

Exhibit 3

February 15, 2015

TO: Alameda Housing Providers Focus Group Members

FROM: Alameda Renters Coalition and Renewed Hope Representatives

RE: Proposal for Threshold Percentage to File for a RRAC Hearing.

The Alameda Renters Coalition (ARC) would like to thank all the housing providers that supported the community discussion project and for writing to the City Council or speaking on January 20th. ARC and Renewed Hope (RH) are pleased with the accomplishments tenants and housing providers have made regarding discussion points one through five and are confident that the two groups can reach an agreement on discussion point six that satisfies the needs of tenants and does not unduly burden housing providers.

To this end, ARC would like all of the focus group housing providers to review a comprehensive plan that ARC will be presenting to the City staff as our proposal to resolve discussion point six. We have requested Jeff Cambra to submit this proposal to the focus group housing providers that met in December for consideration prior to forwarding it to the City staff.

Before presenting the plan, ARC wants to thank the focus group housing providers for taking the time and effort to continue the discussion regarding what amount or percentage of rent increase would qualify for a RRAC hearing. ARC understands the impacts that having a too low trigger point could have on the RRAC and housing providers.

Conceptually, ARC and RH believe that the best way to resolve tenant/landlord issues is by getting the two sides together so that they can discuss and agree on a resolution that fits their individual and unique situation. The current landlord proposal of 10% as the threshold for a RRAC hearing sets the bar too high and takes away the opportunity for the tenant and landlord to get together with a neutral person to work out a possible resolution that could be tailored to their unique situation. As Angela Hockabout stated in her January 3, 2015 letter rejecting the housing providers proposal of a 10% threshold, "Any proposal that limits access to the RRAC is a no go."

ARC has reviewed this requirement and has changed its position. ARC has a strong interest in creating a place where tenants and housing providers can come together to try and work out their individual situation in an environment that puts the tenant facing any amount of rent increase on equal footing with the property owner, the resident manager, or the representative of a third party management company. It is important to have a neutral third person or a panel be available to aid the parties in having this discussion and arriving at a resolution.

Under the present system, the RRAC is the only place a tenant can go to have a voice and most tenants don't even know about the availability of the RRAC! Fortunately, this situation is being resolved with the implementation of the six discussion points. At the Wednesday, January 7, 2015 public meeting, the RRAC speaker mentioned that the city refers cases to ECHO Housing. One of our members actually used ECHO Housing to resolve her case after the property management company retaliated against her. ARC believes that under well defined procedures, ECHO housing could be the place for tenants with smaller rent increases could go to be heard.

ARC would consider a non-RRAC process as a way of resolving the less impactful issues between tenants and landlords *on a trial basis* in order to evaluate the effectiveness of an abbreviated mediation process using ECHO Housing as the neutral third party facilitator. This informal process could involve a face to face mediation session at a mutually agreed to location, a conference call between the tenant and the landlord facilitated by a mediator, or individual "caucus" session with each party. This abbreviated process could be utilized as an expedited hearing when the tenant cannot wait for the next RRAC hearing. ARC would also propose, as a precursor to this informal ECHO Housing process, a mandatory "meet and confer" discussion between the tenant and the landlord, unless the tenant clearly expresses the desire to have a third party facilitate the initial discussion.

ARC has heard from a number of its members that they are concerned about discussing rental issues with a manager or owner for fear of retaliation. This is consistent with the experiences of other cities. Please see the Fremont mediation summary reports (Exhibit A, Pages 1-2) in which one of the main reasons tenants do not file an application for a mediation session is fear of retaliation.

From the tenant's perspective, retaliation goes beyond getting a notice to vacate within six months of having a hearing and extends to getting a notice to vacate *after* the six month period ends, an immediate deterioration of the on going tenant/landlord relationship (or the on site manager), and being labeled a "problem" tenant with the property management company, which would restrict the tenant's ability to find another unit from any of the local management companies.

This is one reason why ARC requires a process that brings the parties together in a neutral place with a mediator. Landlords and tenants are very diverse within their respective categories. A case-by-case resolution that addresses both tenant and landlord interests is far superior to any systematic "one size fits all" approach to resolving rental issues.

Echo Housing has trained mediators with experience in resolving housing issues and the RRAC has experienced landlords and tenants on the panel that know the housing business and rental issues facing tenants and housing providers. Their experience can sometimes suggest ways for the landlord to accomplish his/her objectives by structuring the rent increase differently. For example, a tenant may just need a ramp up period to be able to make adjustments in spending in order to pay the full increase amount. Perhaps the timing of the increase may be the only obstacle. An example could be, "My car payment ends in two months and I will have the extra money then." Conversely, a tenant may accept the larger rent increase as noticed if the 7 year old rug is replaced, the window that won't lock is fixed, or the dripping faucet is attended to. Any solution must consider the unique aspects of both the tenant's situation and the housing providers needs. All of these solutions are possible, but only if the tenant and landlord come together and discuss the matter with the assistance of a mediator.

ARC will support a process that provides a tenant facing a rental housing issue with an opportunity to first discuss the issue directly with the landlord or property manager. If that is unsuccessful, the tenant or landlord could contact ECHO Housing and engage in an informal mediation process that is mutually agreeable to both parties. If the informal mediation process does not resolve the issue, then tenants facing rent increases greater than 5% would have the opportunity to apply for a full RRAC hearing on the rent increase. If the rent increase is 5% or less, the RRAC would determine if it wanted to hear the case. Please see Exhibit B for a graphic flow chart representation.

ARC has considered the housing providers 10% threshold to the RRAC and rejected it, because it would deny tenants with the most need for a formal mediation from having that opportunity. According to Councilmember Daysog's statistics, which are part of the City's record of this process, almost half of the City's renters are paying more than 30% of their gross income to rent. (See Exhibit C). A review of the Alameda Renter Median Household Gross Income report shows that renter's gross income has dropped from a high of \$59,653 (2005-2007) to a low of \$51,712 (2011-2013) resulting in a loss of median gross income of \$7,941. (See Exhibit D).

For the purposes of this discussion, ARC is assuming that 20% of a renter's gross income goes to taxes. This leaves \$41,369 (\$51,712 times 80%) of actual income. Dividing this amount by 12 months leaves \$3,447 of actual monthly income. According to the latest Gallagher & Lindsey rental listings, the cheapest one bedroom, one bath unit is running \$1,500 and the low average for a 2 bedroom, 1 bath unit is \$2000. This means that half of Alameda tenants are paying 43% and 58% of their actual income for a one bedroom and two bedroom unit, respectively. In assessing the impact of a 10% increase in rent on actual income, ARC finds that this increase on the two bedroom example would be \$2000 + \$200 divided by \$3447 which equals 63% of actual income going to rent.

