

Rent Wars: The First Shot is Fired

Less than five minutes after the city council Tuesday night officially placed a sweeping rent control measure on the November 7 ballot, proponents of the initiative got their first taste of what is certain to be a no-holds-barred campaign by real estate interests to defeat the charter amendment.

Pauline Podesta and two other rental property owners received time on the agenda to present a "renter tax rebate" proposal to the council in hopes of getting it on the November 7 ballot with the rent control initiative. The rebate plan, modeled after a similar ordinance in a Peninsula city, would guarantee the passing on of Proposition 13 property tax savings from landlords to renters for the next two years only.

But members of the Santa Cruz Housing Action Committee (SCHAC), sponsors of the rent control initiative, immediately attacked the proposal as an attempt to divert votes from the broader rent control plan.

"What we're hearing appears to be a premeditated attempt to run around the end of what we're proposing," said SCHAC spokesman Keith Rolle.

Rent control advocates also expressed disbelief that a hastily assembled proposal was given consideration by the council after the rent control measure survived the grueling initiative process, which included the gathering of more than 8000 signatures.

The council agreed, refusing to place the rebate measure on the ballot and instead sending it to the housing advisory committee for study.

The apartment owner-sponsored rent rebate measure would end in 1980. It also contains language that would nullify rent control if the rebate plan gets more votes on the November 7 ballot.

Although the rebate plan won't be on the ballot, organized opposition to the rent control plan — anathema to realtors and landlords — is sure to intensify during the campaign.

"It (rent control) hasn't been officially brought to our board of directors," said Brad MacDonald, director of public and governmental relations for the Santa Cruz County Board of Realtors. "But in past history we've taken a stand against rent control. And the apartment house owners are organizing to fight the rent control deal."

MacDonald, who attended Tuesday night's meeting, admitted that the more modest rebate plan

would have taken votes away from the rent control initiative had the former made the ballot. He also said the very idea of landlords suggesting mandatory rebates was a big step.

"It wasn't easy for the apartment owners to agree to it," he said. "It is government control."

The growing statewide renter rebellion seems to be precipitating concessionary moves by owners of rental property, especially with the specter of more extreme measures like rent control on the horizon. There have been some rent reductions locally (Thrust IV, owners of the Shelter Lagoon development, recently promised a \$15 a month reduction to its tenants) — but at least as many raises.

The recently released 1978 assessment rolls, reflecting increases rather than drops expected from the 13-mandated rollback, didn't help matters for renters.

The commission of guaranteed renter relief from the Jarvis-Gann initiative predictably led to the new tenant movement, particularly in Santa Cruz where skyrocketing rents have nurtured the rent control idea even before the Proposition 13 headlines.

"It's no accident that we were able to collect in less than three months the amount of signatures we did," said SCHAC's Rolle. "There's tremendous public opposition locally, and the forthcoming battle, kicked off in a sense Tuesday night, won't be a tea party. A legal fight is almost a certainty if the ballot measure passes in the city."

The rent control measure sets up a rent control board to review any proposed rent increase. It would also roll back all rents in the city to their April 15 level.

Also on the ballot will be a SCHAC-sponsored anti-speculation tax, which could be as high as 24 per cent of the sale price for any house sold within four years of purchase without at least two years of owner occupancy. There are Proposition 13 prompted legal questions surrounding the measure, since it would be a new tax probably requiring a two-thirds vote as per Jarvis-Gann regulations.

In fact, it's that same legal problem that has slowed a similar proposed ordinance coming out of the city's housing advisory committee. The committee is now considering using a business tax approach to slowing speculation-caused housing inflation.

—Kelly Garrett