



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

Tuesday, February 27, 2018

7:00 PM

City Council Chambers

1. ROLL CALL

Meeting called to order by Vice Chair Ousley at 7:00pm.

Present: Johnson, Ousley, Penaranda, Spreer (new tenant representative).

Absent (excused): Silva.

Also present: Alex Mog, Assistant City Attorney, and Maryann Sargent, Senior Housing Specialist.

2. PUBLIC COMMENTS

Virginia Madsen requested an update on the Annual Report of RRB Hearings for FY 16-17 and when it will be released.

Maryann Sargent noted that has not been done. She said that she will send out a notice via the Rent Review Board meeting interest list when this report is available.

3. MINUTES

3.A. Minutes of meeting held on November 14, 2017.

There was a motion to approve the minutes of the November 14, 2017 Rent Review Board meeting by Board Member Penaranda, seconded by Board Member Johnson: 4 Aye, 0 No, 0 Abstentions.

4. CORRESPONDENCE

None written or oral from Staff.

5. HEARINGS

Board Vice Chair Ousley called roll for the Rent Review case tonight. She proposed and proposal was accepted to hear all cases at once since they are all from the same housing complex. All parties get 5 minutes to speak on their respective hearings. Since there are three units from the same complex, the property owner's representative will have 15 minutes total to speak.

5.A. RRB2017-18 - 1468 Grand Avenue, Apt. 4A

Tenant's statement (translated by Mariana Garcia, City staff):

He requested a RRB hearing because his rent has been increased by 80%. He believes that it is a very large rent increase for size of the apartment and it is difficult rent increase given his income. The size of his living room and kitchen 14'6" x11'2"; the size of the bedroom 11'x9', bathroom: 4'5" x4'6". Additionally there are issues with the plumbing and mold that need to be resolved. He does not have a bedroom door.

Clarifying questions from RRB members:

RRB member: Are there are two people renting the apartment? Tenant: Yes.

RRB member: Regarding the problems with the apartment (plumbing, mold, and bedroom door), have you brought these issues to your property owner's representative's attention? Tenant: He has not brought this to the owner's attention because the rent was so low--he tolerated these issues.

RRB member: How long have you had a missing bedroom door? Tenant: Since he moved into the apartment, he has not had a door. He brought this up with the former owner.

RRB member: What did the former owner do regarding the issues with this apartment and have you brought-up these issues with the new owner? Tenant: The former owner never fixed these issues and he has not brought it up with the new owner.

RRB member: You have lived there since April 2013? Tenant: Yes.

RRB member: Were you satisfied with apartment when you started to rent this unit? Tenant: Yes.

RRB member: Is the \$885 rent appropriate for the unit? Tenant: Yes, he thought \$885 was reasonable for the quality of the apartment.

RRB member: Do you work in SL? Tenant: No, he works in SF.

RRB member: Did you get the forms from the old or new owner? Tenant: When he received his rent increase, it was from the new owner. He received two packets of information with information about his new lease.

RRB member: How did he know about the RRB? Tenant: By word of mouth.

RRB member: How did he find out about the Tenant Relocation Program? Tenant: He is not familiar with the form that she is asking about that notifies you of these City's programs. He said that he did receive the notifications.

5.B. RRB2017-22 - 1468 Grand Avenue, Apt. 9A

Tenant's statement:

First, an 88% increase in rent is quite a jump. Second, he has been in this apartment for 12 years. The old owner only increased his rent \$20 at a time. The prior owner and property managers have noted that he is a very good tenant. Third, the location of the trailer park is not a good neighborhood. He said that one of residents was attacked and another tenant has had her car stolen. Fourth, since the new property owner's representative has taken over, the park has been emptied out of long-standing residents. Fifth, he waited for 10 years living at the park in an RV until he was able to get into one of the apartment building located on the property. He said that Mr. Davies is not concerned with any of these issues. The tenant said that his utilities used to be \$22/month but that they jumped to \$33/month without any explanation. He said that the most recent increase received was \$50+. He doesn't want to be homeless. The property owner's representative is fighting for more rent. He is fighting to keeping his housing and trying not to become homeless.

