

Rent Stabilization Board

## RENT STABILIZATION BOARD

DATE: October 21, 2021  
TO: Honorable Members of the Rent Stabilization Board  
FROM: Matt Brown, Acting Executive Director *MB*  
BY: Allison Pretto, Senior Management Analyst  
SUBJECT: Request for waiver of late registration penalties

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### **Recommendation:**

That the Board approve the attached recommendations.

### **Background and Need For Rent Stabilization Board Action:**

The Board's penalty waiver process is governed by Regulations 883, 884 and 885. Regulation 883 lists the grounds for administrative waivers. In accordance with Regulation 884, the Executive Director reviews waiver requests that do not meet the criteria for an administrative waiver. Regulation 884 lists 12 categories, which will require a review of the totality of the circumstances by the full Board prior to granting any waiver request. Waivers that require a review of the totality of the circumstances are listed below as "Discretionary Waiver." If none of the 12 listed categories apply to the property, the waiver shall be granted/denied in a ministerial manner, based upon the formula outlined in Regulation 884(C). The Board may only alter these ministerial waivers if staff has incorrectly applied the criteria listed in Regulation 884 (B)(1-12).

**Ministerial Waivers**

In accordance with Regulation 884, the Executive Director reviews waiver requests that do not meet the criteria enumerated in Regulation 883. The following waiver request will be decided ministerially, unless the Board has reason to believe the underlying basis of the recommended assessment is inappropriate.

Waiver	Property Address	Owner	Penalty Assessed	Penalty Waived	Penalty Imposed
5001	2423 Haste Street	First Church Foundation	\$4,000	\$2,400	\$1,600
5002	1400 Oregon Street	Shirley Covington	\$1,750	\$1,400	\$350
5003	1418 Spruce Street	Michael Kiparsky	\$712	\$570	\$142
5008	1525 Delaware Street	Jay Smith & Andrea Paulos	\$250	\$200	\$50
<b>TOTAL</b>			<b>\$6,712</b>	<b>\$4,570</b>	<b>\$2,142</b>

**Financial Impact: Ministerial Waivers**

Approval of Acting Executive Director's recommendations will decrease the Board's current accounts receivable by **\$4,570**.

**Discretionary Waivers**

For the waiver requests listed below, staff recommendations are attached and presented to the full Board for its approval. With respect to these cases, the determination of good cause to waive some or all of the penalties depends on the totality of the circumstances.

Waiver	Property Address	Owner	Penalty Assessed	Penalty Waived	Penalty Imposed
4990	3143 Ellis Street	David Desko	\$1,500	\$380	\$1,120
5000	1518 Harmon Street	Jose, Gracela & Angel Perez	\$336	\$336	\$0
5004	3144 King Street	Nara Group LLC	\$4,000	\$2,000	\$2,000
5005	2521 Regent Street	EMC Management LLC	\$170	\$170	\$0
5006	1300 Delaware Street	1300 Delaware Street LP	\$18,730	\$11,240	\$7,490
<b>TOTAL</b>			<b>\$24,736</b>	<b>\$14,126</b>	<b>\$10,610</b>

**Financial Impact: Discretionary Waivers**

Approval of Acting Executive Director's recommendations will decrease the Board's current accounts receivable by **\$14,126**.

**Name and Telephone Number of Contact Person:**

Matt Brown, Acting Executive Director  
Rent Stabilization Board  
2125 Milvia Street, Berkeley, CA 94704  
(510) 981-7368

**City Of Berkeley  
Rent Stabilization Board**

**Recommendation on Requested Waiver of Registration Penalties**

<b>Waiver No: 4990</b>	<b>Property address: 3143 ELLIS ST</b>	<b>Transferred: 10/07/1992</b>
<b># of Units: 2</b>	<b>Exempt units (as of October 2021): Unit #NA - Owner Use</b>	
<b>Owner(s): DAVID DESKO</b>		<b>Waiver filed by: Bernice Gross</b>
<b>Other Berkeley rental property owned: None</b>		

