

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Monday, December 5, 2016**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:35 p.m.

Present were: Chair Sullivan-Sariñana; and Members Griffiths, Friedman, and Schrader.

Absent: Member Vice-Chair Landess

Vacancy: None

RRAC Staff: Jennifer Kauffman

2. AGENDA CHANGES

- a. Staff recommended that items 7-B (Case 583), 7-C (Case 584), 7-D (Case 590), 7-E (Case 591), 7-F (Case 593), and 7-G (Case 595) be addressed first because tenants for the listed cases were not present. Approved by unanimous consent. Motion and second (Schrader and Griffiths).

3. STAFF ANNOUNCEMENTS

- a. Staff announced that there will be an event open to the public at the Alameda City Council Meeting on December 6, 2016 from 5pm to 8pm. Alameda residents will have the opportunity to speak with staff about specific issues relating to terminations and rent increases.
- b. The next Committee meeting will be Wednesday, January 11, 2017. More information is available at www.alamedarentprogram.org.
- c. This meeting has a new room arrangement with a private area for parties interested in discussing an agreement.
- d. Staff explained the schedule for the evening, noting where to find the meeting agenda and procedures for public comment.

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

- a. No public comment.

5. CONSENT CALENDAR

- a. Approval of the Minutes of the November 9, 2016 Regular Meeting.

Motion and second (Friedman and Schrader). Approved by Members Friedman, Griffiths, and Schrader. Chair Sullivan-Sariñana abstained.

6. UNFINISHED BUSINESS

- a. No unfinished business.

7. NEW BUSINESS

7-B. Case 583 – 330 Westline Dr., Unit B425

Proposed rent increases:

12-month lease - \$50.00 (2.0%) effective 12/16/16; *No review*

Month-to-month agreement - \$359.00 (14.2%) effective 12/16/16; ***Under review***

No review. The tenant did not attend the meeting. Hence, the Committee took no action and both options on the rent increase notice are valid. The tenant retains the option to choose the 12-month lease offer or the month-to-month rental agreement offer.

7-C. Case 584 – 344 Westline Dr., Unit C111

Proposed rent increases:

12-month lease - \$50.00 (2.6%) effective 12/16/16; *No review*

Month-to-month agreement - \$353.00 (17.4%) effective 12/16/16; ***Under review***

No review. Prior to the RRAC meeting, the tenant and landlord agreed to a rent increase between 0-5%.

7-D. Case 590 – 300 Westline Dr., Unit A204

Proposed rent increases:

12-month lease - \$140.00 (5.0%) effective 12/26/16; *No review*

Month-to-month agreement - \$924.00 (32.8%) effective 12/26/16; ***Under review***

No review. Prior to the RRAC meeting, the tenant submitted paperwork to vacate the unit.

7-E. Case 591 – 909 Shorepoint Ct., Unit D207

Proposed rent increases:

12-month lease - \$142.00 (4.9%) effective 12/29/16; *No review*

Month-to-month agreement - \$925.00 (32.0%) effective 12/29/16; ***Under review***

No review. Prior to the RRAC meeting, the tenant and landlord agreed to a rent increase between 0-5%.

7-F. Case 593 – 941 Shorepoint Ct., Unit F102

Proposed rent increases:

12-month lease - \$125.00 (5.0%) effective 12/16/16; *No review*

Month-to-month agreement - \$831.00 (33.0%) effective 12/16/16; ***Under review***

No review. The tenant did not attend the meeting. Hence, the Committee took no action and both options on the rent increase notice are valid. The tenant retains the option to choose the 12-month lease offer or the month-to-month rental agreement offer.

7-G. Case 595 - 941 Shorepoint Ct., Unit F310

Proposed rent increases:

12-month lease - \$123.00 (5.0%) effective 12/28/16; *No review*

Month-to-month agreement - \$819.00 (33.1%) effective 12/28/16; ***Under review***

No review. The tenant did not attend the meeting. Hence, the Committee took no action and both options on the rent increase notice are valid. The tenant retains the option to choose the 12-month lease offer or the month-to-month rental agreement offer.

7-A. Case 576 – 1226 Broadway, Unit A

Tenant/public speakers: Blanca Alberts, Ann Petitjean, Michael Bracamontes

Landlord/public speakers: Joseph Cervelli Sr., Joe Cervelli Jr.

Proposed rent increase: \$2000.00 (200.0%), effective date January 1, 2017

This rent increase request was originally scheduled for the November 9, 2016 Rent Review Advisory Committee meeting. The review was postponed one month to the December Rent Review Advisory Committee meeting.

