

**CITY OF EAST PALO ALTO
RENT STABILIZATION BOARD MEETING
WEDNESDAY, JUNE 9, 2010
2415 UNIVERSITY AVENUE
Community Room
EAST PALO ALTO, CA
Minutes**

1. CALL TO ORDER

The meeting was called to order by Chair Dorn at 7:15 p.m.

2. ROLL CALL

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

Board Member Allen acknowledged that he was seated in the Tenant seat at this meeting.

Chair Dorn announced that the Rent Board budget would be discussed at tonight's Council meeting at approximately 9 p.m. and suggested that the Board table any remaining items at that time in order for Board Members to attend the Council meeting.

Motion: It was moved (Webster) and seconded (Randolph) that the Council adjourn at the time the Council discusses the Rent Board budget and table any unheard items on the Rent Board agenda at that time. Motion passed unanimously.

3. APPROVAL OF AGENDA

Motion: It was moved (Allen) and seconded (Webster) to move item 12, **COMMUNITY FORUM**, to item 4.a. Motion passed with one abstention (Hart).

Motion: It was moved (Hart) and seconded (Webster) to approve the agenda, as amended. Motion passed unanimously.

4. APPROVAL OF MINUTES

- Minutes for the April 14, 2010, regular RS Board meeting

Chair Dorn referred to page 2, Minutes for the March 10, 2010, regular RS Board meeting, "...She asked that her comments be added that the City, in asking for the rents to be rolled back, would be representing the RSO and not representing the tenants. ~~and how the RSO is supposed to be carried out and not be individual tenants.~~ Chair Dorn said that she and Board Member Hart had presented the argument that the City is asking for the rents to be rolled back."

Chair Dorn questioned whether someone asking for prior months' minutes would receive minutes that had been corrected.

Staff Ford responded that he normally makes the corrections but would double check on the March minutes to see that the corrections were made. He added that once the corrections were made, he would place the minutes on the website.

Chair Dorn referred to page 3, above item 5.2, and corrected the sentence to read, "Board Member Mitchell said he would go over final changes." On page 6, "Chair Dorn clarified that the rent increases will now be based on information provided by landlords of the current rent, and rents could be raised only once per year." She pointed out that the first paragraph under item 5.7, on page 6, did not include the cost for using the Redwood City IT staff. Staff Ford said he would check.

Board Member Allen recalled that the amount for Redwood City IT staff came up at a different meeting.

Motion: It was moved (Allen) and seconded (Hart) to approve the minutes of the April 14, 2010, regular RS Board meeting, as amended. Motion passed with Webster abstaining because of having been absent.

- Minutes for the May 12, 2010, regular RS Board meeting

Board Member Webster referred to his comments on page 3, "Board Member Webster commented that when he joined the Rent Stabilization Program on January 24, 1989, the issue as to where funds for Rent Stabilization were being housed was brought up at that time." He explained that he began attending meetings in January 1998 but was not appointed until November 23, 1992. He asked that the sentence be clarified to indicate that he "started to attend meetings of the Rent Stabilization Board," rather than "joined the Rent Stabilization Program."

Board Member Dorn commented that she found a few typos in the minutes that she would pass on to staff.

Motion: It was moved (Webster) and seconded (Randolph) to approve the minutes for the May 12, 2010, regular RS Board meeting, as amended. Motion failed due to lack of quorum of Board Members who attended the May 12 meeting. Approval of minutes will be placed on the next agenda.

- Minutes for the May 19, 2010, special RS Board meeting

Motion: It was moved (Allen) and seconded (Hart) to approve the minutes for the May 19, 2010, special RS Board meeting. Motion passed with one abstention (Webster).

4.a. (old item 12) **COMMUNITY FORUM**

James Turner, YUCA, 2135 Clarke Avenue, commented that YUCA and the community would like to be involved with the process of implementation of Measure A.

5. AGENDIZED ITEMS FOR POLICY AND ACTION

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

City Attorney Ewing reported that the question was raised as to whether or not a residential unit or multi-family dwelling that was demolished would remain in the Rent Stabilization Program. The answer was no.

Chair Dorn questioned whether that meant 100% demolished or only a portion.

Mr. Ewing responded that if the intent of the person demolishing the units is to demolish them to take them outside the Rent Program, the result would be a 100% demolition; leaving only a slab would not result in staying in the Rent Program.

Board Member Webster provided a summary of the Wilber Jackson case where Mr. Singh believed he was entitled to an exemption from the Rent Stabilization Program but he failed to completely demolish a portion of the frame of the building; and Mr. Thompson, at the time, ruled that because the building was not completely demolished, the project was considered a remodel rather than new construction.

Mr. Ewing explained that each case would turn on its facts; as a general rule, where there is a tear down/rebuild going all the way to the slab, that property would not remain in vacancy decontrol under Costa-Hawkins or the Rent Stabilization Ordinance. He added that there may be instances where the project is not a complete tear down, and the analysis might be different.

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

Mr. Ewing advised that fees generated through a City program go into the General Fund; the Investment practices of the City are subject to the Investment Policy that was adopted by the City Council.

Board Member Allen explained that the registration fees do not go into the General Fund but go into a Special Fund (the Rent Stabilization Fund). He added that a concern by the Board involved a hit on the Rent Program due to investment losses in money that the City pooled with the County; the question was whether that share came out of the Rent Stabilization Board's fund. The Board also wanted to know if the City was investing the Rent Program's funds in the investment schemes.

Mr. Ewing advised that the money was not the Rent Program's money but was the City's money. The Rent Stabilization Program is a City program and the money is administered through the City Manager, City Council, and Finance Department.

