

EXTERNAL CORRESPONDENCE

The City Clerk's Office received
the attached correspondence regarding
**Agenda Item #6-E on the
5-5-15 City Council Agenda**

LARA WEISIGER

From: Janet Kern <jkern@AlamedaCityAttorney.org>
Sent: Monday, May 04, 2015 5:05 PM
To: LARA WEISIGER; DEBBIE POTTER
Subject: FW: RRAC

FYI

Janet C. Kern
City Attorney
City of Alameda
2263 Santa Clara Avenue, Room #280
Alameda, CA 94501
(510) 747-4752
jkern@alamedacityattorney.org

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From: Doug Smith [mailto:fullerpm@pacbell.net]
Sent: Monday, May 04, 2015 4:46 PM
To: Marilyn Ezzy Ashcraft; Jim Oddie; Tony Daysog; Frank Matarrese; Trish Spencer; Janet Kern; Paul Russo; John Sullivan
Subject: RRAC

Dear Mayor and Council Members,

I am very confused, one of my tenants just send me the email below that they received from Jeff Cambra.

It was my understanding that Jeff was contracted by the City to work with tenants and housing providers to deliver a recommendation to the City for the RRAC procedures that both the tenants and housing providers could agree on. I don't see his medication for the email below.

I was on the original group with Jeff as John Sullivan and myself were the only two that had extensive knowledge of rent review boards. After some time, Jeff stopped including me and many of the other landlords that did not agree with him and the Tenants groups. I am now told that only Don Lindsey and his employee were the only two working with Jeff as Don and his company were more sympathetic to the Tenants Groups and would get a resolution with Jeff in order to make Jeff look good politically.

Now many of the owners are contacting me and are very upset that they were not included or even told of the recommendations and that Don only went along with him because as a fee manager, he could charge his clients for attending the rent review meetings.

I don't understand what the email below represents and I don't understand what Jeff is trying to do. If he created a group to oversee the RRAC, I can assure you that it is not representative of the majority of the owners in will not be impartial. It will only be for Jeff's own political gain.

All I have been doing is trying to educate the City Staff so that they don't create a program with will not work. We all need to work together, however making the rental situation in Alameda look worse than it is in order to satisfy the radical tenants groups that don't even live in the City is a mistake. Many of the same "tenants" that you are hearing from are the same ones that are telling San Leandro that they live in their City and they are being displaced. These are professional groups and do not represent what is happening. The RRAC was formed to help mediate "significant" rent increases, not to be a social program.

Please look into all this and don't give into this pressure from these groups and Jeff. If you do, rents will actually rise and less housing will get built and the existing housing will suffer from deferred maintenance. Please contact me if you would like to discuss this further and I would appreciate it if one of you would respond and let me know what the email below from Jeff is all about. I tried to reach out to Jeff but he did not respond.

Regards,
Doug Smith, President
Fuller Enterprises
925-866-8429X104

Dear

The Alameda Rental Housing Alliance is a newly formed unincorporated nonprofit association made up of five tenant representatives, five housing providers/managers, and an executive director. The purpose of the Alliance is to provide a forum for tenants and housing providers to continue the collaboration that resulted in strengthening the Rent Review Advisory Committee (RRAC) rent review process.

The objectives of the Alliance are to:

- develop and publish a list of best practices for tenants and housing providers,
- establish guidelines that can be used by the RRAC when it makes a recommendation,
- review the recommendations of the RRAC, and
- identify and propose solutions to rental housing issues.

The Alliance is seeking three tenant representatives that would help the Alliance achieve its objectives. Representatives must be currently renting in Alameda. The initial time commitment would be about four hours per month with most discussions taking place via email. Alliance board meetings would be scheduled once every quarter at a time convenient for all members.

Interested tenants should contact Jeff Cambra at jeffcambra@earthlink.net.

LARA WEISIGER

From: Jon Spangler <jonswriter@att.net>
Sent: Monday, May 04, 2015 3:09 PM
To: Trish Spencer; Frank Matarrese
Cc: Marilyn Ezzy Ashcraft; Tony Daysog; Jim Oddie; Angela Hockabout; LARA WEISIGER
Subject: Please Support RRAC Strengthening (Item 6-E on May 5 Agenda) with NO THRESHOLD (Ordinance A)

Dear Mayor Spencer, Vice-mayor Matarrese, and members of the City Council,

Tomorrow night the City Council will review (and perhaps approve) the new Rent Review Ordinance to strengthen the Rent Review Advisory Committee (RRAC).

It will:

- Require landlords to participate in good faith
- Negate a rent increase if landlords do not show up to the RRAC
- Require landlords to include information on the RRAC with every rent increase.
- Put the burden on landlords to prove that an eviction is non-retaliatory within 6 months of going to the RRAC.

