ROLL CALL:
Present: Bill Kuhlman, Jean Shrem, Laura Maurer, George Gager, Eric Wright
Absent: Ilya Weber, Mark Figone, Santiago Cilley

Also, in attendance: Staff Liaison, Jennifer Peat; Affordable Housing Analyst, Aissia Ashoori; Councilmember Paul Fadelli; Chamber President, Jeffrey Wright; Jason Somer, potential future member; and two members of the public, Howdy Goudey and Robin Mitchell.

1. Staff/Council Liaisons Announcements and Reports - 7:10
Councilmember Fadelli reported on the most recent Council meeting regarding Tenant Protections, Transit Oriented Development at El Cerrito Plaza and the potential to bring back holiday decorations at the Plaza. Analyst Ashoori reported on the progress of the San Pablo Avenue Specific Plan Update and the Lafferty Properties, Village 29. Liaison Peat reported on the upcoming Bike to Work Day in May, the Mardi Gras event at the El Cerrito Royale and an MCE hosted workshop for minority business owners.

2. Comments from the Public on Non-Agenda Items - 7:30
Nothing

3. El Cerrito Chamber Updates – 7:35
Chamber President Wright reported on the development of the Chamber of Commerce Strategic Plan and a Chamber member survey that went out in February. Aissia Ashoori, Chamber Secretary, reported on the upcoming mixer at Chop Salon.

4. Approval of the Minutes – 7:40
Shrem moved to adopt the January 24, 2019 meeting minutes, Gager seconded. Maurer abstained. All in favor. Minutes were adopted.

5. Tenant Protections – 7:45
Ashoori provided an update on the February 19 Council meeting regarding Tenant Protections. Jason Somer, Howdy Goudey and Robin Mitchell, members of the public, spoke on Tenant Protections and Robin Mitchell provided an information packet (attached) to the subcommittee. Kuhlman made a motion to form a subcommittee to study Tenant Protections. Maurer seconded. The vote was unanimous. Kuhlman made a motion to nominate Shrem, Gager and Wright to for the Tenant Protections subcommittee. Wright seconded. All in favor.

6. Business Recognition – 9:00
Liaison Peat will provide information on previous version of Business Recognition Program. Shrem and Wright will continue to work on developing a system to recognize El Cerrito businesses.

a) Treasure Hunt
   Nothing to report.

b) Economic Development Metrics Prioritization Update
   Nothing to report

c) Ohlone Greenway Wayfinding Signs for Businesses Update
   Liaison Peat will provide committee with more information from the existing signage and wayfinding programs.

8. San Pablo Avenue/New Business Updates – 9:20
   Nothing to report.

9. Committee Member Updates and Discussion of Future Actions and Agenda Items – 9:20
   Upcoming items to include continued discussion of the Economic Development Metrics, the El Cerrito Treasure Hunt, El Cerrito Restaurant Week and Tenant Protections.

10. Adjournment – 9:25

   Any writings or documents provided to a majority of the Economic Development Committee regarding any item on this agenda will be made available for public inspection at City Hall - 10890 San Pablo Avenue, El Cerrito during normal business hours.
TO: El Cerrito Economic Development Committee
FROM: Robin Mitchell and Howdy Goudy
RE: Tenant Protection Discussion
DATE: 2/28/2019

We understand that you are going to create a subcommittee to study the issues before the El Cerrito Council about Tenant Protections and potentially present them with recommendations.

Here are a few resources for your subcommittee to research as well as some ideas for discussion points.

