

**Minutes of a Regular Meeting of the
Rent Review Advisory Committee
Monday, June 3, 2019**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:31 p.m.

Present: Vice Chair Sullivan-Cheah; Members Chiu and Sidelnikov

Absent: Chair Murray, Member Johnson

Program staff: Grant Eshoo and Samantha Columbus

City Attorney staff: John Le

2. AGENDA CHANGES

Staff recommended that the Committee hear Agenda Item 7-B first in New Business, as an interpreter had been reserved for the tenant, and the Committee agreed.

3. STAFF ANNOUNCEMENTS

Staff informed the Committee that staff was waiting on Chair Murray to confirm whether or not she would like to remotely attend the planned June 21, 2019 Committee training or postpone it, as she was not able to be physically present for it.

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

None.

5. CONSENT CALENDAR

5-A. Approval of the minutes of the March 4, 2019 regular meeting

Member Sidelnikov indicated he had reviewed the audio for this meeting, so that he may vote on approval of the minutes even though he was not in attendance at the March 4 meeting. Motion and second to approve the minutes (Vice Chair Sullivan-Cheah and Member Sidelnikov). Motion passed 3-0.

5-B. Approval of the minutes of the May 1, 2019 regular meeting

Motion and second to approve the minutes (Vice Chair Sullivan-Cheah and Member Sidelnikov). Motion passed 3-0.

6. UNFINISHED BUSINESS

None.

7. NEW BUSINESS

Staff called roll of meeting participants and all parties for all agenda items were present.

Vice Chair Sullivan-Cheah made an announcement that this was a public meeting and anything said or shared during the proceedings would become a public record, as the meeting was audio recorded and minutes were taken.

7-B. Case RI1263.1 – 1845 Poggi St., Apt. D209

Tenant: Gamil Hadwan

Landlords: Andy King and Shahzad Raufi

Proposed rent increase: \$251.50 (15.5%), to a total rent of \$1,879.00, effective July 1, 2019

Mr. King said the current owners purchased the complex two years ago with the intent to make improvements such as seismic upgrades, balcony repairs, and add new amenities like a fitness center and children's playground. He shared that the owners had repainted the building and replaced roofs. Mr. King provided the Committee with a printout of a unit he said is comparable that was asking \$2,250.00 per month.

Through an interpreter, Mr. Hadwan said the landlord offered a \$1,000 gift card or option to fix things in the apartment in return for the tenant signing a contract agreeing to the requested rent increase without RRAC review. He said his rent was lowered to \$1,627.50 but did not understand why. He added the amount requested, \$1,879.00, was too high.

Staff clarified that the landlords reset the base rent after staff had alerted them to prior invalid increases at the unit.

Member Chiu asked Mr. Hadwan to describe the hardship the increase would have. Mr. Hadwan said his son is going to San Francisco City College, and he is paying his son's education expenses. He said his commuting costs come to about \$200 per month, and other expenses were already hard to meet. He stated that he makes about \$3,000.00 per month, but his income varies, and he is the only working member of his household.

Member Sidelnikov asked how much of an increase he could afford, and Mr. Hadwan replied he was not sure what was fair, and would like the Committee to make the decision for him.

Vice Chair Sullivan-Cheah clarified that Mr. Hadwan's stated income of \$3,000.00 per month was his net income. Mr. Hadwan added that he can sometimes make extra money working overtime, but overtime was not guaranteed. Vice Chair Sullivan-Cheah asked if there had been improvements made to his unit and Mr. Hadwan said that nothing in his unit had been improved or replaced. Vice Chair Sullivan-Cheah asked Mr. Hadwan what does for a living, and he said he is a janitor.

Vice Chair Sullivan-Cheah asked Mr. King to clarify what amount he believed comparable units were renting for and Mr. King said \$2,250.00 and they had recently leased two one-bedroom units for \$2,404.00. Vice Chair Sullivan-Cheah asked if those units had received upgrades and Mr. King replied that they had new paint, carpet, and some of them had new cabinetry.

Mr. King proposed a total rent of rent of \$1,785.00, and increase of \$157.50 (9.7%), effective 7/1/19, and Mr. Hadwan accepted.

7-A. Case RI1274.1 - 1415 Broadway, Apt. 311

Tenant: Valerie Price and Brad Price

Landlords: George Gousios

Proposed rent increase: \$147.00 (10.0%), to a total rent of \$1,617.00, effective May 1, 2019

Ms. Price said she has lived in Alameda for four years with her husband and two children. She said the increase would cause a financial hardship and she believed the owner should not raise the rent because of an ongoing mold problem. She said they have not had access to the pool since shortly after moving in, which she believed was a decrease in housing services, and that should result in a decrease in rent. She told the Committee that their current rent accounted for 35% of their combined income, that the unit was small and had old appliances and fixtures, and that the unit's rent was below market because of the condition of the unit.

Mr. Price said that the windows leaked, the bathroom lacked an exhaust fan, there was a tarp covering a leaky ceiling, and their electricity bill had increased after the landlord gave them a dehumidifier to combat moisture in the unit. He added that they had been temporarily relocated during prior remediation work and alleged multiple increases had been imposed within a 12 month period (which the landlord had rescinded and reimbursed) including an increase in their parking fee earlier in the year.