**Late payment/penalty history:** The property is a duplex. Both units had been claimed exempt since 1994 as "Owner Occupied." The property is owned by David Desko, who has an agreement with Bernice Gross under which they both consider her to be an owner despite the fact that Ms. Gross is not on title of the property, and therefore does not have a recorded interest. In June 2021, Ms. Gross contacted a counselor at the Rent Board. During the course of the call she indicated that one of the units has been rented for more than a decade. She also shared that she lives in the property but is not a recorded owner. Thus, she learned that the property was not owner-occupied for the purposes of the duplex exemption. She was referred to the Registration Unit, which helped her register the rented unit under the agency's policy of charging the current and previous two years' registration fees, and limiting penalties to two per registration period. Ms. Gross paid the fees and filed a request for waiver of the penalties.

**Penalties Currently Under Consideration**

**Reason for Penalties:** Late Payment of 2019/2020, and 2020/2021 Annual Registration Fees

<b>Registration Date or Year</b>	<b>Unit(s) registered late at this time</b>	<b>Registration fees paid</b>	<b>Date fees paid</b>	<b>Penalties charged</b>	<b>Penalties forgiven</b>	<b>Penalties Due</b>
2021/2022	1	\$250.00	06/10/2021	\$500.00	\$0.00	\$500.00
2020/2021	1	\$250.00	06/10/2021	\$1000.00	\$500.00	\$500.00
2019/2020	1	\$250.000	06/10/2021	\$1500.00	\$1000.00	\$500.00
<b>Totals</b>				<b>\$3000.00</b>	<b>\$1500.00</b>	<b>\$1500.00</b>

**Grounds under Regulation 884(B):** (8) The penalty has accrued because registration fees have not been paid for three or more fiscal years.

**Good cause claimed by owner:** The waiver is filed by Bernice Gross, who describes herself as "owner but not on title," and who states that when she and David Desko were new owners with no other residential property in Berkeley, "we were told that since it was a duplex, and going to be owner-occupied ... that we were living in a Golden duplex." They thought it qualified as owner-occupied exempt because it was "owner occupied, thinking that Bernice Gross was the owner even though she is not on title." And so "we thought the property was exempt from registration, especially since we never received an original billing statement or invoice." She states that "as an act of good faith, we have contacted the registration board ourselves with no prompting by an invoice etc. and would very much like to resolve this matter in an agreeable manner to all parties."

**Recommendation:** Staff recommends waiving 25% of the penalty, or \$380, and imposing 75%, or \$1,120.

**Staff Analysis:** The situation is an unusual one, in that the occupant of the property considers herself to be an owner, when she does not have a recorded share interest. The self-identified owner says she reached out to the Rent Board in good faith, but staff is perplexed that she did not do so earlier -- the current tenancy began in 2007. Furthermore, the owner has not paid registration fees for nearly 15 years as a result of this significant delay in registration. For this reason, it is staff's opinion that some significant portion of this penalty be borne by the owner, and recommends a waiver of 25%.

W-4996

CITY OF BERKELEY  
RENT STABILIZATION PROGRAM  
2125 Milvia Street, Berkeley, CA 94704  
PHONE: (510) 981-7368 • FAX: (510) 981-4910  
WEB: <https://www.cityofberkeley.info/rent/>

RECEIVED  
JUN 10 2021  
Initial: [Signature]  
Berkeley Rent Board

**Request for Waiver of Late Registration Penalties**  
*Please Read Important Information on Page 2*

Property Address: 3143 Ellis Street Berkeley CA 94703

Owner: David Desko

Date of acquisition, if new owner: 10/1992

Name & relationship of person filing request, if not owner: Bernice Gross agent, owner but not on title

If, after reading the information on Page 2, you believe that you are entitled to a waiver of some or all of your late registration penalties, use the space below to explain why. Attach evidence, where possible, to document an extenuating circumstance that prevented timely payment, such as hospitalization or death in the family. It is your responsibility to convince the Board that your waiver should be granted, so state all facts and circumstances that support your case. **Please print or type clearly.** Attach an additional sheet of paper if needed.