Proposal for Threshold Percentage to File for a RRAC Hearing.

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ARC is not insensitive to the rising costs and expenses that landlords face each year. It understands that a landlord's income is based on the market and, for the most part, is out of the landlord's control. Consequently, it recognizes that landlords need to make money when the market presents the opportunity to raise rents. However, when these market forces, through the application of a single large rent increase or a series of significant rent increases year over year, displace tenants who have lived in the same complex for multiple years, ARC becomes concerned. When this situation presents itself, ARC understands that in some cases the landlord may need the money for improvements or to cover increased expenses. How do tenants and landlords balance the need for increased rent with the ability to pay the increase?

The solution to resolving these situations is to have a neutral place for tenants who are facing rent increases to work collaboratively with their housing provider to attain a mutually agreeable resolution. For rent increases over 5%, ARC believes that the impact of a rent increase on the tenant merits a formal mediation with the RRAC.

Considering the potential impact of a rent increase on a tenant that could result in the tenant having to move out of their home verses requiring the landlord to participate in a thirty minute non-binding RRAC hearing that has had great success in resolving tenant/landlord issues, ARC does not understand the basis for objecting to a greater than 5% threshold to have a RRAC hearing.

While ARC would like to arrive at a mutually agreeable resolution to Point #6, with the current landlord proposal of 10% being the only amount being offered, ARC is quite content to let the City decide the amount. ARC believes that the City will select a number well below 10% based on the following information:

- A review of the reports from other cities using mediation to resolve rental housing issues shows that the great majority of cities with rent mediation boards have NO limits on a tenant's right to file a petition. ARC has reviewed the laws in San Leandro, Fremont, Alameda County, Palo Alto, Santa Barbara, and a number of other cities. No city has a 10% threshold. San Leandro does have a 10% OR \$75 MINIMUM. Consequently, there is no municipal precedent for imposing ANY threshold for having a formal hearing.
- When the RRAC talked about having a minimum percentage or amount, they specifically used the word "frivolous" at all three meetings. In subsequent private conversations with RRAC members individually, a number of them spoke of no limit or limits in the \$50 to \$75 range. This would translate to a 2.5% to 3% threshold percentage for a \$2000 per month rent. Based on conversations with the RRAC, ARC does not thing

that the RRAC considers 9%, 8% or even 6% frivolous enough to deny the tenant a hearing.

• At the January 20th City Council meeting, Mayor Spenser and other Council members discussed the five discussion points we all agreed on and questioned having any limit at all on RRAC hearings since it seemed to be working well. What has become very clear to ARC in our discussions with both the members of the City Council and the staff is that they strongly favor a system that brings tenants and landlords together to let them try to work out their issues. ARC believes that any provision which puts an obstacle in the way of achieving that objective will be disfavored by the Council.

With that said, ARC also understands that going to a formal RRAC hearing for a 2% rent increase is burdensome on both landlords and the RRAC and might not be practical if the RRAC has to deal with a lot of little cases, which the statistics do not support. This is why ARC are willing to consider a formal mediation process with a reasonable threshold of greater than 5% rent increases with a less formal, less burdensome, less costly informal mediation process available to those tenants facing rent increases of 5% or less.

ARC is impressed with the efforts of the City's local housing providers to resolve even the very tough issues using an "after hearing" informal intervention. The City just had the perfect example of this situation at the RRAC hearing held on January 6, 2015. Six tenants from the Croll's Garden complex received 18% rent increase notices (ranging from \$225 to \$275) when the history of increases was \$50 to \$75 annually. In the RRAC hearing, the attorney confirmed that no significant maintenance or capital improvements were made to the property, that the basis for the rent increase was a market survey, and indicated that rents were "well below" market rate. Could this landlord have made any accommodations? ARC attended the hearing and heard a resounding NO! Even in this extreme case, Mr. Lindsay was able to resolve this difficult situation. ARC believes that working together our combined efforts can resolve even the most challenging issues facing both tenants and housing providers.

To summarize, the ARC objective is to have a neutral place where tenants who are facing rent increases can go to try and obtain a mutually beneficial resolution. With the current landlord proposal of 10% as the only amount being offered, ARC has nothing to lose by letting the City decide the amount. Given all the statistics and the discussions we have had, ARC believes that if the City decides to select a threshold percentage, it will be well below 10%.

Proposal for Threshold Percentage to File for a RRAC Hearing.
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ARC hopes that the five members of the housing provider focus group will reconsider the 10% figure and join ARC in submitting the proposal outlined above. The ARC Focus Group members are available to discuss the details of this proposal prior to submitting it directly to the City staff with the exception of the 5% figure. We have directed Mr. Cambra to transmit this letter to Debbie Potter no later than Friday, February 20, 2015, unless the members of the housing providers focus group express an interest in continuing the discussion on point 6. Thank you for continuing the conversation.

Respectfully submitted,

Alameda Renters Coalition Executive Committee

Rent Increase Statistical Summaries and Trends

As the designated service provider for the Residential Rent Increase Dispute Resolution Ordinance (RRIDRO), from July 1, 2012 through June 30, 2013 the agency handled a total of 371 rent increase calls (309 tenants, 62 landlords) and opened 50 cases for dispute resolution. Of the tenants who called, 16% opened cases, and none of the landlords opened cases. Of the tenants who chose not to open cases, nearly all said their reason for declining was the non-binding nature of the process and/or their fear of retaliation by the landlord.

Of the 50 cases opened, 10 involved invalid increases (20%) and 40 involved requests to lower valid increases (80%). Of the 10 cases with invalid increases, 9 had violations of the RRIDRO Notice and/or 12-month rules (18%), and 1 had a violation of a BMR Regulatory Agreement limit (2%).

The one case with a violation of a BMR Regulatory Agreement came from Pickering Place Apartments. The tenant received an \$80 increase (8.4%), which the landlord reduced to \$28 (2.9%) after conciliation. Three other tenants at Pickering Place (whose cases were opened in the previous year) had received increases of 9%, 4.4%, and 18.6%, and each increase was reduced to less than 3%.

