

# 10 Would Transform Rent Control Throughout State

Tenants and landlords agree that California is engulfed in a housing crisis; the demand for apartments has exceeded the supply and pushed rents higher.

But Proposition 10 on Tuesday's ballot is a dramatic example of their disagreement over the solution.

Landlords, developers and lenders in the state drafted Proposition 10 and spent \$1.7 million to gather signatures to qualify it for the ballot. They have since spent \$3.2 million more to try to persuade voters that the measure would stop the most flagrant kind of rent gouging while still providing incentives for developers to build new apartments.

Tenant groups have spent about \$40,000 on a much simpler message. They contend that Proposition 10 would destroy local rent control and enable landlords to raise rents without limit.

There is no debate that rent control in the state would be transformed if Proposition 10 passes:

—Current rent control ordinances would remain in effect until the next local election, when they would be abolished. For most cities, that would be in November. New ordinances could be drafted and placed on local ballots at that time.

—If new ordinances are placed on local ballots, they would have to conform to guidelines set down in Proposition 10. Among other provisions, the new ordinances would have to allow landlords rent increases equal to the inflation rate of the past 12 months and provide for additional increases to

compensate landlords for property improvements.

—Even if voters approve the ordinances, all newly constructed apartment buildings that are occupied after Proposition 10 passes would not be subject to rent control. Any unit vacated by a tenant would become decontrolled. Single-family homes would be exempt from rent control.

—Any rent-control ordinance passed by voters would automatically expire in four years.

Many tenants living in cities where rent control is in force would probably end up paying higher rents if Proposition 10 passes. Controls would be eliminated completely if new ordinances are not passed in November. Even then, automatic rent increases that are now limited by various ordinances would be allowed to match the inflation rate.

For landlords and developers, Proposition 10 is a chance to prevent local councils and boards of supervisors from continually tightening the provisions of rent-control laws, which usually reduce landlord profits.

"It will remove the uncertainty," says Jack McDowell, chief spokesman for the Yes on 10 forces. "That should encourage new building in the state."

New building, if it materialized, could in turn relieve the pressure on housing and lead to stable rents. Economists believe the housing crisis will persist in the state for several years if Proposition 10 passes. Still, one developer contends, tenants who vote against Proposition 10 in hopes of holding down the housing costs "are looking for a free lunch."