



City of Mountain View

CITY HALL
500 CASTRO STREET

Minutes

Rental Housing Committee

*Chair Honey, Vice Chair Ortiz, Committee Members Grunewald, Means, Ramos and Pardo de Zela
(alternate)*

Monday, July 24, 2017

7:00 PM

Council Chambers - 500 Castro st.

1. CALL TO ORDER

The meeting was called to order at 7:01 p.m.

2. ROLL CALL

Present: 6 - Vice Chair Ortiz, Chairperson Honey, Committee Member Grunewald, Committee Member Ramos, Committee Member Means, and Pardo de Zela (alternate)

3. MINUTES APPROVAL

3.1 Minutes for July 10, 2017

MOTION: M/S - Ortiz / Honey - To approve the minutes for July 10, 2017 RHC meeting.

The motion carried by the following vote:

Yes: 5 - Vice Chair Ortiz, Chairperson Honey, Committee Member Grunewald, Committee Member Ramos, and Committee Member Means

4. ORAL COMMUNICATIONS FROM THE PUBLIC

Chairperson Honey proposed to move Oral Communications from the Public on non-agenda items to a later agenda point in the meeting, after agenda item Unfinished Business.

MOTION: M/S - Honey / Means - To move agenda item 4: Oral Communications from the Public to follow agenda item 6: Unfinished Business.

The motion carried by the following vote:

Yes: 5 - Vice Chair Ortiz, Chairperson Honey, Committee Member Grunewald, Committee Member Ramos, and Committee Member Means

5. PUBLIC HEARING

6. UNFINISHED BUSINESS**6.1** Continued discussion of Regulations for Petition & Hearing Process and Fair Return Standard

Associate Planner van Deursen and Eric Philips and Justin Bigelow, Special Council, Goldfarb and Lipman, presented an oral staff report and responded to questions.

MOTION 1: M/S - Means/ Honey - Adopt a resolution establishing regulations for the petition process, hearing process, and a fair return standard for petitions for individual rent adjustments under the CSFRA by adopting Chapters 4 (Petition Process), 5 (Hearing Procedure), and 6 (Fair Return Standard) as recommended by staff.

With the following modifications:

Chapter 4

- **Add a new Section D.6:**
 - o If any of the documents listed in Section E, F, G, or H exist but are not readily available, then the Petitioner must identify the document to the greatest extent feasible and explain why the document cannot be obtained by Petitioner via ordinary means.
- **Delete the following from Section G:**
 - o If any of the documents listed in Subsection 1 through 6 of Section G exist but are not readily available, then the Petitioner must identify the document to the greatest extent feasible and explain why the document cannot be obtained by Petitioner via ordinary means.
- **Amend and restate Section H in its entirety as follows:**

H. Petition Requirements: Upward Rent Adjustment - Fair Rate of Return

A Petition for an Individual Upward Rent Adjustment shall include relevant evidence necessary to support each claim raised in the Petition, as described in the Petition form. Relevant evidence for individual claims that may be raised through an Upward Rent Adjustment Petition may include:

- 1. The requested Rent increase for each Rental Unit;**
- 2. The proposed effective date of Rent increase;**
- 3. A description of the facilities on the property, including the number of Rental Units, number of bedrooms and bathrooms for each Rental Unit, and an explanation of other relevant facilities and Housing Services;**
- 4. A description of the allocation of utility costs;**
- 5. The purchase date and purchase price;**
- 6. A Rent roll identifying current Rents received itemized by Unit;**
- 7. Documentation of Base Year and Petition Year Operating**

Expenses, sorted by category, and labeled in order to enable prompt location of any expense documents;

8. Income and expense summaries for three (3) years preceding the Petition Year;

9. A description and documentation of property tax increases or decreases for Base Year and Petition Year ;

10. A description and documentation of unavoidable increases and/or decreases in Maintenance and Operating Expenses;

11. The cost of planned or completed Capital Improvements to any Rental Unit (as distinguished from ordinary repair, replacement, and maintenance), but only where such Capital Improvements are necessary to bring the Property into compliance or maintain compliance with applicable local codes affecting health and safety, and where such Capital Improvement costs are amortized over the life of the improvements as defined under the CSFRA and implementing Regulations;

12. A description and documentation of increases or decreases in the number of tenants occupying the Rental Unit, living space, furniture, furnishings, equipment, or other Housing Services provided, or occupancy rules to which the Petition applies;

13. A description and documentation of any substantial deterioration of the Rental Unit other than as a result of normal wear and tear;

14. Confirmation that the Landlord provides adequate Housing Services, and substantially complies with applicable state rental housing laws, local housing codes, health and safety codes, and the Rental Housing Agreement;

15. A description of Rent increases or decreases per Rental Unit during the occupancy of the current Tenant for each Rental Unit to which the Petition applies; and

16. Any additional explanation relevant to justify the Petition (including any expert documentation prepared in support of the Petition).

Chapter 5

- In Section B.2, add to the list of selection criteria that any individuals who own a property in Mountain View that could qualify as a rent stabilized unit are ineligible to be selected as a Hearing Officer.

Chapter 6

- Amend and restate Section C.1 in its entirety as follows:
 - Base Year. The Base Year is calendar year 2015.
- Amend and restate Section C.4 in its entirety as follows:
 - Consumer Price Index. Consumer Price Index is the Consumer Price Index for All Urban Consumers for "Rent of primary

residence" in the San Francisco-Oakland-San Jose, California metropolitan area as published by the United States Department of Labor, Bureau of Labor Statistics and currently listed as series number CUURA422SEHA, as it may be revised.

or

•Consumer Price Index. Consumer Price Index is the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose, California metropolitan area as published by the United States Department of Labor, Bureau of Labor Statistics plus 1%.