Chair Dorn clarified that the fees collected by the Rent Stabilization Program are given to the City to invest; however, the money is kept track of as Rent Stabilization Program money.

Board Member Webster pointed out that when he started attending meetings of the Rent Stabilization Board in January 1989, the Chief Financial Officer of the City, at that time, treated the revenue from registration as though it was separate from the General Fund of the City; and that continued for many years.

5.3 Update on negotiations with Page Mill receiver and Wells Fargo

Mr. Ewing advised that the City concluded its negotiations with Wells Fargo and the Page Mill receiver; there is an agreement in principle. The City is currently waiting for the agreement to be signed. The terms of the agreement are that the bank rolled back certain rents on certain properties; there will be a payment of some registration fees and penalties; and all units in the portfolio will be registered as soon as the agreement is signed.

5.4 Status update of condominium map approval of WestPark Apartments

Mr. Ewing advised that he has requested documents in order to conduct his research but has not yet received the information.

This item was continued to the next meeting.

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

Mr. Ewing did not recommend that the Board provide funding to an advocacy group. The Tenants Together is a tenants' group and is not impartial.

5.6 Discussion on possible RS Board actions with Regard to proposed Assembly Bill 2337

Staff Ford explained that YUCA had requested that the Board sign on to its letter or the Board prepare its own letter to support Assembly Bill (AB) 2337.

Mr. Ewing suggested that if the Board wants to take action, it should do so independently and pass a resolution supporting or not supporting AB 2337. He encouraged the Board to support AB 2337 and pass a resolution that would be passed on to the City Council.

The Board concurred with Mr. Ewing's suggestion to prepare a resolution in support of AB 2337. Chair Dorn suggested that the Board send the resolution to the Senate, make the City Council aware of the Board's action, and request that the Council do the same. She will prepare a letter to the State Senate concerning AB 2337 and bring it back on the next agenda. It was noted that the letter needed to be sent out prior to the Board's next meeting.

Motion: It was moved (Webster) and seconded (Allen) that the Board give Chair Dorn permission to prepare a letter and resolution to be forwarded to the State Senate in support of the Senate version of AB 2337. Motion passed unanimously.

5.7 Discussion of proposed RS Program Budget items

Board Member Allen questioned the \$200,000 budgeted for legal services, noting that two law firms were referenced.

Mr. Ewing advised that the \$200,000 is a line item for anticipated legal fees but he was unsure about the reference to the law firms. In response to the question raised about how bills were paid, he views them to decide to which case they apply and identify the fund, signs and dates the bills, and forwards a pay order to the Finance Department.

Chair Dorn requested clarification in the case where someone sues the Rent Board and the funds are City funds.

Mr. Ewing responded that the Page Mill cases challenging the Ordinance are paid for by the General Fund, and a case where the Rent Board is sued is paid for by the Rent Stabilization Board budget.

Staff Ford reported counting 2,526 units, which when multiplied by \$284, results in \$717,384. The Rent Board will collect \$27,000 more than the budget.

5.8 Discussion of a process for the development of RS Program Rules and Regulations

Chair Dorn advised that the Rules and Regulations Committee met and decided that someone familiar with rules and regulations for Rent Boards needs to be hired.

Board Member Webster commented that Carlos Romero suggested that Ken Barr could be considered as a consultant to the Rent Stabilization Board.

Mr. Ewing reported having an association with two firms that could assist with the rules and regulations. He will bring back information to the Board about costs for drafting rules and regulations under the new Rent Stabilization Ordinance.

Chair Dorn recommended that Ken Barr also be approached.

Board Member Webster asked whether Eric Oberle and Matthew Fremont could provide input into the process.

Mr. Ewing agreed and suggested drafting a document on the computer with red lines that everyone can review and make changes; the drafter will incorporate the changes; the Board will decide whether or not to incorporate the changes; and the changes would be incorporated into the document.

The Board concurred with Mr. Ewing's suggestion.

Matthew Fremont, 1936 Euclid, suggested looking at the current rules and regulations, and decide which are applicable and not applicable or need to be modified. The Board needs to weigh in on policy issues and provide direction for the actual drafting. Prior to having a law firm work on the draft, the Board needs to engage in a review of the rules and regulations and potentially seek community input.

5.9 Discussion of RS Program registration requirements of exempt properties

Item tabled.

6. CONSENT CALENDAR

7. PUBLIC HEARING

8. RESOLUTIONS or RULES

9. REPORTS OF COMMITTEES AND STAFF

Chair Dorn reported that Community Legal Services will be presenting a workshop Rent Levels and Entering into a New Contract on June 17, from 5:30 to 7 p.m. at Three Brothers. A presentation of the applicants for City Manager will occur on Friday.

- 9.1 Report out from RS Board Members and Committees:
 - a. Operational Excellence (**Allen, Mitchell**)
 - b. Outreach/Education (**Dorn & Hart**)
 - c. City Council Liaison (**Hart & Mitchell**)
 - d. Rules and Regulations (**Webster, Allen & Randolph**)

10. ADMINISTRATIVE ITEMS

11. WRITTEN COMMUNICATIONS

- 11.a 2010 – 2011 Rent Stabilization program registration materials
- 11.b Community Legal Services flyer on June 17th tenant information workshop

13. RECOMMENDATIONS FOR FUTURE ACTIONS AND AGENDA ITEMS

Items 5.3, 5.4, and 5.9 will be continued to the next agenda.

14. ADJOURNMENT

The meeting adjourned at 8:45 p.m.