We were new owners with no other history of rental property in Berkeley or any where else. We were told that since it was a duplex, and going to be owner occupied, thinking that Bernice Gross was the owner even though she is not on title that we were living in a Golden duplex, as the previous owner lived on the property. And thus, we thought the property was exempt from registration, especially since we were never received an original billing statement or invoice. We had no idea that we were required to pay a registration fee.

As an act of good faith, we have contacted the registration board ourselves with no prompting by an invoice etc. and would very much like to resolve this matter in an agreeable manner to all parties. Thank you for your consideration of this request.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

Date: 6/10/2021 Signature: Bernice R Gross

The information entered below **must be clearly printed or typed** in order to receive the Executive Director's recommendation to the Rent Board on your penalty waiver request one week prior to the Board's consideration of your request at its monthly meeting. The recommendation will also include the date, time and location of the meeting should you choose to attend and address the Commissioners.

Email Address: melbasgirl@sbcglobal.net

Mailing Address: 3143 Ellis Street, Berkeley, CA 94703

Phone Number: 510.847.3689 Fax Number: \_\_\_\_\_

Please see Communications Disclaimer on Page 2 that applies to any personal information you provide.

**City Of Berkeley  
Rent Stabilization Board**

**Recommendation on Requested Waiver of Registration Penalties**

<b>Waiver No: 5000</b>	<b>Property address: 1518 HARMON ST</b>	<b>Transferred: 05/24/1999</b>
<b># of Units: 5</b>	<b>Exempt units (as of October 2021): Unit #1/2-A - Rent-Free</b>	
<b>Owner(s): JOSE, GRACIELA &amp; ANGEL PEREZ</b>		<b>Waiver filed by: Jose Perez</b>
<b>Other Berkeley rental property owned: None</b>		

**Late payment/penalty history:** The property comprises five units. Until November 2020, three had been registered as rental units, one had been claimed exempt as occupied by a tenant on the Section 8 program, and one had been claimed exempt as occupied rent free. In May of 2021, the owner was billed for \$750 for three rental units. In early June 2021, the owner submitted a payment of \$1000, and indicated on the Unit Status Form that unit #LWR was no longer occupied by a Section 8 tenant and had been occupied by a market-rate tenant since November 1, 2020. Staff assessed a pro-rated fee of \$168; because more than 60 days had gone by since the unit had become rented, a \$168 penalty was also assessed. The owner was billed for the pro-rated fee, but did not pay until August 9, by which time an additional \$168 penalty had been assessed. The owner has since filed a request for waiver of the penalty on the pro-rated fee.

**Penalties Currently Under Consideration**

**Reason for Penalties:** Late Payment of 2020/2021 Pro-rated Registration Fee - 1 Unit

<b>Registration Date or Year</b>	<b>Unit(s) registered late at this time</b>	<b>Registration fees paid</b>	<b>Date fees paid</b>	<b>Penalties charged</b>	<b>Penalties forgiven</b>	<b>Penalties Due</b>
2020/2021	1	\$168.00	08/09/2021	\$336.00	\$0.00	\$336.00
<b>Totals</b>				<b>\$336.00</b>	<b>\$0.00</b>	<b>\$336.00</b>

**Grounds under Regulation 884(B):** (1) The good cause asserted in the waiver request is a death or illness in the landlord's family.

**Good cause claimed by owner:** The states that while "2020 brought death, debt, loss and much more to many," he experienced "all of the above." He states that "I had 4 units vacant, family pass away due to Covid, personal health struggles & online account access problems." He concludes that he does not want to go into details, but has had " a hard year" and is "trying to move forward from a hardship and rough year full of debt, illnesses and death."

**Recommendation:** Staff recommends waiving the penalty in full.

**Staff Analysis:** The owner references the difficulties caused by the pandemic, with both lack of rental income and family members suffering with Covid. Furthermore, staff notes that the late payment of the 2020/2021 pro-rated fee is the owner's first late payment in the previous five years. Staff does not foresee future late payment for this owner, and in light of both the circumstances and his payment history recommends a full waiver.

