

Commentary

# How San Diego voters make homes less affordable

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In November, voters in San Diego overwhelmingly supported several initiatives, proposals and measures that make homes less affordable. Yet there is relatively little or no public outcry from affordable housing advocates or Proposition 10 supporters that campaigned for statewide rent control. Sponsors for affordable housing, elected officials and voters need to understand that increases in property taxes, bonds and permit fees adversely impact home affordability and increase building costs, thereby making homes more expensive.

So why do elected officials and voters continue to support propositions and mandates that make homes and rental properties less affordable? The answer is misleading and inaccurate messaging from special interest groups on both sides.

State law makers recently passed a mandate making California the first state to require that all new homes built in the state must be fitted with solar panels. The solar fittings are expected to add an estimated \$10,000 to the cost of building a single-family home. Another measure that will increase the price of a home is San Diego Unified School Bond Measure YY. This measure received more than 65 percent of the vote.

However, San Diegans will see their property taxes rise by an estimated \$60 per \$100,000 of assessed valuation — and with the median price of a home in San Diego hovering around \$580,000, that adds an extra \$350 a year to the property tax bill. This tax increase will last a whopping 39 years. The district already has roughly \$2 billion in unused bond funds from two previously approved bond measures, Proposition Z (passed in 2012) and Proposition S (passed in 2010), and taxpayers will be paying these bonds off for years.

Voters also said no to Proposition 6 that sought to repeal a bill that increased California's gas tax by 12 cents per gallon and vehicle registration fees by about \$50 per car. The increase in fuel taxes and DMV fees ultimately pocket money from those who are looking for rent relief or who are attempting to qualify for a home loan. The result of these measures, propositions and bonds make homes less affordable *and* make it harder for home buyers to qualify for a loan, but where is the public outcry?

Several other initiatives that will make homes less affordable are in the works. One example is the San Diego City Council's Climate Action Plan, which is a work in progress. Early drafts of the Climate Action Plan included point-of-sale mandates that would have required homeowners selling their homes to make retrofits that would reduce water and energy consumption. The point-of-sale requirements were one of the most expensive proposals in the plan, but they would have had only a nominal impact on the environment. Compliance with the mandates would have cost as much as \$3,000 per home. To put that figure in perspective, in California every \$1,000 increase in the price of a home disqualifies 20,000 households from achieving home ownership.

Thus, the mandates would have precluded the potential of home ownership for many San Diegans. The costs to make upgrades to a property prior to selling may also prevent the

homeowner from selling at all, thus further limiting the housing inventory, which drives up home prices.

To help make homes more affordable, property owners should be given tax incentives or a reduction in permit fees for making upgrades to their properties. Costly point-of-sale requirements should be negotiated between buyers and sellers, not mandated by the government. Governmental mandates drive up housing costs, pricing buyers out of the market, which is the opposite of what affordable housing advocates want.

The best way to address the housing crisis is through education and collaboration. Landlords, apartment associations, builders and other stakeholders need to collaborate with affordable housing and rent control proponents and work together on strategies that will make homes and rentals more affordable. This can be done through the dissemination of accurate information and supportive dialog, not misleading and inaccurate political messaging.

The desire to have good schools, a clean environment and a viable climate action plan should be balanced with the need for affordable housing, and it appears that the public may not fully understand the unintended consequences of placing a significant amount of environmental and educational mandates on property owners.

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