Of the 40 cases involving requests to lower valid increases, 6 cases (15%) resulted in rent reductions. In the first case, the tenant received a \$239 increase (13.7%), which the landlord reduced to \$89 (5.1%) after conciliation. In the second case, the tenant received a \$590 increase (41.4%), which the landlord reduced to \$290 (20.3%) after conciliation. In the third case, the tenant received a \$135 increase (9.4%), which the landlord reduced to \$100 (7%). In the fourth case, the tenant received a \$159 increase (8.8%), which the landlord reduced to \$114 (6.3%) after conciliation. In the fifth case, the tenant received a \$335 increase (23%), which the landlord reduced to \$222 (15%) after conciliation. In the sixth case, the tenant received a \$150 increase (13%), which the landlord reduced to \$115 (10%) after conciliation. There were 4 cases (10%) in which the landlord declined to reduce the amount of the increase but instead agreed to delay the effective date of the increase by one to five months. In one of these cases, the landlord also agreed to do extensive renovations to the unit.

Of the 50 cases opened, the increases ranged from a low of 1.9% to a high of 35.8%, with an average of 11.3%. In general, tenants reported that current increases were larger than increases in previous years. Tenants also reported that the premium charged to rent on a month-to-month basis, rather than a fixed-term lease, is currently higher than in previous years. In one case, the tenants had lived at the complex for ten years and were offered a 6-month lease with a 20.3% increase, but if they wished to continue renting on a month-to-month basis, the increase went to 41.4%.

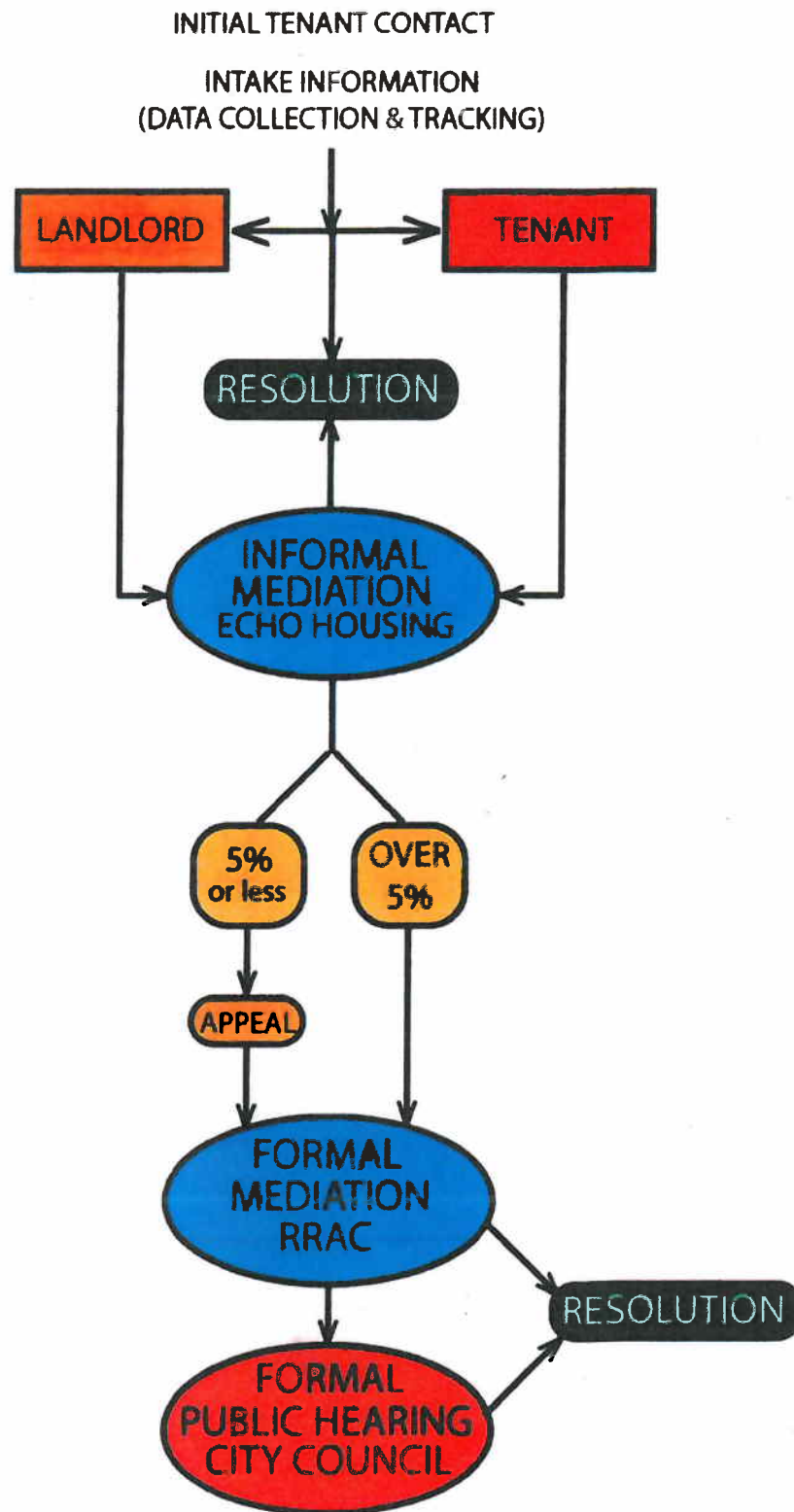
Rent Increase Statistical Summaries and Trends

As the designated service provider for the Residential Rent Increase Dispute Resolution Ordinance (RRIDRO), from July 1, 2013 through June 30, 2014 the agency handled a total of 367 rent increase calls (302 tenants, 65 landlords) and opened 55 cases for dispute resolution. Of the tenants who called, 18% opened cases, and none of the landlords opened cases. Of the tenants who chose not to open cases, nearly all said their reason for declining was the non-binding nature of the process and/or their fear of retaliation by the landlord.

Of the 55 cases opened, 12 involved invalid increases (22%) and 43 involved requests to lower valid increases (78%). Of the 12 cases with invalid increases, 11 had violations of the RRIDRO Notice and/or 12-month rules (20%), and 1 violated the rental agreement (2%).

Of the 43 cases involving requests to lower valid increases, 6 cases (14%) resulted in rent reductions. In the first case, the tenant received a \$255 increase (13.5%), which the landlord reduced to \$205 (10.8%) after conciliation. In the second case, the tenant received a \$250 increase (10%), which the landlord reduced to \$150 (6%) after conciliation. In the third case, the tenant received a \$196 increase (10%), which the landlord reduced to \$131 (6.6%). In the fourth case, the tenant received a \$230 increase (13.5%), which the landlord reduced to \$180 (10.6%) after conciliation. In the fifth case, the tenant received a \$15 increase (2.9%), which the landlord reduced to \$0 (0%). In the sixth case, the tenant received a \$25 increase (3%), which the landlord reduced to \$0 (0%).

