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February 26, 2026

memorandum

To  
City of Mountain View Rental Housing Committee

From  
Karen M. Tiedemann, Special Counsel to the Rental Housing Committee  
Nazanin Salehi, Special Counsel to the Rental Housing Committee

RE  
Appeal of Hearing Officer's Decision Re: Petition Nos. C25260002 and C25260003

**RECOMMENDATION**

To consider the Tentative Appeal Decision and either accept the Tentative Appeal Decision or modify the Tentative Appeal Decision with instructions to staff, citing appropriate evidence in the Hearing Record to support the changes.

**BACKGROUND**

The instant appeal arises out of a petition for downward adjustment of rent ("Petition") based on failure to maintain a habitable premises/decrease in Housing Services and unlawful rent. The Hearing on the Petition was held on October 30, 2025. The Hearing Officer's Decision was issued on December 22, 2025 and served on the parties on December 23, 2025. ("HO Decision").

**Table 1: Relevant Timeline**

<b><u>Date</u></b>	<b><u>Action</u></b>
July 11, 2025	RHC accepted Petition Nos. <u>C25260002</u> and <u>C25260003</u>
August 29, 2025	Notice of Hearing and Pre-Hearing Conference served on the Parties.
September 25, 2025	Pre-Hearing Conference held.

September 26, 2025	Summary of Pre-hearing Conference Call and Order served on parties.
October 30, 2025	Hearing held.
November 17, 2025	Hearing Record closed.
December 22, 2025	Hearing Officer's Decision issued.
December 23, 2025	Hearing Officer's Decision served on the parties.
January 7, 2026	Appeal filed by Respondent-Landlord.
February 16, 2026	Tentative Appeal Decision issued and served.
February 26, 2026	Appeal hearing before the Rental Housing Committee.

The first Petition requested a downward adjustment of rent on the basis that (1) the Landlord had imposed one or more rent increase(s) while the Property was substantially noncompliant with the Community Stabilization and Fair Rent Act ("CSFRA") due to failure to register in 2021 and 2022; and (2) Landlord had imposed a monthly fee, charged in addition to rent, commencing on November 1, 2023. (Petitioner's Exh. #1.)

The second Petition requested a downward adjustment of rent due to the Landlord's failure to maintain the Property and/or the Unit in a habitable condition and decreases in Housing Services. (Petitioner's Exh. #2.) Specifically, the second Petition was based on the following conditions: (a) a dampness and mold in the bedrooms, living room, kitchen, and bathroom; (2) a moldy and worn carpet; (3) broken closet doors in both bedrooms of the Affected Unit; (4) a leak under the kitchen sink; (5) a broken refrigerator replaced with a smaller refrigerator; (6) a broken washing machine in the laundry facilities on the Property; (7) garbage dumpsters replaced with smaller, inadequate trash receptacles; and (8) a shortened fence in the parking area of the Property. (*Id.*)

After the Hearing at which both Parties appeared and provided evidence and testimony, the Hearing Officer issued the HO Decision, which concluded:

1. Petitioners-Tenants demonstrated by a preponderance of the evidence that Respondent-Landlord was not substantially compliant with the requirements of the CSFRA when it imposed rent increases in 2022, 2023, 2024, and 2025 because the Respondent (or its predecessor-in-interest) had failed to register the Property in 2021 and 2022. At the time of the Hearing, Petitioner's lawful Rent was \$2,519.78.
2. Petitioners also demonstrated by a preponderance of the evidence that Respondent unlawfully increased their Rent by charging them a latchel fee, renter's insurance fee, and service fee commencing on November 1, 2023.
3. Petitioners demonstrated by a preponderance of the evidence that Respondent failed to maintain the Property and the Affected Unit in a habitable condition based on the following conditions: (a) dampness and mold in the bedrooms, living room, kitchen, and bathroom of the Affected Unit; (b) a moldy and worn carpet; and (c) broken closet doors.
  - a. Petitioners were entitled to a total rent refund in the amount of \$13,758.31 for the Respondent's failure to maintain the Affected Unit in a habitable condition. Petitioners were also entitled to an ongoing rent reduction of \$362.86 per month until the mold and moisture in the children's bedroom and kitchen, and an ongoing rent reduction of \$27.21 per month until the broken closet doors are repaired or replaced
4. Petitioners demonstrated by a preponderance of the evidence that Respondent decreased Housing Services without a corresponding decrease in Rent in violation of the CSFRA based on the following conditions: (a) a broken refrigerator replaced with a smaller refrigerator; (b) a broken washing machine; and (c) inadequate garbage disposal containers.
  - a. Petitioners were entitled to a total rent refund in the amount of \$1,195.16 for these decreases in Housing Services. Petitioners were entitled to an ongoing rent reduction of \$28.35 per month until a larger refrigerator was installed in the Affected Unit.

