

**Minutes of a Regular Meeting of the
Rent Review Advisory Committee
Monday, October 1, 2018**

1. CALL TO ORDER AND ROLL CALL

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

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

Absent: Chair Cambra

Program staff: Grant Eshoo, Gregory Kats

City Attorney staff: John Le

2. AGENDA CHANGES

- a. Program staff announced that changes would be shared with the Committee as each agenda item was called.

3. STAFF ANNOUNCEMENTS

- a. Program staff announced that the RRAC was looking to recruit a new member and encouraged the Committee members and public to contact staff for more information or send interested parties to staff to learn how to apply.
- a. Following up on Chair Cambra's request at the August 6, 2018 meeting to provide information on the resolutions of cases that are published on meeting agendas but resolve prior to the Committee hearing them, Staff referenced the July 2018 report that had been provided to the Committee at the September 6, 2018 hearing (attachment to Agenda Item 7-K). Staff informed the Committee that details of any cases that resolved prior to RRAC review could be found in the Rent Stabilization Program's monthly reports, which are published monthly on the Program's website, www.alamedarentprogram.org.

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

- a. Alameda Renters Coalition (ARC) member Eric Strimling commented that landlords should adopt and implement good business plans to account for expenses, which would help preclude their needing to request large, sudden rent increases.

5. CONSENT CALENDAR

- a. None.

6. UNFINISHED BUSINESS

6-A. CASE 1078 – 2485 Shoreline Dr., Apt. 202

No Committee review. The tenant was not present at the hearing. The rent increase will go into effect as noticed.

6-B. CASE 1084 – 2485 Shoreline Dr., Apt. 204

Tenant: Yolande Perry

Landlords: Randall Kessler, Andrew Fisher, Asia Hawkins

Proposed rent increase: \$290.85 (20.4%), effective October 1, 2018

Mr. Kessler asked if there was a quorum of Committee members and how many votes would be needed in order for a motion to carry. The Committee and City Attorney staff informed the parties that three members made a quorum and that all three members present would have to vote the same way for any motion to pass.

Mr. Fisher told the Committee that the landlords will have spent a total of \$5.5 million dollars in work that went into fixing, maintaining, and improving the building, including financing and losses. He said that management came to the rent increase amounts they did after evaluating how to fairly spread the costs out to the tenants without imposing financial hardships.

Ms. Perry said that the increase request posed a financial hardship for her. She said that she was paying into a mandatory retirement plan at work, although she would never be able to retire, and also had increased medical expenses. She said she could afford an increase of \$75 to \$85. She said there was a laundry room next door to her unit that made noise in her unit late into the night.

Member Sullivan-Cheah asked her if she received a rent abatement during the construction and she said had not, but they gave her a \$100 rent abatement for use of a parking space that she did not use for four months. Ms. Perry said she would like a new carpet and new kitchen appliances.

Member Griffiths asked her what a \$135 increase would mean for her, and Ms. Perry said she did not think she could afford her health plan if her rent were increased that much.

Vice Chair Murray asked what she did for work, and Ms. Perry said she was a case manager working for the State of California. Vice Chair Murray asked if she received pay increases at work, and Ms. Perry said she did, but the increases were already allocated to paying other increased expenses.

Member Sullivan-Cheah asked Ms. Hawkins how much this type of unit rents for at market rate and she said she had recently rented a comparable unit for \$2,395 per month. Member Sullivan-Cheah asked Ms. Perry if she used the parking spot that came with her unit and she said she did not.

Member Sullivan-Cheah asked if management would be interested in asking for less of an increase if Ms. Perry gave up her parking spot so that management could rent it to

another tenant. The landlords discussed this and said they would consider it, but would have to talk to the property managers at Berger Enterprises to ascertain the exact value of the parking space.

The parties returned to their seats and the Committee began deliberations.

Member Griffiths made a motion for \$75 increase, for which there was no second.

Member Sullivan-Cheah said he believed Ms. Perry had expressed a financial hardship. He said he believed an \$85 increase (parking space aside) was fair considering the landlords had demonstrated that they put a significant amount of work into the property.

Motion and second for an \$80 monthly rent increase (Members Griffiths and Sullivan-Cheah). Motion passed 3-0.

6-C. CASE 1092 – 2485 Shoreline Dr., Apt. 219

No Committee review. Prior to the hearing, the parties reached an agreement concerning the amount of the rent increase. Details of the agreement can be found in the Rent Stabilization Program's monthly report at www.alamedarentprograms.org.

