Minutes of a Special Meeting of the

Rent Review Advisory Committee
Wednesday, September 17, 2018

1. CALL TO ORDER AND ROLL CALL

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

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

   Absent: Member Friedman

   Program staff: Grant Eshoo, Gregory Kats

   City Attorney staff: John Le (came at 7:05 p.m.)

2. AGENDA CHANGES
   a. Staff informed the Committee that staff had approved a request of the tenant in case 1098.1 to be heard first and requested they hear this case first. The Committee assented to hear the case first.

3. STAFF ANNOUNCEMENTS
   a. None.

4. PUBLIC COMMENT, NON-AGENDA ITEMS, NO.1
   a. None.

5. CONSENT CALENDAR
   a. None.

6. UNFINSHED BUSINESS
   a. None.

7. NEW BUSINESS

Staff called roll of the parties present and reordered those cases to be heard first where the parties were present at roll call; those where parties were not present were moved to the end of the New Business section of the agenda and would be heard if time allowed in their remaining order. If time ran out before the cases were called and/or heard, the remaining items would be heard on a future date.

7-K. Case 1098.1 – 2485 Shoreline Dr., Apt. 102

Tenant: Barbara Aschenbrener

Landlords: Johanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher, Asia Hawkins

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

Mr. St. John said that the owners were requesting rent increases that would compensate them for the improvements they made to the property, while still being fair to the tenants by not creating too great a financial burden. He reminded the Committee that two options were provided to most of the tenants: a larger one-time increase, or a series of smaller phased-in increases over several years. He said that residents had already been compensated for the inconveniences caused by the construction by having no increases during the period of time when the work was being performed, the tenants' rents were abated if they could not use some or all of their units, and they were provided alternative accommodations if they needed to temporarily leave their units.

Ms. Aschenbrener said that she wrote her landlords a letter explaining that they have narrowed her balcony making it less user-friendly. She said there were other repair or maintenance issues that she's currently working with management to address. She said she felt the proposed rent increases were too high for a studio apartment. She added that she is a senior citizen and has to work. She said she began living at the complex since 1983, minus a period of six years when she lived somewhere else.

Vice Chair Murray asked staff if staff had received a copy of Ms. Aschenbrener's letter and staff replied that we did not a written response from the tenant for this submission. Vice Chair Murray read the letter into the record, providing Ms. Aschenbrener's perspective.

The Committee members discussed several of Ms. Aschenbrener's repair and maintenance concerns with her and the landlords, including her the loss of space on her balcony.

Member Sullivan-Cheah asked if the repair of the balcony was done in the same way as the other balconies in the building. Ms. Hawkins said it was comparable to other studios' balconies. Ms. Hawkins added that she had just rented the unit above Ms. Aschenbrener's unit for $2,150 per month, adding that that other unit was fully renovated.

Member Sullivan-Cheah asked Ms. Aschenbrener what impact a $123 (year one of the proposed phase-in increase) or $310 (the proposed one-time rent increase) increase would have on her. She said she would probably have to move out of her home. He asked her what percentage of her income goes toward her housing costs. She said that her social security check pays for her rent, and her income from her job pays for everything else. She said she believed a 5% or $65 rent increase would be fair.

Chair Cambra clarified that the RRAC can only make a decision for an increase of one year, and tenants could come back each year to have future increases reviewed.

Vice Chair Murray asked what other expenses Ms. Aschenbrener had and she said she had a car payment, insurance payment, and other basic expenses of daily life.

When asked if he learned anything new, Mr. St. John said he wasn't aware that the balconies got narrower by four inches.

Chair Cambra asked if the parties might come to an agreement, and after some discussion, the parties did not come to an agreement.

The parties took their seats and the Committee began deliberations.

Member Sullivan-Cheah said that this case was the first from the other cases heard at this property where a tenant informed the Committee that the redesigned balconies resulted in diminished use for the tenant. He said he felt what the landlords were asking for would cause a hardship for the tenant.

Vice Chair Murray noted that the tenant had indicated that she could pay more than a 5% increase. She proposed a $90 (6.9%) increase.

Member Griffiths proposed an increase of $81.33 to match the CAPX increase.

