



# City of San Leandro

Civic Center  
835 East 14th Street  
San Leandro, California

## Minutes

### Rent Review Board

*Daniel Johnson, Landlord*  
*Mia Ousley, Homeowner*  
*Maria Luisa Penaranda, Tenant*  
*Thomas Silva, Landlord*  
*Linda Spreer, Tenant*

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Tuesday, October 24, 2017

7:00 PM

City Council Chambers

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#### 1. ROLL CALL

Meeting called to order at 7:00 pm.

Present: Johnson, Ousley, Penaranda, Silva.

One tenant representative Board seat remains vacant.

Also present: Tom Liao, Deputy Community Development Director, Alex Mog, Assistant City Attorney, Maryann Sargent, Senior Housing Specialist, and Larry Ornellas, City Facilities.

#### 2. PUBLIC COMMENTS

None.

#### 3. MINUTES

##### 3.A. Minutes of meeting of September 26, 2017

There was a motion to approve the minutes of the September 26, 2017 Rent Review Board meeting by Vice Chair Ousley, seconded by Board Member Johnson: 4 Aye, 0 No, 0 Abstentions.

#### 4. CORRESPONDENCE

None written or oral from Staff.

#### 5. HEARINGS

Board Chair Silva called roll for each Rent Review case tonight and most parties were present (absences noted below). The audience was told that all tenants would have five minutes each to present their case and that the landlord will have 5 minutes to speak for each respective case. In the case of items 5.A. and 5.C. the landlord present for both of those cases will have 10 minutes (5 minutes per case). Following the statements from all parties the cases will be opened up for discussion.

Board Chair Silva asked if cases 5A and 5C would meet in Sister Cities Room

to continue negotiating their respective cases. All parties agreed and left the City Council Chambers.

#### 5.A. RRB2017-02 - 27 Oakes Boulevard

Board Chair Silva: When parties returned, he stated that he didn't want to cover old ground. He wanted to know what the status was of the negotiations. He stated that he would give all parties 5 minutes to speak per case.

Mr. Gomes states that on Saturday morning October 22, 2017 Mr. Eng brought Mr. Gomes a document titled "RRB Alert" (from the City of SL Rent Review Program website) He stated that Mr. Eng showed him this document and noted that according to this document Mr. Eng told him that he is required to raise Mr. Gomes' rent. Mr. Gomes noted that the Mr. Eng had misinterpreted this document and that tenants are entitled to request a Rent Review Board hearing if a rent increase is larger than 7%. Mr. Gomes said that he didn't want a rent increase until the PG& E account has his name replaced with Park Ellison's name (owners). Mr. Gomes was told by Mr. Eng that it will take a long time for a new meter to be installed in the property. He says that Mr. Eng still wants him to pay the new rent increase on 11/1/17 without having the PG&E issue resolved. Mr. Gomes requested that Mr. Eng not increase his rent until 2018. He says that two rent increases in one year is too much. Mr. Gomes stated that he has paid approximately \$200 to use the washer and dryer over the course of the year. He said that he has paid the PG&E for the entire year (that supplies electric and gas to the laundry). The March 2017 rent increase of \$110/month already totals \$1000 to date. Mr. Eng wants another \$200 on top of that. Mr. Gomes also provided copies of two letters (to or from?) Mr. Eng: 1) Regarding the water heater, when someone is doing laundry the water pressure goes away and he has to wait until the laundry has finished a cycle to do anything that requires water; and 2) Regarding the PG&E bill, if Mr. Eng begins to pay for the gas portion of the bill that heats the water for both Mr. Gomes' household and the laundry room Mr. Gomes requested that Mr. Eng not issue a rent increase.

Mr. Gomes affirmed that Mr. Eng has replaced the window in his bathroom, re-insulated all the heating duct work, he had PG&E and a Heating & Air Conditioning Company come out to inspect the heating system and they all said that the heating system seems to be in good condition.

Mr. Gomes requested that when the PG&E bill is out of his name then he is willing to negotiate a deal. Also, he says that he has done a lot of work in the unit and in the yard without reimbursement.

