

From: April 26-27, 2022 Board Meeting – Public Comment
To: Meeting Info
Subject: [External] April 26-27, 2022 Board Meeting - Public Comment
Date: Monday, April 18, 2022 1:18:10 PM



PUBLIC COMMENT

From: Vaughn McGuire
Agenda Item: M1. M1. Proposition 19
Implementation
Meeting Date: 04/26/22

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Agenda Item(s):

N. Public Comment on Matters Not on the Agenda

Comment:

Hello, I have serious concerns about the dramatic effect that Prop 19 is/will have on small rental property owners and their respective tenants. - I continually hear the phrase "affordable housing" throughout California, and yet I do not find the referenced housing to ever be particularly "affordable" - The one area where it still does largely exist is in areas with stringent rent control; cities like San Francisco and Santa Monica that incentivize tenants to stay for long periods because the cities have severe caps on the amounts that rents can be raised each year. I almost think of these cities as having a mechanism that functions almost as it would for property owners covered under prop 13, in that it keeps their rent payments safe from large escalations as long as the tenants do not move - A wide swath of the housing in San Francisco that was built prior in 1986 falls into this category. It's the only affordable housing that tenants have in SF - My family is one of those small property owners (we've owned a duplex in SF for 36 years) and Prop 19 stands to drive our family out of business while likely displacing our low rent tenants - Our current tenants have been with us for 27 years and pay roughly 50% market rate rent due to the limitations that the SF Rent Board sets on the amount that we can raise rents each year. We think it's great, we actually do provide "affordable housing" and have been for decades. We've been able to do this solely because Prop 13 has provided us a stable tax base that allows us to continue to operate despite the very small annual rent increases. The removal of Prop 58 stands to unwind the relationship between our families stable tax base and our tenants stable rent - When our duplex is transferred from parent to child the assessed value will rise roughly 250-300% on the day of our parents death, while leaving us with no ability to raise the rent. This will force us out of business immediately, which is already happening to small property owners all over SF since Prop 19 went into effect - After we're forced out of business the new owners will likely purchase the property with the idea of doing a owner move-in evictions or potentially doing a full Ellis Act which will displace both tenants. Realtors have confirmed this for me. I've asked them why people are willing to buy properties with very low rent tenants. Every realtor has responded similarly; "their intent is to displace the tenants so they can live in the units or to go out of business completely while replacing the current structure with something larger. Either way, the tenants are gone". (I paraphrased a bit) - 41% of the rentable units in CA are owned by mom and pop. All rental properties stand to be fully reassessed back to market after the parents death under Prop 19. As the heirs inherit these properties it stands to be problematic for both tenants and heirs. At best, tenants in light rent controlled environments will feel the squeeze from the heir constantly while they keep rents maximized to offset their higher property tax bills. Worst case, areas like SF with stringent rent control will see small property owners and their respective tenants forced out There were zero hearings held before the legislature green-lit Prop 19 onto the 2020' ballot. This is absolutely insane. Not only will Prop 19 force some non-high income earners out of the family home, but also stands to upend large

segments of the rental market over the next several decades for both small rental property owners and their respective tenants. Please help! Thanks, Vaughn McGuire

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