Landlords and tenants have disagreed on whether to have a threshold above which tenants can appeal to the RRAC.

The members of the RRAC and the Alameda Renter's Coalition believe that EVERYONE SHOULD HAVE ACCESS TO THE RRAC.

(In other words, there should be no threshold required for tenants to make their case before the advisory committee.)

I have met with you as a member of the Alameda Renter's Coalition (ARC) Steering Committee—or will have by tomorrow evening—
and plan to reiterate this stance before you tomorrow evening.

I believe this principle of unfettered access is a reasonable one on which to base your decision.
I hope you will agree with the RRAC and the ARC Tuesday night.

Thank you very much for your consideration and support.

Respectfully submitted,

Jon

Jon Spangler
2060 Encinal Avenue Apt B
Alameda, CA 94501-4250

Writer/editor
Linda Hudson Writing
TEL 510-864-2144

JonSwriter@att.net
www.LindaHudsonWriting.net
<https://www.facebook.com/LindaHudsonWriting>
www.linkedin.com/in/jonmspangler

"She who succeeds in gaining the mastery of the bicycle will gain the mastery of life."
—Frances E. Willard, in *A Wheel Within a Wheel: How I Learned to Ride the Bicycle* (1895)

LARA WEISIGER

From: Janet Kern <jkern@AlamedaCityAttorney.org>
Sent: Monday, April 27, 2015 11:58 AM
To: LARA WEISIGER; Michael Roush
Subject: FW: Draft RRAC
Attachments: rent control forbs 4 27 15-04272015112229.pdf

fyi

Janet C. Kern
City Attorney
City of Alameda
2263 Santa Clara Avenue, Room #280
Alameda, CA 94501
(510) 747-4752
jkern@alamedacityattorney.org

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From: Doug Smith [<mailto:fullerpm@pacbell.net>]
Sent: Monday, April 27, 2015 11:36 AM
To: Marilyn Ezzy Ashcraft; Jim Oddie; Tony Daysog; Trish Spencer; Frank Matarrese; Janet Kern; John Sullivan; Paul Russo
Subject: Draft RRAC

Dear Mayor Spencer and Council,

Please see the attached article on from Forbs regarding rent control. Also, can you give me an update on where we are regarding the 10% trigger to initiate the RRAC. As explained in my email below, based on long term data, the 10% trigger is reasonable and will allow this process to be successful. Anything less would only help the non Alameda residents that are trying for rent control in all Bay Area City's. They want this to fail so they can come back next year and demand rent control.

As an Alameda housing provider and board member on S. Alameda County Apartment Owners Association, I strongly encourage you to not give into the mob mentality and only look at the facts. I hope you find the attached article helpful.

Regards,
Doug Smith

From: Marilyn Ezzy Ashcraft <MEzzyAshcraft@alamedaca.gov>
To: Doug Smith <fullerpm@pacbell.net>
Sent: Thursday, April 2, 2015 3:12 PM
Subject: Re: Draft RRAC ord. URGENT

Hello Doug,

Thank you for your input. I will take your suggestions into consideration.

Best regards,

Marilyn Ezzy Ashcraft
Councilmember, City of Alameda
(510) 747-4745

On Apr 2, 2015, at 3:07 PM, Doug Smith <fullerpm@pacbell.net> wrote:

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 tenant's 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 cant 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:

My self 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 snap shot, 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 down turn 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 its 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

CORNISH & CAREY COMMERCIAL
NEWMARK KNIGHT FRANK
26252 Eden Landing Road
Hayward, CA 94545

2804 Mission College Blvd., Suite #120
Santa Clara, CA 95054
Direct: 408.987.4166

www.ccareynkf.com

How Ironic: America's Rent-Controlled Cities Are Its Least Affordable

Comment Now Follow Comments

Bad ideas die hard, and rent control is no exception. For several decades, there has been near-consensus (<http://econjwatch.org/articles/rent-control-do-economists-agree>) among economists that laws which cap or regulate rents are counterproductive, and most cities have ended them. But there are a few that still have rent control, and others have spoken of reviving their policies, including Seattle, which held a town hall (<http://www.king5.com/story/news/local/seattle/2015/04/22/seattle-town-hall-will-spark-debate-about-rent-control/26166065/>) meeting about the matter on Thursday. The main supporter of rent control there was Kshama Sawant, the Socialist Party councilor who believes that Seattle must “build a movement around housing justice.” I’m not sure if by that she meant the city should adopt a measure that raises housing prices, but that would likely be the effect.