Of the 55 cases opened, the increases ranged from a low of 2.9% to a high of 33.3%, with an average of 10.7%. In general, tenants reported that current increases were larger than increases in previous years. Tenants also reported that the premium charged to rent on a month-to-month basis, rather than a fixed-term lease, is currently higher than in previous years. In a typical case, at a large complex, the tenant was offered a lease with an increase of \$150 (10%), or a month-to-month tenancy with an increase of \$672 (42%).



**Table 1. City of Alameda: Number of Renters in Unaffordable
Versus Affordable Housing Situations:
Pre-Recession, Recession, and Recovery Periods**

Source: US Census American Community Survey 3-Year Samples (2005-2007, 2008-2010, and 2011-2013): Tables B25070 , B25071, B25064

	pre recession 2005-2007 3-Year Period	recession 2008-2010 3-Year Period	recovery 2011-2013 3-Year Period
Total Rental Households:	14,726	14,822	15,894
<30 percent rent-to-income ratio	56%	54%	48%
30 and more rent-to-income ratio	39%	42%	46%
Not computed	5%	4%	6%
<i>median gross-rent as % of HH income</i>	26.8%	27.5%	29.4%

\$1,301 (\$1,373)

\$1,272 (\$1,342)

Table 5. City of Alameda, Alameda County, Oakland, and San Leandro: Renter Median Household Income Trends: Pre-Recession, Recession, and Recovery Periods

Source: US Census American Community Survey 3-Year Sample s(2005-2007, 2008-2010, and 2011-2013): Tables B25074 and B25119

	pre recession 2005-2007 3-Year Period	recession 2008-2010 3-Year Period	recovery 2011-2013 3-Year Period
City of Alameda	\$59,653	\$57,736	\$51,712
Alameda County	\$46,904	\$47,444	\$45,294
City of Oakland	\$35,559	\$36,155	\$35,629
City of San Leandro	\$51,139	\$46,180	\$47,222

LETTERS OF
SUPPORT FROM
HOUSING
PROVIDERS

Thursday, April 2, 2015 3:42:17 PM Pacific Daylight Time

Subject: Re: Support for over 5% threshold for RRAC hearing
Date: Monday, March 30, 2015 2:24:12 PM Pacific Daylight Time
From: Victor Jin
To: Jeff Cambra
Category: Holiday

The concept has my support

Victor Jin, CRB
Licensed Real Estate Broker
BRE# 00588937
1300 Encinal Avenue
Alameda, CA 94501
www.ISellRE.com
[REDACTED]
[REDACTED]

Thursday, April 2, 2015 3:42:45 PM Pacific Daylight Time

Subject: RE: Support for over 5% RRAC hearing
Date: Monday, March 30, 2015 11:03:37 AM Pacific Daylight Time
From: Jan Mason
To: 'Jeff Cambra', 'Gregg McGlinn', 'Mike Baldasarra'

Yes, I apologize for not getting the email to Debbie.
OMM, INC. does support the over 5% threshold for an RRAC hearing.
Thanks for giving us another opportunity to voice support for this Jeff.
Jan

Janice L. Mason, Owner/REALTOR
OMM, INC.
2514 Santa Clara Avenue
Alameda, CA 94501
(510) 522-8074 (w) (510) 381-1573 (c)
jan@ommhomes.com

CalBRE#: 00867680

Subject: FW: RRAC draft ordinance
Date: Friday, March 27, 2015 10:55:35 AM Pacific Daylight Time
From: Mark Teufel
To: jeffcambra@earthlink.net
Category: Holiday

FYI

Thanks,
Mark

From: Mark Teufel
Sent: Friday, March 27, 2015 10:55 AM
To: 'dpotter@alamedaca.gov'
Subject: RRAC draft ordinance

Dear Ms. Potter,

I am a regional portfolio manager with Sequoia Equities, Inc., and our firm manages two properties in Alameda with a combined total of 468 apartment homes. I am writing to communicate our support for the proposal to include a rent increase threshold of more than 5% to qualify for a direct non-binding mediation session with the RRAC. We think this is a reasonable threshold given the current state of the Alameda rental housing market.

In addition, we support the proposal to require city staff to report on the activity of the RRAC on a semi-annual basis, so that tenants and landlords have the opportunity to review the functioning of the new ordinance and this threshold.

Thank you,



Mark Teufel, CPM
Regional Portfolio Manager

1777 Botelho Drive Suite 300 | Walnut Creek, CA 94596
phone: (925) 945-0900 | fax: (925) 256-3780

www.ExperienceSequoia.com

Find us here:



Subject: draft ordinance concerning RRAC
Date: Thursday, March 26, 2015 6:56:38 PM Pacific Daylight Time
From: Don Lindsey
To: dpotter@alamedaca.gov
CC: Jeff Cambra
Category: Personal

Debbie,

As you are aware I have been involved in the process with Jeff Cambra relative to the issue of rising rents in Alameda.

Gallagher and Lindsey Property management manages several hundred residential units in Alameda.

I strongly recommend inclusion of a 5% threshold for hearing cases of excessive rent increases in the draft ordinance to be submitted to the Alameda city council pending approval of the drafted language.

In addition I support the concept that will require city staff to report on the activity of the RRAC on a semi-annual basis so that tenants and landlords have the opportunity to review the functioning of the new ordinance and this threshold.

Thank you

Don Lindsey

Sent from my iPad

Subject: RRAC

Date: Thursday, March 26, 2015 10:48:14 PM Pacific Daylight Time

From: Ken Gutleben

To: dpotter@alamedaca.gov

CC: Jeff Cambra

Category: Personal

Hi Debbie. My name is Ken Gutleben I'am a landlord of 4 duplex's. I have reviewed item # 6 and agree that 5% is a satisfactory level. I believe that RRAC will work will for both the landlord and the Tenants. My goal is to keep my Tenants happy about where they live by maintaining the property's. With a small rent increase i will be able to do that. Thank you for all your work on this project. Ken Gutleben

Sent from my iPad

Subject: Rent Review Advisory Committee
Date: Thursday, March 26, 2015 6:01:05 PM Pacific Daylight Time
From: [REDACTED]
To: dpotter@alamedaca.gov
CC: jeffcambra@earthlink.net
Category: Personal

Ms. Potter,

I am Dennis Cox, a resident of Alameda and the owner of the eighteen unit apartment building at [REDACTED].

