



Interim Report Submitted to the
Barbara McDowell and Gerald S. Hartman Foundation

April 1, 2014

I. INTRODUCTION

Substandard housing plagues much of the Central Valley of California, including the City of Fresno. With little or no effective enforcement mechanisms in place, thousands of low-income families rent homes that suffer from deplorable conditions, including severe vermin infestation, extensive mold, excessive dampness, collapsing ceilings, leaking roofs, no heat, and the lack of a sanitary waste disposal system. Much of the rental housing stock in Fresno is controlled by one family, which does business as JD Home Rentals ("JD Homes"). With the support of the Barbara McDowell and Gerald S. Hartman Foundation, Bet Tzedek and its co-counsel have filed a class action seeking injunctive relief to address the severe habitability problems in JD Homes' rental portfolio in Fresno.

II. BET TZEDEK FILED A CLASS ACTION IN JANUARY 2014

On January 9, 2014, Bet Tzedek and its partners filed *Neng Vu, et al. v. JD Home Rentals*, No. 14 CE CG 0062 in the California Superior Court for Fresno County ("Vu"). A copy of the complaint is attached. *Vu* is a class action that seeks injunctive relief pursuant to the California Unfair Competition Law (Cal. Bus. & Prof. Code § 17200, *et seq.*), as well as damages for negligent maintenance of premises. There are four named plaintiffs. The defendants include John, David and Bryce Hovannissian (d/b/a JD Home Rentals) and related limited partnerships. In the action plaintiffs seek inspections and repairs at more than 3000 properties

Prior to filing the lawsuit, plaintiffs sent JD Homes an extensive demand letter. In response to that demand, the parties agreed to participate in mediation, including all insurance carriers. On December 2-3, 2013 the parties mediated before the Honorable Alfred G. Chiantelli (retired) of ADR Services, Inc. in San Francisco, CA (resume attached). Although the parties made progress in the mediation, for various reasons which cannot be discussed due to the mediation privilege, plaintiffs filed their complaint in January 2014.

The parties subsequently met for a third day of mediation with Judge Chiantelli on February 21, 2014. Because the parties continue to make progress in the mediation, we have agreed to continue the process, with another session to take place with Judge Chiantelli in San Francisco sometime in May 2014. In the interim, there is a meeting of counsel planned for late April 2014 in Southern California to continue negotiations between sessions.

III. MOVING FORWARD

We are cautiously optimistic that we can achieve a negotiated resolution of this matter which will ensure safe and healthy living conditions for thousands of tenants in Fresno, CA. Because of the unprecedented nature and scope of this lawsuit, both sides have committed to pursuing creative solutions, outside of litigation, to resolve these long-standing and systemic problems. In the event that mediation breaks down, the lawsuit is on file, and we are prepared to prosecute the case vigorously.