Board Chair Silva asked: How much is the PG&E bill-the electric portion? Mr. Gomes responded that in the winter (January-March) the bill is about \$137 to \$140 (noting that he is the only resident of the apartment unit). Board Chair Silva clarified if this was the entire bill or just the electric portion? Mr. Gomes stated the dollar figure above pays for the electricity for all of the outside lights and the washer and dryer. Board Chair Silva asked if Mr. Gomes was participating in the PG&E smoothing program where they charge the same

monthly bill over the course of the year so that there were not large changes in bill amounts between winter and summer months. Mr. Gomes said he was not participating in this program.

Mr. Gomes stated that the previous owner Al Smith went into the junction box of his unit and connected his electric box to provide electricity another unit in the property. He has been paying the electric bill for that unit for 5 years. Mr. Gomes cannot estimate the costs that he has been paying for this other unit over the years.

Mr. Eng stated his response to Mr. Gomes: He wants to work out an agreement but he is uncertain how this will happen. He stated that on 10/13/17 Mr. Gomes told him that if he put in a new window in the bathroom that he would be happy with everything and that he wouldn't make any additional repair requests. Mr. Eng then stated that Mr. Gomes denied making that statement after the new window was installed. Mr. Eng said that Mr. Gomes clarified by saying that the only repair that he wanted was the window but that he was still not satisfied with everything. He says that he doesn't know how to satisfy Mr. Gomes. He says that Mr. Gomes does not have a proposal on how to move forward with this negotiation. HE says that Mr. Gomes continues to complain about former landlords and that he cannot resolve problems from former landlords.

Mr. Eng also stated that at the last Rent Review Board meeting all of the parties went into the Sister Cities Gallery to discuss the case. In that meeting he was provided a list of repairs. Mr. Eng typed up the list and sent it in prior to tonight's meeting. (This list is attached to the City's electronic files of this hearing.) Mr. Eng stated that all of the repairs that were requested were done by tonight's meeting. He says that there is one remaining item: the PG&E meter. Mr. Eng said that getting Mr. Gomes' unit separately metered will take time and has asked for patience. He has it on his to-do list.

Mr. Eng also stated that the \$1100 and \$1300 rent is way below market rents.

Mr. Eng also countered an argument made at the last meeting regarding the size of the units. He brought data from the Alameda County Assessor's record that identifies the number and sizes of the units in the property. He says that this record shows that there is a total of 3200 square feet of housing in the building Divide this number by 4 units and that means that there is at least 800 square feet average per unit. His main point is that these are not small, 450 square feet, as alleged at the last RRB hearing. They are one bedroom floor plans with the units in the front of the property that are larger than rear units.

Mr. Eng also countered an argument made at the last meeting that there are no dishwashers in the units. That is a mistake there are dishwashers in the units as depicted in a recent photo that he provided.

Board Chair Silva requested the list of repairs that Mr. Eng has completed (emailed to City staff on 10/23/17).

Board Chair Silva wanted to review some of the facts that were presented by Mr. Gomes. He determined with some additional information from Mr. Gomes that the monthly cost, on average, of PG&E is around \$120. He also understands that Mr. Gomes is a 26 year resident of SL. He also identified that a multi-year rental agreement is important to Mr. Gomes. He noted that the agreement between Mr. Eng and Mr. Powell, the previously settled case, was about a 26 month agreement. He also noted that the transfer of the PG&E bill can be established as a neutral rate: \$120/month or \$1440-1500/year. If, in the case that Mr. Eng takes over PG& E bill of unit, that would mean that Mr. Gomes will have a rent increase of about that same amount. The idea is that it is a revenue neutral transfer of costs. He wants this calculation to be a part of the settlement. In other words, if the PG&E bill is taken out of Mr. Gomes' name and put into the property owner's name this will be an additional cost to Mr. Eng. He is proposing a 2 year agreement of what new rent could be. He noted that Mr. Gomes' current rent is \$1100. If the PG&E bill is transferred out Mr. Gomes' name by November 1, 2017.

Mr. Gomes responded by saying that he is fine paying his own PG&E bill. He noted that when the new owners (including Mr. Eng) took over in 2012, they decided to have Mr. Gomes pay the PG&E bill in exchange for keeping the rent at a reasonable rate. He agreed that the value of the PG&E bill is \$120/month. He also said that a rent increase in March of 2018 is fair but having two rent increases in a year is not fair. Two increases in a year totaling \$330 in one year is a lot of money.