I have been a participant in the efforts to achieve a consensus of both housing providers and renters in ways to address the occasional, but unfortunate, outsized increases that sometimes are initiated by providers. The underlying reasons this sometimes happens have been the subject of many meetings of both tenants and providers coordinated and presided over by Jeff Cambra, (who has done a great job in my opinion), so at this point all parties concerned are fairly aware of both sides issues and concerns. And it appears that consensus has been achieved on several points, mostly dealing with notifications regarding the RRAC. One unresolved issue is what threshold rent increase, if any, should there be before a RRAC hearing is eligible to be requested.

I personally favor a 10% rent increase threshold since it dovetails so nicely with the State of California requirement for the trigger to require 60 day notification vs the regular 30 day requirement. However, I understand that there is support among the tenant groups for a possible 5% threshold and so am willing to compromise my position.

This email then is to advise you that I am in support of at least this 5% threshold, and think this should be included in the draft ordinance.

Additionally, so as to be able to monitor the effectiveness of any resulting ordinance, I would like to see the City Staff be required to report on the RRAC activities at least semi annually.

Please feel free to contact me with any questions or concerns. Most sincerely,

Dennis Cox
[REDACTED]

Subject: Rent Review

Date: Thursday, March 26, 2015 5:07:16 PM Pacific Daylight Time

From: Linda Soulages

To: dpotter@alamedaca.gov, Jeff Cambra

Category: Personal

Dear Ms.potter-

My husband Gary and I are long time landlords in Alameda. I participated in Mr. Cambra's residential rental housing discussions. I conceptually support the over 5% threshold pending review of the draft language and require city staff to report on activity of the RRAC on a semi annual basis so that the tenants and landlords have the opportunity to review the functioning of the new ordinance and this threshold.

Very Truly Yours

Linda Soulages

DEBBIE POTTER

From: Jeff Cambra <jeffcambra@earthlink.net>
Sent: Monday, March 30, 2015 2:40 PM
To: Victor Jin
Cc: DEBBIE POTTER
Subject: Re: Support for over 5% threshold for RRAC hearing

Hiu Victor:

Thanks for your continued support of the community discussion on rental housing issues. I have cc'ed Debbie Potter from the City so that she is aware of your early conceptual support. While we are still in the conceptual phase of developing the ordinance language, you will be able to continually monitor the comments and review the final draft before it goes to the Council. I will be monitoring all the drafts and will keep you up to date.

Enjoy!

jc

From: Victor Jin <Victor@ISellRE.com>
Date: Monday, March 30, 2015 2:24 PM
To: Jeff Cambra <jeffcambra@earthlink.net>
Subject: Re: Support for over 5% threshold for RRAC hearing

The concept has my support

Victor Jin, CRB
Licensed Real Estate Broker
BRE# 00588937
1300 Encinal Avenue
Alameda, CA 94501
www.ISellRE.com
victor@isellre.com
(510) 523-1115

On Mar 30, 2015, at 10:51 AM, Jeff Cambra <jeffcambra@earthlink.net> wrote:

Good morning all:

I just wanted to confirm that you are still conceptually supportive of the over 5% threshold for a RRAC hearing. The RRAC will be reviewing the draft ordinance language at its next meeting. A letter of support would increase the likelihood of having some type of threshold rather than the current zero threshold. There are two housing providers advocating for a 10% threshold. After speaking with members of the RRAC and the Council, I am not sure they are considering such a number.

If I can answer any questions regarding this decision or provide additional background information, please contact me.

Enjoy!

Jeff Cambra
Mediator/Facilitator/Attorney
Mobile Mediations
P.O. Box 1343
Alameda, CA 94501
(510) 865-7369

DEBBIE POTTER

From: Jan Mason <jan@ommhomes.com>
Sent: Monday, March 30, 2015 11:50 AM
To: 'Jeff Cambra'; 'Gregg McGlinn'; 'Mike Baldasarra'
Cc: DEBBIE POTTER
Subject: RE: Support for over 5% RRAC hearing

Thank you everyone for your continued involvement and good resolution for both Alameda property owners and the Alameda tenants.

I look forward to reviewing the draft.

Jan

Janice L. Mason, Owner/REALTOR
OMM, INC.
2514 Santa Clara Avenue
Alameda, CA 94501
(510) 522-8074 (w) (510) 381-1573 (c)
jan@ommhomes.com

CalBRE#: 00867680

From: Jeff Cambra [mailto:jeffcambra@earthlink.net]
Sent: Monday, March 30, 2015 11:26 AM
To: Jan Mason; 'Gregg McGlinn'; 'Mike Baldasarra'
Cc: Debbie Potter
Subject: Re: Support for over 5% RRAC hearing

Good morning all:

Thank you for indicating your conceptual support for the over 5% threshold for a direct RRAC hearing pending review of the entire draft ordinance and a reporting mechanism on the activity of the RRAC on a semiannual basis. I am forwarding this email to Debbie Potter so she will have a record of OMM, Inc.'s support.

Sincerely,

Jeff Cambra
Mediator/Facilitator/Attorney
Mobile Mediations
P.O. Box 1343
Alameda, CA 94501
(510) 865-7369

From: Jan Mason <jan@ommhomes.com>
Date: Monday, March 30, 2015 11:03 AM
To: Jeff Cambra <jeffcambra@earthlink.net>, Gregg McGlinn <gregg@ommhomes.com>, Mike Baldasarra <mike@ommhomes.com>
Subject: RE: Support for over 5% RRAC hearing

Yes, I apologize for not getting the email to Debbie.

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Janice L. Mason, Owner/REALTOR
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jan@ommhomes.com

CalBRE#: 00867680

OTHER LETTERS FROM HOUSING PROVIDERS

From: Doug Smith [mailto:fullerpm@pacbell.net]

Sent: Thursday, April 02, 2015 3:07 PM

To: John Sullivan; TSPENCER@ALAMEDACA.GOV; fmatarrese@alamedaca.gov; tdaysog@alamedaca.gov; mezzashcraft@alamedaca.gov; joddie@alamedaca.gov; Dan Sullivan; Paul Russo; Janet Kern; Doug Smith; Don Lindsey

Subject: Draft RRAC ord. URGENT

Dear Mayor Spencer and Council Staff:

I am in receipt of the draft ordinance and I have a few concerns. I have been involved with the City of San Leandro and the City of Fremont rent review ordinances so I want to share some of the issues they are working on to fix so we don't make the same mistakes.

