

**CITY OF UNION CITY
MINUTES
FOR THE MEETING OF THE
RENT AND TENANT TASKFORCE
MONDAY, NOVEMBER 7, 2016
7:00 P.M.
RUGGIERI SENIOR CENTER, DINING ROOM
33997 ALVARADO-NILES ROAD
UNION CITY, CALIFORNIA**

I. ROLL CALL:

Present: Duru Ahanotu, Abigail Andrade, Chris Cara, Timothy Conde, Remy Fortier, Dorothy Jackson, Chunchi Ma, Bill Mulgrew, Anna Nunez, Marjorie Rocha, Tony Samara, Jamie Sessions, Chung Wu

Absent: Annie He and Ian Palavi

Staff: Joan Malloy, Economic and Community Development Director; Kris Kokotaylo, Deputy City Attorney; Alin Lancaster, Housing and Community Development Coordinator; Lorena Gonzalez, Administrative Assistant

II. APPROVAL OF MINUTES:

The regular Taskforce minutes for October 03, 2016 were approved with corrections.

III. UNFINISHED BUSINESS:

A. Additional Data

Alin Lancaster, HCD Coordinator, gave a presentation on the request for data from the previous meeting.

Chung Wu - asked if income statistics were nominal rate of increase or real rate of increase. Real rate of increase is subtracting inflation.

Alin Lancaster responded that the income listed may have been adjusted for inflation but the calculated percentages from year to year, are not.

Bill Mulgrew - asked if any housing projects were in the pipeline.

Joan Malloy - responded that a multi-family project with approximately 36 units is going into construction on Union City Blvd. A multi-family/townhome project on Alvarado-Niles Road with 63 units is in the approval process. There are 243 rental units under construction in the Station District. There is a preliminary application for an additional 400 rental units, also in the Station District. That is about 800 housing units coming online in the next 1-4 years, pending approvals.

Tony Samara - asked what the percentage of the housing projects in the pipeline are affordable housing.

Joan Malloy - responded none of the housing units in the pipeline are affordable housing. The last affordable housing project built was 157 family units in the Station Center.

Kris Kokotaylo - responded that under state law the city cannot enforce its affordable housing ordinance on rental projects. The affordable housing ordinance can only apply to new ownership housing, where fifteen percent (15%) of new units must be made affordable.

Chunchi Ma - requested data with the population growth to be overlaid with the number of building units over the past 10 years.

Chung Wu - requested data of the housing projects in the pipeline for neighboring cities.

2016 data on displaced/homeless students within the New Haven Unified School District (NHUSD) was presented. Additionally, data from the Lucille Packard Foundation on student homelessness in 2014 was presented. This new data was added after the agenda packets were published. It included the school districts in Alameda County and what percentage of their population were considered displaced and/or homeless.

Abigail Andrade - stated that the number from the New Haven Unified School District data, are students or families that have been identified as displaced by the schools. There are countless number of students and families that go unreported. The students identified, have either told a teacher or a counselor. They are then taken to the enrollment center and classified as displaced.

Chunchi Ma – gave an example of an eviction in one of his units. The family had two teenagers that did not go to school, they were in a gang. Police came to the property daily for stolen cars and defacing property. Those tenants were evicted. He asked in that case, would those teenagers be classified as displaced?

Alin Lancaster - responded that she didn't know if that family was included in the NHUSD data however she noted that many of the families participating in the CAREEvan Program, the safe parking program for displaced families in the NHUSD, have elementary and middle school aged children.

Chunchi Ma – further explained that the tenants were seventeen and actually gang members. They were young criminals, he had to kick out.

Alin Lancaster – clarified that the Taskforce was presented with two different reports/analysis on displacement and so in order to give greater context to those reports, staff was able to obtain some Union City specific data on displacement. So that is why the NHUSD data was presented.

Chung Wu - requested to look back at the income statistics on the Census data. All the numbers from the Census website were after inflation adjustment. If we are comparing after inflation data, that would make the income growth lower. When looking at rent increase if it is before inflation we also have to look at income inflation in the same way.

Anna Nunez - asked if Measure A1 were to pass, the nine million dollars that would be allocated to the City of Union City would it be restricted to new homes.

Alin Lancaster - responded that the nine million from Measure A1 could be used to build, acquire or rehabilitate affordable rental housing. It cannot be used for a rent subsidy program.

Chunchi Ma - requested his comment be on the record. When you go to income, a lot of people look at the percentage and then you have to relate it to the base number. For

example, you have the salary income of \$80,000 you have two percent that is \$1600 a year but you have a rent that is much lower base. Let's use the number \$1800 and assume a four percent rent increase. From the percentage side it is double of the wage increase but it is only \$864 half of the wage increase. You have to look at the base if you have a smaller base you are fooled by the actual percentage because it looks so big.

IV. PUBLIC COMMENTS:

Nazar Elwazar - San Francisco resident-stated he was here on behalf of landlords. He wanted to express his concern regarding any form of rent control that is being debated. Rent control is ineffective and truly a counterproductive housing policy measure. It goes against the basic law of economics which is based on supply and demand. It treats housing like a public utility which in term harms the owners of real estate and the renters. Numerous examples exist across the country over the past 40 to 50 years that rent control really does not work. It works in the short term, it works on a very small timeframe but in the long run the effects can be devastating. Rent control inhibits investment in new product, the rehabilitation of existing product and the capacity to redevelop existing buildings and existing spaces that are under-utilized that can truly serve as some sort of housing. Through rent control, you get direct effects of deterioration of existing housing. Supplying housing is a business. If you don't incentivize an owner of a piece of real estate to take care of it and if they are barely breaking even, they are not incentivized to fix things. Real estate is a depreciating asset. When things break, you need money to fix them and if you don't make money in the first place, it becomes impossible to fix them.