According to Landlord.com (http://www.landlord.com/rent_control_laws_by_state.htm), there are six cities among the nation’s 50 largest with rent control. In New York City, nearly half (<http://www.amny.com/news/nyc-rent-stabilization-a-battle-looms-1.9796335>) of units are rent controlled or stabilized, with annual increases determined by the Rent Guidelines Board. Los Angeles has almost the same number of rent-regulated units, at 880,581 (http://la.curbed.com/archives/2014/09/10_quotes_to_explain_the_good_and_bad_of_la_rent_control.ph). In Washington, DC, a majority

(<http://www.washingtoncitypaper.com/articles/46608/losing-control-dcs-rent-control-laws-are-supposed-to-keep/>) of units are rent-controlled, and the policy exists in the Bay Area cities of San Francisco, Oakland, and San Jose. In such cities, rent increases are generally tied either to inflation, or some other metric that ensures annual increases of a few percentage points. Most of these laws began in the 1970s, in response to rising housing prices.

The commonality between all these cities—despite differences in geography, demographics, and land use—is their expense. According to a 2012 BLS study (<http://www.bls.gov/spotlight/2014/housing/pdf/housing.pdf>) that calculated annual household expenditures on housing, the nation’s three costliest metro areas are DC, San Francisco (a metro area that includes Oakland and San Jose), and New York City. Los Angeles was #6.

There are multiple factors for why these cities are expensive, including other regulations that mirror rent control’s arbitrariness. They all have zoning regulations that limit the housing supply, even as demand remains high. And the housing that is built undergoes lengthy approval processes, placing costs on developers that get passed down onto consumers. But a lot of it is because

For example, back when it was enforced on new housing, rent control discouraged construction by reducing profits. When New York City expanded its rent regulations under Mayor John Lindsay, in response to housing shortages, it just led to further shortages, writes (http://www.city-journal.org/html/7_1_rent_controls.html) Manhattan Institute scholar Peter Salins.

"Before rent stabilization arrived on the scene in 1969, New York built 35,000 dwellings a year on average. In the early seventies, the rate dropped to 20,000 a year, and a decade later, to 10,000."

Rent control is seldom enforced on new units nowadays—as to avoid these perverse outcomes—and thus perhaps no longer creates housing shortages. But some economists (<http://www.scpr.org/news/2014/09/12/45988/la-rent-has-rent-control-been-successful-in-los-an/>) believe it still does even in cities where only the older units are rent-controlled, by creating an unpredictable regulatory climate. Public officials, after all, could always just pass a new law that controls units built before a given date—just as they did in the 1970s.

Rent-control does, however, lead to abandonment. In San Francisco, a combination of rent control and strict eviction laws force many landlords to accommodate long-time tenants who pay well below market rate, leaving little revenue available to cover expenses. This has caused landlords to abandon an estimated 31,000 units (<https://www.baycitizen.org/columns/elizabeth-lesly-stevens/small-time-landlord-vs-big-time-tenants/>)—or one-twelfth of the city's stock. Mayor Lindsay's late-1960s rent-stabilization measure, which came right before an era of high taxes and inflation, caused New York City landlords to abandon (http://www.city-journal.org/2014/24_3_nyc-government.html) 300,000 units from 1974-1984.

But rent control mainly makes housing expensive by taking units off the market via high occupancy rates and low turnover. Tenants who don't want to lose their good deal stay in their apartments. This means that newcomers—or anyone not lucky enough to have a rent-controlled unit (including prospective homebuyers)—must compete for a more limited stock of market-rate units. If New York City abolished rent regulations today, it would double the number of available market-rate units, meaning housing costs would be shared more equitably across the population. As things stand now, many people pay more, because so many others pay less.

In these respects, rent control causes the same misfortunes as other price controls: it leads to underproduction of the units that are regulated, and price gouging for the units that aren't. The biggest reason rent control endures is that, rather than looking at the issue economically, those who benefit view it politically (electing leaders who will maintain it), while even those who don't benefit view it emotionally. The case against ending it often comes alongside anecdotes about how otherwise some grandma would live on the street. But there are numerous programs that could be used to help people in dire situations—from housing vouchers, to government-run senior living—and perhaps minor levels of rent control for them could be in the mix. That doesn't

mean, however, that a fundamentally bad policy should apply to large percentages of a city's housing stock. Many people benefiting from rent control could compete in the private market, and some are flat rich, since in places like New York City, those making up to \$200,000

(<http://www.nakedapartments.com/guides/nyc/renting-in-new-york-city/rent-regulation>) qualify. Such people are being subsidized by landlords, and forcing higher prices for everyone else. In New York, LA, DC, San Francisco, San Jose—and even some parts of Oakland (<http://www.thebolditalic.com/articles/3697-the-price-of-living-in-oakland-skyrocketed-76-percent->)—this has had the preserve effect of creating luxury cities.

Scott Beyer is traveling the U.S. to write a book about reviving U.S. cities through Market Urbanism. His work is found at BigCitySparkplug.com (<http://bigcitysparkplug.com/>).