W-5000

CITY OF BERKELEY  
RENT STABILIZATION PROGRAM  
2125 Milvia Street, Berkeley, CA 94704  
PHONE: (510) 981-7368 • FAX: (510) 981-4010  
WEB: <https://www.cityofberkeley.info/rent/>

RECEIVED  
JUN 7 2021

**Request for Waiver of Late Registration Penalties**

Please Read Important Information on Berkeley Rent Board Initial: \_\_\_\_\_

Property Address: 1518 1/2 A/B/C - 1518 Harmon 1520 Harmon St, Berkeley, CA 94703

Owner: Jose Perez

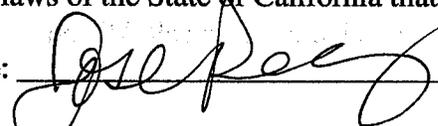
Date of acquisition, if new owner: \_\_\_\_\_

Name & relationship of person filing request, if not owner: \_\_\_\_\_

If, after reading the information on Page 2, you believe that you are entitled to a waiver of some or all of your late registration penalties, use the space below to explain why. Attach evidence, where possible, to document an extenuating circumstance that prevented timely payment, such as hospitalization or death in the family. It is your responsibility to convince the Board that your waiver should be granted, so state all facts and circumstances that support your case. **Please print or type clearly.** Attach an additional sheet of paper if needed.

2020 brought death, debt, loss and much more to many. I was included in all of the above. I had 4 units vacant, family pass away due to covid, personnal health struggles & online account access problems, account wouldnt allow reset, security questions we hadnt selected and stated we had an account when we tried to create a new one. Without going into details of a hard year a im requesting a waiver of fees.  
in trying to move forward from a hardship and rough year full of debt , illnesses and death.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

Date: 06/01/21 Signature: 

The information entered below **must be clearly printed or typed** in order to receive the Executive Director's recommendation to the Rent Board on your penalty waiver request one week prior to the Board's consideration of your request at its monthly meeting. The recommendation will also include the date, time and location of the meeting should you choose to attend and address the Commissioners.

Email Address: joserperez52@yahoo.com

Mailing Address: 2929 W. Sugar Hill Terrace, Dublin, CA 94568

Phone Number: 510-717-2615 Fax Number: \_\_\_\_\_

Please see Communications Disclaimer on Page 2 that applies to any personal information you provide.

**City Of Berkeley  
Rent Stabilization Board**

**Recommendation on Requested Waiver of Registration Penalties**

<b>Waiver No: 5004</b>	<b>Property address: 3144 KING ST</b>	<b>Transferred: 12/07/2017</b>
<b># of Units: 7</b>	<b>Exempt units (as of October 2021): 0</b>	
<b>Owner(s): NARA GROUP LLC</b>		<b>Waiver filed by: Roman Fan</b>
<b>Other Berkeley rental property owned: None</b>		

**Late payment/penalty history:** The case is an unusual one. Until 2021, this property had been reported to the Rent Board as comprising five rental units at 3144 King Street. In early 2021, a tenant contacted the Rent Board and revealed that s/he lived in a separate two-unit structure on the same property that had the address 1649 Fairview Street. Both units in the structure were rented; however, neither had ever been registered or claimed exempt with the Rent Board. Staff researched the history of the property, and discovered that a single-family home at 1649 Fairview had been built on the property in 1906 and at some point had been converted without permits into two units. When a single-family home is converted without permits into two units, both units become fully covered by the Rent Ordinance. The additional five units were built in 1959.

Staff reached out to the owner of the property, who contended first that it was a single-family home, and then that the two units at 1649 Fairview Street were new construction exempt. Staff explained that the "single family home" by 1980 had become at least six units, so it never could have been considered a single-family home for the purposes of rent control. Moreover, the illegal creation of the second unit did not qualify the two units as new construction exempt, and instead necessitated that the "single-family" structure be registered as two units. At this point, the owner paid registration fees for three years for the two units at 1649 Fairview, and filed a waiver request.