6-56.10.

"the Housing Provider fails to appear [participate] without notifying the Executive Director prior to the hearing [participation date] and providing a good reason for not appearing, the Rent Increase shall be void and the Housing Provider may neither take any action to enforce such Rent Increase nor notice another Rent Increase for one year from the date that the Proposed Rent Increase was to become effective."

San Leandro just had a case where the landlord was stuck in traffic and missed the meeting. The board felt the

reason was not "good cause" and voided the increase. In San Leandro, the owner is allowed (and it was suggested by the City) that he re notice the increase to be effective in 60 more days (per Cal Civil Code).

We can't leave it up to the RRAC to decide what is "just cause" when you have a penalty of not allowing another increase for 12 more months. **THE LANGUAGE SHOULD BE CHANGED TO PENALIZE THE OWNER BY VOIDING HIS INCREASE, NOT PREVENTING HIM FROM RE ISSUING IT AGAIN.** I am sure the City Attorney would agree.

2-23.2

"The Committee shall consist of five members, all of whom shall at the time of their appointment and continuously during their incumbency be residents of the City. At the time of their appointment, two of the members shall be tenants in the City, two of the members shall be housing providers and one member shall be a residential property owner but not a housing provider."

Again, the City of San Leandro just found out that this too was unfair to the housing providers and is now re writing the ordinance to allow the owner representative(s) to live outside the City. The provider position has gone unfilled for over a year as it was very difficult to find an owner who 1) had the time to commit to this type of position 2) wanted to commit to this position and 3) LIVED IN THE CITY.

Because of this unrealistic expectation, I am requesting that you change the language to read " *two of the members shall be housing providers but are not required to be City residents*".

This will allow the board to be more fairly comprised and this be more successful and unbiased. There is no rational or benefit that the owner also personally live in the City as he is already invested and doing business in the City (and paying taxes and fees) and that shows his loyalty to the City.

Finally, I want to reiterate that setting a trigger below 10% will only cause owners to give much higher increase so that they can "negotiate" lower knowing that with a low trigger, all reasonable increases will be heard before the RRAC.

It will also ultimately statistically show that more cases are being heard (burden to the City) and were unable to be resolved. This is exactly what the renters coalition wants so that they can come back next year and demand rent control. A 10% rent increase has a maximum impact of just 3.3% of a tenants gross income. This happens to be the same % increase in the median family income for City of Alameda from 2005-2014. Also, as I stated before, this does not even take in to account the years that rents fall or stay flat as they did from 2001-2012.

Finally, I encourage you to reach out to Mayor Cutter from the City of San Leandro and listen to her advise on these 3 key issues. They have had many years of dealing with this same issue and we can learn from their mistakes. Mayor Cutter

just last week asked me (a San Ramon resident) to join the rent review board in San Leandro as she has seen that I am fair and reasonable. They too now have learned that a 10% trigger does not mean that residents are getting 10% each year and she is also in the process of updating their trigger to be more representative of the 10% that was implemented at the inception of the ordinance but was never updated for inflation. Please reach out to her your self as you cant rely on staff to really understand the key issues when you are making the decisions.

I hope that you all take the time to review all the facts and make the right call when it comes to these few provisions. Please reach out to me if you have any question, I would be glad to discuss this with you further.

Thank you
Doug Smith

PS on a related note, I just received the proposed sewer increase. I see that a 3% yearly increase is needed to keep up with the cost of repairing and maintaining such an old system. This is exactly what housing providers are dealing with, only difference is we can't give annual increase like you can.

What do you think the increases would be today if the City gave no increase from 2001-2012 and actually lowered rates. Remember, that is exactly what we suffered but still had to come out of pocket to maintain our buildings and make the required improvements such as the soft story retrofit that was required by the City. Again, we are just running a business and it needs to not operate at a loss, especially with all the risk we take by being uninsured in such a high risk earthquake area. We could all lose our assets in less than 60 seconds.

From: Doug Smith <fullerpm@pacbell.net>
To: John Sullivan <emeraldprop@sbcglobal.net>; "TSPENCER@ALAMEDACA.GOV" <TSPENCER@ALAMEDACA.GOV>; "fmatarrese@alamedaca.gov" <fmatarrese@alamedaca.gov>; "tdaysog@alamedaca.gov" <tdaysog@alamedaca.gov>; "mezzyashcraft@alamedaca.gov" <mezzyashcraft@alamedaca.gov>; "joddie@alamedaca.gov" <joddie@alamedaca.gov>; Dan Sullivan <dan@emera1d.com>; Paul Russo <paul@americandrape.com>
Sent: Sunday, March 29, 2015 3:30 PM
Subject: Fw: Alameda Rents

Dear Mayor Spencer and Council Staff:

Myself and Mr. Sullivan met with many of you over the past few months in an effort to give you the Housing Provider perspective on what is happening with the rent review board.

Please take the time to review this historical rent data from RealFacts. It shows what we have been discussing, when you look at a small snapshot, it appears rents are climbing at an alarming rate. However, when you look at the cyclical nature of rents, you will see that rents go down and stay flat much more than they go up.

Rents peaked in 2001 at \$1524, then continued to fall until 2005. They did not exceed the 2001 level again until 2012, it took 11 years to recover back to the 2001 level, all the while we saw our costs increase over 40% in that same time. We have barely recovered from that downturn and we need to be allowed to increase rents at a minimum of 10% in the few years that we are able to in order to just stay above inflation over time. Limiting us to any less than that would be unfair business practice.

We agree it's tough for most renters to accept a 10% increase, however they benefited by falling rents for 11 years. Because renters are required to make 3x's the rent, a 10% increase is only a 3.33% increase to their

income and from our application data and Census data, median income rose by more than that over the past few years, not even taking in to account the 11 years rents fell and vacancy loss destroyed us.

Please take the time to review all the facts and pass on to other City staff. Please don't give in to the vocal Oakland advocates, they just move from City to City and push for rent control. They want to see a trigger of less than 10% because they know owners will not comply and then they can come back and demand rent control. We don't have a problem in Alameda, we are just going through an "up" cycle that will end in 2015 or 2016, then will fall again.

Thank you and please call or email if you have any questions.