**City Documents to review:**
  - Established implementation program H.6 to consider “Good Cause for Eviction” ordinance by 2016
  - Established implementation program H.4 to evaluate policies to address the displacement of lower income residents
- El Cerrito Affordable Housing Strategy adopted by the City Council August 15, 2017 [https://www.el-cerrito.org/506/Affordable-Housing](https://www.el-cerrito.org/506/Affordable-Housing) (link to PDF is 4th bullet)
  - Figure 3 (excerpted from the Housing Element Update) from that report indicates that
    - 46% of El Cerrito Renters are spending 30% or more of income on housing
    - 26% of El Cerrito Renters are spending 50% or more of income on housing

<table>
<thead>
<tr>
<th>Figure 3: Household Income Levels and Housing Cost Burden</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Households by Income Category, 2010</strong></td>
</tr>
<tr>
<td>(% of AMI)</td>
</tr>
<tr>
<td>Extremely Low Income (&lt;30%)</td>
</tr>
<tr>
<td>1,030</td>
</tr>
<tr>
<td>10%</td>
</tr>
<tr>
<td>Low Income (31-80%)</td>
</tr>
<tr>
<td>1,135</td>
</tr>
<tr>
<td>12%</td>
</tr>
<tr>
<td>Contra Costa County</td>
</tr>
<tr>
<td>41,650</td>
</tr>
<tr>
<td>11%</td>
</tr>
<tr>
<td>Median Household Income (2015)</td>
</tr>
<tr>
<td>$88,737</td>
</tr>
<tr>
<td>$80,165</td>
</tr>
<tr>
<td>Households Spending 30% or More of Income On Housing</td>
</tr>
<tr>
<td>(Cost Burdened)</td>
</tr>
<tr>
<td>Renters</td>
</tr>
<tr>
<td>1,843</td>
</tr>
<tr>
<td>46%</td>
</tr>
<tr>
<td>Owners</td>
</tr>
<tr>
<td>1,600</td>
</tr>
<tr>
<td>29%</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>3,443</td>
</tr>
<tr>
<td>36%</td>
</tr>
<tr>
<td>Households Spending 50% or More of Income On Housing</td>
</tr>
<tr>
<td>(Severely Burdened)</td>
</tr>
<tr>
<td>Renters</td>
</tr>
<tr>
<td>1,045</td>
</tr>
<tr>
<td>26%</td>
</tr>
<tr>
<td>Owners</td>
</tr>
<tr>
<td>705</td>
</tr>
<tr>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>1,750</td>
</tr>
<tr>
<td>17%</td>
</tr>
</tbody>
</table>


- El Cerrito Human Relations Commission resolution presented to the El Cerrito City Council December 18, 2018 (attached)
Issues to ponder

- Letter (to Robin) from El Cerrito Physical Therapy office (PT Innovations) local business:
  - Raising rates: “we have lost several staff to the local rents which have skyrocketed 20% a year for the last 4 years, and the current housing prices are now beyond the reach of 80% of my new employees”

- Prop 10, a ballot measure to repeal Costa Hawkins, failed at a state level but passed in El Cerrito, by a larger margin than our local Measure V Transfer Tax Measure

- Power Imbalance between landlords and tenants
  - There is an inherent power imbalance right now in El Cerrito, between landlords and tenants, because tenants have no protection from bad landlord practices.
  - California Apartment Association has been inundating City Council meetings and study sessions with landlords (many not in El Cerrito) who then present misinformation (see the Tenant’s together comment below for the counter arguments to virtually every comment heard at the City Council meetings). They have a lot of money and are working hard to prevent El Cerrito from providing any tenant protections.

- Return on investment
  - Landlords are arguing that they should be able to charge any rent that they want.
  - They are expecting (feel entitled to) a 20%+ annual return on their investment – is that reasonable? What other investments give that rate of return?

- Mom and Pop landlords
  - There has been a lot of discussion about El Cerrito’s “Mom and Pop” landlords, implying landlords with only a few units, or possibly single family houses. It is good to have small landlords but there is no reason they should be held to a different standard than any other landlord. Tenant protections are about addressing negative and damaging behaviors.

- New Development
  - The argument has been made that our tenant protections should not be applied to new development because it will discourage developers from building in El Cerrito.
    - Do we want to encourage “bad actor” developers building new units who are depending on access to >20% increase per year to support their business model? This is only setting up future El Cerrito residents for insecurity and displacement.

