

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 28, 2018

Final Decision Date Deadline: February 28, 2018

**STATEMENT OF THE ISSUE:** The minutes of the February 21, 2018, Regular Meeting of the Richmond Rent Board require approval.

## INDICATE APPROPRIATE BODY

- |   |   |  |  |   |
|---|---|--|--|---|
| <input type="checkbox"/> City Council               | <input type="checkbox"/> Redevelopment Agency                             | <input type="checkbox"/> Housing Authority     | <input type="checkbox"/> Surplus Property Authority          | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> |   |

## ITEM

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) |  |  |
| <input type="checkbox"/> Public Hearing   | <input type="checkbox"/> Regulation  | <input checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |
| <input type="checkbox"/> Contract/Agreement   | <input type="checkbox"/> Rent Board As Whole                                     |  |
| <input type="checkbox"/> Grant Application/Acceptance                                 | <input type="checkbox"/> Claims Filed Against City of Richmond                   |  |
| <input type="checkbox"/> Resolution   | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) |  |

**RECOMMENDED ACTION:** APPROVE the minutes of the February 21, 2018 Regular Meeting – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

**F-1.**

**RICHMOND, CALIFORNIA, February 21, 2018**

The Regular Meeting of the Richmond Rent Board was called to order at 5:01 P.M.

**PLEDGE TO THE FLAG**

**ROLL CALL**

**Present:** Boardmembers Combs, Finlay, Maddock, Vice Chair Gerould and Chair Gray

**Absent:** None.

**STATEMENT OF CONFLICT OF INTEREST**

None.

**AGENDA REVIEW**

Item F-3 was pulled by staff from the consent calendar to be discussed at the next Board meeting.

**PUBLIC FORUM**

Cordell Hindler invited the Board to community events including the International Women's Day Celebration in March.

Lori Wickliff spoke on the behalf landlords, commending the Board for allowing landlords to give ideas and comments on the proposed Regulations. She also requested that landlords be given more time to review and comment on the proposed Regulations since the material is difficult to understand. When approved, she would like the Regulations to be easy to understand for the benefit both landlords and tenants. She also requested that some language from Berkeley Regulations be added in regards to the sub-tenant paying the landlord more rent.

Levy Ephraim spoke requesting more time to review and comment on the proposed Regulations, since they are not clear and easy to understand. He also mentioned that the rents for his building are historically low and that he has made capital improvements.

Marilyn Langlois spoke on the behalf of the Fair and Affordable Richmond Coalition and complimented staff on the hard work with the Regulations. She also spoke on the upcoming meeting item in regards to the Capital Improvement Regulations. She requests that the Regulation include language regarding not granting an increase for aesthetics or adding services or space that it would not be used as a basis for an increase and that the tenant must approve and agree to a rent increase. She also would like the language to include “necessary repairs” in regards to safety codes and no increases for routine maintenance.

Linda Newton spoke regarding the ordinance and the importance of balancing the interest of tenants and landlords and providing community stability. She expressed concerns about findings (d) and (e) of the Ordinance, particularly because most landlords in Richmond do not own apartment buildings with 50 units or more.

Sherry Zalabak spoke regarding Capital Improvements she made to her property and asked how can she recoup some of the money paid for the improvements?

### **RENT BOARD CONSENT CALENDAR**

On motion of Vice Chair Gerould, seconded by Boardmember Combs, the item(s) marked with an (\*) were approved by the unanimous vote of the Rent Board, with Item F-3 to be continued to February 28, 2018 meeting.

\*F-1. Approve the minutes of the January 24, 2018, Special Meeting of the Richmond Rent Board.

\*F-2. Receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100.

F-3. Continued to February 28, 2018, Special Rent Board Meeting, approve a sole source contract amendment with Kenneth Baar in the amount of \$5,001 for the preparation of rent adjustment regulations for consideration by the Rent Board, for a total contract amount not to exceed \$15,000.

## **REGULATIONS**

G-1. The matter to adopt Substantive Rent Adjustment Regulations (Subchapter C: Standards for Individual Rent Ceiling Adjustments), Vacancy Rent Increase Regulations (Chapter 7) and Rent Registration Regulations (Chapter 4) was presented by Deputy Director, Paige Roosa. The presentation included information about the background, scope of proposed rent adjustment regulations, community engagement process, recommended modifications to proposed regulations chapters 4, 7 and 9, case study research of adopted rent increase standard for other rent controlled jurisdictions, additional suggested modifications, proposed timeline and next steps and the recommended action. Discussion ensued. The following individuals gave comments: Lori Wickliff, Fallon Scoggins, and Sherry Zalabak. A motion by Chair Gray, seconded by Vice Chair Gerould to adopt Regulations for Substantive Rent Adjustment Regulations (Subchapter C: Standards for Individual Rent Ceiling Adjustments), Vacancy Rent Increase Regulations (Chapter 7) and Rent Registration Regulations (Chapter 4), with the following amendments to Regulation 903, to include language similar to Berkeley Rent Boards Regulation in regards to the percentage amount granted to a landlord for an additional occupant through the petition process, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, and Chair Gray. **Noes:** Boardmember Finlay voted No on Regulation 903 **Abstentions:** None. **Absent:** None.

## **STUDY AND ACTION SESSION**

H-1. The matter to receive the proposed draft Maintenance of Net Operating Income (MNOI) Fair Return Regulation (Chapter 9) was presented by Executive Director, Nicolas Traylor with assistance from Ken Barr who attended by conference call. The presentation included the purpose of developing a Fair Return Standard, a list of factors allowed for a fair return increase, general description of Maintenance of Net Operating (MNOI) Standard, how MNOI standards and resulting rent increases would work over time, the proposed MNOI standard, selecting a base year for MNOI calculation, what happens when there is no base year operating income data?, using inflation to adjust base year net operating income to provide a fair return, an illustration of MNOI standard alternative “indexing” ratios, allowance for amortized cost of capital improvements, the important facts about the interest allowance for amortized costs, adjustments of exceptional expense levels, projection of operating expenses in the absence of actual

data, ceilings on amount of rent increases within a year, a comparison of fair return rent increase limits by city, allowing landlords to account for legal cost in a fair return petition, and policy alternatives to be addressed in subsequent memos. Discussion ensued. There were no public comments on this item. No action was taken. The Board received the proposed draft Maintenance of Net Operating Income (MNOI) Fair Return Regulation (Chapter 9).

### **REPORTS OF OFFICERS**

Executive Director, Nicolas Traylor, gave a brief report on the Tenant in Richmond 101 Community Workshop that was held on February 17th and that staff will begin presenting on budget proposals in March and April that will include a fee study for the upcoming registration year fees for fully covered and partially covered units. Deputy Director, Paige Roosa, added that staff has been working with the Planning and Building Services Department and the Housing Authority as it relates to more targeted outreach to tenants in subsidized housing units.

### **ADJOURNMENT**

There being no further business, the meeting adjourned at 8:38 P.M.

Cynthia Shaw and Andrea Zuniga  
Staff Clerks

(SEAL)

Approved:

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David Gray, Chair