

**CITY OF EAST PALO ALTO
RENT STABILIZATION BOARD MEETING
WEDNESDAY, July 28, 2010
2415 UNIVERSITY AVENUE
Community Room
EAST PALO ALTO, CA
Minutes**

1. CALL TO ORDER

The meeting was called to order at 7:08 p.m.

2. ROLL CALL

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

3. APPROVAL OF AGENDA

Fremont/Allen m/s to move Community Forum to 4a. All voted in favor.

Fremont/Randolph m/s to approve the Agenda as modified. All voted in favor.

4. APPROVAL OF MINUTES

There were no minutes for approval.

There were no speakers for Community forum.

5. AGENDIZED ITEMS FOR POLICY AND ACTION

5.1 Discussion and possible action on developing the RS Program Rules and Regulations

Board Chair Dorn reviewed and summarized the ad hoc Rules and Regulations Committee meeting that had taken that place that afternoon with City Staff, board members and Council members and ken Baar. Dorn said that all communications about changes to Rules and Regulations would go to the Rules Committee and be forwarded to Ken Baar. Board Chair Dorn summarized the process through which the Rules and Regulations would be developed through the rules and Regulations Committee.

Staff Lee spoke about staff supporting the Rules and Regulations Committee and noted that a meeting was scheduled for Friday in the Community Room. The Committee expressed interest in receiving input from the community. He suggested that the Committee consider

having subsequent meetings during the week rather than on Friday nights which diminishes the opportunity to have interested persons participate.

Board Member Fremont said that at the afternoon's ad hoc Rules and regulations Committee said that a letter informing the public about the upcoming Rules and Regulations Committee meetings would be developed and sent out by next week.

Board Member Webster pointed out that Miss Torres is committed every Friday to open the building for the Committee. Meetings are scheduled for every Friday through September 10 from 7 to 9 p.m.

Board Member Allen advised that some Board Members have conflicts with other nights of the week.

Board Member Webster gave a summary of the Rules and Regulations Committee that was held at Palo Mobile Estates on July 23, 2010.

Board Member Fremont said that the next logical course of action from the Rules and Regulations Committee was to develop a work plan for the planned work of the Rules and regulations Committee.

Board Member Randolph noted that Friday's appeared to be the day that most of the Committee members were available.

5.2 Discussion of implementation of new Rent Stabilization Ordinance

Staff Ford reported that the Operational Excellence Committee met and discussed that staff will prepare a letter to new properties that are expected to be in the Program. The letter will inform the property owners that they have to register their properties in January. The new Ordinance picks up four-plexes, tri-plexes, duplexes and single-family homes.

Board Member Fremont advised that he and Staff Ford found that the unit count from the Tax Assessor records was incorrect on two properties.

Board Member Allen noted that the County Assessor's data includes parcel number and the address of the owner; it does not include an accurate number of units. Mr Allen said that on July 27, , he, Board member Fremont, Staff Lee and Ford met with the Redwood City IT Department and saw the implementation of the information from the Assessor's database. He and Board member Fremont tested the database on four properties and found that all four addresses did not have the correct number of units.

City Attorney Ewing advised that he will provide a step-by-step action plan as to how to implement the new Ordinance.

Board Member Fremont raised a question last week as to whether the Board could continue to operate billing landlords on the fiscal year schedule while registration occurs on the calendar year.

5.3 Discussion of possible impact on RSP of units under non-profit ownership

Chair Dorn advised that she spoke with Lydia Tan, consultant for Bridge Housing who volunteered to come to the meeting to discuss how non-profits provide housing. She ask City Attorney to clarify that if nonprofits are under federal or state contract for low income housing, they do not have to register and are not under the RSP.

City Attorney Ewing responded that Chair Dorn was correct.

Chair Dorn questioned whether there was any proof of nonprofit status that has to be presented to the RSP.

City Attorney Ewing responded that the Ordinance did not call for that information but could be looked at through the Rules and Regulations.

\
Chair Dorn invited Ms. Lydia Tan to give a presentation on Non-profit housing to answer questions such as are all units in non-profit housing affordable to households with certain income levels and what happens to households when their incomes go up.

