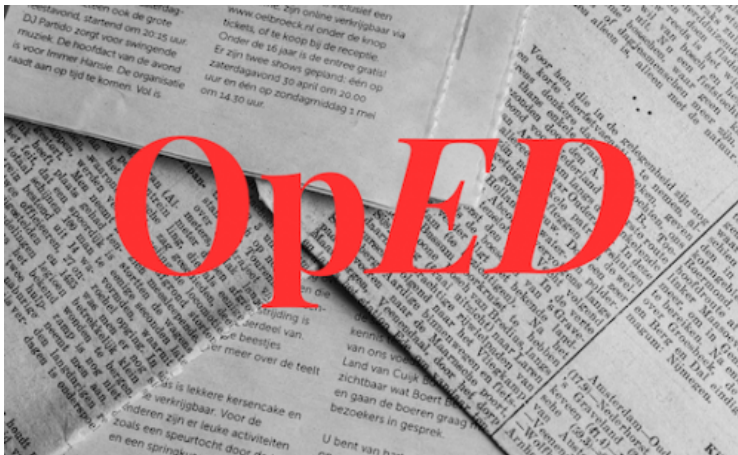


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OpEd: If you care about housing issues In Tahoe, vote no on the Vacancy Tax

Submitted by paula on Mon, 08/05/2024 - 8:42am

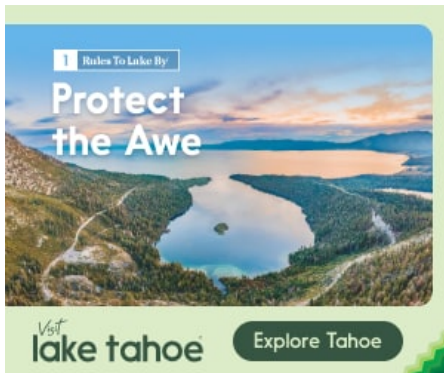


By Ayana Morali

I have been a South Lake full-time resident for nearly five years, and in that short time, I've managed to build a community here for myself. I have no plans to leave or become a part-time resident. This is my home, and I love and cherish it deeply.

Politically, I lean far left. But I have enough experience working in progressive spaces to recognize that no singular piece of legislation is exceptional enough to escape any sort of critical review. Policy only works when it's written well, regardless of which side is pushing it.

While the Vacancy Tax portends to be a liberal tax that will support housing initiatives in South Lake, it is one of the most poorly written policies I've ever read and will set the community up for failure when it comes to housing. Not only will it ensnare the city in bureaucracy for years, but it will thwart the vital and current work being done to improve housing in our community.



This is a critical issue that needs real solutions and hard work—not gimmicks with no hope of addressing the root problems.

Recently, I attended the Q&A town hall hosted by Locals for Affordable Housing which was heavily marketed as a “community engagement” session. It was an awkward closed-room Zoom call where comment access was shut off and written questions were filtered from public view, leaving many unanswered. The presentation was riddled with factual errors, they even misused the term “affordable housing” multiple times when referencing decreased values of market-rate housing.

Over the course of the Zoom session, it became abundantly clear that the proponents behind this measure don't understand how the policy they paid to have written would work in practice.

Here are some major hurdles that the community needs answers for:

Legal Battles

There is no binding appellate case law for vacancy taxes in the state of California. Similarly to San Francisco (which has been fighting a lawsuit since February 2023), the City of SLT is guaranteed to be mired in litigation for many years to come.

There's lots of misinformation flying around about this, so let's set the record straight. To date, I've

only been able to find one vacancy tax court case that has been settled in the U.S; Coleman vs Racine in Washington DC. The vacancy tax there was implemented for the sole purpose of managing blight and the city still lost. The city agreed to pay damages to homeowners to the tune of \$3.2 million. Soon after, they modified their vacancy tax to bear a penalty of \$0.

What's more concerning, the South Lake Vacancy Tax provisions are even more extreme. Ours would require a 182-day minimum occupancy while the vacancy tax in Oakland requires 50 days. The tax in Berkeley and SF both exclude single-family homes (buildings with three or more units in SF), while the proposed Vacancy Tax here is written as a flat tax on every housing unit. These other cities also include exemptions for primary homes or ones with active leases, ours doesn't. Proponents are claiming you are exempt if you rent out your home. You are, in fact, not exempt if your renters don't meet the 182-day occupancy requirement - a requirement you couldn't stipulate in a lease.

To make matters worse, while the measure is in litigation, the City cannot collect a penny of the tax. This would have deafening effects on members of our community experiencing housing insecurity, people who need real solutions today.

Compliance and Enforcement

There is nothing outlined in the South Lake policy text for how residency will be confirmed and regulated. Proponents claim it won't be invasive, but have yet to offer specifics for how it would be implemented. They tell us it will be up to the city to determine.

What we do know is that every resident will need to sign an affidavit (a statement signed under penalty of perjury). How many will be truthful? Who will investigate? How intrusive will these investigations be? How will those who falsify their affidavits be punished? How much will all of this cost in both money and city staff resources? Ultimately, how far will the City need to go to ensure enough revenue is generated that will make all this cost and hassle worthwhile? Therein lies the rub, no one seems to have any answers to these questions. These details matter.

Where Does the Money Go?

Funding for affordable housing is not guaranteed by this tax. This is a "special tax" and only "dedicated taxes" guarantee funds to a specific purpose. Special taxes can list a slew of funding needs - this one outlines roads, transit, and housing. Who can disagree with funding this wish list? Yet, there is no way we can cover and pay for everything on this list, even if the proposed Vacancy Tax generated five times what the proponents are claiming.