**Penalties Currently Under Consideration**

**Reason for Penalties:** Late Payment of 2018/2019, 2019/2020, and 2020/2021 Annual Registration Fees - 2 Units

<b>Registration Date or Year</b>	<b>Unit(s) registered late at this time</b>	<b>Registration fees paid</b>	<b>Date fees paid</b>	<b>Penalties charged</b>	<b>Penalties forgiven</b>	<b>Penalties Due</b>
2020/2021	2	\$500.00	06/03/2021	\$1000.00	\$0.00	\$1000.00
2019/2020	2	\$500.00	09/03/2021	\$1500.00	\$500.00	\$1000.00
2018/2019	2	\$500.00	09/03/2021	\$3000.00	\$1000.00	\$2000.00
<b>Totals</b>				<b>\$5500.00</b>	<b>\$1500.00</b>	<b>\$4000.00</b>

**Grounds under Regulation 884(B):** (6) The landlord requesting the waiver owns or manages 11 or more rental units; (8) The penalty has accrued because registration fees have not been paid for three or more fiscal years.

**Good cause claimed by owner:** The person requesting the waiver is Roman Fan on behalf of the Berkeley property manager Korman & Ng. He states that "when the property was purchased [in 2017] we were told that these units were considered new construction and did not need to be registered. We were told by Allison [Pretto] that this information was wrong."

**Recommendation:** Staff recommends waiving 50% of the penalty, or \$2,000, and imposing 50%, or \$2,000.

**Staff Analysis:** The owner purchased the property relatively recently, in 2017, and received information from the prior owner that was wildly incorrect. What is most puzzling to staff is why the prior owner thought that the two units at 1649 Fairview could be considered new construction when an unpermitted unit had been created from a unit that had been on a multi-family property since prior to 1980. If the owner or manager had tried to verify this information with the Rent Board prior to sale, then an investigation into the matter would have taken place much earlier. Staff recommends that the owner for this reason should be responsible for at least half of the penalty, and recommends a waiver of 50%.

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JUL 16 2021

Initial: \_\_\_\_\_  
Berkeley Rent Board

CITY OF BERKELEY  
RENT STABILIZATION PROGRAM  
2125 Milvia Street, Berkeley, CA 94704  
PHONE: (510) 981-7368 • FAX: (510) 981-4910  
WEB: <https://www.cityofberkeley.info/rent/>

W-5004

**Request for Waiver of Late Registration Penalties**  
*Please Read Important Information on Page 2*

Property Address: 1649 Fairview & BILK KING

Owner: JWT CAPITAL LLC

Date of acquisition, if new owner: \_\_\_\_\_

Name & relationship of person filing request, if not owner: Property Manager

If, after reading the information on Page 2, you believe that you are entitled to a waiver of some or all of your late registration penalties, use the space below to explain why. Attach evidence, where possible, to document an extenuating circumstance that prevented timely payment, such as hospitalization or death in the family. It is your responsibility to convince the Board that your waiver should be granted, so state all facts and circumstances that support your case. **Please print or type clearly.** Attach an additional sheet of paper if needed.

WHEN THE PROPERTY WAS PURCHASED WE WERE TOLD  
THESE UNITS WERE CONSIDERED NEW CONSTRUCTION  
AND DID NOT NEED TO BE REGISTERED. WE WERE TOLD  
BY ALLISON THIS INFORMATION WAS WRONG.

Please WAIVE THE LATE CHARGES.

THANKS

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

Date: 7-16-21 Signature: [Signature]

The information entered below **must be clearly printed or typed** in order to receive the Executive Director's recommendation to the Rent Board on your penalty waiver request one week prior to the Board's consideration of your request at its monthly meeting. The recommendation will also include the date, time and location of the meeting should you choose to attend and address the Commissioners.

