

**CITY OF EAST PALO ALTO
RENT STABILIZATION BOARD MEETING
WEDNESDAY, APRIL 21, 2010
2415 UNIVERSITY AVENUE
City Council Chambers
EAST PALO ALTO, CA
Minutes**

1. CALL TO ORDER

The meeting was called to order at 7:11 p.m. by Chair Dorn.

2. ROLL CALL

Board Members Present:	Hart, Mitchell, Webster, Dorn
Board Members Absent:	Randolph
Board Alternates Present:	Allen
Board Alternates Absent:	
Staff Present:	Ford, Lee

Board Member Allen announced that he would be seated in the regular Tenant's seat for this meeting.

3. APPROVAL OF AGENDA

Motion: It was moved (Allen) and seconded (Mitchell) to approve the agenda. Motion passed unanimously.

4. APPROVAL OF MINUTES

There were no minutes available for approval.

Board Member Allen noted that the minutes of January 27, 2010, minutes were not approved at the March 10, 2010, meeting because there was no quorum and they should have been carried over to this meeting. However, Board Member Randolph was not present, so those minutes would have to be put over to the next meeting for approval.

5. AGENDIZED ITEMS FOR POLICY AND ACTION

5.1 Update of RSB budget development

Staff Lee reported that the Finance Department is working with the City Manager to finalize their budget, and it is anticipated to be ready the first week in May.

Chair Dorn asked when the Board could receive the Rent Stabilization Program portion.

Staff Lee responded he would forward it to the Board as soon as he receives it.

Board Member Hart commented that the Council's Public Hearing is scheduled for May 21.

Staff Lee mentioned providing the Board with dates of when the Council will present the budget to the community.

5.2 Update on negotiations with Page Mill receiver

Chair Dorn read an email from City Attorney Ewing indicating that the City reached a settlement which will go to the City Council for approval at its May 4 meeting;

Update on status of petitions filed by Stanford Community Law Clinic on behalf of 136 Tenants.

Chair Dorn read from a memo from City Attorney Ewing indicating Stanford Community Law Clinic was invited to talk about their petitions.

In response to a question by Board Member Hart about the status of the 136 petitions, Staff Lee responded that he did not have an update; the City Attorney was having discussion with Stanford Community Law Clinic.

Board Member Webster reported that he went to Community Legal Services (CLS) on Tuesday to deliver a check in the amount of \$5,000 that had been awarded to CLS by the Palo Alto Weekly Holiday Fund and ran into the Wells Fargo/Wald and company who informed him they were on their way to a meeting with the Stanford Community Law Clinic. His conclusion was that their meeting had to do with the 136 tenant petitions.

Discussion of Rent Stabilization status of residential units following demolition and reconstruction

Board Member Webster reported sending Chair Dorn an email during the past week about the Trustee Sale on March 2; one of the issues was the possibility of demolition of units currently under the Rent Stabilization Program (RSP). He recalled in the early 1990's, a petition from Wilbur Jackson came before the Board to protest against what he considered to be an unlawful rent increase by his landlord. The landlord's position was that he had demolished the building; however not all the building was demolished. The Rent Board's attorney, Mr. Thompson, at that time ruled that the landlord remodeled rather than reconstructed the building the consequence was that the units were still under the RSP. He believes that remodeled construction remains under the RSP. In anticipation of the desire of future owners of some of the structures currently owned by Wells Fargo Bank, the Board might anticipate demolition of buildings. He suggested an ordinance be enacted that would attempt to mitigate a total demolition of units under Rent Stabilization. His suggestion was to ask City Attorney Ewing to explore the possibility of preserving some portion of a building that would otherwise be demolished. He would like to try to find Mr. Thompson's ruling and also ask Mr. Jackson for collaboration. He would like to forestall the loss of additional units for as long as possible. The Board should get in front of this issue as to whether or not demolished buildings would be exempt from rent control.

