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### **Pros & Cons Re Government Relations Issues**

#### **Mayor's \$5 billion affordable housing plan:**

**Pro:** Middle class families cannot afford to live near job centers. More than 28% of LA's working families spend more than half of their income on housing. LA leads the nation in homelessness, leaving more than 40,000 people without a home each night. While there is a sizeable number of units springing up at the high end of the income spectrum, little is being built for the majority of working people in the LA economy. The foregoing is only a small, but very indicative part of the city's arguments for the mayor's plan. The Mayor's plan is to leverage \$1 billion of public funds for housing into a five-year \$5 billion "investment in affordable and workforce housing."

**Con:** It's hypocritical to talk about preserving affordable housing when the capital improvement part of the city's Rent Stabilization Ordinance prevents owners of apartments subject to the ordinance from adequately maintaining their property. The ordinance prevents owners from getting back from tenants, over a six year or longer period, any more than 60% of the amount spent on improvements. They therefore lose at least 40% on each improvement. From January 1, 2003 through April 30, 2008 less than 1/3% (that's 1/3%, not 1/3) of such apartments had rent increase applications filed for that purpose. That causes apartments to deteriorate. At a time when the city, among other government agencies, has severe budget problems, the public cannot afford subsidizing housing with \$1 billion of tax revenue. Furthermore, affordable housing produced by nonprofit corporations, benefits from property tax exemptions. Such exemptions increase incrementally with each such development, thereby eroding the city's property tax base. If so many people cannot afford housing, why is there such a small vacancy factor? Existing housing is occupied by people with a wide range of income.

#### **Appoint a Sheriff to Collect \$500 Million in City Fines and Fees**

**Pro:** With a severe budget deficit, the city is looking for ways to cut costs and increase revenues. Uncollected fines and fees of \$500 million is a good place to start. A proposal has been made to appoint a "Sheriff" to collect the delinquent amounts. As long as validly assessed fines and fees

can be efficiently collected, with collection costs being relatively reasonable, the net amount collected can certainly reduce pressure for other revenue increases and layoffs.

**Con:** With one exception, only somebody who is delinquent in paying the fines and fees could oppose the appointment. The exception would be if collecting amounts validly due would cost more to collect than the amount collected.