Email Address: romanfanworks@gmail.com

Mailing Address: 898 THE ALAMEDA BERK CA 94707

Phone Number: 415-420-7663 Fax Number: \_\_\_\_\_

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**City Of Berkeley  
Rent Stabilization Board**

**Recommendation on Requested Waiver of Registration Penalties**

<b>Waiver No: 5005</b>	<b>Property address: 2521 REGENT ST</b>	<b>Transferred: 02/08/2019</b>
<b># of Units: 21</b>	<b>Exempt units (as of October 2021): 0</b>	
<b>Owner(s): EMC MANAGEMENT LLC</b>		<b>Waiver filed by: Alice Wang</b>
<b>Other Berkeley rental property owned: None</b>		

**Late payment/penalty history:** The property comprises 21 units, all of which are occupied by tenants. Until August 2020, however, unit #8 had been claimed exempt as a manager's unit. In October 2020, the property's manager filed a Vacancy Registration form to register the unit, which resulted in a pro-rated fee of \$210. An existing \$40 credit on the account brought the fee balance to \$170. The manager was billed, but did not pay the fee until May 6, 2021. By this time, a penalty had been assessed on the \$170 balance.

The owner's payment history is very good; the late payment of the pro-rated fee for unit #8 is the owner's first in the previous five years.

**Penalties Currently Under Consideration**

**Reason for Penalties:** Late Payment of 2020/2021 Pro-rated Registration Fee - 1 Unit

<b>Registration Date or Year</b>	<b>Unit(s) registered late at this time</b>	<b>Registration fees paid</b>	<b>Date fees paid</b>	<b>Penalties charged</b>	<b>Penalties forgiven</b>	<b>Penalties Due</b>
2020/2021	1	\$210.00	05/06/2021	\$170.00	\$0.00	\$170.00
<b>Totals</b>				<b>\$170.00</b>	<b>\$0.00</b>	<b>\$170.00</b>

**Grounds under Regulation 884(B):** (6) The landlord requesting the waiver owns or manages 11 or more rental units.

**Good cause claimed by owner:** The waiver request has been filed by the manager, Alice Wang. She states that as a new manager, she had a fundamental misunderstanding of how to resolve the fee and penalty. She states that she thought she could "waive the penalty by paying off the outstanding fee" and that she "forgot to file the waiver form." She explains that she is new to her position, and that neither the previous manager nor owner knew about the outstanding penalty until she logged into the account on the Rent Board's online registration site.

**Recommendation:** Staff recommends waiving the penalty in full.

**Staff Analysis:** As the manager is new to the position, staff understands this type of oversight. Important to note is that the owner paid the 2021/2022 annual fee on time for all 21 units. Staff does not expect that the owner or manager will be delinquent in the future, and recommends a full waiver.

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AUG 16 2021

City of Berkeley Rent Board

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2125 Milvia Street, Berkeley, CA 94704  
PHONE: (510) 981-7368 • FAX: (510) 981-4910  
WEB: <https://www.cityofberkeley.info/rent/>

W-5005

**Request for Waiver of Late Registration Penalties**  
*Please Read Important Information on Page 2*

Property Address: 2521 Regent St. Berkeley CA  
Owner: 2521 Regent St LLC.  
Date of acquisition, if new owner: \_\_\_\_\_

Name & relationship of person filing request, if not owner: Alice Wang manager

If, after reading the information on Page 2, you believe that you are entitled to a waiver of some or all of your late registration penalties, use the space below to explain why. Attach evidence, where possible, to document an extenuating circumstance that prevented timely payment, such as hospitalization or death in the family. It is your responsibility to convince the Board that your waiver should be granted, so state all facts and circumstances that support your case. **Please print or type clearly.** Attach an additional sheet of paper if needed.

Hi, I emailed your office regarding the penalty fee, as the attached copy. I am very sorry that I thought I can waive the penalty by paying off the outstanding fee, and forget to file the Waiver form.

I apologize for my mistake, I am new to this position, and both ~~manag~~ owner and previous manager had no idea about the penalty till I logged into the website.