Mr. Gousios said that a prior increase was reversed because it was slightly over 5% and the current increase request was less than if they had increased the rent 5% per year over the last two years. He said the rent was below market rate, and he had paid \$7,000 remedying the unit's mold problem, and the roof leak was scheduled to be addressed before the next rainy season. He said he thinks the tenants make more

money now than when they moved in and would be happy to come to an agreement where they would be paying the same income-to-rent ratio as when they moved in. He said the pool was not open when the tenants moved in and he had been looking into restoring it.

Mr. Chiu asked how recently the pictures provided in the tenants' submission were taken and Mr. Price said they were taken several months ago and prior to the landlord remedying the unit, but doubted whether the remediation would last as the mold had returned after the first time they remedied it. Mr. Gousios responded that the walls were treated by a professional and believes the work was done in an acceptable manner. The tenants said they had moved back in the last month and a half and no further water intrusion had been observed, but they were worried it would return when heavier winter rains return. Member Chiu asked if they both worked and the tenants affirmed they did.

Vice Chair Sullivan-Cheah asked the tenants if they were satisfied with the work done by the landlord and they said they were satisfied with the work done to date. Vice Chair Sullivan-Cheah asked if other units had similar problems and Mr. Gousios said that none did, and this unit did not either until the current tenancy. Mr. Gousios and Ms. Moran provided pictures of the work done to the unit. Vice Chair Sullivan-Cheah asked Mr. Gousios how he came to the requested increase amount and Mr. Gousios replied that he would like a 10% increase to have 5% for this year and 5% for the prior invalid increase he had to pay back to the tenants that was invalid because it was \$0.50 over the 5% limit.

Vice Chair Sullivan-Cheah asked the tenants how much of an increase they thought was reasonable and Mr. Price said he thought 5% or \$73.00 was reasonable because it was what they could afford. Ms. Price said their budget was tight, that they had maybe \$30.00 left over after their bills were paid each month.

Mr. Gousios offered an increase of 8% and Ms. Price replied that they could not afford it. Vice Chair Sullivan-Cheah asked Mr. Gousios why he was requesting the increase and Mr. Gousios replied that he had increased labor costs, had refinanced the property and those costs increase if the property is not generating income or seeing rent increases that keep up with costs. He said he thinks the unit is below market rate. The tenants replied that their income had dropped since they moved in and having a second child had increased their expenses.

As the parties were unable to reach an agreement, they took their seats, and the Committee began deliberations.

Member Chiu reflected on the tenant's financial burden, the improvements made to the property, and other factors the parties offered. He said he thought an increase of 7-8% would be reasonable.

Mr. Sidelnikov referenced that the tenants had been paying an increase of 5% for some time before it was reversed and also thought an increase of around 8% was a middle ground between the 5% offered by the tenant and the 10% requested by landlord. He said he thought the amount of time it took for the landlord to fix the maintenance issues was a concern.

Vice Chair Sullivan-Cheah said he was also concerned by the time it took for the landlord to address the repairs, and noted the tenants had not been able to use the pool since the first summer after the tenancy began, which seemed like a decrease in housing services. He questioned basing a decision on percentages, and offered that his own rent was 70% of his income and he thought it made more sense to consider the increase in dollars.

Motion and second for an increase of \$102.00 (6.9%), to a total rent of \$1,572.00, effective July 1, 2019 (Members Chiu and Sidelnikov). Motion passed 3-0.

7-C. Case RI1270.1 – 1845 Poggi St., Apt. D317

Tenant: Alamin Abdelkadir

Landlords: Andy King and Shahzad Raufi

Proposed rent increase: \$190.00 (15.5%), to a total rent of \$1,415.00, effective July 1, 2019

Mr. King clarified that the original increase request was 9.9% and became 15.5% after the valid base rent was lowered and a previous invalid increase was rescinded and overcharges were reimbursed to the tenant.

Mr. Abdelkadir said the management offered a gift card or improvements in exchange for agreeing to the rent increase without RRAC review and he did not agree. He said that his unit has not been upgraded at all since he moved in.

Mr. King added that another resident in the unit had previously agreed to the rent increase but program staff determined the agreement was invalid and the matter could proceed for RRAC review.

Mr. Abdelkadir said he would pay an increase if repairs were done: having the windows replaced because they leaked, the carpet replaced because it was old, the refrigerator replaced because it made noise, and the stove replaced because it did not work.

Mr. King said he would replace the carpet, stove, and refrigerator in exchange for a \$190 rent increase. Mr. Abdelkadir accepted. Mr. King said they could do the upgrades before the increase went into effect on July 1, 2019.