Board Chair Silva wanted to know what Mr. Gomes was willing to pay in March 2018.

Mr. Gomes responded by requesting a livable rent increase. He stated that he is on a fixed income, retired and a cancer survivor. If he had to pay the rent that Mr. Eng is requesting he will have to start working again. He said that \$100-120 is a reasonable amount from March 2018 to March 2019. Second year \$120 March 2019 to March 2020.

Board Chair Silva wanted to know what Mr. Eng was willing to accept and when he is willing to accept that rent increase. Mr. Eng says that what Mr. Gomes wants to pay is too low for what he is getting in amenities.

Vice Chair Ousley wanted to know why Mr. Gomes wanted to have is rent increase deferred until March 2018. Mr. Gomes responded that he wanted only one rent increase per year. She also wanted to know what the situation is with Mr. Gomes' parking space. Mr. Gomes replied that he has a garage where he parks one car and he parks a second car in front of the garage and out of the way of other resident's needs. He says that he has had that same arrangement for the 26 years that he has lived in this apartment. He says that this has been a

confirmed arrangement with Mr. Eng.

Board Chair Silva confirmed that there are no open repair issues. Mr. Eng confirmed this with the exception of the PG&E meter. Board Chair Silva proposed a 3 year proposal: \$150 rent increase on March 2018; \$150 rent increase on March 2019; \$150 rent increase on March 2020. A month-to-month tenancy with an agreement on what the rent increases will be in advance so that Mr. Gomes has some more certainty with regard to rent paid.

Mr. Eng did not accept this proposed compromise. He offered a counter proposal: \$200 rent increase on January 2018; \$150 rent increase on January 2019. This is contingent on the PG&E meter being changes.

Board Chair Silva stated that getting PG&E to respond that quickly is not likely. He proposed a rent increase of \$150 beginning on February 2018 start date. Mr. Eng maintained that he wanted his rent increase to begin January 2018.

Mr. Gomes accepted this provided that all the further rent increases will be only one time a year. Rent increases will occur.

The PG&E will remain in its current state until Mr. Eng can get it fixed.

Mr. Eng made an alternate proposal: \$1300 on Jan 2018 and \$1450 on Jan 2019. He would only do a two year agreement. The PG&E will continue as-is. The car storage and cleaning agreement (with letter demonstrating this in the record).

Mr. Gomes made an alternate proposal: \$1250 on Jan 2018 and \$1450 on Jan 2019. He would only do a two year agreement. The PG&E will continue as-is. Mr. Eng did not accept this proposal. Mr. Gomes requested confirmation on allowed use of the driveway for storing and cleaning his car without retaliation.

Final negotiated settlement: \$1300 on Jan 2018 and \$1450 on Jan 2019. The PG&E will continue as-is. The car storage and cleaning agreement remains in place (with letter demonstrating this in the record).

Deputy Director recorded and read the settlement between the parties into the record and all parties signed the settlement. A copy of the settlement is available in public record for review if requested.

There was a motion to approve by Board Member Ousley, and seconded by Board Member Johnson; All in favor.

## 5.B. RRB2017-03 - 25 Oakes Boulevard

Mr. & Mrs. Stephenson not in attendance. Case was resolved prior to the meeting and thus removed from calendar.

5.C. RRB2017-04 - 29 Oakes Boulevard

Mr. Powell stated that he has come to an agreement with Mr. Eng. Effective 3/1/18 his new rent will be \$1100. Effective January 1, 2019 to Jan 1 2020 his rent will be \$1300. Mr. Eng confirmed the agreement.

Deputy Director recorded and read the settlement between the parties into the record and all parties signed the settlement. A copy of the settlement is available in public record for review if requested.

There was a motion to approve by Board Member Penaranda, and seconded by Board Member Johnson; All in favor.

5.D. RRB2017-06 - 73 Dutton Avenue #E

Tenant, Mr. Pierce stated his case: The reason that he submitted the Rent Review Hearing Request was because he believed that two rent increases within 2 months of \$1700 was too high. He also noted that there were items on the property that needed repair and that were not getting repaired by the landlord. He said that the landlord repaired some of the items in response to his submittal of the Rent Review Hearing Request. Mr. Pierce asked if a 22% increase in rent was legal in the City of San Leandro.