- Add a new Section C.4.a as follows:

a. Base Year Consumer Price Index. The Consumer Price Index for the Base Year shall be the annual average of the Consumer Price Index for 2015 (371.075).

- Add a new Section C.4.b as follows:

b. Petition Year Consumer Price Index. The Consumer Price Index for the Petition Year shall be the Consumer Price Index that was most recently published as of the date a Petition for Upward Adjustment of Rent is submitted.

- Accept Section E.1.g as drafted (6% of Gross Income presumed a reasonable management expense), but delete the parenthetical note.

- Delete Section E.1.i (Capital Reserves) in its entirety.

- Revise Section E.2.e to exclude all debt service from Operating Expenses as follows:

o Debt service, including mortgage interest and principal payments for the acquisition, improvement, or maintenance of Covered Rental Unit and property containing Covered Rental Units if the debt was incurred, originated, or refinanced after October 19, 2015.

The motion did not come to a vote.

MOTION 2: Means/ Honey - Adopt a resolution establishing regulations for the petition process, hearing process, and a fair return standard for petitions for individual rent adjustments under the CSFRA by adopting Chapters 4 (Petition Process), 5 (Hearing Procedure), and 6 (Fair Return Standard) as recommended by staff.

With the modifications as mentioned in MOTION 1 plus with the amendment as made by Chair Honey:

Chapter 6

To use the Consumer Price Index for All Urban Consumers for "Rent of primary residence" in the San Francisco-Oakland-San Jose, California metropolitan area as published by the United States Department of Labor, Bureau of Labor Statistics

The motion failed by the following vote:

Yes: 2 - Chairperson Honey, and Committee Member Means

No: 3 - Committee Member Grunewald, Committee Member Ramos, and Vice Chair Ortiz

MOTION 3: Honey/ Grunewald - Adopt a resolution establishing regulations for the petition process, hearing process, and a fair return standard for petitions for individual rent adjustments under the CSFRA by adopting Chapters 4 (Petition Process), 5 (Hearing Procedure), and 6 (Fair Return Standard) as recommended by staff.

With the modifications as mentioned in MOTION 1 plus with the following amendment:

Chapter 6

To use 130% of CPI for All Urban Consumers in the San Francisco-Oakland-San Jose, California metropolitan area as published by the United States Department of Labor, Bureau of Labor Statistics

The motion failed by the following vote:

Yes: 2 - Chairperson Honey, and Committee Member Means

No: 3 - Committee Member Grunewald, Committee Member Ramos, and Vice Chair Ortiz

MOTION 4: M/S - Gunewald/ Means - Adopt a resolution establishing regulations for the petition process, hearing process, and a fair return standard for petitions for individual rent adjustments under the CSFRA by adopting Chapters 4 (Petition Process), 5 (Hearing Procedure), and 6 (Fair Return Standard) as recommended by staff.

With the modifications as mentioned in MOTION 2:

The motion carried by the following vote:

Yes: 3 - Chairperson Honey, Committee Member Grunewald, and Committee Member Means

No: 2 - Vice Chair Ortiz, and Committee Member Ramos

The RHC expressed support for translation services and directed staff to explore options related to translating forms and hearings. The RHC also directed staff to draft Vega Standard regulations for consideration at a future RHC meeting. The RHC requested at least two potential options to define

"unreasonably low" base year gross income: (1) based on HUD FMRs; and (2) based on two standard deviations from rent charged by the same landlord for other units in the same building.

The Committee recessed at 9:13 p.m. and reconvened at 9:33 p.m.

6.2 Reimbursement of Funding Advanced by the City to Implement the CSFRA

Acting Assistant Director Chen presented an oral staff report and responded to questions.

SPEAKING FROM THE FLOOR WITH COMMENTS:

Steven Goldstein

Joe Maydak

Alberto Martin

Fred Kiani

The RHC acknowledged the report and forthcoming request from the City Council for reimbursement of advanced funding.

4. ORAL COMMUNICATIONS FROM THE PUBLIC

Angel Santuario spoke to the importance of keeping the true spirit of the CSFRA intact. Steven Goldstein expressed concerns regarding various City departments' handling of the CSFRA.

7. NEW BUSINESS

7.1 Adopt Effective Date for the CSFRA

Associate Planner van Deursen presented an oral staff report and responded to questions.

SPEAKING FROM THE FLOOR WITH COMMENTS:

Juliet Brodie

Steven Goldstein

Joe Maydak

Harold Davis

Mary Lue Timpson

David Avney

Joshua Howard

Emey Chu

MOTION 1: M/S - Ortiz/ Ramos - To adopt a Resolution Establishing the Effective Date of December 23, 2016 for the Community Stabilization and Fair Rent Act.

The motion failed by the following vote:

Yes: 2 - Committee Member Ramos, and Vice Chair Ortiz

No: 2 - Chairperson Honey, and Committee Member Grunewald

Abstain: 1 - Committee Member Means

MOTION 2: M/S - Honey/ Means - To not adopt a Resolution Establishing the Effective Date but instead refer back to the City Attorney's Office to file a declaratory relief action.

The motion carried by the following vote:

Yes: 4 - Chairperson Honey, Committee Member Grunewald, Committee Member Ramos, and Committee Member Means

No: 1 - Vice Chair Ortiz

8. COMMISSION/STAFF ANNOUNCEMENTS, UPDATES, REQUESTS, AND COMMITTEE REPORTS

9. ADJOURNMENT - At 11:24 p.m., Chair Honey adjourned the meeting to the next RHC Committee Meeting to be held on Monday, August 28, 2017 at 7:00 p.m. in the Council Chambers, 500 Castro Street.