

From: May 24-25, 2022 Board Meeting – Public Comment
To: Meeting Info
Subject: [External] May 24-25, 2022 Board Meeting – Public Comment
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PUBLIC COMMENT

From: Vaughn McGuire
Agenda Item: M1. Prop 19 Implementation
Meeting Date: 5/24/22

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Agenda Item(s):

M1. Proposition 19 Implementation

Comment:

Second submission for May 2022' Hello, Last month I submitted a letter that stated my concern as it relates to small property landlords that face large reassessments in areas like San Francisco after a parents death as a result of Prop 19. The concern was that heirs will be taxed at current levels after the parents death while their respective longterm tenants are paying rents that look more like 2005' as a result of stringent rent control. We have had the same tenants for 27 years that pay roughly 50% market rate rent due to the effect of longterm rent control in SF, however I still face a large reassessment after my mothers death. This scenario has already started to upend pre 1986' units in San Francisco that are covered under stringent rent control. Not only are the heirs being taxed out of business in units that have longterm low rent tenants, but the tenants are being displaced as well after the point of the sale. Realtors have told me that the tenants are losing their low rent housing due to "owner move-in evictions" and potentially even Ellis Acts. The Board suggested that I contact my local assessor and ask why I stand to be reassessed in the future after my mothers death since we're providing "affordable housing" for our tenants. I did this. The answer I received was that our family duplex is not coded specifically to be for affordable housing and that the low rents are simply the result of the SF Rent Board only allowing for small annual rental increases over a long period of time. The person that I spoke with in the assessors office actually suggested that I reach back out to The Board with an additional question. The question being; "how is it legal for the SF Rent Board to not allow me to raise my tenants rents after my mothers passing to offset materially higher operating costs, such as a large property tax reassessment?". She explained that a ordinance was passed in SF a few years ago that prevented rent hikes due to property tax reassessments, but this was done to combat new purchasers of rental properties from raising rents when they "knowingly" bought a building with lower rent tenants. To contrast this, the SF Rent Board is treating heirs in the same way that they are new purchasers of rental properties. The difference being that the heirs didn't knowingly enter into an arrangement where they are paying 2022' property tax rates while receiving very low rents. No sane person would ever enter in the situation that some small property owners are finding themselves in after their parents death, and yet the rent board isn't allowing them to respond to it. Put differently, the SF Rent Board is treating the "deliberate decision" of a new investor in the same as they are "death", which is involuntary. My first question is; legally speaking, is the issue I'm raising credible? My second question is; is it within your jurisdiction to help with something like this? While I'm not excited about raising anyones rent, if I'm not allowed to share some of the burden with our tenants after my mothers passing, our tenants will likely be displaced after I'm taxed out. For further context, I was born permanently disabled and am a renter myself. The only reason my mother (89 year old retired nurse) ever bought this property was to create an income stream for her disabled son (me). Last, I've reached out to the SF Rent Board, two city supervisors and the mayors office. I've concluded that the city is not

interested in addressing the concerns that I'm raising and that any change would likely have to come from a higher body such as The Board. I now understand why the assessors office suggested I bring this up directly with you. Sincerely, Vaughn McGuire

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