Clarifying questions from RRB members:

RRB member: Regarding the utilities—what is covered? Tenant: He pays the electricity. Each unit is separately metered for electricity. The meter is read by the owner and then the owner charges for the electric usage. The usage is calculated and tenants are issued an invoice on a monthly basis. They also pay a "sewer" bill that is \$40 paid to the owner not directly by the company handling sewer. Clarifying question: Do you get a water bill? No. Follow-up: then the water bill is being paid by the owner not the tenant since the sewer bill is calculated by the water company based on the amount of water used. If he is not getting billed by the water company then he is not paying the sewage bill directly to the company.

RRB member: do you like this place and want to stay? Tenant: Yes.

RRB member: Of the 10 apartment units, how of those tenants are still remaining since the new owner took over? Tenant: He was happy that one of his neighbors was evicted. Michael moved out b/c high rent. Mia moved out. Bernard moved out. Mr. Busch was served an eviction but is trying to stay in the complex. He said that Mr. Busch tried to pay his rent but that it was returned to him because he didn't pay the correct increase amount. There have been a bunch of other people who have moved out.

5.C. RRB2017-23 - 1468 Grand Avenue, Apt. 3A

Tenant's statement:

The tenant has lived in her unit for 4.5 years and has been a tenant in good standing. Since the new property owner took over management, she has received three notices to pay or quit in a three month period on issues that were not warranted. She has mold in her apartment. She requested that the previous owners provide property ventilation to remediate the mold. Mr. Davies offered a 6-month lease but that her rent will increase another \$200. She has a child and lives with her mother who is disabled at this apartment. The apartment is being advertised as being located in a safe neighborhood. She said that the neighborhood is not safe. Her mother was brutally attacked (noted above). She has been living without a functioning oven for 8 months. Mr. Davies made fixing these problems with the apartment unit contingent on her signing a lease. She says that the plumbing is warranted.

She said that the main reason for coming to the RRB is to advocate for the other renters in this complex that are tolerating horrible communication by Mr. Davies. They are not a proactive property management company. She is moving out tomorrow and is here to speak on behalf the other tenants in the mobile home park. She feels that she has been harassed to move out.

Clarifying questions from RRB members:

RRB member: What were issues that you discussed with previous and current management: mold, oven not working, ceiling fan not working. Property management: stated that they would fix all of these items once the tenant sign a lease.

Property manager's statement on all three cases:

His company took over property management for the new ownership group November 30, 2017. The group came in with the express objective of repositioning the property.

He said that the ownership group has already made \$100,000 in repairs in the last 45 days. He said that they have plans to invest more in the rehab in the next 90 days. He said that multiple apartments were renovated due to poor health and safety conditions of the units. He said that he has requested access to tenant's units without responses so that has held up some of their work. He said that they have investigated the complaints about mold in the units and says that it is due to items stack up against the wall that is keeping the walls from proper ventilation and that this is not his responsibility. He said that they investigated the mold and that it is not "black" mold that is cause for alarm.

He said that the tenants all received the correct notices for the Rent Review Ordinance and Tenant Relocation Ordinance.

He says that he does not own this property and that he is only a representative of the property management company paid to manage the property.

He said that the electrical charges are based on the CPUC Tariff sheet circulated by PG&E as a part of the sub-metering guidelines. He said that the prior owner did not follow the law with regard to correct sub-metering standards. He said that they are installing all new meters that are functioning correctly. The former property manager was not calculating the utility pass-through charges correctly. Additionally, there were meters that were not functioning correctly. He said for these two reasons, there have been increases in the monthly utility cost pass-through.

He wanted to address the issue of residents vacating units. Out of the 10 apartments—two were evicted due to nonpayment of rents; one has moved out; one other is in process of moving out.

He said that the tenant of Apartment 3A mischaracterized his actions. He said that his company are making sure that all health and safety issues are being addressed and that all of the units will have upgrades. He said that he was not going to do renovations on this apartment if the tenant is going to move out. They do not want to invest the money and risk damage to the unit without a

commitment to the Largest rent increase from the tenant.

He said that the rent increases are still \$100 to \$300 under market rents.

Clarifying questions from RRB members:

RRB member: One person defined the dimension of the apartments. What is the average square footage of the apartments? Property management: He calculated the average unit size by backing out of the gross square footage of the building including the laundry room = 6,000 sq. ft. On average a one-bedroom unit is approximately 400 sq. ft.; the studios are approximately 300 sq. ft. He said that there are mostly one and two bedroom units but that there are two studio units.