Assistant City Attorney Alex Mog stated that the Rent Review Ordinance doesn't limit any rent increase amounts. He says that it does provides that if the rent increase is over 7% then the tenant is entitled to request a Rent Review Board Hearing. The San Leandro Municipal Code does not set a limit on what rent can be charged or how much a rent can be increased.

Vice Chair Ousley: Asked for clarification on Mr. Pierce's rent increase. His Rent Review Hearing Request form stated that there was to be a rent increase on November 15 and another on December 1?

Mr. Pierce clarified: There was a rent increase effective November 15 where the rent would be increased to \$1547 and a second rent increase would be effective December 1 to \$1700. There were going to be 2 rent increases in a year.

Vice Chair Ousley: There are two rent increases in a 2 month period. Also wanted clarification that Mr. Pierce's last increase occurred in November 2016.

Mr. Pierce confirmed that this was true.

Board Member Penaranda: To answer a question as to if the 22% rent increase is legal. Her position is that 22% increase is extreme. She does not want to see these types of rent increases to happen. She hopes that there is a good outcome from this RRB Hearing.

Board Chair Silva: Wanted to discuss item #17 regarding issues with the building from Mr. Pierce's RRB Hearing request form. Following are Mr. Pierce's list and respective issues:

- Front Stairs: Have not been repaired. Mr. Pierce also stated that there is sufficient lighting on the front stairs.
  - o Mr. Magalhaes: As of 10/24/17, he stated that he is in the process of getting the stairs repaired.
- Back Stairs: They have been replaced since the RRB Hearing Request was submitted. Mr. Pierce also stated that there is sufficient lighting on the back stairs.
- Outside lighting in the stairwell: Has been repaired. Satisfactory but could be improved.
- Outside lighting around property (driveway): There is not sufficient lighting in this area and it could be improved.
- Cabinets: They are ok. There are a few of them that are broken and that need new/repared hinges.

Board Chair Silva noted that Mr. Pierce has lived in the unit for over 9 years. He asked if the housing unit was the same as when he moved into it 9 years ago. Mr. Pierce responded "yes."

Board Chair Silva asked Mr. Pierce what his desired outcome was for the RRB Hearing and Mr. Pierce responded that he wants to have the items listed as complaints be repaired or replaced and that a rent increase of 22% does not happen in the span of two months.

Board Chair Silva reminded that the RRB is non-binding arbitration.

Assistant City Attorney Alex Mog stated state that the RRB does not have the authority to require outcomes (i.e. the amount of rent increases) from its hearings. It seeks to assist at arriving at an equitable solution between tenants and landlords.

Deputy Director Liao stated that this is a public negotiations board. He noted that the City of San Leandro does not have rent control.

Mr. Pierce: By his request for and attendance at the RRB, it is just his voicing his problem with how he feels about the rent being raised and if the owner insists on increasing rent, it is the owner's prerogative and there is nothing that the RRB can do to change his decision.

Vice Chair Ousley: The RRB are mediators that are trying to assist the tenant and landlord come to a mutual agreement.

Board Chair Silva again requested Mr. Pierce's desired outcome. Mr. Pierce re-stated above and noted that a majority of the items that he sought to be repaired, Mr. Magalhaes has addressed.

Board Chair Silva requesting a clarification on the rent increase of \$1395 to \$1500—an increase of \$105—what happens once all the repairs have all been completed? Mr. Pierce stated that he has no problem paying the increased rent of \$1700.

Board Chair Silva requested a clarification on what repair items were still outstanding: front stairs need to be repaired, confirm that both the front and rear stairs are appropriately lighted, and a tune up on all of the moving parts of the kitchen cabinets (perhaps new hinges and pulls to deal with the wear and tear over the last 9 years).

Board Chair Silva addressed Mr. Magalhaes and requested his 5 minutes of testimony.

Mr. Magalhaes clarified that the rent increase was a 60 day notice to increase the rent and that it was to be effective in the middle of the month. The 60-day notice was provided on September 13 or 14, 2017. The first rent increase was to be a half month of increased rent that was effective on November 15, 2017 and the full monthly rent increase to \$1700 was to occur on December 1, 2017.

The back stairs had some issues with dry rot that have been cleaned up and painted. He is working on other areas that are in need of exterior paint and the replacement of some other exterior items including a broken exterior light fixture that has been replaced.