Vice Chair Murray responded that CAPX doesn't include other costs landlords have that aren't included in this figure.

Chair Cambra said he thought an increase between $90 and $100 would be fair.

Members discussed their positions. Motion for a $90 rent increase (Chair Cambra and Vice Chair Murray). Motion failed 2-2.

Motion and second for an $81.33 increase (Members Griffiths and Sullivan-Cheah). Motion failed 2-2.

Motion and second for an $85.00 increase (Chair Cambra and Member Griffiths). Motion passed 4-0.

7-A. Case 1081 – 2485 Shoreline Dr., Apt. 316

Tenant: William ("Will") Tsui
Landlords: Johanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher, Asia Hawkins
Proposed rent increase: $293.95 (19.7%), effective October 1, 2018

Vice Chair Murray summarized the tenant's main points – that the proposed rent increase would cause a financial burden, that the improvements to the property did not improve his unit, that he had unaddressed maintenance concerns, as well as safety and security concerns.

The landlords provided a letter during the hearing responding to Mr. Tsui's concerns and the Committee read it.

Chair Cambra asked Mr. Tsui how much of an increase he thought was reasonable. Mr. Tsui responded that he believed an increase of $100 would be fair.

Member Sullivan-Cheah asked Mr. Tsui about his living and financial situation. He said he did not complain about most minor maintenance issues in the unit. He added that being relocated during maintenance work caused frequent inconveniences and added expenses that he would not have had to endure if he had lived in his unit. He said that in addition to his own expenses he had to provide financial assistance to his parents, who were separated and lived apart from each other.

Vice Chair Murray asked Mr. Tsui his occupation. He said he works for a media company maintaining their online platform. She asked him for additional details on the maintenance concerns he raised and he responded. She asked if he received concessions on rent during construction and he said no. She asked if he'd received increases and he said no. He said that he only reaches out for maintenance assistance when there is a strong need and added that the manager, Ms. Hawkins, is good about responding. Vice Chair Murray said that it's a tenant's responsibility to notify the landlord of needed repairs. He clarified that his position was more centered on the fact that there have been no improvements to his unit.

RRAC members discussed the purpose and amounts of the increase requests with the landlords.

Member Griffiths asked the landlords if they are running at a loss and Mr. St. John said they were not, adding that the building was not losing money each year.

The parties took a seat and the RRAC members deliberated.

Members Sullivan-Cheah and Griffiths voiced support for an increase between the $100 the tenant said he thought was fair with the one-year amount of $142.03 the landlords were requesting for this year. Vice Chair Murray said she thought the tenant did not show a financial hardship and that they Committee should give the landlords the amount they were requesting.

Chair Cambra said he thought an increase of $130-142 would be reasonable. He said he's concerned about the fact that the tenant had to support his parents but did not think it could be taken into consideration by the Committee. He added that the CPI does not reflect on the expenses of a landlord.

Member Sullivan-Cheah responded that he would be in favor of a $142 increase to compensate the landlords for the work they put into the unit. He said that if the parties

came before the Committee again the following year, he would likely be less inclined to give another 9.5% increase. Chair Cambra agreed.

Motion and second for $142.03 (Vice Chair Murray and Chair Cambra). Motion passed 3-1, with Member Griffiths voting no.

7-B. Case 1104 – 2485 Shoreline Dr., Apt. 210

Tenant: Victoria ("Vicki") Roman
Landlords: Johanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher, Asia Hawkins
Proposed rent increase: $326.99 (23.5%), effective October 1, 2018

Ms. Roman said that she believed the repairs to the building were due to landlord neglect on the part of the landlords, the expenses for which should not be passed on to the tenants. She said she is a senior citizen working past retirement age. She said that she believes an $85 rent increase would be fair, which she had revised down from her written response where she said an increase of $112 would be reasonable. She provided the Committee with photographs of the interior of her apartment to review showing what she stated illustrated the neglected repair and maintenance concerns she had.

Member Sullivan-Cheah asked why she changed her mind about the amount of increase she believes is reasonable. She said that three years ago she went from being employed as an instrument technician to a housekeeping position, which resulted in a large salary decrease.

Mr. Kessler said management would address some of the concerns she's brought up such as the dishwasher and stove needing repair.