Board Member Allen asked Webster to clarify a conversation they had in Sacramento with regard to the possibility, under the Costa Hawkins Act of new rental housing still being under rent control if it were built to replace rent controlled housing.

Webster said that the conversation related to the hearing in Sacramento on Assembly bill 2337.. He said that in the hearing the CalPers staff said that they were not in favor of the removal of Rent controlled housing. That the CalPers staff said that their policy was that rent controlled housing was demolished that it should be replaced with rent controlled housing. Mr. Webster said that that would not be possible in California because Costa Hawkins Act prohibits the creation of new rent controlled units after 1995.

Staff Lee indicated that he did not have any specific information but had seen emails exchanged between Mr. Webster and other parties. He noted that there is a process for people getting demolition permits in the City. One issue that has to be looked at is the foundation on older homes as to whether the whole building would need to be rebuilt.

Chair Dorn asked that Staff Lee check with the Planning Department for further clarification on demolition requirements.

Board Member Webster referred to the new Rent Ordinance and whether or not if units were not removed under the Ellis Act, would they still be under rent control.

Board Member Allen commented that if a landlord went out of business, the requirement was that the landlord could not rebuild the building for five years. Another issue was the anticipation that Page Mill Properties would plan to demolish and reconstruct. In his position as Planning Commissioner, and along with other Commissioners, they worked diligently to get language into the Housing Element that would preserve low income housing. A demolition fee, based on the value of the property, would be required; and for every certain number of rent control units that were demolished, an equal number of rental housing/residential units for low and middle income housing.

Board Member Webster commented that the Board needs to decide how aggressive it will be in order to preserve the Program and whether the City Council and Planning Commission will fully support the Program. He said the Board needs to find out if a portion of buildings can be preserved and to prevent demolition and removal from the Rent Program.

Chair Dorn summarized that she hopes the Board will have more information at its next meeting and future meetings.

6. CONSENT CALENDAR

7. PUBLIC HEARING

8. RESOLUTIONS or RULES

9. REPORTS OF COMMITTEES AND STAFF

Board Member Allen reported that a contingent from East Palo Alto attended a hearing in Sacramento earlier in the day to support Assembly Bill 2337 which aims to curtail predatory investments by CalPERS. He added that Chris Lund and Dean Preston testified at the hearing.

Board Member Webster also attended the hearing and said he was dumbfounded by the attitude of the representatives from the California Teachers Association, the California Banking Association and others on the positions they took. He said he spoke with Larry Moody, Vice President of the Ravenswood School District Board of Trustees who provided him with a synopsis of the problems the School District has had with the significant loss of funding.

Board Member Allen reported that the Technology Committee on Monday and Staff Ford provided the Committee with a report on software that the City is looking at. CRW provided an estimate of \$45,600, and the City of Redwood City can provide the system for \$30,000. The Committee had a question as to whether the program was a stand alone system or an integrated system.

Board Member Hart expressed concern that the Rent Board's record keeping ability in the past had not been the best; his concern is to get that up to par. His question was whether Redwood City would be able to provide the service that would meet the Rent Board's needs and also provide the IT service to maintain the system.

Board Member Mitchell suggested looking at the experience of other departments to see if Redwood City provides good service.

Staff Lee indicated that the City Council agreed to purchase the CRW system; the system has been customized to the individual needs of every department within the City. With respect to the Rent Stabilization Program, the City Council and the City Manager have worked to implement some of the specific recommendations that were set forth by the Berkeley Rent Program .in terms of bringing the current Rent Stabilization Program up to date and providing it with the necessary software modules that would computerize the system.

Board Member Allen commented that he believed the City Manager would make a decision about the software program, and the funds might come from the City Council.

- 9.1 Report out from RS Board Members and Committees:
 - a. Operational Excellence (**Allen**, Mitchell)

Board Member Allen announced that the Operational Excellence Committee is slated to meet on Friday. He asked that Staff Ford provide a timeline on the registration requirements.