7-D. Case RI1278 – 1365 Ballena Blvd., Apt. A

Tenants: Tamu Harper and Tim Taylor
Landlords: Antonio Di Marco and Patty Sul
Proposed rent increase: \$92.00 (4.8%), to a total rent of \$2,015.00,
effective June 22, 2019

Ms. Harper said that years ago her family was displaced by a fire at a different property managed by the same company and were moved to this unit. She said that the manager has had to remediate mold in their unit several times, yet mold was still an ongoing issue. She said the County Health Department had determined that several repairs were needed to bring the unit into compliance with code and they were concerned about habitability issues, as the mold may be returning. She said because of a change in management she thinks there may have been gaps in communication that had caused an unsatisfactory customer service experience.

Ms. Harper mentioned health concerns due to the mold and staff reminded the attendees that the meeting was public and what was said would become a matter of public record. Ms. Harper said she was fine with her statements being public.

Ms. Sul said that her company began managing the building in 2017. She said they monitored the unit for moisture intrusion and other reported problems and tried different things to try to keep air circulating, repaired a leak, and the unit passed inspection after repairs were made. She said they implemented increases of under 3% the last two years and would continue doing repairs moving forward as needed. She added that they provided the tenants with \$2,500.00 as compensation for the inconveniences they experienced, and in exchange for the tenants signing a release form, which they did.

Vice Chair Sullivan-Cheah said he wanted to make sure that parties were focusing on current issues and not past matters that had been resolved. Ms. Harper said she thought the current mold problem was not addressed in a timely enough manner, as it took management 60 days to respond.

Ms. Suk replied that management had enlisted third party hygienists to analyze the unit, and they were scheduled to visit the unit tomorrow. She explained they take samples and test them in a lab, and the last samples they tested showed that the mold spores levels inside the unit were less than samples taken from outside air. Ms. Harper said she did not trust the result of the test because they had remediated the unit before and the mold had come back.

Staff noted less than 20 minutes remained before the Committee could not initiate review of additional agenda items and asked if the Committee would like to dismiss the parties who were waiting to be called for the last item on the agenda. Vice Chair Sullivan-Cheah said he thought he could get through the current case within 20 minutes.

Mr. Taylor said he was the only member of the household working and thought there should be no increase in rent. Ms. Suk replied that she thought the work done on the building recently justified the requested increase amount. Ms. Harper said the laundry machines were prone to breaking, and the gym was not up to par. Mr. Taylor said he pays about 60% of his income toward rent.

Ms. Suk said she would accept an increase of \$50.00 and Mr. Taylor and Ms. Harper agreed to the \$50.00 increase with a one-year lease, effective June 23, 2019.

7-E. Case RI1285 – 901 Central Ave., Apt. B

Tenant: Salem Boussadia

Landlord: Jose Cerda-Zein

Proposed rent increase: \$89.00 (5.0%), to a total rent of \$1,874.00, effective June 1, 2019

Mr. Boussadia said he lost his job three months ago and his wife is the only household member working right now. He said he was having trouble scheduling some job opportunities that had come his way. He said he and his wife have two minor children, and his wife is a medical assistant. Concerning the unit, he said that the windows were old, the floors creaked, and they could not afford 5% increases each year.

Mr. Cerda-Zein said this property was a recent acquisition for his management company, but he did not believe there were any outstanding maintenance issues, as several had been remedied in the past year. He said they had requested a 5% increase in December 2018 but withdrew it to fix additional things and to give the tenants additional time to prepare for the increase. He shared that the average rent for a two-bedroom unit in Alameda was \$2,600.00 per month.

Mr. Boussadia said the unit did not insulate noise and they recently discovered a water leak. Mr. Cerda-Zein responded that he had not been made aware of the water leak, but if a tenant makes a complaint, their policy is to respond within three business days.

Vice Chair Sullivan-Cheah asked Mr. Boussadia if he had any job leads and he replied he did not currently. Vice Chair Sullivan-Cheah asked how much of their household income went toward rent and he replied that about 85% of their income went toward rent, adding that he needed to find a job as soon as possible.

Mr. Cerda-Zein said he thought the requested amount was fair and the owner wanted to implement it before the City Council passed further legislation restricting rent increases. He said the owner depends on income from the property and was losing money on another vacant commercial unit he owns.

Vice Chair Sullivan-Cheah said he did not think it was unreasonable for the landlord to be asking for this increase. He also noted the tenant was severely rent-burdened, paying 85% of their income toward rent.

Member Sidelnikov said he thought the tenant's situation was severe and at the same time noted that the rent was below market rate. He commented that rescinding the prior increase to give the tenant extra time was a commendable thing to do and the tenant may have to adjust his schedule to accommodate employment opportunities.

Motion and second for a \$0.00 increase for June 2019 followed by a \$44.00 (2.5%) increase, to a total rent of \$1,829.00, effective July 1, 2019 (Vice Chair Sullivan-Cheah and Member Chiu). Motion passed 3-0.

7-F. Discussion on RRAC member attendance requirements

The Committee agreed to table discussion of this item, as new items may not be initiated after 9:00 p.m.

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

9. MATTERS INITIATED
None.

10. ADJOURNMENT
The meeting adjourned at 9:25 p.m.

Respectfully Submitted,

Draft Until Approved

RRAC Secretary
Grant Eshoo