Lydia Tan, consultant to Bridge Housing, said she was present to describe the process that Bridge Housing was undertaking to survey the residents in the area known as Woodland Park and to give an overview of what constitutes non-profit housing and how it operates. She gave a brief description of the most common types of non-profit housing. She explained that the language in the RSO reads that any property that is owned by a nonprofit and controlled by a nonprofit that regulates rents and incomes of the renters would be excluded from the RSO. The types of financing that might be used include low-income housing tax credit and County CDGB funding. The low-income housing tax credit insure that rents are affordable to households and families that earn up to 60% of area median incomes; for a family of four in San Mateo County, the income would be \$54,000 or less. Most of the programs limit the increase in rent as the income goes up. The County's fundings target families that earn up to 80% of the area median income. She said that there are many different rules depending on different programs as to whether or not families could continue to live in subsidized units as their income went up. She said that the rule for the low-income housing tax credit program is that the family's income could exceed the median by up to 140% and still remain in the unit. She said the HOME and CDBG funds administered through the County generally targeted households up to 80% of Area Median income (AMI). She said the CDBG rules for families being able to exceed the income limits and still remaining in their units are more fluid and it would be up to the County to decide how much income increase would be allowed before a family would have to move. She said that the City has Redevelopment Agency funds that could be used for subsidized housing for families with incomes up to 120% of AMI. And the Redevelopment Agency would decide how to treat families with incomes that rose over 120% of AMI.

Board Member Allen questioned what makes a housing corporation such as Bridge a nonprofit.

Ms. Tan explained that there are IRS rules that need to be met. She said that for most affordable housing developers, the rules are that at least 75% of all the households that are served are low income. There are no shareholders. Answering Board member's questions: There is not a cap on the income of the staff members.

Chair Dorn pointed out that an advantage of being a nonprofit is that organizations and individuals can contribute to the nonprofits, often as a tax write off. She said non-profits are run by a board that determines salary ranges.

Board Member Fremont said he had a few questions about the mission and operations on non-profit housing. He said it was his understanding that non-profit housing developers typically do new construction. He asked if that was the typical thing that was being done in this area. He asked if buying and rehabilitating existing housing was outside of the mission of the nonprofits that had operated in this area.

Ms. Tan responded that all the nonprofits that she is aware of acquire and rehabilitate existing properties. She said it is not does as much "out here," because there are more new development opportunities. Bridge Housing feels there is not enough supply of housing which results in higher rents. She pointed out that back east, there are not as many development opportunities but lots of acquisition and rehabilitation. She said that the most powerful financing tools like the low-income tax credit program are primarily geared to new construction.

Board Member Randolph commented on the amount of new housing in the area that are sitting empty. She asked whether Ms. Tan was referring to multi-family homes.

Ms. Tan pointed out that there is an imbalance between households versus homes; there is about a 200,000 unit shortfall, given the increase in population, versus the units that nonprofits build each year. During the last economic downturn, many people moved in with other families and the result was high vacancies because people could not afford to pay rents.

Board Member Fremont heard a concern from people that nonprofit housing developers have a lot of rules that tenants are subjected to. Some people feel the rules are unfair and too restrictive which limits the ability for many tenants in East Palo Alto to qualify for the programs. He asked how tenants could bring up these concerns with the Woodland Park management.

Ms. Tan gave an example of listening to tenant concerns. She recalled when Peninsula Park Apartments was being built, there were specific concerns germane to the community; specifically around credit because rents were being charged, and Bridge, as a landlord, wanted to make sure that residents had good credit. There were concerns that people who may have had a bad episode in their history had bad credit; another concern had to do with bad credit

due to medical bills. When Bridge knew about these issues ahead of time, it was able to change the criteria to allow for more room for medical related credit issues.

Chair Dorn questioned whether the City or County could request that properties be directed for low or median income range within the City rather than countywide low and median income range.