- b. Outreach/Education (**Dorn** & Hart)

Board Member Hart reported that Staff Ford informed him that he had been in contact with Mr. Esparsa regarding a glitch in the contract, which has been worked out. He asked Staff Lee if he had a list of upcoming Community Legal Services (CLS) workshops.

Staff Lee responded that the workshops are on the third Thursday of each month. He will report back at the next meeting the result of the meeting staff has with Jeanne Merino.

c. City Council Liaison (**Hart & Mitchell**)

Board Member Hart commented that he and Board Member Mitchell need to talk about what they want to talk to the Council about.

d. Rules and Regulations (**Webster, Allen & Randolph**) – No report

Staff Lee reported that the City Council met on April 6 to discuss the Housing Element and then continued that meeting to last night. The Council will resume the Public Hearing on the Housing Element on May 18. An issue came up at the April 6 meeting regarding the amount of housing units were allocated for affordable housing, and the Planning Commission is considering changing the amount from 30 to 35 units per acre.

Board Member Allen asked whether the Council had acted on the final map of Palo Mobile Estates.

Staff Lee responded that the Council did not have any discussion on the final map.

10. ADMINISTRATIVE ITEMS

11. WRITTEN COMMUNICATIONS

Chair Dorn acknowledged receiving a written communication from Matthew Fremont that lists the Page Mill Property units that are two to four units.

Board Member Allen commented that the City should bill the units (66) on the list provided by Matthew Fremont.

12. COMMUNITY FORUM

13. RECOMMENDATIONS FOR FUTURE ACTIONS AND AGENDA ITEMS

Chair Dorn summarized items for future agendas: clarification on costs of demolition, further report on the software; report on negotiations and City Council vote; Page Mill negotiations; meeting with CLS and Staff Lee concerning outreach; and considering changing the Liaison Committee to an ad hoc committee

Board Member Webster expressed interest in knowing the status of WestPark Apartments' condo conversion map at 5 Mill Court. He claimed that Rosetti is reclaiming 5 Mill Court.

Board Member Allen suggested adding an item to the agenda about billing Wells Fargo for the two to four units.

Chair Dorn asked for a status on the petitions or the 136 tenants represented by Stanford Community Law Clinic.

Board Member Webster stated he was extremely impressed by the work that was done by Dean Preston and Chris Lund in lobbying to get the proposed legislation, AB 2337, into the Legislative hopper. He would like the Board to agendize the possibility of providing monetary appreciation for the job that tenants have been doing in publicizing the Rent Program's situation and in getting Assembly Member Armiano to put forth the legislation.

Board Member Mitchell questioned whether the Board had funds to give to tenants.

Board Member Webster explained that the Rent Board had been funding Christine Minnehan as the primary Housing Lobbyist in California.

Chair Dorn suggested putting a discussion about monetary appreciation on a future agenda.

Board Member Allen recommended getting City Attorney Ewing's input.

Chair Dorn announced that check in time for the Housing Conference is 3 p.m. at the Holiday Inn in Sacramento and asked which meetings the Board Members could go to.

Staff Lee responded that he believed the information on meetings would be included in the registration packets.

Board Member Hart requested that Staff Lee send the Board Members information on the location of the hotel and where the conference will be held.

Staff Lee reminded the Board Members to keep track of their mileage and get toll receipts to turn in with their mileage requests.

Board Member Hart asked Staff Ford to remind the Board of its requests for the next agenda.

Staff Ford responded that items include information on how much of a demolition constitutes a demolition; update on Rent Program software development; update on negotiations with Page Mill and a report on the City Council's action; report from Staff Lee on his meeting with CLS on their outreach activities; report out from Operational Excellence Committee on billing Wells Fargo's two to four units; update on the status of WestPark condo conversions; update on petitions of the Stanford Community Law Clinic's 136 petitions; and getting information from the City Attorney on providing financial appreciation to tenants.

14. ADJOURNMENT

Upon motion (Hart) and seconded (Allen), the meeting adjourned at 8:37 p.m.