

Sacramento considers harmful real estate legislation

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By Alan Pentico
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It has been a busy legislative season in Sacramento. As we have all come to expect, many bills are being considered that would make doing business in California more challenging. The San Diego County Apartment Association (SDCAA) has its hands full working to defeat harmful measures directed at rental property owners and developers.

Legislators from around the state have made proposals ranging from hikes in the minimum wage to more stringent environmental controls and taxes of every kind. Among these are several bills that would directly influence how many San Diegans live and work.

Of serious concern are measures that would make it easier to raise property taxes — on private property owners as well as businesses — as well as legislation directed at rental property owners and developers.

The city of San Diego requires all new multifamily units to include water sub-meters. The law itself was a collaborative effort of the City Council and the private sector. Senate Bill 750 would provide a similar mandate, but does not yet include the finesse and economic flexibility that has made it a success in San Diego.

Those of us who will be tasked with implementing the new law remain hopeful that we can convince the non-practitioner architects of SB 750 of what works and what doesn't, based on the San Diego experience, and ultimately get a workable bill.

A bill being carried by San Diego Assemblywoman Toni Atkins, Assembly Bill 1229, would allow municipalities to skirt state prohibitions on rent controls and unconditionally require private apartment developers to build affordable housing.

Rent control has proven to be a failed public policy all over the state that does little to help poor people and discourages investment in new housing. Knowing this, the Legislature enacted a law more than 18 years ago that prohibits rent control on new housing, unless municipalities streamlined permitting and took other steps to make projects with lower rents pencil out.

AB 1229 would allow local jurisdictions to ignore those requirements and mandate caps on rents, no matter what. That's not fair and it is bad public policy to discourage cooperation between government and the private sector.

Finally, a bill by state Sen. Mark Leno, D-San Francisco, would have piled a host of new responsibilities on rental property owners, including the payment of interest at rates above the market for funds held as security deposits. Senate Bill 603 was wisely defeated recently.

Challenges to doing business in California continue to mount, but SDCAA is working hard to be a voice of reason in Sacramento and to make sure state legislators don't do further damage to rental property owners and businesses of every kind.

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