- Price Gouging
  - How many businesses do you own, work in, or know that could raise prices 20% / year (which is what is happening in El Cerrito) and not be accused of price gouging?

- Economics of housing
  - Housing is “inelastic”, unlike classic supply and demand economic theory, because the burden of changing where one lives is so high that people will sacrifice paying many other things (which they shouldn’t have to do) in order to stay in place and not move.

- Rent stabilization can be good for local business
  - When tenants don’t have to devote exorbitant shares of income on housing, they have more disposable income to spend on local goods and services.
Other Resources
- CASA - The Committee to House the Bay Area
  https://mtc.ca.gov/our-work/plans-projects/casa-committee-house-bay-area
  - Sponsored by MTC (Metropolitan Transportation Commission)
  - Working on a regional plan for affordable housing
  - CASA Compact -- a 15-year Emergency Policy Package to Confront the Housing Crisis in the San Francisco Bay Area (downloadable from the link above)
  - The first two recommendations in the document are
    - Just Cause Eviction Policy
    - Rent Cap

- Tenants Together (statewide non-profit)
  http://www.tenants together.org/
  - Rent Control Toolkit
    http://www.tenants together.org/resources/rent-control-toolkit
  A few interesting takeaways from the document:
  - Page 10: Modern rent control does not permanently freeze rents. Rent stabilization establishes reasonable annual increases. Rent Control means that landlords cannot raise rents more than a small, reasonable percentage each year, based on a percentage of Consumer Price Index/inflation. **Rent control and just cause for eviction protections work best together.**
  - Page 12: **Rent control can be adopted with little or no cost to cities.** In fact, communities with rent control fund administrative costs through a small per unit fee paid by landlords.
  - Page 12: Why not just build-baby-build instead? Trickle-down housing policies don’t work. **CoStar, a real estate research firm, reported that of 370,000 multi-family rental units completed from 2012 to 2014 in 54 metropolitan areas, 82% were considered “luxury.”** Luxury housing is the new “market-rate.” Building housing for high-income people attracts more high income people, rather than lowering prices to levels affordable to low and moderate income people. In a gentrifying market, demand typically far outpaces what can realistically be built. High-income renters don’t just go for newer units, they demand older units too, and are able to outbid lower-income tenants.
  - Page 14: **Landlords must be able to receive a “fair return” on their investment under a rent control law.** This means that some kind of annual increase in rent is likely required.
• Page 16: No cities in California with rent control pay for rent boards through their general fund. These costs are covered entirely by fees paid by landlords and tenant pass-throughs. (The exception might be Richmond, CA)

• Page 25-27: Counterpoints to all the arguments you have heard from landlords at City Council meetings
  ○ Good landlords are unaffected by the restrictions because they already refrain from huge rent increases and arbitrary evictions
  ○ Mediation programs are a proven failure and do not address the problem of rising rents and evictions.
  ○ All landlords should follow basic practices like reasonable rent increases and only evicting for good reason. These principles should apply to landlords large or small.
  ○ Many people who rent will likely always be renters and they should be supported in wanting stability in where they live. We value long term tenure for homeowners; we should do the same for renters.
  ○ Rent control can be cost neutral for cities: Any costs to administer the program can come through a low per unit fee paid by landlords (and can be shared with tenants).
  ○ Means testing is a solution looking for a problem. Most renters are low-income, and in many cities have half the median income as homeowners. Means testing is also an administrative nightmare, costly, and results in invasion of financial privacy. Means testing will actually have the reverse effect and cause landlords to discriminate more against low income tenants (usually people of color) because landlords won’t want to rent their units out to them.
RESOLUTION 2018-XX

RESOLUTION OF THE HUMAN RELATIONS COMMISSION OF THE CITY OF EL CERRITO PROVIDING A RECOMMENDATION TO THE EL CERRITO CITY COUNCIL REGARDING TENANT PROTECTIONS

