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Letter: Why the Measure N Vacancy Tax will raise rents in South Lake Tahoe

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Letter
to the
Editor



Scott Robbins, Amelia Richmond, and Nick Speal are telling residents that the Measure N Vacancy Tax "Does NOT tax local residents, businesses or renters." The text of the ballot measure says "Section 3.60.020 Imposition of Tax, A.... the City imposes an annual Residential Vacancy Tax on each person who owns a Residential Unit if that Residential Unit is Vacant". There is absolutely no exception for "local residents, businesses or renters". It applies to every residence in the city regardless of who owns it or where they live.

Amelia says they are going to "recover 1500 homes" What she means, is "It will tax 1500 people out of the homes they worked hard to own." Amelia continuously provides false examples of the tax applying to multi-million dollar homes using photos from real estate listings for North Shore estates.



The rich aren't even going to be affected by this tax because they'll be able to pay it. The luxury homes aren't the ones this tax is going to target. It's going to be the middle-class family cabins. These cabins have been handed down for generations and are an important part of the Tahoe experience. For many people, owning a cabin in the woods is a part of living the American Dream.

The proponents go on to say that "it will lower rents by making more units available to renters". They apparently didn't think this through all the way before drafting the measure because it creates a situation where every landlord will be

forced to raise their tenant's rents, not lower them and this is why.

This measure would require every owner of a residential unit in the City to submit an annual Declaration of Occupancy. The City would be required to establish a process to annually audit residential units to confirm occupancy. Making a false declaration would result in a penalty of at least

100 percent of the tax owed in addition to other penalties and interest.

Landlords will not be able to prove that their tenants occupied the residence for more than 182 days. Therefore, the landlord must pay the tax or be subject to penalties.

The above proponents repeatedly tell residents that there will be a simple declaration under "penalty of perjury" to avoid the Measure N Vacancy Tax. (*below) But they are not telling renters the whole story.

Perjury under California Penal Code Section 118 PC is a felony offense that can carry a penalty of \$10,000.00 or prison sentences of up to four years and could include substantial court fines and legal expenses. The only person who is responsible, and thus liable for being punished according to the text of the measure, is the "owner."

If a disgruntled tenant or neighbor files a complaint against an owner who claims the property is occupied, they are forced to engage in two legal battles:

1. A civil action to contest the complaint and prove it was occupied 183 days that year, and
2. A criminal action for perjury.

The landlords are confronted with these choices:

A. These legal actions could easily cost the owner \$20,000 or more to defend themselves. An owner of a rental property can not afford to risk the time and expense of fighting these legal issues.

B. The owners have a better option, they can simply raise the rent to cover the cost of paying the tax every year and pass it on to the tenant with rent increases of \$500.00 per month.

This can not be addressed by asking the tenants to provide a deposit to cover the cost as some have suggested. The owners can not legally require a deposit to cover the potential tax because California Governor Gavin Newsom signed his Assembly Bill 12 into law, limiting security deposits for renters to one month's rent. That limits the owner's only option to raise the monthly rent to cover the cost of paying the tax annually.

A number of people have raised the issue of the California's Tenant Protection Act (AB 1482) restricts how much landlords can raise rent for their rental properties. The law imposes a statewide rent cap, limiting annual rent increases to 5 percent of the current rent plus the local rate of inflation, or 10 percent of the current rent, whichever is lower, however, that does not apply to most rentals in Tahoe. That law specifically exempts "Single-family homes and condos" and properties that are not owned by a real estate investment trust (REIT), corporation, or LLC, and are not a duplex where the owner occupies one of the units, are exempt and Employee housing: Housing provided by an employer to an employee as a condition of employment is exempt (such as Heavenly housing units.)

Because the tax would apply to every property in South Lake Tahoe, every landlord will be confronted with this problem and realistically have no choice other than raising the rents \$500 per month rather than risk thousands of dollars in legal expenses or even jail and a felony conviction.

The only option

for renters who will not be able to afford the rent increase will be to move out of town.

*The ballot measure states: "This measure would require every owner of a residential unit in the City to submit an annual declaration of occupancy". That applies to "local residents and businesses". (South Lake Tahoe Vacancy Tax website <https://www.tahoevacancytax.com/> Full Text).

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