Ms. Tan said yes. She commented that San Francisco's median income is put in the same pool as Marin County and San Mateo County; the result is that many neighborhoods in San Francisco County, the median income is lower than the pool. San Francisco has a program for any affordable project that it invests in requires rents and sales prices that are tied to the City's median income as opposed to the County's median income.

Board Member Fremont brought up a question about Woodland Park not qualifying for low income tax credit program.

Ms. Tan responded that the acquisition costs would not qualify; significant rehabilitation would qualify. She reported that community meetings were held in March and May, with another one planned in August or September; the first meetings were to hear what the concerns were of the residents in the community around Woodland Park. Many issues expressed had to do with property management, rent, safety, security, deferred maintenance, and non-responsiveness of management staff. Bridge Housing has been working with the management company to provide oversight and advice. The property is processing between 300-400 maintenance requests every week, with an average turnaround time for requests of about two days. The May meetings had to do with follow up and the future of Woodland Park. Comments from those meeting include that the community feels strongly about the large supply of rental housing, there is an interest in providing opportunities for residents to own property, affordability is a high priority, mixed income was important, there should be opportunities for non-profit participation., responsible property management is the number one issue, and improving quality of the housing stock is important.

Board Member Allen questioned how Bridge Housing might explore opportunities for resident ownership.

Ms. Tan mentioned a first-time homebuyer program where residents are assisted with down payments and the opportunity for first-time homebuyers to also be landlords.

Sharifa Wilson, consultant to Bridge Housing, mentioned that tenants have indicated that conditions have improved and that property managers have become more responsive to tenants' complaints. People wanted to vent about what happened under Page Mill Properties' ownership. There has been an effort by the bank and property management company to find ways to work with the tenants. A "National Night Out" event will be held to support the neighborhood watch programs and make people aware of rental units. There is an effort to bring in more tenants so that buildings will have more people living in them and be safer places to live.

Ms. Tan distributed a flyer on “National Night Out” in the area she referred to as the Woodland Park neighborhood. She explained that Bridge Housing is a nonprofit housing developer but is acting as a consultant to the bank. She said that Bridge Housing’s role is to make sure the community gets heard about Bridges’ goals. Bridge has a contract with Woodland Park apartments, and she is currently a contractor with Bridge Housing.

5.4 Discussion of RS Program registration requirements of federally funded properties

Chair Dorn advised that this item should go to the Rules and Regulations Committee.

5.5 Election of Board Officers

Motion: It was moved (Webster) and seconded (Allen) to nominate Midge Dorn as Chair. There were no other nominations. Motion passed unanimously to elect Midge Dorn as Chair.

Motion: It was moved (Webster) and seconded (Allen) to nominate Matthew Fremont as Vice Chair. There were no other nominations. Motion passed unanimously to elect Matthew Fremont as Vice Chair

6. CONSENT CALENDAR

7. PUBLIC HEARING

8. RESOLUTIONS or RULES

9. REPORTS OF COMMITTEES AND STAFF

9.1 Report out from RS Board Members and Committees:
a. Operational Excellence (**Allen & Fremont**)

Board Member Allen reported that the Operational Excellence Committee met on July 22 with Staff Ford and Staff Lee and discussed issues about the Ordinance.

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

Board Member Hart asked Staff Ford if he had heard from the Printer regarding the brochures. Staff Ford responded that some work was needed on the Spanish version. He anticipated that the brochures would be ready for Printing in August. He will email the Board Members to let them know when the brochure goes to the Printer.

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

Board Member Hart reported that the City Council Liaison Committee met prior to the regular Board meeting. Mayor Woods and Councilmember Abrica were present at the meeting.

Discussion involved money that was allotted to the City through Wells Fargo (\$384,000 – will go into the General Fund). He explained that there was still a question about whether the Rent Program has to pay back the money that was given to the Rent Program in the last fiscal year.

Board Member Allen questioned how much the Rent Board borrowed from the City to keep the Program running.

Board Member Hart did not have the exact amount but felt it could be obtained.