WHEREAS, the Human Relations Commission of the City of El Cerrito serves as an advisory body to the El Cerrito City Council; and

WHEREAS, the goal of the Human Relations Commission is to develop positive human relations through education, encouragement of greater respect and understanding among people, equal opportunity rights under the law, and recognition of the racial, ethnic, religious and cultural diversity of the community; and

WHEREAS, in 1989, after having participated in the Contra Costa County Human Relations Commission for over a decade and at the request of a resident task force, the City Council created the City’s own Human Relations Commission with such powers and duties the City Council specifies by ordinance, including the intent to educate, initiate, and encourage the community in eliminating all forms of prejudice and discrimination, give voice to the human rights needs of the community of El Cerrito, and advise the City Council on such matters; and

WHEREAS, the Human Relations Commission believes that the topic of tenant protections falls within its purview as the affordability of housing in our City is a measure of human rights, protects vulnerable and underrepresented populations, and affects the demographics and diversity of our community and is in keeping with this history of this Commission, which was originally founded as a result of a need for a more direct voice from the citizens on matters of human rights and equity; and

WHEREAS, it has come to the attention of the Human Relations Commission that tenants living in El Cerrito face significant barriers to making their voices heard at El Cerrito City Council meetings due in part to scheduling logistics, language barriers, and above all, fear of landlord retaliation, this Commission seeks to speak on their behalf through this resolution; and

WHEREAS, the Human Relations Commission considers inadequate the tenant protection tools that the City Council is currently considering as part of the City’s adopted Affordable Housing Strategy to fulfill Pillar B of the strategy to Reduce the Risk of Displacement and Help Stabilize At-Risk Populations; and

WHEREAS, the majority of El Cerrito renters spend more than 35% of their household income on rent; and
WHEREAS, research has found that those who spend more than 35% of their household income on rent are twice as likely to be hospitalized for hypertension and twice as likely to be hospitalized for mental illness\(^1\), and are three times as likely to develop mental health issues\(^2\); and

WHEREAS, research has found that children of housing insecure families have lower parental involvement in school, have lower rates of attentiveness in school, have lower rates of homework completion\(^3\), are more likely to engage in adolescent substance abuse, are more likely to experience teen pregnancy, and are 50% more likely to not graduate high school\(^4\); and

WHEREAS, research has found that one of the most effective ways to increase public health is to increase housing quality and decrease housing insecurity because of how directly housing insecurity has been found to impact physical and mental health\(^5\); and

WHEREAS, the City of El Cerrito strives to uphold its stated values of ethics and integrity, fiscal responsibility, inclusiveness and respect for diversity, innovation and creativity, professional excellence, responsiveness, transparency and open communication, and sustainability, the Human Relation Commission sees inadequate response to the current housing crisis as an unacceptable failure to embody these stated values on behalf of its citizens.

NOW THEREFORE, BE IT RESOLVED by the Human Relations Commission of the City of El Cerrito that it recommends to the City Council of the City of El Cerrito that it take the following actions with respect to housing policy:

1. Immediately establish "Just Cause Eviction" policies specifically detailing the only circumstances under which a landlord may evict a tenant; and

2. Immediately establish a temporary measure limiting rent increases to be within a certain percentage to protect tenants from rent gouging, which will be in place pending the adoption of rent control ordinances; and

---


3. Immediately establish a permanent citizen board or commission equally represented by citizen renters, landlords, and homeowners to advise the City Council on matters of housing; and

4. Immediately establish a citizen-led task force (separate from the above-described board or commission) specific to the topic of tenant protections to be in existence for the full duration of the time period in which the City Council and City Staff is researching, developing, and implementing the Affordable Housing Strategy, to work alongside the City of El Cerrito to provide a direct and consistent access point for citizen input and advisory on matters of tenants’ rights and protections, and

5. The above actions are to be utilized by the City Council as a means of information, education, and advisory regarding the full scope and impact of housing as a basic human right, with data and feedback to be collected and considered by the City Council at six month increments.