Mr. Bracamontes stated the reasonable maximum monthly rent increase the tenant, Ms. Alberts, would be able to pay is \$50.00 (5.0%). He explained that Ms. Alberts is 74 years old and has lived in the unit for 36 years. He explained Ms. Alberts is on a fixed-income and that the proposed rent increase would have a significant financial impact. He noted there have been long standing habitability issues in the unit that have affected Ms. Alberts' health. He explained there was an understanding that in exchange for Ms. Alberts not asking for repairs, Mr. Cervelli would not increase rent. He noted that Ms. Alberts has paid for many repairs herself. Mr. Bracamontes stated that the current rent increase is in retaliation for the tenant's requests to make repairs to the property and her successful defense against a previous termination of tenancy.

Mr. Cervelli Jr. stated that the landlord, Mr. Cervelli Sr., had offered to meet privately before the Committee meeting. However, the tenant was only willing to meet at the attorney's office in San Francisco, which as a burden for his elderly father. He stated there was never an understanding that Mr. Cervelli Sr. would not increase rent if Ms. Alberts did not ask for repairs. He stated that his father was unaware of habitability concerns in the apartment and would have repaired them if he had known. He also explained that within the last five years, when habitability issues were brought to his attention, repairs and improvements were made such as a new refrigerator, new carpeting, and a remodeled bathroom. Mr. Cervelli Jr. estimated the median rent for a comparable unit to be \$3,600.00. He stated that there have been increases in overall costs, such as property taxes, utilities, and building insurance. He stated that his father is asking for a fair and equitable return on investment. He emphasized that this increase is not retaliation. Rather, this increase is a

consequence of Mr. Cervelli Sr. avoiding conflict and not increasing rent for a long period of time, noting eighteen years have passed since the previous increase.

Parties also discussed maintenance issues and a 2015 notice of termination of tenancy that was dismissed in April 2016.

Chair Sullivan-Sariñana stated that \$2,000.00 is a very large increase for the tenant, but that the return on investment to the landlord is likely non-existent. Member Griffiths asked Mr. Cervelli what return on investment he needs to keep the apartment habitable and provide a fair return. Mr. Cervelli responded that an increase of \$1,000.00 is close to what is needed.

Member Schrader asked Ms. Alberts what she can afford to pay. Ms. Alberts responded that she receives fixed social security income and works a part time job. She said she could afford an increase of 5%. Member Friedman emphasized wanting to maintain Alameda's community. He also asked the tenant to consider if her income had increased over the 36 years she has resided in the unit.

Chair Sullivan-Sariñana noted that there is one tenant in a three-bedroom unit. He asked Ms. Alberts if she had considered subletting the available rooms. She responded that she had not considered this option, except for family who previously lived in the unit. She noted that she feels her health issues limit her ability to handle the stress of subletting the rooms.

Staff clarified that the case was nearly at its time limit. Staff reminded parties of their option to discuss privately in another room and parties agreed to discuss privately. The Committee motioned to table the item, approved by unanimous consent. Motion and second (Sullivan-Sariñana, Griffiths).

After private discussion, parties were unable to reach an agreement. Staff summarized the tenant and landlord's conversation to provide information for the Committee's binding recommendation:

- Tenant increased the amount she would be able to afford, ultimately stating that \$1,200 is the maximum monthly increase the tenant could pay. The tenant emphasized this is the most that she could afford based on her fixed income. She also restated that subletting would not be an option based on her current health situation.
- Landlord stated he was open to allowing rooms in the apartment to be sublet. The landlord expressed that it would be possible to increase the rent from \$1,000 to \$1,500 as opposed to his original request of \$3,000.
- Member Friedman noted that this case was an anomaly in that such a long period has passed without a rent increase. He also addressed that social security payments have consistently increased around 2-3% for the last few decades and stated that \$1,000 eighteen (18) years ago is equal to about \$1,500 today. Based on these figures, he expressed that a \$1,500 rent seemed reasonable.

- Member Schrader noted that CPI since 1980 has increased 3.3% per year. He stated that raising the rent to \$1,500 calculates to around a 2.2% annual rent increase or 2/3 of the CPI increase. Based on these numbers, Schrader also stated that \$1,500 rent appeared reasonable. He noted that it appeared that the landlord was willing to be flexible to resolve this issue. He also stated that the people with the best understanding of what is reasonable rent are the tenant and the landlord.
- Chair Sullivan-Sariñana expressed concern for situations like this one where there is a long history of no rent increase and then a significant increase at once. He also noted concern that \$500 may be an unaffordable monthly increase for someone on a fixed income and the Committee's role is to reduce harm to tenants and keep people in their homes.
- Member Griffiths brought up the subletting option, noting the difficulty that the tenant stated this was not a realistic option based on her health circumstances. He expressed the consideration and flexibility the landlord had with offering this option. Member Griffiths supported the rent increase to \$1,500 with the option remaining open for the tenant to sublet rooms when her health improves.
- Staff noted the Committee members have the option of phasing a rent increase. Member Schrader suggested the Committee could use this option by raising the rent to what the tenant said was affordable and phasing a second rent increase later, allowing the tenant time to adjust to the increase.
- Member Friedman stated that there is an option for either party to appeal the decision of the Committee.

