

June 23, 2021

Via Email

City of Mountain View  
Rental Housing Committee  
1490 El Camino Real  
Santa Clara, CA 95050

Re: Ananda Church of Self-Realization, Rent Petition  
***Respondents' Response to Tentative Decision***  
Rental Housing Committee Case No. : 2021001  
Our File No. : 200848

Dear Rental Housing Committee:

Respondent Enlightened Investments, Inc. submits this letter as its Response to the Tentative Appeal Decision ("Tentative").

Respondent generally contest the Tentative in its entirety, and specifically reserve the right to present oral argument as to each issue addressed in the Tentative at the June 28, 2021 Appeal Hearing. Respondent submit this Response to address the holding in the Tentative that the CSFRA applies to the Revised Master Lease.

**The CSFRA Does Not Apply to the Revised Master Lease**

The purpose of the CSFRA is "to promote neighborhood and community stability, healthy housing, and affordability for renters in the City of Mountain View by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law, while ensuring Landlords a fair and reasonable return on their investment and guaranteeing fair protections for renters, homeowners, and businesses." (CSFRA, § 1700.) The CSFRA was implemented with the specific goal of addressing the growth in the "affordability gap" between incomes and rents and to address excessive rental increases that had resulted in increased homelessness and displacement of low-income families in the City of Mountain View. (CSFRA, § 1701 *et seq.*)

Holding that the CSFRA applies to the Revised Master Lease is contrary to the purpose of the CSFRA. Petitioner Ananda Palo Alto ("Ananda") is not a "Tenant" as that term is defined or intended by the CSFRA.<sup>1</sup> Rather, Ananda is a corporation that acts as a

---

<sup>1</sup> Tenant is defined in the CSFRA as "[a] Tenant, subtenant, lessee, sublessee or any other **person** entitled under the terms of a Rental Housing Agreement or this article to the use or occupancy of any Rental Unit." Ananda is a corporation, **not** a person.

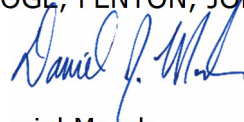
middleman between the Landlord and the subtenants of the Property. At Ananda's request, Ananda entered into an arms-length transaction for the right to manage the rental units being occupied by subtenants. Previously, it was the Owners that managed the individual units directly. **Ananda has used the Revised Master Lease to charge the actual occupants of the Property more rent than what it pays to the Owners.**

The Tentative states that holding that the Revised Master Lease is subject to the CSFRA promotes the purpose of the CSFRA. The assertion in the Tentative is based on the rationale that if the Revised Master Lease were not subject to the CSFRA, then the Owners would be able to terminate the Revised Master Lease and displace the individual occupants. However, even if the Owners were able to terminate the Revised Master Lease, it would not result in the displacement of the individual unit occupants. Pursuant to the terms of the Revised Master Lease, Owners would still become the successor of Ananda and would still be a Landlord as that term is defined in the CSFRA. As such, the individual occupants of the Property units would still be entitled to the protections afforded under the CSFRA.

Holding that the CSFRA applies to the Revised Master Lease is contrary to the purpose of the CSFRA. Ananda, a corporation, does not qualify as a Tenant under the Revised Master Lease. Far from promoting affordable housing for the individual occupants of the Property units, Ananda uses the Revised Master Lease in order to generate income for itself. The only consequence of the Revised Master Lease not being subject to the CSFRA is that Ananda will make **less** money than it currently does. This is not the protection intended by the CSFRA. Such a ruling will have no consequence on the occupants of the individual units (for whose benefit the CSFRA should and does apply).

Very truly yours,

HOGE, FENTON, JONES & APPEL, INC.



Daniel Marsh

DJM:DJM