



Minutes of the Educational Housing Corporation Board Special Meeting

August 18, 2020

ZOOM Webinar

Attendees:	Absent:
Dennis McBride, President	
Maurice Goodman, Vice President	Other Attendees:
Peggy Berlese, Treasurer	Michael Claire
Jonathan Wax	Mitchell Bailey
Kate Williams Browne	Michael Kenny
Karen Schwarz	Caryn Kenny
Michael Pierce	Carina Warne

Call to Order and Roll Call

The meeting was called to order at 3:03pm. Members in attendance are listed above.

Public Comments on Non-Agenda Items

None

ACTION ITEMS

Consideration of Modification(s) to Annual Rent Increase Schedule

Mr. Bailey presented a report requesting the Board to review the annual increase schedule. Mr. Bailey noted that in June 2019, the Housing Board adopted a rental increase schedule which calls for annual increases to be reviewed for all units at both College Vista and Canada Vista. In the schedule, resident rents are increased by varying amounts based on the size of their unit.

Below is a table of increased amounts for last year and proposed increases for this year:

Unit Size	2019/2020 Monthly Rental Increase	2020/2021 Monthly Rental Increase
1 bedroom	\$71	\$77
2 bedroom	\$77	\$85
3 bedroom	\$52	\$61

Mr. Bailey noted that Cañada Vista residents have been receiving a monthly rent concession of \$150 (due to ongoing construction) and refunds of fees for amenities (garage, view, etc.) that are unable to be used during construction. This has resulted in \$200 - \$300 in rental concessions for some residents.

Last year, the Board approved the increase of monthly rental rates for all units, however, at Cañada Vista, the increased rent was not collected due to construction. Construction is anticipated to be completed in the coming months, at which time, the rental concessions will end and resident rents will be adjusted to the 2019/2020 rates. Also, on October 1, 2020 an additional increase is due to be reviewed per the schedule referenced above.

Mr. Bailey asked the Board to consider three options outlined in the Board Report when reviewing the rental increase schedule. The three options outlined are to 1) implement no modifications to the schedule, 2) implement a stair step approach to rent increases or 3) freeze the rental increase schedule.

Mr. Pierce said he supports the proposed rental increase schedule. He said delaying increases in rental rates only increases the gap between low-income and market rate rents. He also said the market is seeing a 15-20% increase in insurance fees for property and casualty coverage due to many recent natural disasters.

Mr. Bailey said the District is also experiencing a 20% increase in insurance rates. The increases are widespread. Mr. Bailey also noted that an insurance increase was included in the proposed budget for 2020-2021.

Mr. Goodman asked the Board to consider the impact of rental increases on employees. Due to COVID-19, the timing of a rental increase is not optimal. He asked that the Board consider rental increases possibly 6-12 months from now. Mr. Wax agreed with Mr. Goodman's comments, noting that now is not a good time for rental increases.

Mr. McBride noted that the last time rental increases were reviewed, current rents at College Vista and Cañada Vista were at 37% of the market rate. The Board's original objective was to increase rents gradually over a number of years to reach the 60% of the market rate, but then the Board modified its direction and decided to use San Mateo County's below market rate as a target.

Mr. Pierce looked up San Mateo County's 2020 very low-income rental rates and reported current rates are: \$1,522 for a Studio, \$1,631 for a 1 bedroom, \$1,957 for a 2 bedroom, and \$2,262 for a 3 bedroom. Mr. Bailey said the very low-income rental rates are the rates that were used in past calculations. Mr. Pierce noted that these numbers are reported by the U.S. Department of Housing and Urban Development (HUD) and the San Mateo Housing Authority. The very low-income rental rates are considered 50% of the housing market's median.

Mr. Pierce noted that, from a property manager's perspective, revenue growth over time is good for the health and maintenance of the facilities. He said the Board has continually delayed rent increases and at some point, there needs to be an increase to preserve the quality of the physical assets.

Mr. Claire commended the Board for the thoughtful conversation and good intentions surrounding this topic. He said increasing rent during COVID-19 is not favorable, but he does support implementing a stair step approach to rent increases in the future.

Mr. Goodman suggested an alternate course of action, proposing that current resident's rent be restored to the 2019/2020 rate and remain "frozen" for 1 year and use an increased rate for new residents. He proposed discussing the stair step approach to rent increases, to move closer to the San Mateo County very low-income rental rate, at a future meeting.

Ms. Schwarz said that current residents and future residents are all District employees and she is sympathetic to the added hardship that would be placed on an employee with a rent increase.

Ms. Browne suggested the following:

- 1) Cañada Vista monthly rent concessions end (due to construction completion) and fees for amenities (garage, view, etc.) be reinstated.
- 2) Cañada Vista monthly rental rates increase to the 2019/2020 rate using a stair step approach with increases every 6 months.
- 3) New tenants pay the 2020/2021 increased monthly rental rate
- 4) College Vista monthly rental rates “freeze” for the time being

It was moved by Ms. Browne and seconded by Mr. Goodman to approve the above changes to the annual rent increase schedule. The motion carried with all members voting aye except for Mr. Pierce who voted no.

Adjourn

The meeting was adjourned at 4:16 pm.