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San Francisco Chronicle

Post-Leona Helmsley, drama continues at ParkMerced:[FINAL Edition]

Alan T. Saracevic. **San Francisco Chronicle**. San Francisco, Calif.: May 27, 2001. pg. E.2>> [Jump to full text](#)

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Abstract (Article Summary)

Olympic View Realty, the outfit that bought **ParkMerced** from [Leona Helmsley] for \$350 million back in 1999, has petitioned San Francisco's Rent Board for what's called an "operating and maintenance pass-through." The hike would affect 2,700 of the huge complex's 3,400 units.

In plain English, Olympic's asking for a 7 percent rent increase, on top of the 2.8 percent allowed annually at rent-controlled properties. And that's why the pathways of **ParkMerced** are not so serene these days.

[Julius Finkelstein] and two others battled with two dozen Cadence lawyers over the years, fighting off an endless string of motions to disqualify the case. "I couldn't even tell you how many motions they filed to disqualify," said Finkelstein. "I know they filed three motions to disqualify the DA, several to disqualify the judge and lots of procedural motions that had very little to do with the case. At times, the prosecution felt like we were on trial."

Full Text (1335 words)*Copyright Chronicle Publishing Company May 27, 2001*E-mail Alan T. Saracevic at asaracevic@sfchronicle.com.

Hidden behind the bucolic pathways and well-manicured bushes of the ParkMerced apartment complex lies a little-known fact: The tenants are really pissed about a proposed rent hike.

Olympic View Realty, the outfit that bought ParkMerced from Leona Helmsley for \$350 million back in 1999, has petitioned San Francisco's Rent Board for what's called an "operating and maintenance pass-through." The hike would affect 2,700 of the huge complex's 3,400 units.

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"I've lived out here for over 30 years," said Robert Pender, the 77-year-old founder of the ParkMerced Tenants Network. "I raised my family out here. With that 10 percent increase, many of us old-timers can't afford to live here. We're fighting for our homes."

Olympic View doesn't quite see it that way. It says a mongo tax bill, coupled with major debt service, has put it in the hole to the tune of \$7.7 million.

"When you purchase a property, taxes go up and debt service goes up," said Bert Polacci of Olympic View Realty. "Typically then, the owners pass on those increases to the tenants. After our first year of ownership, we decided to pass those costs through."

Not so fast, say Pender & Co. A closer look at the "operating and maintenance" filing shows Olympic's costs have actually been reduced for most areas, such as garbage, water and sewer service, with only three areas going up in cost: taxes, debt service and payroll.

Rent Board documents show Olympic's payroll jumped \$249,340 in one year. Nice work if you can get it, the tenants say.

"Helmsley listed payroll differently than we do. It's not a comparison of apples and apples," said Polacci.

Well, either way, a second tenants' organization, the ParkMerced Residents Organization, also is fighting hard to keep Olympic's request down. The group has organized opposition at seven public hearings, the next of which will be held before the Rent Board May 30 at its offices on 25 Van Ness.

"This (proposed increase) takes away discretionary funds from limited-income people and potentially displaces them," said Carolyn Cahn, the PRO president who claims services have deteriorated at the property.

"When a company chooses to purchase property in a rent-controlled area, they are aware that their income would be less than if they purchased elsewhere," said Cahn. "So the O&M pass-through is being used as a vehicle to usurp rent control. If a company wants a guaranteed rate of return on their investment, they should consider where they buy property before purchasing, rather than have tenants pay for their debt incurred in the purchase."

Sandy Gartzman, the Rent Board's senior administrative law judge, says this is one of the largest arbitration hearings ever to come before the arbitration body, although not the most complex. Its sheer size, though, could delay a swift resolution.

"It will probably be several months after the hearings before we can issue a ruling," said Gartzman.

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