Bill Wu - San Jose resident, suggested that another important statistic to look at is the cost of property ownership. The major reason for rent increase comes from increases in home prices. For example, he recently purchased a rental property in Union City and his loan is costing him \$1900. He is renting the property out and is not breaking even. If you compare the housing price in 2009 to today, the property price has almost tripled based on the unit he purchased. The increase of rent is a result of the growing economy.

Mike Chu – Fremont resident that owns property in Union City, stated that rent control reduces incentives for people to develop housing. Cities like Berkeley and San Francisco have rent control. They also have the highest rents in the Bay Area. He owns property in Berkeley and if he tried to build new units they will be under rent control and that discourages him from building them. He believes the solution is to build more housing. The shortage in housing is the cause of rent increases. He doesn't think rent control is a good, long-term solution. In the last ten years there has been little development of new units and that is compounding the issue. He would like the Taskforce members to think of a long-term solution instead of a short-term solution. Rent control discourages landlords from doing maintenance and will reduce the quality of the housing stock.

Adeles Fan – A small housing provider, stated that she attended the first meeting and when rent control is discussed the landlord is put in the evil position. Landlords are only housing providers and help society by providing more housing. Based on her experience she always selects local tenants for her rental units. She has a two bedroom one bath unit for rent and had to drop the rent twice. It has been two months and she still does not have a qualified candidate. The longer it is put on the market the higher her costs. She needs to pay for the mortgage, utilities, insurance and property taxes. The property taxes will be due in December and landlords have big costs to operate a small business.

V. PRESENTATIONS:

A. Initial Voting on Tenant Protection Measures

Alin Lancaster, HCD Coordinator, presented various tenant protection measures for the Taskforce members to vote on.

VI. TASKFORCE DISCUSSION:

A. Initial Voting on Tenant Protection Measures

The Taskforce members voted on initial measures. The voting results will be presented and discussed at the next Rent and Tenant Taskforce meeting on November 21, 2016.

Tim Conde - asked how many of the items that they were going to be voting on were eligible to single family homes.

Alin Lancaster - responded that single family homes were not eligible for rent control but all of the other items, could be eligible.

Tony Samara - asked if the voting today was going to be the first of a number of votes.

Alin Lancaster - responded that this voting is the first of many. This is not the final vote and Taskforce members that are absent today will be asked to send their vote in. For the final vote, Taskforce members must be present at the meeting or coordinate with staff ahead of time to teleconference in.

Duru Ahonotu - asked in the sections where there were multiple options, if they could vote in favor or oppose to all the options.

Alin Lancaster - responded they could vote for any option.

Dorothy Jackson - asked if a minimum lease term could be applied to any unit.

Alin Lancaster - responded that a minimum lease term could be applied to any unit.

Dorothy Jackson - asked under tenant harassment, what was meant by fraud.

Remy Fortier – provided an example of fraud. She has had landlords who purchase property and say they are going to owner-occupy in order to get a low-paying tenant out of the unit. Once they get the low paying tenant out of the unit, they don't live in the property and no one enforces that. It is a way to get the tenant out so they can then charge market rate.

Duru Ahonotu - made an observation that a lot of the options were punitive in nature, and from the ordinances reviewed, nothing was an incentive for the landlords. What options were incentives to allow relationships between tenants and landlords to flourish, rather than being punitive.

Joan Malloy - responded that she believed from the alternatives presented, the mediation process would be the closest. It brings tenant and landlord to come together and have a conversation about the rent increase being requested and why it may or may not be justified.

Tony Samara - stated that he didn't feel the options being presented were punitive.

Marjorie Rocha - commented that ideally mediation is when two parties come together to a mutual meeting. The parties talk to the mediator and then they talk to each other. It was mentioned earlier what is in it for the landlord, and a true mediation is where two people get together and craft a mutually agreeable solution to the problem. As Joan said, that is the closest thing to everyone coming to what they want.

Dorothy Jackson - has been managing property in Fremont for a number of years and Fremont has a non-binding mediation. Just having that has made a lot of difference. She thinks it really solves a lot of problems because people knowing that if they increase the rent by a large amount, they are going to have to face mediation.

Tony Samara- Stated that the feeling he got from the Fremont tenant/landlord meetings that was that mediation was not helpful.

B. Other Alternatives

Duru Ahonotu - One proposed alternative to the banking of rent, is if the landlord decreases the rent it's included in the banking formula.

Remy Fortier - Stated that the amount of the rent control registration fee collected could be based on the profitability of the unit. The more profitable the unit is, the higher the fee.

Kris Kokotaylo - responded that it would have to be looked at but, under California law the fee could only be structured in a manner that the city could only recover its cost for providing the service. You could not have more profitable landlords subsidizing the less profitable landlords.

VII. ADJOURNMENT:

The meeting was adjourned at approximately 9:12 p.m.