesting this increase due to the property's operating costs and the landlord's interest in a return on the investment. He stated that market rate for a comparable unit would be near \$4,500 and the rent increase is an effort to raise the rent closer to market value. Mr. Sullivan explained that \$7,500 has been spent to repair the roof. Additional expenses are anticipated for further repairs.

Ms. Adams stated that she had resided at the unit for 13 years and has completed many repairs herself. She raised concerns over current maintenance issues and stated code enforcement is currently reviewing the property. She explained that there have not been repairs or improvements that would justify the requested rent increase.

Committee members asked to review supporting documents related to the maintenance issues. The parties discussed issues the timeline and nature of roof repairs. Staff clarified that the Building Department resolves concerns regarding code violations.

Ms. Adams stated she would be willing to pay a \$250 increase if repairs were completed. Mr. Sullivan was not willing to accept less than the proposed increase.

Motion and second for 15 minute extension passed the 40 minute review (Cambra and Friedman).

The parties were unable to reach an agreement. Committee members concluded the conversation with tenant and landlord and opened deliberation between members to render an advisory recommendation.

- Member Friedman identified three considerations for this case: 1). what is reasonable rent for this property; 2). what is the landlord's reasonable return; 3). how does the housing services and condition of the maintenance issues impact the reasonable rent. Friedman noted that had the rent increased around 3% each year over the 13 years of tenancy, the rent would be around \$2,850. This would have helped create a reserve for repairs. He noted that he did not hear the tenant raise financial concerns regarding the rent. Friedman explained the landlord has the option to get a loan for the repairs. He recommended a \$400 rent increase, noting the landlord has the option to increase rent the next year.
- Member Sullivan-Sariñana stated he agrees the difficulty of the current situation appears to be stemming from the lack of previous rent increase over the tenancy. He does not believe that the tenant should be punished for the landlord's business decisions. The timeline of maintenance issues causes him concern that the tenant has decreased housing services for an extended period of time. He acknowledged that the option for a roommate is important to consider given the Bay Area housing

dynamic. He stated he would be inclined to agree with Member Friedman's recommendation.

- Member Murray noted that it is clear the property is in need of repairs. It appears the landlord will need a rent increase to afford the repairs and the tenant does not believe an increase is justified until the repairs are complete. She explained that the rent would be at a reasonable place had the landlord raised the rent around 5% over the tenancy. Murray stated that ultimately the \$3,600 requested total rent is reasonable for the property. However, she does not believe it is reasonable to request the increase all at once. She also noted there is one tenant living in a 3-bedroom house. She recommended a \$600 rent increase with \$300 delayed for six months. She acknowledged she would support the \$400 proposal if the amount became effective immediately.
- Chair Cambra explained the landlord has control over the rent in an increasing market. Looking over the tenancy, it is necessary to acknowledge that rents when up and down. He is concerned with the burden on the tenant when a landlord is looking to catch-up on rents when they did not raise rents annually. He explained major repairs, such as a roof, are often not expensed as they are amortized over the useful life of the improvement. He noted that the landlord will have the opportunity for a rent increase every year. He also acknowledged roofs can be difficult to repair and does not see negligence on the landlord. He stated he agrees with Member Friedman's \$400 recommendation.

Motion and second for \$400 rent increase to a total rent of \$2,420, effective September 1, 2017 (Friedman and Cambra). Motion passes with Murray approval; Sullivan-Sariñana opposed.

**7-B. CASE 929 – 877 Cedar Street**

Proposed rent increase: \$1,080.00 (45.6%), to total rent of \$3,450.00

No Committee review. Prior to the RRAC meeting, the tenants gave the landlord a notice to vacate.

**7-C. CASE 930 – 611 Santa Clara Ave., #D**

Proposed rent increase: \$685.00 (46.0%), to total rent of \$2,175.00

No Committee review. Prior to the RRAC meeting, the tenants gave the landlord a notice to vacate.

**7-D – CASE 932 – 2220 San Antonio Ave.**

Tenant: Susan Ostlund

Landlord: Dave Petersen  
Current Rent: \$1,701 for a 2-bedroom duplex  
Proposed Rent Increase: \$85.00 (5.0%), to total rent of \$1,786.00, effective  
October, 2017  
Recommendation: Non-binding

Chair Cambra recused himself on a non-financial grounds.

Ms. Ostlund stated that she is an army veteran, 100 percent disabled, on a fixed income of \$2,900 a month and not likely to increase anytime soon. She believes the Ordinance was put into place to help people like her. She acknowledged her right to withhold sensitive medical information, but nonetheless, stated she wanted to share that she has metastatic breast cancer and her medical care providers are concerned about her access to a stable living environment. The history of rent increases has pushed her near the limits of her ability to pay based on her fixed income. She stated the reasonable maximum monthly rent increase would be \$32.32 (1.9%) due to financial burden.

Mr. Petersen stated that he believes requested rent increase is fair, not excessive, and that necessary to keep up with maintenance costs. He considers the current rent below market rate and explained that the rent does not cover the property expenses. He is concerned that without a rent increase it will be difficult to continue to make needed repairs. He stated he was making a concession by only requesting a 5% increase because he is sympathetic to her serious medical condition and understands she has a fixed income. Mr. Petersen explained that Ms. Ostlund was not the original tenant and the rent was originally set low as a courtesy to the individual originally on the lease. Committee members asked questions regarding income sources and flexibility with adding a roommate to the unit.

Motion and second for 15 minute extension passed the 40 minute review (Sullivan-Sariñana and Murray).

Committee members facilitated dialogue between parties. The tenant and the landlord agreed to a \$50 rent increase effective October 1, 2017 with an additional \$35 (which would bring the increase to 5%) delayed until January 1, 2018.

### **7-E – Discussion of time-keeping mechanisms**

No Committee review because the device under review was not at the meeting. The item will be moved to the next available meeting agenda.

Motion and second to hear 7-G next and call to 7-F if time permits (Cambra and Murray). Motion passes unanimously.

**7-F. Discussion of policy input regarding the written letters and resources provided to RRAC participants prior to a case**

No Committee review as time did not permit for item discussion. The item will be moved to the next available meeting agenda.

**7-G. Committee members to review CAO guidance on using just and reasonable rate of return and tenant's financial hardship as factors in the RRAC deliberation process**

Michael Roush, Assistant City Attorney, presented the memo concerning CAO guidance on just and reasonable rate of return and the tenant's financial hardship as factors in the RRAC deliberation process. Mr. Roush answered Committee members' questions to clarify their understanding of the memo.

8. PUBLIC COMMENT, NON-AGENDA, NO. 1.

- a. No public comment.

9. MATTERS INITIATED

- a. Member Friedman requested clarity on the case review process.
- b. Cambra requested an agenda item for the following meeting to discuss the Committee's procedures for facilitating dialogue relevant to Case 911. Motion and second with unanimous approval (Cambra and Sullivan-Sariñana).
- c. Member Sullivan-Sariñana requested staff follow-up to clarify the nature of the discussion for agenda item 7-F.

10. ADJOURNMENT

The meeting adjourned at 9:56pm.

Respectfully submitted,

***Draft until approved***

RRAC Secretary  
Jennifer Kauffman