The participants took their seats and the Committee began deliberations. Member Sullivan-Cheah said he thought that an increase of $112 would be reasonable, as she first proposed, and as it was more or less in-line with past increases she had received that were around $100.

Vice Chair Murray said that she would consider an increase of $90-95 appropriate, near the CAPX amount provided by the landlords, and would consider a range between $85 and $112. She expressed concern for the tenant's loss of income.

Member Griffiths said he believed $112 was too high, and should not be considered, as it was rescinded by the tenant. He said he thought a range of $90-$95 would be reasonable.

Motion and second for a $95 increase (Members Sullivan-Cheah and Griffiths). Motion passed 4-0.

7-C. Case 1073 – 2485 Shoreline Dr., Apt. 214

No Committee review. Prior to the RRAC hearing, the tenant and landlord agreed to a rent increase of $162.42 (9.0%), bringing the rent to a total of $1,957.41 effective October 1, 2018.

7-D. Case 1075 – 2485 Shoreline Dr., Apt. 305

No Committee review. Prior to the RRAC hearing, the tenant(s) indicated that they had vacated the unit.

7-E. Case 1076 – 2485 Shoreline Dr., Apt. 216

No Committee review. Prior to the RRAC hearing, the tenant(s) indicated that they had vacated the unit.

7-G. Case 1082 – 2485 Shoreline Dr., Apt. 103

Tenant: Jason Gonsalves and Shannon
Landlords: Johanna Leonard, Randall Kessler, Michael St. John, Andrew Fisher, Asia Hawkins
Proposed rent increase: $326.99 (23.5%), effective October 1, 2018

Mr. Gonsalves stated that he is under severe financial hardship, including $100,000 of student loans that are coming due soon, which would be a new bill coming into the household. Shannon said they were taking care of their mother. Mr. Gonsalves said his work is of a seasonal nature making a steady stream of income difficult. They also expressed security concerns and said they felt a $100 increase at the most would be fair. Shannon said she worked at a help desk and had very few pay increases, adding that without Mr. Gonsalves' income, she would not be able to afford to live in the unit.

Mr. Gonsalves brought up the CIP resolution's restrictions on the landlords' ability to request an increase. City Attorney staff clarified that this rent increase was not being asked under the CIP resolution, but the Committee could still consider the landlords' expenses from their capital improvements under Ordinance 3148.

The participants took their seats and the Committee began deliberations.

Member Griffiths said that he thought a $100 increase would be reasonable. Motion and second for a $100 increase (Members Griffiths and Sullivan-Cheah). Motion passed 4-0.

7-F. Case 1078 – 2485 Shoreline Dr., Apt. 202

No Committee review. The Committee was unable to hear this case due to time constraints. The case will be heard by the Committee at a later date.

7-H. Case 1084 – 2485 Shoreline Dr., Apt. 204

No Committee review. The Committee was unable to hear this case due to time constraints. The case will be heard by the Committee at a later date.

7-I. Case 1092 – 2485 Shoreline Dr., Apt. 219

No Committee review. The Committee was unable to hear this case due to time constraints. The case will be heard by the Committee at a later date.

7-J. Case 1097 – 2485 Shoreline Dr., Apt. 213

No Committee review. The Committee was unable to hear this case due to time constraints. The case will be heard by the Committee at a later date.

7-L. Case 1103 – 2485 Shoreline Dr., Apt. 102

No Committee review. The Committee was unable to hear this case due to time constraints. The case will be heard by the Committee at a later date.

7-M. Case 1105 – 2485 Shoreline Dr., Apt. 218

No Committee review. The Committee was unable to hear this case due to time constraints. The case will be heard by the Committee at a later date.

7-N. Discuss and approve amendments to the Rent Review Committee's Rules and Procedures addressing various issues including, RRAC hearing time limits, participant's attendance or failure to appear under section 6-58.90, annual elections, and other appropriate amendments

The Committee agreed to table this agenda item to a special meeting on September 19, 2018.

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

9. MATTERS INITIATED
   a. None.

10. ADJOURNMENT

The meeting adjourned at 9:50 p.m.

Respectfully Submitted,

Draft Until Approved

RRAC Secretary
Grant Eshoo