

**Minutes of the Regular Meeting of the
Rent Review Advisory Committee
Monday, April 1, 2019**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:45 p.m.

Present: Chair Murray; Member Chiu; Member Sidelnikov

Absent: Vice Chair Sullivan-Cheah; Member Johnson

Program staff: Grant Eshoo; Bill Chapin

City Attorney staff: Michael Roush

Program staff called roll of case participants. All parties were present.

2. AGENDA CHANGES

Program staff informed the Committee that Agenda Item 7-A would not be heard, as the parties came to an agreement prior to the hearing.

Program staff informed the Committee that Agenda Items 7-B and 7-C were granted a postponement until the April 17, 2019 meeting.

3. STAFF ANNOUNCEMENTS

Program staff reminded Committee members that a RRAC decision from a prior meeting was scheduled for City Council review on April 2, 2019 at 7:00 p.m. at City Hall and that Vice Chair Sullivan-Cheah would be in attendance on behalf of the RRAC.

Program staff requested Committee members' availability for May or June for a planned member training. Chair Murray expressed a preference for June, and staff informed members that an email would be sent to them to follow-up regarding proposed dates in June.

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

5-A. Approval of the minutes of the February 25, 2019 regular meeting

Motion and second to table consideration to a future meeting (Chair Murray and Member Chiu). Motion passed 3-0.

6. UNFINISHED BUSINESS

None.

7. NEW BUSINESS

7-A. Case 1235 – 1843 Poggi St., Apt. C103

No Committee review. The parties reached an agreement prior to the meeting.

7-B. Case 1236 – 1845 Poggi St., Apt. D214

No Committee review. Review was postponed to the Committee's April 17, 2019 meeting.

7-C. Case 1237 – 1845 Poggi St., Apt D307

No Committee review. Review was postponed to the Committee's April 17, 2019 meeting.

7-D. Case 1239- 1801 Alameda Ave.

Tenant: Ellen Seltzer

Landlord: Phoebe Yu

Proposed rent increase: \$65.00 (4.8%), to a total rent of \$1,430.00, effective March 1, 2019

Ms. Seltzer stated that she was at the hearing to have the present rent increase and previous rent increases reviewed due to violations of California Civil Code section 1941.1-1941.2. She said there have been rodent droppings in her home and she informed her landlord and City agencies but did not hear back. She stated that there were maintenance issues with her apartment and wanted to overturn the current and previous rent increases.

Ms. Yu stated that the landlords believe that they have followed the Ordinance correctly. She said the owner bought the property in 2017 and at the time of purchase tenants in all six units at the property were paying below market rate rents. She said the owner intended to raise the rent 5% every year until the rates reached market rate, as well as to provide funds to maintain the property. She said that market rate for similar properties in the area was about \$1,995.00

Ms. Seltzer responded that she was low income and this increase would create extreme hardship for her, even though the current rental amount was below market rate.

Member Chiu asked the Chair and CAO if the tenant's request to review a previous rent increase was within the Committee's purview. Chair Murray answered that before a

case came before the Committee program staff reviewed previous rent increases for compliance and remedied issues associated with any prior invalid increases. She said that to her understanding there was no improper prior notice served to the tenant.

Member Chiu asked Ms. Seltzer how this rent increase would create financial hardship for her. She replied that she would have to juggle her finances to be able to pay all her bills. She added that a family member had been helping her financially and she was also receiving government assistance. She said if this rent increase was imposed she would have to ask for additional assistance to pay the proposed amount.

Member Chiu asked Ms. Seltzer if the landlord had been responsive to her requests. She replied that she sometimes received responses but for the most part she did not.

Member Chiu asked Ms. Yu if she had received text messages from the tenant and if she responded to them. Ms. Yu stated that she responds concerning maintenance issues in about 1-3 business days.

Member Chiu asked Ms. Yu what other amenities were offered at the property. She replied that the subject property was a 6-unit building on a very quiet street, and there was a lot of greenery on the grounds. She added the previous owner did not take good care of the property so there were many deferred maintenance issues. She confirmed that the new owner got an inspection report prior to the purchase, and knew about the building's issues. She said the owner's plan was to raise the rent gradually so he would be able to make all needed repairs.