Please help to waive the penalty, all payment outstanding has been paid.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

Date: Aug. 11 2021 Signature: \_\_\_\_\_

The information entered below **must be clearly printed or typed** in order to receive the Executive Director's recommendation to the Rent Board on your penalty waiver request one week prior to the Board's consideration of your request at its monthly meeting. The recommendation will also include the date, time and location of the meeting should you choose to attend and address the Commissioners.

Email Address: ~~alice.g.zhang~~ alice.wang@iream.club

Mailing Address: P.O. Box 2060 ORINDA CA 94563.

Phone Number: 510-306-4678. Fax Number: \_\_\_\_\_

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**City Of Berkeley  
Rent Stabilization Board**

**Recommendation on Requested Waiver of Registration Penalties**

<b>Waiver No: 5006</b>	<b>Property address: 1300 DELAWARE ST</b>	<b>Transferred: 07/31/2019</b>
<b># of Units: 43</b>	<b>Exempt units (as of October 2021): Unit #31 - Exempt-Misc Unit #45 - Exempt-Misc</b>	
<b>Owner(s): 1300 DELAWARE LP</b>	<b>Waiver filed by: William Chu</b>	
<b>Other Berkeley rental property owned: None</b>		

**Late payment/penalty history:** This property comprises 43 units, 41 of which have been newly registered with the Berkeley Rent Board.

Background: From 1980 until January 2019, almost all of the units were totally exempt from the Berkeley Rent Ordinance because the previous owner, the Pacific Lutheran Seminary, was a member of the Graduate Theological Union (GTU) and was renting its units to students at the GTU. However, the current owner, 1300 Delaware LP, purchased the property in early 2019 and began renting out the units to tenants in early 2020.

In early 2021, a tenant contacted a Rent Board housing counselor who noted that the ownership had changed. As a result, the Registration Unit reached out to 1300 Delaware LP multiple times. No response was received. In July 2021, the new manager of the building reached out to explain that there had been a change of management that had caused delays in response to the Rent Board communications, but he was now ready to deal with the matter of registration. The new manager then went online and registered each of the new tenancies in the building. Most of the most recent tenancies had begun during the 2020/2021 registration year, but some had begun during the 2019/2020 registration year. Therefore, pro-rated fees were assessed for most of the units for the 2020/2021 and 2020/2021 years, and the full fee was assessed for 40 units for the 2021/2022 registration year.

The owner paid the outstanding delinquent fee balance of \$16,630 on August 23, 2021, and filed a waiver request for the \$18,730 penalty that was assessed as a result of late registration.

(It should be noted that two units on the property had been rented to non-GTU students since 1980, and have been timely registered properly by both GTU and the current owner.)

The late payment of these fees marks the owner's first, second, and third late payments since acquiring the property in January 2019.

## Penalties Currently Under Consideration

**Reason for Penalties:** Late Payment of 2019/2020 and 2020/2021 Pro-rated Registration Fee and 2020/2021 Annual Registration Fee

Registration Date or Year	Unit(s) registered late at this time	Registration fees paid	Date fees paid	Penalties charged	Penalties forgiven	Penalties Due
2021/2022	40	\$10,000.00	08/23/2021	\$10,000.00	\$0.00	\$10,000.00
2020/2021	37	\$6,462.00	08/23/2021	\$7,890.00	\$0.00	\$7,890.00
2019/2020	3	\$168.00	08/23/2021	\$840.00	\$0.00	\$840.00
<b>Totals</b>				<b>\$18,730.00</b>	<b>\$0.00</b>	<b>\$18,730.00</b>

**Grounds under Regulation 884(B):** The Landlord requesting the waiver owns or manages 11 or more rental units - 43 total.

**Good cause claimed by owner:** The waiver request has been filed by William Chu, who identifies himself as a partner of property owner 1300 Delaware LP. Mr. Chu states that "we are a new owner in Berkeley and our third-party property management company ... is also new to managing rentals in Berkeley." He says this is why "registration fees for the units at 1300 Delaware St. were missed."