Moreover, the policy language leaves the ultimate decision-making up to an appointed volunteer-based commission along with the sitting city council to use the funds for whatever programs within those large buckets they see fit. This type of setup is ripe for sweetheart deals and abuse.

And what if they did choose to fund housing broadly, but opted to disregard the 45 programs in the State's Housing Element? That could put the City out of compliance with State-mandated regulations, which would halt all affordable housing projects and programs moving forward.

Even more concerning, the funds themselves are fungible. Money is money. If the city currently budgets \$100 a year to affordable housing and this tax generates \$100 a year for affordable housing, the city can simply replace that \$100 with new revenue and then use the old \$100 funding source for anything they choose. Anything. The loopholes in this policy are astounding and should concern every citizen who understands how easily non-allocated funds in politics can be mis-used and corrupted.

It's a regressive tax.

A regressive tax taxes everyone the same, no matter what they earn. We've seen time and again that regressive taxes hurt those at the bottom of the economic spectrum the most and benefit the ultra-wealthy.

If families need to sell their homes due to the burden of this new tax, there is no guarantee that any of these properties will be sold to locals. The policy offers no written safeguards for this outcome. If recent trends are any indication, they will likely sell to corporations or multi-millionaires who can afford the \$6,000 tax for their second, or third, or fourth home.

It Will Not Work

Other countries have tried vacancy taxes and have actually passed the tax. We can learn from the results. From Vancouver to London, active vacancy taxes are in the process of being repealed because vacancy taxes are proving to be ineffective and are costing cities exorbitant amounts of money in administrative costs that are not getting recuperated from revenue generated by the taxes. We have yet to see this tax implemented effectively anywhere. Vacancy taxes do not work.

Ultimately, what this proposal will cost us is wasted time. It's a shame, frankly. The past year spent marketing this poorly written policy could have been used to discuss real, effective solutions. Instead, all of the oxygen around Tahoe's housing issue has been sucked up as the proponents present false narratives to make this tax palatable. The opponents of the tax, who are also interested in real housing solutions, are stuck rebutting these false narratives rather than crafting real solutions.

Those behind the tax could have spent this time organizing community-led focus groups, engaging with experts to learn more about the types of solutions at our disposal, aligning community leaders on a common goal, doing proper outreach to build real community engagement, and amplifying the voices of those doing the real day-to-day work to improve housing in South Lake. They didn't do any of these things. Instead, they continue to try to make a silk purse out of a sow's ear. As a result, we're left with a piece of bad legislation for a complicated and nuanced topic that won't deliver on any of the promises being made.

The Good News

The good news, however, is that there are people in our community pushing the needle on housing. Four years ago the City formalized a dedicated housing department. They recruited and hired experts in urban planning who knew how to navigate this complicated topic. The following projects are now in progress at various stages of development:

941 Silver Dollar Avenue: 20 multi-family 3-bedroom units with attached garages. Achievable - no income restriction but must work locally.

2070 Lake Tahoe Blvd: 90 townhouse-style units. Achievable - No income restriction but must live locally.

3900 Lake Tahoe Blvd: 75 units at 30-120 percent AMI.

Sugar Pine Village: 248 1-, 2-, and 3-bedroom apartments at 30-80 percent AMI.

LTCC Campus: 100 beds dedicated to low-income, full-time students.

Each year, the City's housing team applies for and receives the maximum amount of affordable housing grant applications for which the community qualifies. This is why they were recently awarded the State of California's Pro-housing Designation. This is given to local governments that are actively going above and beyond the minimum requirements of the State to cut red tape, reduce development costs, and create housing policies that foster housing choice and opportunity while scaling up innovative efforts.

Also, last year, the City passed an Inclusionary Housing Ordinance that went into effect at the end of December. That means all non-exempt residential development in the city must include inclusionary housing units (deed-restricted to low or lower-income households) or pay the in-lieu fee. Exempt homes are any developments under 2,000 sq ft. Fees are then measured on a progressive scale based on size. For example, 1133 Ski Run, a 2024 development, paid a fee of \$81,575.48. This revenue is dedicated to future housing builds in the city. We got all of this with no additional overhead costs for the city. Shockingly, the proponents of the Vacancy Tax opposed this ordinance. Why? They also opposed a 2 percent TOT increase that would have guaranteed a dedicated revenue stream for affordable housing with zero additional overhead costs. Why?

On the market-rate side, TRPA is working on an overhaul of building standards, including mixed-use developments. This change could shift incentives for market-rate builds in our community to multi-unit homes, rather than McMansions. But this won't happen without your voices in the room advocating for change. TRPA leadership won't promote progressive policy on their own; they need the community and external forces to push them on this. You can attend meetings, public feedback sessions and make public comments at board meetings to help move this type of pro-housing legislation forward.

El Dorado County has also set forth an updated area plan for the unincorporated portion county in Tahoe and recently held a public session for feedback. County residents can reach out to county staff leading the area planning efforts and continue to push for pro-housing policies in the region.

Yes, more needs to be done. The public needs to continue to apply pressure to the TRPA and the Tahoe Conservancy to use their authority and land bank spoils to support housing solutions. Additional housing funding sources--real ones that will actually provide dedicated funds--need to continue to be discussed and considered. County residents need to push for engagement and align on housing solutions since we're all one community. The reality is, policy within one jurisdiction directly affects the other - another critical piece of the puzzle the Vacancy Tax proponents have overlooked.

But none of that happens if we pass this proposed Vacancy Tax. Everything our community is working on will come to a screeching halt.

If you support housing solutions in Tahoe and continued increases in affordable housing options, vote no on the vacancy tax and tell your friends and neighbors to do the same.

Ayana Morali is a full-time South Lake Tahoe resident. Before moving to Tahoe, she was an award-winning journalist with over 20 years of experience covering public policy and government corruption.

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Opinion