Property management: Some of the apartments are directly metered by PG&E. The rest are master metered. In between the master meter and the unit there are meters owned by the mobile home park (not PG&E). The only difference between what the former property owner's representative was doing and what they are doing is that they are correctly calculating the electric usage, which the former property owner's representative was not doing according to the CA PUC Rate of Tariffs.

Property management: Regarding health and safety vs. comfort standards and mold what is the difference? He said that they are following the State of CA Health and Safety standards. He said that the state defines the minimal standards and that they are trying to meet and exceed those standards. The problem is 20 years of deferred maintenance that they are trying to address in 90 days and that they are meeting their goals with regard to this but have more to do.

RRB member: Will you fix what is wrong with the apartment if you get a signed lease? Property management: No. He said that they will address the problems and are planning to upgrade the apartment but that the current state of the apartments are minimal. He said that they are adding tile floors, upgrading counters, upgrading to stainless steel appliances. If someone is moving out is doesn't behoove it to do an upgrade b/c risk of tenants ruining what they install and then move out. They are addressing all the H&S issues only. He is stating that the mold is caused by the tenants.

RRB member: The rent is too high. This is a form of economic eviction.

Property management: Respectfully disagreed. He said that the tenants have had 90 days to come up with the new rent for the upgraded units. The housing crisis is due to red tape by local cities and their regulations to build. When no one shows up to rent your apartments is when you know that this rents are too high. He is getting many applicants at the prices that he is charging. He believes that the RRB is asking us to subsidize this property. They are not in the business of subsidizing the property. The owners have a right to a fair rate of return.

RRB member: had a question about the true market value for the area being \$1595. Property management: He said that the true market value for the area is \$1895 to \$2095 but that they are not planning to get to that price for a while. They believe that what they are charging is market value for the conditions of the units. Follow up question: regarding the cost/sq. ft.—she is calculating

\$4-5/sq. ft. What her point is that he is charging approximately double the market rate.

RRB member: what are the applicants going to say when they find all the mold when they move in?

Property management: The property owner's representative says that they have remediated 90% of the mold.

RRB member: the market rate is for a pristine rental unit. How can you ask these tenants for market rents when they are not high quality units?

Property management: that is why he is discounting the unit rents to below market rates.

RRB member: Said he had difficulty understanding why anyone would want to rent from you?

Property management: the economics of the area has changed.

RRB member: The purpose of the Rent Review Board is to moderate agreements between tenants and landlords. Behavior such as the property management will lead to a ballot issue titled: "Matt Davies Rent Control Act of 2020 in San Leandro." The purpose of this hearing is to find out if there is anything that can be done to come to an agreement.

RRB member: What are you willing to offer these tenants? Property management: They want a new one year lease. He doesn't want a lot of turnover.

Public Speaker:

Midalia Lebron: 3 minutes.

Discussion:

Board Member Johnson wants to continue hearing until next month.

Vice Chair Ousley stated that they began to negotiate Mr. Condori's case: what would you be able to pay?

Mr. Condori would be able to pay \$1000 for 6 months. He would not be able to go up to the proposed higher rent. He could pay \$1100 for another 6 months after that.

Mr. Marcus would be able to pay a 3% rent increase. He is willing to work for his rent.

Board Member Penaranda stated that harassment of tenants is unlawful. The property owner's representative says that he denies that he has been harassing the tenants.

A break was taken to have a negotiation between parties to the hearing.

An agreement was reached with Mr. Condori and signed at the meeting. \$1350 due on March 2nd; on April 2nd Mr. Condori must notify if he intends to stay 3 or 6 months. Mr. Davies agreed to install a bedroom door; address mold in unit; replace and evaluate problems with toilet and sink in the bathroom.

There was no agreement reached with Mr. Marcus.

6. MISCELLANEOUS

Vice Chair Ousley requested an explanation of the Tenant Relocation Ordinance.

7. BOARD MEMBER COMMENTS

Board Member Johnson commended Vice Chair Ousley on her work chairing the meeting.

Board Member Penaranda commented that the City needs to do a better job educating tenants of the Tenant Relocation Ordinance.

Board Member Spreer express appreciation to the tenants and property owner for coming to the meeting and negotiating in good faith.

8. STAFF COMMENTS

There was no Staff Comments.

9. ADJOURN

Board member Johnson moved to adjourn the meeting and it was seconded by Board member Penaranda with all in favor.
Motion to adjourn at 9pm.