The Respondent-Landlord raised the following two issues on Appeal:

- A. The Hearing Officer erred or abused her discretion in holding Respondent liable for unlawful rents resulting from the prior owner's failure to register the Property in 2021 and 2022. Following its acquisition of the Property, Respondent acted in good faith to bring the Property into compliance with the requirements of the CSFRA and the Regulations.
- B. The Hearing Officer erred or abused her discretion by concluding that Petitioners were entitled to a rent reduction for the mold and moisture conditions throughout the Affected Unit because Respondent acted within a reasonable timeframe to

address these issues, given the scope of the work, contractor availability, weather conditions, and the need to identify root causes rather than perform superficial repairs. There was no willful neglect or refusal to maintain the Affected Unit by Respondent.

All other elements of the appeal are discussed in the Tentative Appeal Decision, as noted in Section C of this report below. All parties to the Appeal are entitled to respond to the Tentative Appeal Decision. Responses to the Tentative Appeal Decision were due on February 23, 2026. To the extent responses are received, staff may provide a supplement to this report addressing the responses.

## **ANALYSIS**

### **A. Role of the RHC**

The role of the RHC is not to reweigh evidence submitted in support of or opposition to the Petition, unless the RHC chooses to hear the appeal "*de novo*" pursuant to Regulation Chapter 5, Section H.5.a. *De novo* review would require the RHC to open the Hearing Record and hold a new, formal hearing. Staff does not recommend a *de novo* review for this Appeal because there is sufficient evidence in the Hearing Record on which the Committee may base its decision.

For questions of law (including statutory interpretation), the RHC must exercise its independent judgment without assuming that the Hearing Officer's ruling is correct or affording deference to the Hearing Officer's interpretation. Even though the RHC exercises its independent judgment, its review is still based on the evidence in the Hearing Record for the Petition hearing.

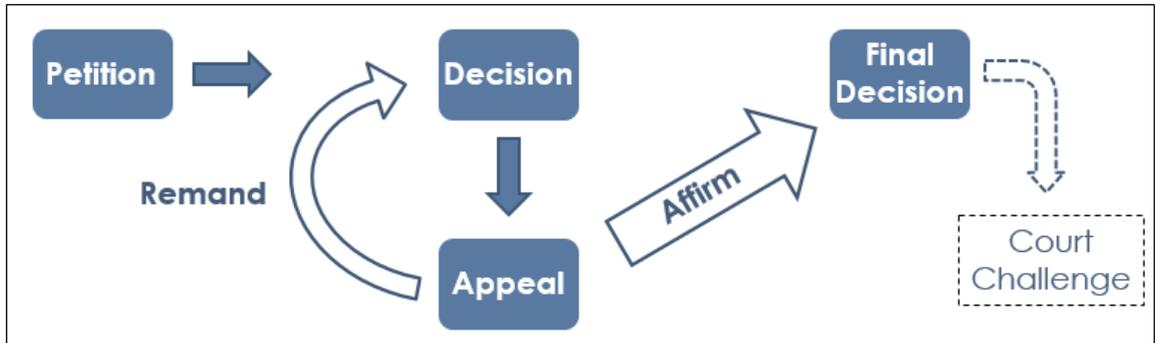
For questions of fact, the RHC's role will be to determine whether the appealed elements of the Hearing Decision are supported by substantial evidence. This process mimics a trial court and an appeal court: the trial court drafts a decision after weighing all the evidence, and the appeal court reviews the decision to verify whether the decision was adequate. Legally, reviewing whether substantial evidence exists to support an appealed element of the decision simply means that there is adequate information in the record to support the decision. Stated differently, substantial evidence means that a reasonable person reviewing the evidence could have reached the same decision. Substantial evidence does not mean that the RHC members (or RHC staff or special counsel) would have reached the same conclusion if they were present for every aspect of the Hearing.

### **B. Review: Affirming, Reversing, and/or Remanding the Appealed Elements of the Decision After Remand**

Petitions define the scope of the Hearing Officer's review. Appeals define the scope of RHC's review of the Hearing Decision. The portions of the Hearing Decision that were not appealed by any party are considered final. The Tentative Appeal Decision reviews only those portions of the Hearing Decision that were appealed by the parties.