Chair Dorn reported that she directed questions to the Finance Department, asking how much the loans were, what funds did the loans come from, and whether there was an interest rate charged on the loans. She questioned whether the City could legally use the money from Page Mill that is not characterized as registration fees to cancel the loans that the Program received. She added that she spoke with Mr. Gordon who will get back to her with the information.

Board Member Hart commented that Mayor Woods and Councilmember Abrica were not up-to-date on the conversation of the Rent Program paying the City back.

Board Member Fremont pointed out that both Mayor Woods and Councilmember Abrica clarified that they were aware that ML Gordon was working on responding to the questions.

Board Member Hart referred to a document pertaining to the budget. Concern was expressed by members of the Budget Committee about their frustration dealing with the budget through staff and the City Manager. He felt that the dialogue that has been established by the Budget Committee will give the Board more input on the budget in the future. During the past fiscal year, the Board received an outline of the budget in a timely manner. He anticipates seeing improvement on the budget process during the next fiscal year.

Board Member Fremont pointed out that Staff Lee clarified on the current year's budget and that the City Manager presented the budget to the City Council as being contingent upon funds; the Council removed the set aside for Legal fees in the budget because the same amount would not be necessary, and the funds were reallocated for the work on the rules and regulations.

Board Member Hart added that funds were allocated for the software. He is looking forward to working with Liaison Committee and having an open dialogue with the City Council. His suggestion was that another Board member join the Liaison Committee.

Chair Dorn advised that this is the time that people can consider changing committees and asked that Board Members give this some consideration.

Board Member Fremont reported on the feedback from the Mayor and Councilmember Abrica; they would like an update on the implementation of the Rent Stabilization Ordinance (RSO) and Rules and Regulations.

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

Board Member Hart announced that he has joined a “Dad and Me at the Pool” at the YMCA on August 7, which is a free event for dads and their kids in San Mateo County. He encouraged the Board Members to let him know who might be interested in attending. He referred to the presentation earlier in the meeting from Ms. Tan, consultant to Wells Fargo. He disagreed with the progress she said was being made in East Palo Alto.

Chair Dorn suggested that Board Members who know of people having problems with their rental units should be told to call Code Enforcement.

City Attorney Ewing added that the Code Enforcement team is very enthusiastic about doing code enforcement in the City. He encouraged all tenants who have issues to contact Lance Bayer or Frank Rainone or any of the members of the Code Enforcement team.

Chair Dorn advised that she questioned the Finance Department about the amount that the Rent Board was charged for the loss of County investment funds. She said that she was satisfied that the Rent Board was charged the amount that represented how much the Rent Board lost in the County investment fund.

Staff Ford reported visiting the IT Department of Redwood City yesterday to look at a program they developed. Staff was able to review files for single family homes, multi-family buildings, condominiums, and manufactured housing. The information showed addresses of owners, addresses of property and the year built, and the number of units.

Board Member Allen asked for an update on the progress of compiling the information on the Annual Registration statement submitted by most of the landlords.

Staff Ford explained that it takes him the month of August and September to compile the information which, in the past, he reported to the Board in October or November.

Chair Dorn expressed appreciation to the Board Members and staff who were helpful to her in performing her duties as Chair.

10. ADMINISTRATIVE ITEMS

11. WRITTEN COMMUNICATIONS

Staff Ford reported receiving one additional communication from YUCA which he distributed to the Board.

- 11.1 Settlement Agreement, dated as of July 1, 2010, between Wells Fargo Bank, REDUS Woodland, David Wald and the City of East Palo Alto
- 11.2 Proposed Changes to East Palo Alto’s New Rent Board Rules and Regulations, Submitted by YUCA on 7/15/2010

Anthony Clark spoke about the changes listed in the communication.

- 11.3 A list submitted by Board member Fremont on July, 21, 2010, of references in the RSO (Measure H) where the RSB is required to establish specific rules and regulations, where the RSO suggests rules and regulations and situations in which a landlord or tenant is granted a right of petition.

12. COMMUNITY FORUM

13. RECOMMENDATIONS FOR FUTURE ACTIONS AND AGENDA ITEMS

14. ADJOURNMENT

There being no further business, the meeting adjourned at 9:05 p.m.