Doug Smith
Fuller Enterprises
925-866-8426X104

----- Forwarded Message -----

From: John Leyvas <jleyvas1031@gmail.com>
To: Doug Smith <fullerpm@pacbell.net>
Sent: Tuesday, March 24, 2015 7:14 PM
Subject: Alameda Rents

Hi Doug,

Let me know if you need anything else.

--

John H. Leyvas, Jr.
Senior Vice President
License No. 00941651

Direct: 408.987.4166
Cell: 510.326.2787
jleyvas@ccareynkf.com

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Don't Overwhelm R.R.A.C.

To avoid unnecessarily overburdening the R.R.A.C. Board a Housing Provider will not be committed to appear before the Board provided rent adjustment records demonstrate as follows:

Since the beginning of the tenancy in this apartment; the average annual increase does NOT exceed five percent, and No annual increase exceeds 10%.

This coincides with A.R.C. position of having a trigger of "not to exceed 5%". However since in any cycle of multiple years, it is a fact that there are years where, because of the economy, no increases are possible, or only very low percentage increases are possible, it gives the flexibility of catching up but with a 10% lid.

See how it would work, see the attached.

John Sullivan 03/29/15

510-538-4898

How it would Work

Example A: Rent starts at \$1,600/month and increases 5% each year

<u>At Move-In</u>	<u>Increase</u>	<u>To</u>	<u>Total Year's Rent</u>	<u>%</u>
		\$1,600.00	\$19,200.00	
Year 1	\$80.00	\$1,680.00	\$20,160.00	5
Year 2	\$84.00	\$1,764.00	\$21,168.00	5
Year 3	\$88.00	\$1,852.00	\$22,224.00	5
Year 4	\$92.60	\$1,944.60	\$23,335.20	5
Year 5	\$97.23	\$2,041.83	\$24,501.96	5
Total:			\$130,589.16	

Example B: Rent starts at \$1,600/month and increases as the economy dictates (not more than 5% average annually and never more than 10%).

<u>At Move-In</u>	<u>Increase</u>	<u>To</u>	<u>Total Year's Rent</u>	<u>%</u>
		\$1,600.00	\$19,200.00	
Year 1	\$64.00	\$1,664.00	\$19,968.00	4
Year 2	\$83.20	\$1,747.20	\$20,966.40	5
Year 3	\$52.41	\$1,799.61	\$21,595.32	3
Year 4	\$89.98	\$1,889.59	\$22,675.08	5
Year 5	\$151.16	\$2,040.75	\$24,489.00	8
Total:			\$128,893.80	

Result

Example A: Tenant pays \$130,589.16

Example B: Tenant pays \$128,893.80

5% varying each year

Tenant saves \$1,695.36

How it would Work

Example C: Rent starts at \$2,000/month and increases 5% each year

<u>At Move In</u>	<u>Increase</u>	<u>To</u>	<u>Total Year's Rent</u>	<u>%</u>
		\$2,000.00	\$24,000.00	
Year 1	\$100.00	\$2,100.00	\$25,200.00	5
Year 2	\$105.00	\$2,205.00	\$26,460.00	5
Year 3	\$110.25	\$2,315.25	\$27,783.00	5
Year 4	\$115.76	\$2,431.01	\$29,172.12	5
Year 5	\$121.55	\$2,552.56	\$30,630.72	5
Total:			\$163,245.84	

Example D: Rent starts at \$2,000/month and increases as the economy dictates (not more than 5% average annually and never more than 10%).

<u>At Move-In</u>	<u>Increase</u>	<u>To</u>	<u>Total Year's Rent</u>	<u>%</u>
		\$2,000.00	\$24,000.00	
Year 1	\$80.00	\$2,080.00	\$24,960.00	4
Year 2	\$62.40	\$2,142.40	\$25,708.80	3
Year 3	\$107.12	\$2,249.52	\$26,994.24	5
Year 4	\$112.47	\$2,361.99	\$28,343.88	5
Year 5	\$188.95	\$2,550.94	\$30,611.28	8
Total:			\$160,618.20	

Result

Example A: Tenant pays \$163,245.84

Example B: Tenant pays \$160,618.20

Tenant saves \$2,627.64

To Debbie Potter.



February 20, 2015

City of Alameda
City Managers Office
ATTN: John Russo

RE: Alameda Rent Mediation

The attached material was presented, for their review and consideration to A.R.C. (Alameda Renters Coalition) at a meeting on Tuesday 2/17/2015.

This proposal is consistent with the intent and the terms of the City of Alameda Ordinance in that it provides for the review of complaints of "*significant*" Rent increases before the R.R.A.C. Committee. The proposal also provides that complaints on increases that are not significant in nature would be referred to E.C.H.O. Housing, thus proving all parties with a forum to be heard. (Copy of City of Alameda Rent Review Ordinance attached).

Having been involved with Rent Medication Ordinances in Fremont, Alameda County and San Leandro since their formation, around 15 years ago, we are familiar with what works well and what hampers the medication process.

We want to help craft, for Alameda, the best and most efficient medication ordinance possible. Please consider the important points cited when formulating the ordinance.

We would be happy to assist in any way possible.

John Sullivan
Housing Provider
Phone 510-538-4898

Doug Smith
Housing Provider
Phone 925-866-8429

BEST POSSIBLE MEDIATION PROGRAM

Positive – Negatives:

- A) Tenants Notification of Service along with Increase Notice.
- B) Mandatory Phone Communication – Tenant/Landlord.
- C) Promote “*Raising Rents in Today’s Market*” message.
- D) Landlord/Tenants promote better relations.
- E) Tenants Group – Assist Tenants – Open communication with Landlords.
Landlord’s intervention – peer pressure.
- F) The 15% or higher increase – Mandatory 120 Days Notice.
- G) The R.R.A.C. Trigger.

Attachments:

Rent Increases exceeding 15%

The R.R.A.C. Trigger

The Bigger Picture

RENT INCREASES EXCEEDING 15%

Devastating to Tenants, to City and County Governments. Generally triggered by a sale of a property. Old longtime Owner perhaps allowed Rents to drop below Market.

New Buyers hit with County Tax Assessor raising taxes to match today's value. EXAMPLES:

- New Mortgage Interest – Old Owner property had no loans or very low loans.
- New City and County Transfer Taxes.

Obviously the New Owners can easily justify the increase.

So what can be done for the Tenants?

In Mediation the one factor that is always a relief to Tenants is EXTRA TIME.

Then Mandate double the Notice Time. 120 days in place of 60 days.