6-D. CASE 1097 – 2485 Shoreline Dr., Apt. 213

No Committee review. The tenant was not present at the hearing. The rent increase will go into effect as noticed.

6-E. CASE 1103 – 2485 Shoreline Dr., Apt. 102

Tenant: Christopher Wooten

Landlords: Randall Kessler, Andrew Fisher, Asia Hawkins

Proposed rent increase: \$310.83 (24.0%), effective October 1, 2018

Ms. Hawkins said that management had been working on attending to the issues Mr. Wooten raised in his submitted response to the Committee, such as remediating any mold in the unit, and repainting the walls. Mr. Fisher pointed out that although no improvements were made to the inside of the unit, all tenants benefit from the work that was done to the property, which is why the increases were being spread somewhat evenly to most or all of the tenants at the property. Ms. Hawkins passed around a picture of the work that had been done to improve Mr. Wooten's kitchen cabinets.

Mr. Wooten said that he had two kids in school in Alameda and if the rent increased too much they would have to relocate outside Alameda, uprooting their children, which could be very hard on them. He said he works as a case manager in the mental health field, and had experienced a decrease in income, which has made him look into

changing careers, which could come with its own increased costs (e.g., paying for additional education). He said his wife was working full-time and was also in school.

Member Sullivan-Cheah asked Mr. Wooten what percentage of his income the rent, after the requested increases, would represent. Mr. Wooten said that the requested increase of \$310 would make the rent payment come out to about 40% of their household income. He said that he and his wife were paying for their education through their savings.

Vice Chair Murray asked what his wife did and he said she was an assistant teacher at a Montessori school. She asked the ages of his kids and he said they were 11 and 13 years old. Vice Chair Murray asked what he thought a reasonable rent increase would be, and, referencing his paperwork, pointed out that he had indicated in his submission that he thought an increase of \$105 would be reasonable. Mr. Wooten confirmed he thought that amount was reasonable. Vice Chair Murray asked if he could afford the full increase requested by landlords for one year, \$123.03, and he said he would have to start sacrificing things, like programs for his kids.

The parties took their seats and the Committee began deliberations.

Member Sullivan-Cheah said he thought the \$105 offered by the tenant was reasonable. Vice Chair Murray added that it represents more than the CAPX costs of \$81.33, and so it included some increased operating costs.

Motion and second for a \$105 increase (Members Sullivan-Cheah and Griffiths). Motion passed 3-0.

6-F. CASE 1105 – 2485 Shoreline Dr., Apt. 218

No Committee review. Prior to the hearing, the parties reached an agreement concerning the amount of the rent increase. Details of the agreement can be found in the Rent Stabilization Program's monthly report at www.alamedarentprograms.org.

7. NEW BUSINESS

7-A. CASE 1136.1 – 3269 Central Ave.

No Committee review. Prior to the hearing, the parties reached an agreement concerning the amount of the rent increase. Details of the agreement can be found in the Rent Stabilization Program's monthly report at www.alamedarentprograms.org.

7-B. CASE 1103 – 1507 Lincoln Ave.

Tenant: Rosemary Esmolina, accompanied by ARC member Brad Hirn

Landlords: Robert Rowe, Stacey Rowe

Proposed rent increase: \$500.00 (50.0%), effective October 28, 2018

Mr. Rowe said that the subject property, a single family house, was originally owned by his grandmother. He said the house was now held in trust to provide income for the benefit of his sister, who had considerable medical needs. Ms. Rowe said that he and Ms. Rowe had unsuccessfully tried to come to an agreement concerning the amount of the increase with the tenants. Ms. Rowe said they offered to lower the increase to \$300 per month, bringing the monthly rent to \$1,300. She said that if they had increased the rent by 5% per year in previous years, the tenant's current rent would be just a little less than this, but they did not know that more frequent incremental increases were preferable to fewer larger increases. She said that part of the reason they were increasing the rent was to ensure they had money to keep up the unit.

Ms. Esmolina said that the requested increase would create a financial hardship and displace her. She said she was permanently disabled and receives SSI income of about \$1,219 per month, and that about 82% of her income goes toward rent. She said the increased amount would account for about 120% of her income. She said the lights in part of the house flicker sometimes and she uses candles and flashlights when this happens. She proposed a \$50 (5.0%) rent increase and said she believes she has been a good tenant and has maintained the home to the best of her ability.

