



# #Roof&Refuge for All in Concord!

The Raise the Roof Coalition

## Memorandum Assessing Concord's Residential Rent Review Program

**To:** Mayor Birsan, Vice-Mayor Obringer, Council Members Hoffmeister, McGallian and Leone  
Valerie Barone, City Manager

**From:** The Members of the Raise the Roof Coalition

(Monument Impact, Central Regional Group of First Five Contra Costa, East Bay Alliance for a Sustainable Economy, ACCE, CA Nurses Association, Faith Alliance for a Moral Economy, Central Labor Council of Contra Costa County, Ensuring Opportunity, Tenants Together, Concord Communities Alliance)

**Date:** November 26, 2018

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**Program Origins:** After hearing months of testimony from the spring through the fall of 2016 from dozens and dozens of tenants who were suffering skyrocketing rents and neglect by landlords of deplorable conditions in their homes, and going through a six-month formal “study session,” the City Council rejected the rent moratorium proposed by tenants themselves and the Raise the Roof Coalition, a coalition of community groups, worker organizations, and faith communities in Concord. Instead, the Council adopted a program that no tenants or tenant advocates had promoted, but rather one that the CA Apartment Association, a lobby group that promotes the interests of landlords, has widely recommended to cities throughout California: the Residential Rent Review Program which made mediation and then non-binding arbitration available for certain rent increases.<sup>1</sup>

**Program Fails to Deliver Real Protections:** In adopting this Program the Council recognized from abundant testimony that “the high cost of rental housing in Concord has created economic hardship for many tenants” (Concord Municipal Code §19.40.010). Recognizing the hardship tenants were suffering from high and ever-increasing rents, the Council passed the Program to “protect[] tenants from arbitrary, capricious, or unreasonable rent increases” (§19.40.010). Protection for tenants is exactly what is needed in Concord to alleviate the widespread hardship the Council acknowledged existed in our city. But a fair and thoughtful assessment of the Program must necessarily conclude that it fails to provide tenants with protection from skyrocketing rents or other arbitrary action by landlords. The reason for this failure is very simple: the program is non-binding, without any mandatory effect, so that landlords are free to impose whatever rents they wish, regardless of the Program.

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<sup>1</sup> “Balanced Solutions for Today’s Rental Market,” The CA Apartment Association slide-show presentation to Concord City Council, July 26, 2016.

**Mediation Fails to Prevent Unreasonable Rent Increases:** Nothing makes this defect in the Program clearer than the recent case of two tenants who resided in a building at 1185 Meadow Lane, Concord. In April of this year, their landlord, Skyy Properties, LLC, served notice that it was ***raising the rent on their units by \$850.00, an increase of 89%.*** Though the tenants had lived in this building for more than 6 years, and there was no suggestion that they were anything other than the best of tenants, efforts at conciliation and mediation failed, and the case went to an arbitration hearing before the Concord Rent Mediation Board on October 1, 2018. Following the hearing by the Board, the Board concluded that a rent increase of 34% was fair and reasonable. Though this was a significant increase in the tenants' rent, it was a sizable decrease in the amount the landlord had unilaterally imposed. But, despite the Board's careful attention to the facts of this case, there was ultimately no decrease at all in the amount of rent the tenants would be forced to pay to stay in their homes. Because the Board's conclusion was non-binding, the landlord simply dismissed the Board's conclusion and insisted on the full 89% increase it originally imposed. The time, energy, and City funds spent on conciliation, mediation, and arbitration had no effect whatsoever. The Program utterly failed to 'protect these tenants from arbitrary, capricious, or unreasonable rent increases.' Instead, the tenants lost their homes and were forced to move. Because the Board's decisions are non-binding, there is absolutely nothing to prevent this same result in other cases brought before it. The 'protection' the Ordinance aspires to is a mirage.

