



Rent Stabilization Board
Office of the Executive Director

DATE: September 21, 2012

TO: Honorable Members of the Budget & Personnel Committee, Rent Stabilization Board

FROM: Jay Kelekian, Executive Director
By: Matthew Siegel, Staff Attorney

SUBJECT: Fraternity Summer Registration Status Report

Recommendation: That the Budget & Personnel Committee recommend that the Board continue the Summer Registration process previously adopted for fraternities per Board Resolution and begin discussions about expanding the Program to other group living situations.

Background

I. History

In late 2009/early 2010 our agency was made increasingly aware that many fraternities were and had been renting out some of their rooms during the summer to non-members to support their budgets and operating costs. We discovered that this practice was, in fact, widespread. Since units that are not expressly exempted under the ordinance must be registered we were compelled to investigate the matter. Our investigation confirmed that fraternity houses have routinely been renting to non-members, particularly during the summer months.

Because the Board believed that most fraternities were unaware of their obligation to register these seasonal/summer units, the Board authorized an Amnesty Program in November 2010 for chapters that had been renting out rooms to non-members on a seasonal or summer basis. The Amnesty Program was successful in its goal of resolving prior years registration fees owed the agency as the Board collected \$49,583.00 in past due registration fees from twenty-two (22) chapters. In addition, through the Amnesty Program, staff was able to make positive contacts with various

members of the fraternity community including property owners, property managers, student representatives and UC Berkeley staff.

At the conclusion of the Amnesty Program fourteen lawsuits were filed in Superior Court against those property owners and chapters that had not availed themselves of the Amnesty Offer. Of these fourteen, all resolved via settlement.

Summer Registration Process

As a result of the Amnesty Program, staff has had numerous discussions with various representatives of the Greek community regarding our agency's' registration process. These talks have been with chapter presidents, students, property managers, members of the Fraternity Alumni Council (FAC), the FAC as a group, alumni representatives, and attorneys representing a consortium of chapters and have covered the unique needs and concerns of fraternities. This process enabled all stakeholders to be educated on the rights and responsibilities of the Greek community as it related to rent control and housing.

After numerous committee meetings and Board presentations, the Board approved, via resolution, a Summer Registration Process for fraternities at its May 14, 2012 meeting (see attached). The pilot summer registration process for fraternities required chapters to:

- 1) Pay a reduced, pro-rated fee of \$50.00 per unit for summer rentals;
- 2) Fill out Registration Forms specifically tailored to summer rentals and;
- 3) Provide the Board with a permanent contact person/liaison.

Registration fees were due by July 2, 2012. To date, twenty-eight (28) chapters have paid registration fees totaling \$9,520.00 while registering one hundred seventy six (176) units. Of this number, \$8,550.00 has been for one hundred seventy one (171) summer units and \$970.00 has been for five year-round units (see attached).

All but one chapter has paid and filed the required forms. Four chapters have filed forms claiming no units have been rented during the summer and/or year-round.

As part of the registration process staff conducted unannounced inspections of four chapters to ensure that Fraternity Summer Registration Forms were placed in the room as mandated by the Board's prior resolution. Forms were in place for these chapters.

Staff also inspected one chapter that had claimed no renting was occurring. Staff was able to verify this with an on-site discussion with a chapter member at the property.

Future Registration for Fraternities and/or Sororities

For the most part, chapters have been successful in the payment of fees and the filing of Unit Status Forms and/or Registration Forms. While staff has provided a moderate level of assistance to the various chapter representatives, a majority of chapters were able to register their houses with little or no assistance. It is anticipated that should the Board renew this process next year the amount of assistance will decrease and the level of review and verification will increase.

The Board has previously stated that as the Amnesty Program and Summer Registration process for fraternities winds down, that staff next begins communications with the various sororities. This is now underway and staff anticipates similar results as those had with fraternities.

In addition, there has been prior discussion among Board members regarding the applicability of the rent control ordinance to other, less formal, types of group living arrangements that are formed primarily among students. Staff is ready to begin approaching this issue at this time within the framework of re-visiting the standards for exempt status for fraternities as laid out back in 1989 (see attached).