The process for an appeal may result in multiple appeal hearings before the RHC if a Hearing Decision is remanded to the Hearing Officer. A summary graphic visualizing the appeal procedure is provided below.

**Graphic 1: Visualization of Appeal Procedure**



**C. Tentative Appeal Decision – Appeal Elements**

The Tentative Appeal Decision recommends affirming the HO Decision in its entirety:

- A. The Hearing Officer did not err in holding that Appellant-Landlord was liable for the prior owner's failure to register the Affected Unit. The CSFRA defines "Landlord" to include "An owner, ...predecessor, or successor of any of the foregoing." (CSFRA § 1702(j).) When read together with the provisions of the CSFRA and the Regulations that prohibit a Landlord from imposing rent increases when they are out of substantial compliance with the requirements of the CSFRA (including registration), the CSFRA expressly authorizes imposing liability on a new owner for violations committed by and unlawful rent collected by a previous owner. Moreover, there is no authority in the CSFRA or the Regulations for a Hearing Officer to consider equitable defenses asserted by a Landlord. Even if such authority existed, Appellant put forth no legal or evidentiary basis for concluding that it would be entitled to such a remedy.
- B. The Hearing Officer did not err or abuse her discretion in holding that Appellant-Landlord was liable for the moisture and mold conditions in the Affected Unit. Appellant contends that it acted within a reasonable timeframe to address these conditions in light of the scope of the work, contractor availability, weather conditions, and the need to identify root causes of the mold and moisture. However, the hearing record reflects significant delays (between 14 and 30 months) that are not reasonable even after consideration of the factors raised by Appellant. Even more significantly, Appellant's representative testified at the hearing that she *chose* not to make the repairs necessary to correct the moisture and mold conditions because of the large cost of said repairs and the lack of funds to do so. While it cannot be said that Appellant made this decision in bad faith, the decision was

nonetheless willful and intentional and therefore cannot excuse Appellant from liability for the persistence of these conditions.

**D. Appeal Hearing Procedure**

Each party to the Appeal will have an opportunity to present its arguments to the RHC and respond to the other party's presentation. As noted above, the parties are not allowed to present new evidence. Likewise, the public may provide comments to the RHC before it hears any appeals. (Cal. Gov. Code § 54954.3(a).) Finally, RHC members may have questions for staff and/or the parties. The following schedule for the appeal hearing is proposed to facilitate the orderly participation of all parties.

<b>Schedule of Appeal(s) of Hearing Decisions(s)</b>	
<ul style="list-style-type: none"> <li>Public Comment Period applicable for all Appeals on the agenda</li> <li>Appeal Hearing (CSFRA Petition Nos. <u>C25260002</u> and <u>C25260003</u>)</li> </ul>	
Staff Report & Presentation	
Appellant-Landlord Presentation of Argument	10 minute maximum
Respondent-Tenant Presentation of Argument	10 minute maximum
Appellant-Landlord Presentation of Rebuttal	5 minute maximum
Respondent-Tenant Presentation of Rebuttal	5 minute maximum
RHC Question and Answer with Staff	
RHC Question and Answer with Appellant-Landlord	
RHC Question and Answer with Respondent-Tenants	
RHC Deliberations and Decision	
<ul style="list-style-type: none"> <li>Conclude Agenda Item</li> </ul>	

**FISCAL IMPACT**

Adoption of the Tentative Appeal Decision, as drafted, could potentially lead to litigation, which would have fiscal impacts. Notably, one purpose of appealing a Hearing Decision to the RHC (as opposed to directly appealing to the courts) is to ensure that Hearing Decisions are legally defensible, and so the appeal process to the RHC reduces the overall risk of legal liability and litigation expenses. As discussed above, the Tentative Appeal Decision recommends upholding the Hearing Decision in its entirety. If the RHC accepts the Tentative Appeal Decision, the Hearing Decision will be final.

**PUBLIC NOTICING**

Agenda posting, posting on the City's website, and email to the distribution list.

**ATTACHMENTS**

1. Tentative Appeal Decision for Petitions Nos. C25260002 and C25260003
2. Decision of Hearing Officer (December 22, 2025)
3. Appellant-Landlord Appeal of Decision (January 7, 2026)
4. Letter from Goldfarb & Lipman to Appellant-Landlord (January 9, 2026)
5. Email Correspondence from Appellant-Landlord (January 20, 2026)
6. Respondent Answer to Tentative Appeal Decision (February 23, 2026)