**Rent Mediation Fails to Work in Other Cities:** Concord's experience is identical to other cities: in a letter to the Concord City Council Carol Lamont, who has served as both Housing Director for the City of Fremont, and Administrator for the City of East Palo Alto's Rent Stabilization Program, contrasted Fremont's non-binding mediation process with East Palo Alto's Rent Stabilization and Just Cause for Eviction Ordinance limiting annual rent increases while insuring landlords a fair return. Ms. Lamont concludes that Fremont's mediation process had "no practical effect" and was a "mistaken approach," while East Palo Alto's ordinance provided "much more effective efforts to help stabilize rents and provide meaningful protections for the residents." There is no reason to believe Concord's experience will ever differ from Fremont's mistaken approach. Rather than persisting in an expensive program that's ineffective, Concord should learn from East Palo Alto's experience and provide residents with meaningful protection from relentless rent increases with rent stabilization and just cause eviction measures.

**Mediation Program does Nothing to Address Unfair or Arbitrary Evictions:** The ineffectiveness of Concord's Program extends to situations other than those involving rent increases. If a landlord in Concord wants to evict a tenant for a frivolous reason, or for no reason at all, the landlord is perfectly free to throw the tenant out of their home, regardless of how long the tenant has resided there, and regardless of how conscientiously the tenant has observed their obligations under the rental agreement. This reality was made bluntly clear when Betty Gabaldon, resident at 1127 Virginia Lane in Concord, and President of the Tenants Association in her building, was served with an eviction notice by the new owner of the building, Mauricio Carbajal. The notice did not state any reason for the eviction, so Ms. Gabaldon visited Mr. Carbajal's office to ask why she was being evicted from the home she and her 9-year old daughter had lived in for eight years.

When she asked Mr. Carbajal why he was evicting her, he responded, "In Concord there is no 'just cause' policy, therefore I do not have to give you a reason." Unfortunately, Mr. Carbajal is exactly correct: without a just cause eviction ordinance, landlords are free to act as arbitrarily and as harshly as Mr. Carbajal has. And now, though Ms. Gabaldon moved out of her home and out of

Concord on November 1, Mr. Carbajal is attempting to collect rent for the entire month of November from her. Nothing in the Mediation Program provides any protection against this kind of arbitrary eviction or collection action. The bitter irony is that Ms. Gabaldon has been a conscientious member of the Rent Mediation Board for the past year. But her public service makes absolutely no difference; like every other tenant in Concord, she is vulnerable to arbitrary action by her landlord. His decision to force her to leave Concord is a loss to our entire community, and his effort to collect rent from a period when she did not occupy her unit is gratuitously spiteful.

**Rent Mediation Fails to Prevent Wholesale Evictions:** The impotence of the Program to protect tenants from wholesale evictions was emphasized last month when PTLA Real Estate Group, the new owner of the Parkside Gardens Apartments, gave all 29 tenants a Notice to Quit, so that it could renovate the units and substantially raise the rents, beyond what the tenants, many of whom had lived in the Apartments for years, could afford to pay. PTLA prides itself on its support for affordable housing, proclaiming on its website, “Our team is passionate about helping families find stable, affordable housing in our community as the first step in helping these families thrive.” But many of its former tenants will no longer be able to live or thrive in our community after being evicted by PTLA. Once again, the Rent Mediation Program was irrelevant to these evictions, providing absolutely no protection from the landlord forcing these tenants to leave their homes.

**City Funds Can Be Better Spent:** In its Report of July 25, 2017, Staff estimated the cost of the Rent Mediation Program as \$132,000 per year. Given the ineffectiveness of the Program to protect tenants, or alleviate the hardship they face from rising rents and unjust evictions, this money is being wasted. The Council should end the program and put these funds to better use for real solutions that actually protect the 43% of Concord residents who rent, such as implementing just cause and rent control, and legal representation for those who are unfairly evicted.

**Growing Crisis Displaces and Destabilizes the Concord Community.** Since we first asked the Council to enact a rent moratorium, Concord has lost many valued residents like Betty Gabaldon and the former occupants of Parkside, who, through no fault of their own, have been forced from their homes and the security and support of a familiar community. The hardship the Council recognized when it passed the Rent Mediation Program in 2017 persists and has grown more severe, while the Program continues to demonstrate its ineffectiveness and its irrelevance. The City Council has the power to provide the necessary protection to reduce displacement and prevent the hardship suffered by tenants who lose their homes. We fervently hope that the Council will no longer delay, but give priority to enacting a just cause eviction ordinance and a rent stabilization measure to prevent this ongoing suffering and preserve our community’s stability.