

**Department of Safety & Inspections
Staff Report
Rent Stabilization Appeal**

**The Haven of Battle Creek
200 Winthrop Street South / Apartment 313**

On January 2, 2023, the Department of Safety & Inspections received a Just Cause Vacancy application to allow the owner of The Haven of Battle Creek to increase the rent for vacated units by the Consumer Price Index plus 8% per the Rent Stabilization Ordinance. The intake form is part of the record and Cheron Eich is listed as the applicant. Ms. Eich represents Marquette Management and submitted the application on behalf of G & I X Phoenix Apartments, LLC (the owner of the property). After receiving the application, staff exchanged several emails with Ms. Eich about the process to request a rent increase exception to the 3% cap using staff determination, self-certification and Just Cause Vacancy.

On January 24, 2023, the Department of Safety & Inspections received an email with multiple attachments comprising a staff determination request for an exception to the 3% rent increase cap per Ordinance 193A. The request is for The Haven of Battle Creek. Ms. Eich submitted the email and attachments. Staff used the information provided by Ms. Eich to create an application, which is part of the record. The original Just Cause Vacancy application was marked as "Abandoned" in the Rent Stabilization SharePoint.

The reasons for the increase include:

- An unavoidable increase in operating expenses.
- A capital improvement project.

According to information provided by Ms. Eich, G & I X Phoenix Apartments, LLC purchased The Haven of Battle Creek on May 17, 2021 and began an extensive building and unit renovation program. Ms. Eich indicated that the apartment buildings were built in 1988 and many of the units still had the original amenities and décor.

The application submitted by The Haven of Battle Creek included a brief description of several interior and exterior capital improvement projects, including:

Exterior (completed)

- Paint
- Asphalt
- Concrete
- Roof (new on 200 side)
- Balcony
- Drainage
- Landscape (repairs)

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Interior (completed)

- New Leasing Office
- Renovated Indoor Pool
- Fitness Center
- Model
- Lobbies
- Painting (hallways, stairwells, doors)
- Door Locks (new)

Interior (in progress)

- Package Room
- Mailboxes (new on 200 side)
- Garage (power washing / striping)
- FOB and Camera Systems Installation (new)
- Outdoor Patio (off the pool)
- Outdoor Eating / Veranda Area

Upon reviewing the application, staff decided to meet virtually with Ms. Eich and Jason Wood (Director, Asset Management at Marquette Companies). During the meeting on March 2, 2023, the application was reviewed and discussed, including open items for:

- Interest Allowance
- Planned Capital

As this was a complex application, a substantial amount of financial analysis was required. A significant level of communications took place between the Department of Safety & Inspections staff and Marquette representatives between January 2023 and May 2023. City staff issued a determination letter on May 25, 2023, granting approval of the requested rent increase at varying percentages, depending on the unit.

In the determination letter, staff included an attachment to show the percentage in rent increase that was allowed by unit. The Allowed Amount was separated to show the percentage that could be attributed to renovation and the percentage that could be attributed to Net Operating Income. The allowed rent increases ranged from 26.48% to 80.61%. Unit 313 was approved for a 26.48% increase or a New Maximum Rent of \$1,823.84 per month. The increase was entirely attributed to Net Operating Income with no increase allowed for renovation.

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At the City's request, Ms. Eich provided a Rent Roll to the Department of Safety & Inspections on February 1, 2023. The Rent Roll was used to mail notification postcards to the tenants to inform them that their landlord:

- **Dated 02/01/23:** Requested an exception to the rent increase cap.
- **Dated 05/24/23:** Was granted an exception to the rent increase cap and advise of appeal rights.

The Haven of Battle Creek comprises two addresses:

- 200 Winthrop Street South
- 215 Kipling Street

The last Fire Certificate of Occupancy was approved in February 2023 as a Class A property. Complaints include:

- **01/10/23:** Mouse infestation
- **06/15/23:** Fire alarm issue (fire alarm resets, but indicates it's in trouble mode)
- **08/02/23:** Rodents, flooding, broken glass and garbage on the property

All issues have been remedied or are in the process of being remedied.