Tenants now have options. Sure of 4 months out old Rental Rates. Time to plan. Buy that house or Condo. Evaluate the Rental Market. Share the rent with someone else etc. Bottom line – there is time to plan.

HOW OFTEN DOES THIS HAPPEN?

Too often. We have cases in all jurisdictions.

Alameda:

- A) Remember the case that started this discussion.
- B) A more recent case where an 18% to 20% was put forward.

San Leandro:

Several *Explain*

Castro Valley:

Two weeks ago 50 unit complex SOLD. Rents well under Market. To justify Sale Price and to secure financing – increases varying 20% to 30% went to Tenants. The Alameda County Unincorporated Area Ordinance did not address these circumstances. Peer pressure now in progress

IMPORTANT: There are those who will want to dismiss this 120 Day Notice suggestion as being contrary to State Law(60 Day Notice). If the intent of a Mediation Ordinance is to protect tenants against “*Extraordinary*” increases then we must invoke “*Extraordinary*” measures, “*Special Circumstances*” etc.

Caution: Any Rent Mediation Ordinance that fails to address this very real scenario is simply shortchanging the tenants, leaving them unprotected.

The R.R.A.C. Trigger:

Open Mind: Let's all for now take off our Landlord – our Tenants caps. We are here to help craft the best possible Mediation Ordinance for Alameda. Luckily we can learn from the San Leandro, the Fremont, and the Alameda County Ordinances – the areas that caused failure.

10% Trigger: Those Ordinances all were drawn up with the 10% concept or their mediators used the 10% as a benchmark in their mediations, much like Alameda's R.R.A.C.

Worked Well: This worked well except that San Leandro and Alameda County Ordinances said 10% or \$75.00, which happened to be 10% back 15 years ago, when the ordinances were put in place. Today it is more like 5%.

Trigger: The above mentioned ordinances saw fit to set the trigger at 10%. Unfortunately by quoting \$75.00 it has led to much confusion. How? It worked OK at first but now tenants are filing on a \$90.00 or \$100.00 increase. This is frustrating to a landlord having come through years of no increase or very low increases and indeed some years of actual rent reduction. From the tenants prospective they see \$75.00 figure written down and understandably they feel that is the most they should pay.

Mediation – What is expected? Once a landlord appears before a Board he is expected to give up some ground. Often he encounters some peer pressure urging his cooperation. Obviously, with increasing costs he can easily justify the increase. Having a low trigger has the effect of a landlord being forced to hold to this increase rather than mediate in the true sense. A landlord, desperate to cover his costs of operation, may be pushed to ask for a bigger increase than he expects just so that he can come down. This creates frustration to tenants, to landlords and to mediators as it removes the atmosphere of “*Trust*” and “*Give and Take*” that is so vital to any mediation program.

10% Trigger is vital to the industry: In any 10 or 15 year cycle its really only available 2 or 3 years. Evaluating rent increase history on Alameda Tenants who didn't move over the past 10 years they all had several zero increase years and many 1% and 3% years. Let's not overlook the big savings to tenants in those years.

BOTTOMLINE:

To achieve the average 4-5% before taxes that is needed to operate rental housing a landlord must be able to get that 8% to maybe 12% for that few years in say a 10 to 15 year cycle. Otherwise the property will fall into disrepair, foreclosure or whatever, all to the detriment of the tenants and the community. See attached “*History of Increases*”.

The Mediation Services mentioned mandated the 10% trigger. R.R.A.C. suggests 10% as reasonable in their deliberations. Let's mandate the 10% to prevent the frustrations mentioned. Setting a lower trigger is not fair to tenants. It gives them the false notion that that figure is the maximum that they should be expected to pay.

The Bigger Picture

The City of Alameda Rent Review Ordinance ordains that the R.R.A.C. Committee reviews complaints of “*significant*” Rent increases.

Holding to the 5% trigger is a real problem. If the idea is to give everyone their “*day in court*” then that can be accomplished by:

- A) Mandatory Tenant/Landlord communication.
- B) Access to E.C.H.O. Housing on smaller increases.
- C) R.R.A.C. Hearing if above 10% trigger.

My Reasons for the 10% - As already stated:

What is best for majority of Tenants?

That’s the question you should ask yourselves?

Is it just holding out for the 5% or is it Items A) thru G)?

For the best possible Mediation Program for Alameda that will be free of the “*hang ups*” mentioned let’s all agree on the 10% concept along with ECHO Housing involvement on smaller increases.

Then let’s be sure that all other sections of A) thru G) are addressed.

CITY OF ALAMEDA Rent Review Advisory Committee

The Rent Review Advisory Committee (Committee) reviews complaints of significant rental increases, providing a neutral forum for renters and residential property owners to present their views. It evaluates increases, determines whether they are equitable, and, if not, attempts to mediate a resolution acceptable to all parties. The Committee meets the first Monday of the month.

The Committee was formed by motion of the City Council in November 1979 upon the recommendation of the Ad Hoc Rent Evaluation Committee. The Ad Hoc Committee was formed in response to citizens' complaints to the City Council regarding substantial rental increases. It is comprised of five volunteer members: two landlords, two renters, and one neutral homeowner. They are appointed for indeterminate terms by the Mayor.

To request review and mediation, the renter fills out a Rental Increase Complaint (RIC) form for submission to the Committee. This form is available on the Housing Authority website at www.alamedahsg.org. The front of the RIC asks for a history of the rents, a description of the size of the unit and amenities of the building; the reverse side is for complaints regarding maintenance. The owner is sent a copy of the form and a letter requesting attendance at the next meeting. The renter also receives written notice of the meeting. The Committee's process is voluntary; however, attendance by the property owner (or a representative with negotiating authority) is expected to enable the Committee to carry out its role as established by the City Council. Failure to participate in the meeting can result in referral to the Council and adverse publicity for the owner.

Staffing for the Committee is provided by the Housing Authority of the City of Alameda Housing and Community Development Division (510-747-4316). The staff answers questions from the public regarding rental increases, sends out complaint forms, takes minutes at the meetings, and drafts letters as requested by the Committee. Staff refers all owner/renter inquiries, not related to rental increases, to ECHO Housing (510-496-0496). ECHO Housing is a non-profit agency that provides unbiased advice and mediation services to renters and owners on their rights and responsibilities.

The Committee has had success in establishing communication between owners and renters, and in effecting compromises with regard to rent and maintenance. Through the voluntary cooperation of owners, the Committee has served as an effective alternative to rent control in the City of Alameda.

The City of Alameda does not tolerate discrimination or harassment on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation.