

**CITY OF EAST PALO ALTO  
RENT STABILIZATION BOARD MEETING  
WEDNESDAY, MAY 26, 2010  
2415 UNIVERSITY AVENUE  
Community Room  
EAST PALO ALTO, CA  
Minutes**

**1. CALL TO ORDER**

The meeting was called to order at 7:14 p.m.

**2. ROLL CALL**

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

**3. APPROVAL OF AGENDA**

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

**4. APPROVAL OF MINUTES**

- Minutes for the April 14, 2010, regular RS Board meeting  
Could not approved for lack of a quorum of members eligible to vote on the minutes

**Motion:** It was moved (Mitchell) and seconded (Allen) to table the minutes of April 14, 2010. Motion passed unanimously.

**5. AGENDIZED ITEMS FOR POLICY AND ACTION**

Chair Dorn announced that most of the following items would come from Staff Lee or the City Attorney, and both were currently attending the City Council meeting.

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

**Motion:** It was moved (Mitchell) and seconded (Webster) to Table item 5.1 to the next regular meeting. Motion passed unanimously.

- 5.2 Discussion of City investment practices: legality of Rent Stabilization Program fees being pooled with other City revenue funds

**Motion:** It was moved (Mitchell) and seconded (Webster) to Table item 5.2 to the next regular meeting. . Motion passed unanimously.

### 5.3 Update on negotiations with Page Mill receiver and Wells Fargo

Board Member Webster announced that the City Council has not yet voted on this item and it was scheduled for resolution at the Council's first meeting in June.

**Motion:** It was moved (Mitchell) and seconded (Allen) to Table item 5.3 to the next regular meeting. Motion passed unanimously.

### 5.4 Status update of condominium map approval of WestPark Apartments

**Motion:** It was moved (Webster) and seconded (Mitchell) to Table item 5.4 to the next regular meeting. Motion passed unanimously.

### 5.5 Discussion and possible action on RSB providing funding to Tenants Together

Staff Ford reported that he spoke with City Attorney Ewing who indicated that providing funding to Tenants Together would be considered a gift, and that the City is unable to make a gift of City funds. The City can expend funds on something that in return would benefit the people or purpose of the City.

**Motion:** It was moved (Mitchell) and seconded (Webster) to table Item 5.5 to the next regular meeting. Motion passed unanimously.

## 6. CONSENT CALENDAR

## 7. PUBLIC HEARING

## 8. RESOLUTIONS or RULES

## 9. REPORTS OF COMMITTEES AND STAFF

Board Member Webster advised that Board Member Allen had informed him that at the last meeting, Staff Ford announced that exemptions would be given to the nonprofits that belong to Mid-Peninsula Housing Coalition. He noted that the current ordinance did not permit exemptions from the registration fees unless there was an overriding law on the State or federal level; the new law includes an unfortunate mechanism that potentially could exempt nonprofits. He asked that this matter be placed on the next agenda.

Staff Ford presented information that indicated that federal financed projects are exempt from rent control. He explained that Staff Lee sent the Board an email indicating he submitted the Board's budget changes to the City Manager.

Board Member Allen pointed out that the Board approved a budget of \$697,422, after adding \$7,500 in two categories; however, the \$25,000 for the software upgrade was not included in the staff report before the Board. He added that the City Attorney was supposed to get back to the Board to explain the \$200,000 legal expenditure.

Chair Dorn expressed concern because the Board intended to include the \$25,000 for software in the budget, and her assumption from the last meeting was that the amount would be included.

Board Member Allen suggested bringing this up at the next meeting and added that the City Manager would have the authority to take the money from the Legal expenses for the software.

Staff Ford pointed out that on page 3 of the budget memo, there is a footnote that says “this request can only be recommended contingent upon adoption of fees sufficient to cover this cost.”

Staff Ford distributed the draft registration packet for 2010 for the Board’s review.

Chair Dorn suggested adding further explanation as to the increase in fees, in addition to mentioning additional staff and outreach.

Staff Ford pointed out specific changes that were made and noted that the registration packets would be mailed out on Friday.

Chair Dorn questioned whether the letter should include the possibility that changes might occur of the Rent Ordinance passes.

Board Member Allen recalled that the Board discussed the issue previously and determined that nothing needed to be done unless the Ordinance passes.

There were no further comments about the draft packet.

Board Member Allen questioned where in the document of federal regulations provided by Staff Ford does it indicate, “Rent Control.”

Staff Ford responded that the matter would be discussed at the next meeting.

Chair Dorn quoted from the Code of Federal Regulations that staff Ford had distributed:

The Department finds that it is necessary and desirable to minimize defaults by the mortgagor in its financial obligations with regard to projects covered by this subpart, and to assist mortgagors to preserve the continued viability of those projects as a housing resource for low-income families. The Department also finds that it is necessary and desirable to protect the substantial economic interest of the Federal Government in those projects. Therefore, the Department concludes that it is in the national interest to preempt, and it does hereby preempt, the entire field of rent regulation by local rent control boards, (hereinafter referred to as board), or other authority, acting pursuant to state or local law as it affects projects covered by this subpart.

Board member Webster said: “That seems to have addressed your issue.”

Board member Allen responded: “It does.”

Board Member Webster commented that the nonprofits need to apply for their exemption and that the Rules and Regulations that implement the exemption have not been drafted.

Board Member Allen pointed out that the properties should be asked to file for an exemption that the federal regulations. That would be an appropriate administrative solution.

Staff Ford stated for the record that Mr. Alvarado informed him that, as a result of past litigation with Page Mill, the City did not have the authority to require exempt properties to apply for certification as being exempt. He added that Mr. Alvarado made it very clear that the exempt applications could be in the office but exempt properties could not be required to apply for exemptions.

Board Member Allen suggested that the conversation between Staff Ford and Mr. Alvarado should have been recorded in a memo so there was a record of Mr. Alvarado’s opinion.

Board Member Webster reported that last week, he attended a meeting where Mr. Franklin was voted in as a new member of the Board of Directors of Mid Peninsula and discussed the matter of exemptions with him. Mr. Franklin’s position was to defer to the will of the City.

Chair Dorn suggested that Board Member Webster bring up this matter at the next meeting.

- 9.1 Report out from RS Board Members and Committees:
  - a. Operational Excellence (**Allen, Mitchell**) – No report
  - b. Outreach/Education (**Dorn & Hart**) – No report
  - c. City Council Liaison (**Hart & Mitchell**) – No report
  - d. Rules and Regulations (**Webster, Allen & Randolph**) – No report

## **10. ADMINISTRATIVE ITEMS**

## **11. WRITTEN COMMUNICATIONS**

## **12. COMMUNITY FORUM**

Anthony Clark submitted a letter to the Board, dated May 26, 2010, from YUCA, asking the Rent Stabilization Board to support AB2337.

Matthew Fremont, 1986 Euclid Avenue, suggested the Board write a letter to legislators to let them know what predatory equity means in terms of how it affects real people in California. He also suggested that the Rent Board tentatively schedule a study session to

examine the rules and regulations in light of the new Rent Stabilization Ordinance in order for the Board to map a path to get the regulations updated or enacted.

Board Member Webster explained that the normal process was for the Board to ask the Rules and Regulations Committee to review the regulations prior to that going to the full Board.

Chair Dorn suggested adding an item to the next agenda for Mr. Ewing to give the Board the process for re-writing the new rules and regulations, and she also questioned who would write them and at whose expense.

### **13. RECOMMENDATIONS FOR FUTURE ACTIONS AND AGENDA ITEMS**

Chair Dorn advised that all items under Item 5 would come back on the next agenda; the Board want information on whether or not the Board can formally endorse AB 2337 or send a letter to the assembly committee explaining the impact that predatory equity has had on lending; what would be the process for writing the new rules and regulations; an explanation on budgetary items, in particular the \$200,000 legal expenditure and where the \$25,000 for software consulting group appears in the City budget; and registration exemptions.

### **14. ADJOURNMENT**

Upon motion by Board Member Webster, seconded by Board Member Mitchell, the meeting was adjourned at 8:17 p.m.