Vice Chair Murray asked the landlords what impact not getting an increase to \$1,300 would have on them. Mr. Rowe said that they not be able to generate income from the property and Ms. Rowe added that the purpose of keeping the home was to generate money to support Mr. Rowe's sister, her sister-in-law, adding that selling the house was not something they were considering. They said the house was held in trust by Mr. Rowe for his sister's benefit and they were working on improving her health to get her back to work following an injury that caused her to stop working 10 months ago.

Member Sullivan-Cheah went over the landlords' expenses in repairing and maintaining the property and verified them.

Member Griffiths asked Ms. Esmolina what would happen to her if future increases came in the years to follow and she said she did not know what she would do. Vice Chair Murray asked if she had family in the area and she said she did, but did not think they would be able to help her.

Member Sullivan-Cheah asked if Ms. Esmolina had considered obtaining a roommate for the second bedroom in the home. She said it would not be ideal as she had lived

alone for 20 years. The landlords responded that they would want a higher increase amount for another person in the unit to compensate for additional wear and tear.

Vice Chair Murray mentioned that the possible repeal of Costa Hawkins in the November election was something the landlords may have to consider when setting the rent, as it may make raising the rent in the future more difficult.

Ms. Rowe responded that another reason they were requesting this increase now was because the possible appeal of Costa Hawkins may make raising the rent in the future more difficult.

Member Griffiths proposed a stepped increase, such as allowing a smaller increase for 11 months and then having the rent increase another, larger amount in the 12th month so that the base rent for the next year and moving forward would be something that the landlords could accept.

Member Sullivan-Cheah opined that a roommate situation may be unavoidable to keep Ms. Esmedina in her home and provide the income the landlords needed for their sister's needs and proper upkeep of the house.

Member Griffiths said he believed the Committee should make a decision that would lay the foundation for a more in-depth discussion among the parties following the hearing that would consider a stepped increase, the addition of a roommate, and other possible solutions.

Vice Chair Murray asked Program staff if they would be willing to mediate with the parties after the hearing. Staff confirmed they would be willing to work with the parties to explore options for an agreement.

The parties took their seats and the Committee deliberated.

Member Griffiths proposed an increase of \$50 (to \$1,050) for the first 11 months that would then increase an additional \$700 (to \$1,750) in the final month. Member Sullivan-Cheah said he liked the idea of a stepped increase but thought that 11 months at \$1,050 may provide the landlords insufficient income to cover any needed repairs at the property. He proposed a rent of \$1,050 for the first six months, and Vice Chair Murray agreed. Member Griffiths countered with nine months at \$1,050, followed by \$1,750 for the last three months.

Motion and second to extend discussion for five minutes (Vice Chair Murray and Member Sullivan-Cheah). Motion passed 3-0.

Member Sullivan-Cheah said he thought nine months at \$1,050 then three months at \$1,650 would be preferable. Vice Chair Murray disagreed, pointing out that even \$1,750 for a two-bedroom house was still under market rate.

Motion and second for a rent increase to \$1,050 for the first nine months following the effective date, followed by another increase to \$1,750 for next three months (Member Griffiths and Vice Chair Murray). Motion failed 2-1.

Motion and second to extend discussion another five minutes (Members Sullivan-Cheah and Griffiths). Motion passed 3-0.

Motion and second to increase the rent to \$1,050 for first nine months, then to \$1,700 for the next three months, effective October 28, 2018 (Member Sullivan-Cheah and Vice Chair Murray). Motion passed 3-0.

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

- a. ARC member Gloria Rios said she had lived in Alameda since the 1990's and has noticed that the rate of rent increases outpaces the rate of salary increases. She opined that smaller, incremental rent increases were easier for tenants to adapt to than less frequent, larger increases.

9. MATTERS INITIATED

- a. The Committee asked staff for an update on changes to the Committee's rules and procedures that were discussed at the September 19, 2018 special meeting. Staff informed the Committee that staff had drafted the proposed changes and they were currently under review by the City Attorney's Office.

10. ADJOURNMENT

- a. The meeting adjourned at 9:42 p.m.

Respectfully Submitted,

RRAC Secretary
Grant Eshoo

Approved by the Rent Review Advisory Committee on November 7, 2018