

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 17, 2018

Final Decision Date Deadline: January 17, 2018

STATEMENT OF THE ISSUE: Members of the community have sent letters to the Rent Board and Rent Program staff members. Staff members recommend letters that do not pertain to a specific item on the Rent Board agenda be included as consent items for consideration by the Rent Board.

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

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|---|--|--|
| <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: RECEIVE letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100 – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

F-2.

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ITEM F-2 ATTACHMENT 1

Patrick & Maria Geoghegan, 453 19th St Richmond CA

November 12, 2017

RICHMOND RENT BOARD—Standard Rent Regulation & how to implement

Dear Richmond Rent Board,

We have been landlords for over 30 years in Richmond. The 8-unit (all 2 bdrms) apartment building at 453 19th St, is the building effected by the rent regulations. I'd like to provide you:

- some history regarding us..as landlords (historically low rents),
- our view on what the standard 'beginning' rent should be,
- our view on what percent below market is 'fair', and
- our view on how the increase should be implemented.

History

We have owned this building for over 30 years. We have had 1 tenant (Section 8) there for 30 years, 5 tenants from 10-15 years and the final 2 tenants from September 2015. We have consistently held our rents low, as we want long term, happy tenants. We fix things when requested by our tenants', have kept up the exterior, and in fact, have recently replaced the full kitchen & flooring in one of our long time tenant unit. (We want to do that to all of the units, but are delaying until we find out if we are able to raise the rents back to a fair rate.) Also, when the last recession hit, we reduced our rents because it was the right thing to do.

Beginning 3 years ago, we started to raise the rents, as they were so low.

In January 2015, we started to raise our rents from \$1,050/mo to \$1,150/mos.

In January 2016, we raised them to \$1,275/mos.

In September 2016, we raised them to \$1,500/mos.

We received no complaints from our tenants regarding the rent raises because they knew that the rent at \$1,500 was still well below market.

Standard beginning rent

We feel it would be fair to have the rent's rolled back to the 2015 HUD fair market rent plus each allowable rent increase already implemented for 2016 & 2017 or approximately 7%. The HUD website is:

https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2015_code/2015summary.odn

The 2015 HUD fair market rent, for a 2 bedroom rent was \$1,585, plus the allowable rent increase, or \$1,695.

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Note that the 2017 HUD fair market rent is \$2,173.

What percent below market is fair?

Let's look at the percentage below market if we are to use the 2017 HUD rent & the 2015 HUD rent (adjusted for allowable rent increases for 2016 & 2017) for the calculation. It would be $1,695/2,173$ or 78%, translating to 22% below market. We feel 20% would be more acceptable. But are willing to begin here in good faith.

How the increase should be implemented?

Most of our unit rents are \$1,225. To reach the \$1,695 (plus, annual allowed increases), we suggest implementing a 15% increase annually until it reaches the full rent. That will take about 3 years.

We thank the Richmond Rent Control Board for allowing us to provide input on the implementation of standard rent regulations.

Sincerely,

Patrick & Maria Geoghegan

ITEM F-2 ATTACHMENT 2

From: Doss & Felix [mailto:doss_felix@yahoo.com]
Sent: Tuesday, December 12, 2017 1:52 PM
To: Rent Control
Subject: Attention: board members

To: Nicolas Traylor, Paige and the Richmond Rent Board
From: Ray Felix (owner 2719 Nevin 4-plex and other SFHs) and Jerrilee Doss (wife)

Mr. Traylor,

We very much appreciate being included in the brainstorming process for Richmond's Rent Board Regulations. We did not get to meet you in person at the December 4th meeting, but we were there.

We met some of the other landlords. None of the people in our group appeared to be greedy slumlords. They were all reasonable people caught in a bind or a potential bind. All have their own story. Each has his/her own special circumstances. Although we personally believe in the laws of supply and demand for setting the market, we now have rent control for the foreseeable future. In some cases the renters (of us who had historically low rents) may find themselves with higher rents as we have been given a wake-up call and are now finding ourselves negotiating for our rights.

