



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, August 28, 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: 5 - Vice Chair Ortiz, Chairperson Honey, Committee Member Grunewald, Committee Member Ramos, and Pardo de Zela (alternate)

Absent: 1 - Committee Member Means

3. MINUTES APPROVAL

3.1 Minutes for July 24, 2017 RHC Meeting

SPEAKING FROM THE FLOOR WITH COMMENTS:

Joe Maydak

MOTION: M/S - Ramos/Grunewald - To add the full text of Item 6.1. motion 4 regarding adoption of a resolution establishing regulations for the petition process, hearing process, and a fair return standard for petitions for individual rent adjustments under the CSFRA, to the minutes for July 24, 2017 and bring back the minutes for approval at the September 11, 2017 RHC meeting.

The motion carried by the following vote:

Yes: 5 - Vice Chair Ortiz, Chairperson Honey, Committee Member Grunewald, Committee Member Ramos, and Pardo de Zela (alternate)

4. ORAL COMMUNICATIONS FROM THE PUBLIC

Steven Goldstein informed the RHC of the lawsuit he filed against his Landlord for over paid rent.

Curt Conroy explained that rent control only helps current renters and hurts new renters.

Fred Kiani expressed concerns about the individual who presented at the previous CSFRA community workshops.

Barbara Davis requested the RHC consider mobile homes be covered under the CSFRA.

Tino Barragan expressed concerns about the decisions the RHC has made.

Job Lopez urged the RHC to remember the spirit of the CSFRA and be fair to both Landlords and Tenants when making decisions.

Mary Lou Delgado expressed concerns about school children facing housing insecurities.

David Avney explained the financial fears Landlords are facing under the CSFRA.

Dan Norton pointed out that rent control eliminates the incentives for Landlords to upgrade or improve their properties.

Chair Honey proposed, and the Committee unanimously agreed to move agenda item 6.1, Adopt Regulation for a Vega Adjustment Standard to be Incorporated into the Fair Return Standard, to follow agenda item 7.1, Introduction to Budget Process.

5. PUBLIC HEARING**7. NEW BUSINESS****7.1 Introduction of Budget Process**

Finance and Administrative Services Director Kong presented an oral staff report and responded to questions.

SPEAKING FROM THE FLOOR WITH COMMENTS:

Steven Goldstein

Tino Barragan

Joe Maydak

Fred Kiani

The RHC heard a presentation on the CSFRA budget process and framework.

The Committee recessed at 9:12 p.m. and reconvened at 9:23 p.m.

6. UNFINISHED BUSINESS

6.1 Adopt Regulations for a Vega Adjustment Standard to be incorporated into the Fair Return Standard - Chapter 6

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

SPEAKING FROM THE FLOOR WITH COMMENTS:

Steven Goldstein
 Maria Roque
 Jeremy Macaluzo
 Elizabeth Lindsay
 Alberto Martin
 Curt Conroy
 Joe Maydak
 Tino Barragan
 David Avney
 Barbara Goodwin
 Max Nash
 Joan MacDonald
 Jordan
 Jenny Zhao
 Keith Suddjian

MOTION: M/S - Grunewald/Ortiz - To adopt resolution establishing a Vega Adjustment to be included in the Fair Rate of Return Standard of the Regulations (Chapter 6), as follows:

3.Vega Adjustment Standard.

a. **Defining Unreasonably Low Average Monthly Rent.** The Landlord, in a Petition for Upward Adjustment of Rents, will be presumed to have rebutted the presumption that the Net Operating Income produced by a property during the Base Year provided a fair return on investment for the property if the average monthly Rent received in the Base Year for an individual Rent Stabilized Unit in the property was unusually low. For purposes of this section, unusually low means that the average monthly Rent received for the occupancy and use of the Rent Stabilized Unit was less than the "fair market rents" published by the U.S. Department of Housing and Urban Development for fiscal year 2015 for Santa Clara County, as replicated in the table below, for the most similar unit type based on the number of bedrooms.

Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$1,213	\$1,419	\$1,809	\$2,551	\$2,892

b. **Calculating the Average Monthly Rent Received in the Base Year for an Individual Rent Stabilized Unit.** To calculate the average monthly Rent

received in the Base Year, divide the sum of all Rent received that relates to one Rent Stabilized Unit by the number of months for which Rent was received for that unit, regardless of the number of tenants occupying, or the number of tenancies for, that Rent Stabilized Unit in the Base Year (e.g. if Unit X was occupied from January 2015 through June 2015 for \$1,000 per month, was vacant in July 2015, and was occupied from August 2015 through December 2015 for \$1,110 per month, then the average monthly Rent received in the Base Year for Unit X would be \$11,550 divided by 11 months of occupancy, or \$1,050 per month of occupancy).

c. **Recalculating Base Year Gross Income.** If the average monthly Rent received for any individual Rent Stabilized Unit in the property during the Base Year was less than the fair market rents defined in subsection (a) of this Section G(3) above, then the Base Year Gross Income for the property shall be recalculated for purposes of determining the Base Year Net Operating Income by (1) subtracting the actual Rent received from each Rent Stabilized Unit for which the average monthly Rent received was unusually low, and (2) adding the fair market rent for the most similar unit type, for the same dates of occupancy and, in the same geographic area, as described above in subsection (a) of Section G(3).

d. **Contesting Recalculation of Base Year Gross Income.** One or more Tenants may contest or dispute any recalculation of the Base Year Gross Income for purposes of determining the Base Year Net Operating Income in a Landlord's Petition for Upward Adjustment of Rents. Tenant arguments contesting or disputing any recalculation of the Base Year Gross Income may include, but are not limited to, evidence or documentation related to the physical condition of the property or any individual Rent Stabilized Unit, the market conditions that relate to the property or any individual Rent Stabilized Unit, and/or any other relevant evidence that a recalculation of the Base Year Gross Income, as contemplated in this Section G, is unnecessary for the landlord to receive a fair return on investment for the property, fails to ensure fairness, or is otherwise contrary to the purposes of the Act.

e. **Allocation of Upward Adjustment of Rents.** The portion of any Upward Adjustment of Rents that results solely from the Vega Adjustment described in this Section G(3) shall be equally among all Rent Stabilized Units subject to the Petition, subject to the condition that in the interest of justice, a Hearing Officer and/or the Rental Housing Committee may allocate Rent increases in another manner necessary to ensure fairness and further the purposes of the Act.

The motion carried by the following vote:

Yes: 3 - Vice Chair Ortiz, Committee Member Grunewald, and Committee Member Ramos

No: 2 - Chairperson Honey, and Pardo de Zela (alternate)

Absent: 1 - Committee Member Means

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

Senior Assistant City Attorney Chopra gave a brief update regarding the Committee's declaratory relief action filed by the City Attorney's Office and the Writ filed by the CSFRA proponents related to determining the effective date of the CSFRA.

Associate Planner Van Deursen gave a brief update regarding the progress of the petition process for individual rent adjustment.

9. ADJOURNMENT - At 10:32 p.m., Chair Honey adjourned the meeting to the next RHC Committee Meeting to be held on Monday, September 11, 2017 at 7:00 p.m. in the Council Chambers, 500 Castro Street.