Second, he states that the company has suffered from the Covid-19 pandemic in that the owner was "unable to finish the renovations of the property according to schedule. ... Due to the citywide restrictions on construction activity, final completion was delayed ... [and] we did not become over 90% occupied until December 2020.

Finally, he states that the tenants in the building are also experiencing financial difficulties due to Covid: "To date, we have been unable to collect nearly \$55K in rent due to tenants being affected by Covid. This includes three residents who have yet to pay rent for over 90 days and two who haven't paid over the last 60 days."

**Recommendation:** Staff recommends waiving 60% of the penalty, or \$11,240, and imposing 40%, or \$7,490.

**Staff Analysis:** This waiver is before the Board because the owner owns more than 11 units in Berkeley. The property comprises a total of 43 units, almost all of which are tenant-occupied. This is a large investment property, and it is strange that an owner would not start looking into local business and rental requirements immediately upon obtaining the property. Furthermore, the owner received registration billing statements for the two long-term tenants on the property both in May 2019 and May 2020, and paid both. Receipt of these bills and registration materials should have spurred the owner and/or manager to make an inquiry with the Rent Board. It seems that the owner had at least two opportunities to inquire about registration and did not take advantage of them.

Staff is sympathetic to the owner's claim that they to date they have not received \$55,000 in rent. However, the owner neglects to mention that the building's combined monthly rent ceiling is more than \$101,000, which amounts to over \$1.1 million annually.

For these reasons, staff does not see a compelling reason to veer from the ministerial schedule for this waiver request, which would result in the waiver of 60% of the penalty for three late payments in the previous five years.

W-5006

CITY OF BERKELEY  
RENT STABILIZATION PROGRAM  
2125 Milvia Street, Berkeley, CA 94704  
PHONE: (510) 981-7368 • FAX: (510) 981-4910  
WEB: <https://www.cityofberkeley.info/rent/>

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Initial: W TCG  
Berkeley Rent Board

**Request for Waiver of Late Registration Penalties**  
*Please Read Important Information on Page 2*

Property Address: 1300 Delaware St. Berkeley, CA 94702

Owner: 1300 Delaware LP - Tesseract Capital Group

Date of acquisition, if new owner: 7/31/2019

Name & relationship of person filing request, if not owner: William Chu - Partner of 1300 Delaware LP

If, after reading the information on Page 2, you believe that you are entitled to a waiver of some or all of your late registration penalties, use the space below to explain why. Attach evidence, where possible, to document an extenuating circumstance that prevented timely payment, such as hospitalization or death in the family. It is your responsibility to convince the Board that your waiver should be granted, so state all facts and circumstances that support your case. **Please print or type clearly.** Attach an additional sheet of paper if needed.

*We are requesting for waiver of the late registration penalties for two primary reasons:*

1) *We are a new owner in Berkeley and our third-party property management company – Apartment Management Consultants, is also new to managing rentals in Berkeley. Thus, the registration fees for the units at 1300 Delaware St. were missed.*

2) *We have and are continuing to experience financial hardships due to the COVID-19 pandemic.*  
a. *We were unable to finish the renovations of the property according to schedule of March, 2020. Due to the city-wide restrictions on construction activity, final completion was delayed until September 2020. We did not become over 90% occupied until December 2020.*

b. *Many of our current tenants are still experiencing financial difficulties. To date, we have been unable to collect nearly \$55k in rent due to tenants being affected by COVID. This includes three residents who have yet to pay rent for over 90 days and two who haven't paid over the last 60 days.*

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

Date: 8/11/2021 Signature: 

The information entered below **must be clearly printed or typed** in order to receive the Executive Director's recommendation to the Rent Board on your penalty waiver request one week prior to the Board's consideration of your request at its monthly meeting. The recommendation will also include the date, time and location of the meeting should you choose to attend and address the Commissioners.

Email Address: Will@tcg.capital

Mailing Address: 2191 Market St. STE A, San Francisco, CA 94114

Phone Number: 510-813-0494 Fax Number: 415-233-4044

Please see Communications Disclaimer on Page 2 that applies to any personal information you provide.