You may hear Access Property Management's name coming up often. We have used them since the 80's. Jan and Ernie manager 350 units (per Jan's comment at another meeting we attended). For sure Jan and Ernie are not greedy. They get 6% of the gross. If they were greedy, they would have pushed us to higher rents. I think they like tenants to stay and stay. They have never suggested to us to raise rents. We have always had to initiate such. Since we both had to retire earlier than expected, we have been managing the properties ourselves mostly. Access collects the rents. Sometimes Access sends a repair person. Sometimes they send out letters. We are hands-on landlords. We have done much of the work at the properties over the past 30+ years. As we are getting older, the labor costs will rise as we should likely stop climbing ladders and getting on the roof at some point. Our costs will be much higher soon.

The rent roll back to 2015 is plainly unfair. I believe that you believe this too. This is why you have included the **historically low rents** in your main topics of conversation. Whereas we may not wish to jack up the rent to market rate/ our maximum allowable, we should be able to do so. We may wish to raise the rent in semi-annual/annual increments to try to bridge the gap - in addition to the 3% COLA.

1. We believe maximum allowable rents should be fair and level for everyone. The landlords we met were not greedy. They were "nice" people. They have tried to offer a good place to live to lots of people. They were just unhappy about getting stuck with rents too low and properties unsellable because rents control the asset value.
2. There are many ways to pick a standard by which to calculate. Google search shows sites like www.rentjungle.com show historical data for Richmond rent trends. It gives rents for 1 BR, 2BR and all beds averaged out. We have a print out with data from 2011 to 2017 by month. It shows June 2015 = 1BR \$1590, 2BR \$1998, and all BR \$1893. Another suggestion was using Section 8 pricing. Historically, Section 8 was low, now it is competitive. As we said, setting the base rent of \$2000 (or another number) for a 2 BR unit does not mean this group of landlords will instantly raise the rent and displace our tenants. If history is a predictor, it will be a long time for us to get there. We have relationships with our tenants. The higher base allows our assets to be valued

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fairly and thus be sellable at a fair price should we decide to sell them. If we sell them, you get a higher tax base. It is the way things work.

3. We landlords don't want you to spend months and millions of dollars coming up with a fair number by hiring some consultant. I am sure some of us would be happy to gather information for you at no cost. Trying to calculate a \$/sq ft + amenities + nearness to transportation + nearness to shopping will prove to be a nightmare calculation. The tenants have always been aware of such and base their decision to rent or not rent on these items. The base rent should be simple. There will be outliers, of course, but I don't think you can calculate all of these.

Pass through of costs is a necessary line that should be included in all fees, licenses, taxes, bonds that are for the properties. There is no reason these should not be just part of our general budget. It should not be a way for the city or state to get more revenue from a select few. If a bond gets voted in, it should be equally split to all parties enjoying the upgrades. We were paying 7 school bond funds for every property. We sent out kids to St. David and Salesian(private Catholic). We got no use out of the bonds. We are happy to pay our fair share. We believe in supporting public schools and infrastructure, but we should not pay the share for all the families we house. We already pay taxes on the income.

Fair Rate of Return and **Capital/Building improvements** for upgrades and repairs is necessary piece to rent controlled units. Without this we will have difficulty maintaining a good standard of living for the tenants as well as ourselves. Fair rate of Return is meaningless if the rents are stuck below a fair level. We will just fall further and further behind. We will be unable to sell the building at a fair price. Our kids may be stuck with an albatross.