The Committee recommended a rent increase of \$200.00 to a monthly rent of \$1,200.00, effective January 1, 2017 followed by a \$300.00 increase to a monthly rent of \$1,500.00, effective June 1, 2017. The Committee also strongly encouraged the landlord to allow the tenant the option to sublet available rooms in the apartment. Motion and second (Griffiths and Friedman). Approved by Members Friedman, Griffiths, and Schrader. Chair Sullivan-Sariñana voted no.

7-H. Case 581 - 1909 Cambridge Dr.

Proposed Rent Increase: \$508.00 (22.0%), effective January 1, 2017

No review. Prior to the RRAC meeting, the tenant submitted paperwork to vacate the unit.

7-I. Case 596 - 1334 Fernside Blvd.

Proposed Rent Increase: \$880.00 (28.4%), effective February 1, 2017

No review. Prior to the RRAC meeting, the tenant submitted paperwork to vacate the unit and the landlord submitted paperwork that the rent increase had been rescinded.

7-J. Case 598 - 1537 Schiller St., Unit C

Proposed Rent Increase: \$120.00 (10.0%), effective January 1, 2017

No review. Prior to the RRAC meeting, the tenant and landlord agreed to a rent increase between 5-10%.

7-K. Case 599 – 2224 Encinal Ave.

Tenant/public speaker: Rachael Bigelow, Emily Casey, Rose Wantugu

Landlord/public speaker: Elisabeth Middelberg

Proposed rent increase: \$194.00 (9.2%), effective date delayed until RRAC review

Staff noted that a rent increase in December 2015 was not in compliance with the City's Urgency Ordinance no. 3140 (later amended with Ordinance no. 3143), which imposed a temporary moratorium on rent increases of 8% or more from November 5, 2016 to March 30, 2016. This limited the December 2015 rent increase to \$156.00. As such, the current base rent cannot exceed \$2,106.00. Documentation was submitted to the Program Administrator that the additional collected rent has been credited to the tenant.

The tenants, Rachael Bigelow, Emily Casey, Rose Wantugu, stated that the maximum reasonable rent increase would be \$39.00 (1.9%). Tenants stated that they received a rent increase of 10.0% (corrected to 8%) in December 2015 and the landlord's proposal to again raise rent near 10% poses a financial burden to them. Tenants also emphasized that comparing their rent to market rate missed the fact that their unit was not comparable in amenities to many other units. They stated that aside from window and refrigerator replacement, there have not been improvements to the unit warranting a rent increase. They stated that the landlord's upkeep on the ground floor unit does not benefit their unit. Tenants also noted that property taxes for Ms. Middelberg have decreased.

Elisabeth Middelberg, the landlord, stated she offered a rent increase of 7.5% earlier that day. She stated that she considers the current rent to be below the market rate, especially with parking and garbage included in the rent. She explained that the tenants' unit benefits from improvements to the unit below, such plumbing maintenance, pest control and upgraded parking availability. She also explained that overall costs have increased, including property taxes, maintenance costs, and repairs needed on the ground floor unit.

Additionally, Ms. Middelberg stated that she is a renter and is experiencing rent increases that have a financial burden on her.

The tenants noted that communicating to Ms. Middelberg about maintenance issues had been difficult. They stated that more transparency from Ms. Middelberg about operating costs would help them better understand the reasoning behind rent increases.

Parties discussed various rent increase options between 2.0% and 7.5%. Tenants stated the highest increase they could afford would be \$105.00 (5.0%). Landlord stated the lowest increase she could afford was \$120.00 (5.7%). Committee members emphasized how close the two parties were to an agreement.

Griffiths proposed the option to phase the increase with a portion effective this month and another portion effective six months later. Parties discussed the amount and effective date of the option of phased rent increases. Parties reached an agreement of a rent increase equal to \$105.00 to a monthly rent of \$2,211.00, effective December 1, 2016 followed by an increase of \$15.00 to a monthly rent of \$2,226.00, effective May 1, 2017. Motion and second (Schrader, Griffiths), unanimously approved.

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

- a. No public comment.

9. MATTERS INITIATED

- a. Member Friedman requested that the Committee hold a special meeting to discuss Rent Stabilization Ordinance no. 3148. Staff confirmed that a special meeting would be scheduled.

10. ADJOURNMENT

The meeting was unanimously adjourned at 9:17 p.m.

Respectfully submitted,



RRAC Secretary

Jennifer Kauffman

Approved by the Rent Review Advisory Committee on January 11, 2017.