

## **A New Definition of Chutzpah: One Member's Take on Daly's Proposals** by Karen Crommie, SPOSFI member

Our friends at the San Francisco Tenants Union (SFTU), no doubt rubbed their hands with the relish of gourmands eyeing the dessert cart as they selected action items for their 2009 agenda published in the February issue of Tenant Times, then saw it dutifully translated into actual legislation by Supervisor Chris Daly.

SFTU czar, Ted Gullicksen, is making plans to further regulate “buyouts.” You know, that’s when an owner negotiates with a tenant to vacate his/her unit for a hunk of cash. If the SFTU has its way, the resulting vacant unit would have to be rented at the same rate as paid by the departed tenant. In other words, if you pay \$30,000 to buy someone out, then spend \$50,000 to upgrade, you still can’t ask more rent for the unit. A new definition of chutzpah? In addition to depriving us of the right to enter into a contract with another person for mutual benefit, this kills the plans of renters who were hoping for a once-in-a-lifetime windfall.

Mr. Gullicksen claims that this will slow the growing number of owners who are converting units to condos, TICs, short-term (tourist) rentals and the stealth units being rented out by institutions such as the Academy of Art University. This, according to him, is “chipping away at the stock of rent-controlled housing.” But we all know that what it’s really chipping away at is the SFTU’s power base. That is the real issue!

With the typical generosity of someone spending other people’s money (ours), the SFTU also wants to provide some “economic relief” in these hard times, with a prohibition on any rent increase causing a tenant’s rent to exceed 30% of their income, a limit on “banked” rent increases to 8%, the right to add roommates, and, quite possibly, the right to break leases.

He then suggests prohibiting owner move-in (OMI) evictions in any household with children, thereby adding yet another group to the “protected” class of tenants, which now includes the disabled, seniors, and the terminally ill. Daly also proposes giving help to tenants in post-1979 buildings caught up in foreclosure. Post-1979 buildings are not now covered by the rent increase provisions of the Rent Ordinance. Is this a first step toward making them covered? Of course, helping out owners on the verge of foreclosure as a way for tenants stay in place was never considered.

Okay, that’s his agenda. We have an agenda too, which would begin with the following:

- 1) Means testing for tenants.** Should individuals be asked to subsidize the rent of fellow San Franciscans making over \$150,000?
- 2) Water rate increase passthroughs.** What about the water rates that have gone up 15% for the last four years—with more increases scheduled for the next three years? Few of us have separate water meters for each unit, so we’re stuck with the whole bill. Because they don’t pay for it, tenants have no incentive to conserve water. Shouldn’t we be able to pass on the water rate increases to our tenants on a per capita basis?

- 3) Waiver of the cap on condo conversions.** Supervisor Elsbernd is developing legislation providing a one-time waiver of the cap on condo conversions, allowing owners to buy the right to bypass the condo conversion lottery this year only. This would generate hundreds of thousand of dollars to the city, increase employment in the building trades, and make more homes available for sale, thereby reducing prices for first-time buyers. Sounds like something we might be able to support.
- 4) 100%-of-CPI rent increases.** It's time to change the allowable annual rent increase to parity with the Consumer Price Index, instead of the current miserly 60%. With prices for everything going up—especially insurance and maintenance—it is pathetic that we may only raise rents 2.2% this year.

The folks at the Tenants Union aren't stupid. Neither are our Supervisors. They must see that the unreasonable restrictions that have been imposed on small property owners have forced us to seek other ways to realize a profit from our investment. These ordinances have caused others, typically older property owners, to make the hard decision to forfeit income completely and leave units empty. Even a good public-private program like Section 8 has been contaminated by subjecting it to the San Francisco Rent Ordinance. Landlords, who in the past were willing to take a chance on tenants with questionable references, knowing they could evict them if problems arose, no longer have that right, so few want to get into a contract with the government that is limited by the city's 14 just causes for eviction. If City Hall and the Tenants Union are sincere about increasing San Francisco's workforce housing supply, why aren't we, the providers of that very housing, offered incentives, as developers are, instead of penalties?

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