Increases and Decreases in Services and Habitability are controls for slumlords. We are Johnny-on-the-spot landlords. Most of our tenants have our home or cell number. They often bypass the call to Access Property Management. We fix leaks, clogs, appliances, etc within hours if possible. For sure we have made a call to schedule a repair within hours. The coin op laundry on site has a phone number posted. Tenants schedule the repair themselves whenever there is an issue. Our tenants never want to move. We had our last vacancy in mid 2015 when we had to ask a Section 8 tenant to leave. She had not been current on her portion of the rent for years. She had a drug selling grandson who was making life awful for the entire building. We had to gut their apartment. They had vandalized the plumbing. The filth was intolerable. The smell was intolerable. We left the unit open a little extra long as we needed to redirect the drug traffic. Knock, knock, knock "Is Crystal home?" We worked with Richmond Police, they were very helpful. We had multiple people begging to move in - never had to advertise the unit. This part of the rules should have no bearing on us or any of the "nice" landlords we met.

SUBLETTING - Tenants should not be allowed to sublet without landlords knowledge or consent. We have no way of providing security to the other tenants if we don't know who lives there. We have no contact info for subletting individuals. We would not be able to inspect. This would decrease the ability to maintain a safe, pleasant and healthy environment for all. It is also not fair if a tenant pays us \$1000 and sublets a unit for \$2000. There could be 12 people in there. We pay for water and garbage. Other tenants and their guests have to scramble for parking. They have to deal with noise. They share laundry facilities. It would make our good tenants lives' miserable. Our tenants had to deal with the drug dealing relatives of our previous section 8 tenant. It was awful. There was trash. There was urine and feces between cars in the carport. The

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mail carrier commented that she was "tired of stepping in piss". We found used condoms and clothes in our gas meter alcove. There was noise and traffic. There were babies and baby daddies and baby mommas dragging kids through this awful environment. There was theft and vandalism. There were people sleeping in the laundry room. They stole clothes. They stole the quarters in the machines. Once they used a sawzall to cut the top off the machine so they could get to \$20 in quarters. \$500 damage and a couple of hours work for \$20. The tools to do the job must have been stolen as they cost more than the profit. The police were helpful. We were diligent. The tenants all have nice neighbors now. We owe it to ourselves and our other tenants to have some control.

Many months ago we looked on Craigslist and realized we were \$60,000/yr in rents below the neighbors/nearby available housing units . We do not wish to put our renters out. We have relationships with these people. We don't plan to move the rents to market rate all at once or in the foreseeable future, but things must be fair. If there is to be rent control, the base rent should be equivalent for all. We should be able to make our decision of where we give discounts just as we make the decisions where/when/if we donate our money.

If you go in our units, some look great and some look scary. The difference is tenant housekeeping /abilities/understanding of maintenance. All our properties have good roofs, good drainage, good windows, good infrastructure, good security and as much curb appeal as we can manage. All of our tenants moved into fresh paint, new or clean almost new carpet, new or almost new clean appliances, nice window coverings, freshly changed locks, etc. Some people are clean and tidy, some people are not. We have been cited by the inspectors for tenant caused housekeeping issues. We try to guide the tenants . Last month we had a new frig delivered to a dirty unit/long term tenants. We went before the delivery men came. Under and behind the frig had not been cleaned since the unit was rented. We got down on hands and knees and scrubbed the area clean while the tenants looked on. They had forgotten how the original floor looked and that it cleaned up to look nice. We showed them how to get the grubby hand prints off the walls. We left them cleaning supplies. Their carpet is about 2 years old (we changed it for them while they occupied the unit). It has never been vacuumed and has lots of food spills as they watch TV while they eat in the living room. We do the best we can. We have had tenants ruin nearly new appliances many times by not understanding the basics. We have had vanity tops melted by unattended cigarettes in non-smoking units. Batteries are continually removed from smoke and CO monitors. We are changing to the sealed units. We try to assist and educate. Essentially, it feels like we are head-of -household to many groups of people. We should not have to subsidize their rents as well based on some arbitrary date or rule.

Thanks for including us,

Jerrilee Doss and Ray Felix , 510-236-7430, doss_felix@yahoo.com

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