Chair Murray asked Ms. Yu about the turnover at the property since its purchase in 2017. Ms. Yu stated that only one unit had turned over and only one tenant was currently paying market-rate rent.

Member Sidelnikov asked if the heating issue had been addressed. Ms. Yu replied that there was one heating unit that provided heat for all six units, and that the property was not as modern as it could be, but everything was in working condition.

Chair Murray asked Ms. Yu what the financial impact would be on the owner if the rent increase was not granted. Ms. Yu responded that for the current year the owner was already operating at a loss due to all the renovations being made. She added that quotes for future planned renovations equaled about \$100,000.00. She said that the owner purchased the property to provide financial security during retirement.

Member Sidelnikov asked Ms. Yu if there was an agreement they could reach that could benefit both parties. Ms. Yu replied that in order to get a fair rate of return on the property, the owner needed to increase the rent by 5% per year for the next few years.

The participants took their seats and the Committee began deliberations.

Member Sidelnikov commented that the Committee would have to balance the owner's need for an increase with the financial impact an increase would have on a fixed-income tenant.

Member Chiu acknowledged that while imposing regular below 5% increases, the owner was also making improvements to the property. He opined that a \$45-\$50 increase could be reasonable given the property, its desirable location, and a fair rate of return.

Chair Murray commented that she thought the requested increase was reasonable, while at the same time posing a hardship for the tenant. She said that future increases would be necessary for required renovations and in order for the owner to obtain a fair rate of return. She proposed a \$30 increase to alleviate some of the immediate pressure on the tenant, while at the same time providing the landlord a higher base rent in future years.

Motion and second for a \$30.00 increase from March 1, 2019 through February 28, 2020 (Chair Murray and Member Chiu). Motion passed 3-0.

7-E. Case 1241 – 2713 Bayview Dr.

Tenant: Daniel Pando

Landlords: Esther Wipaki and Jose Cerda-Zein

Proposed rent increase: \$1,500.00 (42.9%), to a total rent of \$5,000.00 effective May 1, 2019

Ms. Wipaki stated that the requested increase was financially necessary for her and if the tenant could not pay it she may have to sell the property.

Mr. Pando responded that the requested increase would create a financial hardship for him. He said that he has two children, has to make child support payments, and has been so far unsuccessfully seeking a roommate to try to cover the rent increase.

Ms. Wipaki stated that she did not want to request this steep an increase but she was in a position where she had to, given this was an important source of income in retirement.

Chair Murray asked what impact selling the property would have on her and Ms. Wipaki replied that there would be a lot of pressure lifted if she was to sell the home.

Mr. Cerda- Zein stated that Ms. Wipaki came to him and asked what her options were to obtain an adequate income from the property. He stated that they looked at comparable units and decided on the suggested rent increase amount. He said the owner would have to raise the rent to the requested amount or sell the house to meet her needs.

Member Sidelnikov asked the parties if there was an increase amount that would work for both of them, but they were not able to find a mutually-agreeable amount. Member Sidelnikov asked Ms. Wipaki if she was open to allowing the tenant to obtain co-tenants to help with the increase, and she replied that she was unsure.

The participants took their seats and the Committee began deliberations.

Member Chiu questioned whether the property would rent for \$5,000.00 per month and said he could understand both parties' situations.

Member Sidelnikov commented that the tenancy was fairly new and the requested increase seemed like it may be intended to drive the tenant out.

Chair Murray stated that the Committee discouraged large, sudden increases that did not allow the tenants time to adjust.

Member Chiu said he believed a reasonable increase would be in the 5-7% range.

Member Sidelnikov recommended a 7% increase.

Motion and second for a \$250.00 increase from May 1, 2019 through April 30, 2020. (Members Chiu and Sidelnikov). Motion passed 3-0.

7-F. Continuation of discussion of memo from CAO to RRAC

Committee members discussed their concerns with the memo. CAO offered a response to some of their concerns.

Motion and second to table further discussion (Chair Murray and Member Sidelnikov). Motion passed 3-0.

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

9. MATTERS INITIATED
None.

10. ADJOURNMENT
The meeting adjourned at 8:51 p.m.

Respectfully Submitted,

RRAC Secretary
Grant Eshoo

Approved by the Rent Review Advisory Committee on May 15, 2019