Mr. Magalhaes said that Mr. Pierce wanted a full kitchen remodel. He said that he wasn't willing to do a full remodel. He said that they came to the decision to not replace kitchen cabinets or counter tops in the building.

Mr. Magalhaes agreed to fix front stairs. He said that the bottom step of the front stairs has some broken tiles. He is also planning to install a new hand rail and that both of these repairs will be done by within the next 2 weeks.

Mr. Magalhaes says that Mr. Pierce told him that he has looked for an apartment on the market and cannot find a similar unit for the rent that Mr. Magalhaes is seeking.



Mr. Magalhaes said that he saw one hinge on a kitchen cabinet that needs to be fixed. He said that he is not willing to replace the countertops because it is an unusually shaped counter. He said he is willing to fix the calking around the sink area.

Board Member Johnson asked Mr. Magalhaes to explain why he believes that due to the City's passage of a new law (October 18, 2017: the Tenant Relocation Program) that he need to raise Mr. Pierce's rent?

Mr. Magalhaes stated that because the rent review law was passed he wanted to get the rents closer to market rents and that he has done this with many of his buildings. He said that most of his tenants went to the market to see what the current rents were and returned to him stating that they wanted to stay in their units.

Board Member Johnson asked would it be possible to increase rents at a slower rate.

Mr. Magalhaes answered "no" and that his original intention was to completely vacate and renovate the buildings. With the new tenant relocation assistance ordinance now in effect, he cannot do this. He is now planning to do this renovation work at a slower pace. He has documentation of the costs to do significant work to the buildings back in September.

Board Member Johnson made the point 'where are you going to be without your tenants?' He said that Mr. Pierce has accommodate a very large rent increase over a short period and that he had been a good tenant for 9 years. Maybe you can work it out so that he can afford the rent increases and remain in the building.

Mr. Magalhaes responded by saying that he provided Mr. Pierce, a single father, with very affordable rent that was below market prices at the time. He said that he has done an analysis that demonstrates over time his rent increases has averaged less than 6% per year since he first started renting the unit.

Board Chair Silva thought that both parties were close to an agreement. He confirmed with Mr. Pierce that he is willing to pay \$1500 on November 15, 2017 and the higher \$1700 on December 1, 2017 after a specified list of repairs have been agreed upon:

- Front Stairs: Full repair of stairs with a concrete base and a new handrail.
- Outside lighting in common area and driveway: Provide sufficient lighting in this area. Sensor motion bullet lights will be installed.
- Cabinets: Repair dangling cabinet.

Mr. Magalhaes proposed for this list of repairs that he will charge the regular rent of \$1395 until all of the above repairs are completed and then \$1700 on December 1, 2017 after the repairs are completed.

Clarification requested by Mr. Pierce and affirmed by Board Chair Silva: The

rent \$1395 will be in place until all of the repairs have been completed and the \$1700 rent increase will only going into place on the first of the month after the repairs listed have all been completed.

Vice Chair Ousley noted that she appreciated the argument that Mr. Magalhaes made regarding the annual average increase in rent over time was relatively small. She asked Mr. Magalhaes to consider that he maintain annual smaller rent increases instead of one large rent increase of 22% year-over-year. She requested that he keep in mind that this is burdensome on renters.

Deputy Director recorded and read the settlement between the parties into the record and all parties signed the settlement. A copy of the settlement is available in public record for review if requested.

Vice Chair Ousley moved to approve settlement, Board Member Johnson seconded. All in favor.

## **6. MISCELLANEOUS**

Nothing to report.

## **7. BOARD MEMBER COMMENTS**

There were no comments.

## **8. STAFF COMMENTS**

The next Rent Review Board Hearing date will be on 11/14/17 and it will be located in the Sister Cities Gallery (to be confirmed in Agenda). The December Rent Review Board Hearing date will be on 12/12/17 with the meeting location to be determined. The January 2018 Rent Review Board Hearing date will return to the regular schedule of the fourth Tuesday of the month until further notice.

Tenant Relocation Ordinance is now in effect as of 10/18/17.

## **9. ADJOURN**

Vice Chair Ousley moved to adjourn the meeting and it was seconded by Board Chair Silva with all in favor.

The meeting was adjourned at 8:45pm.