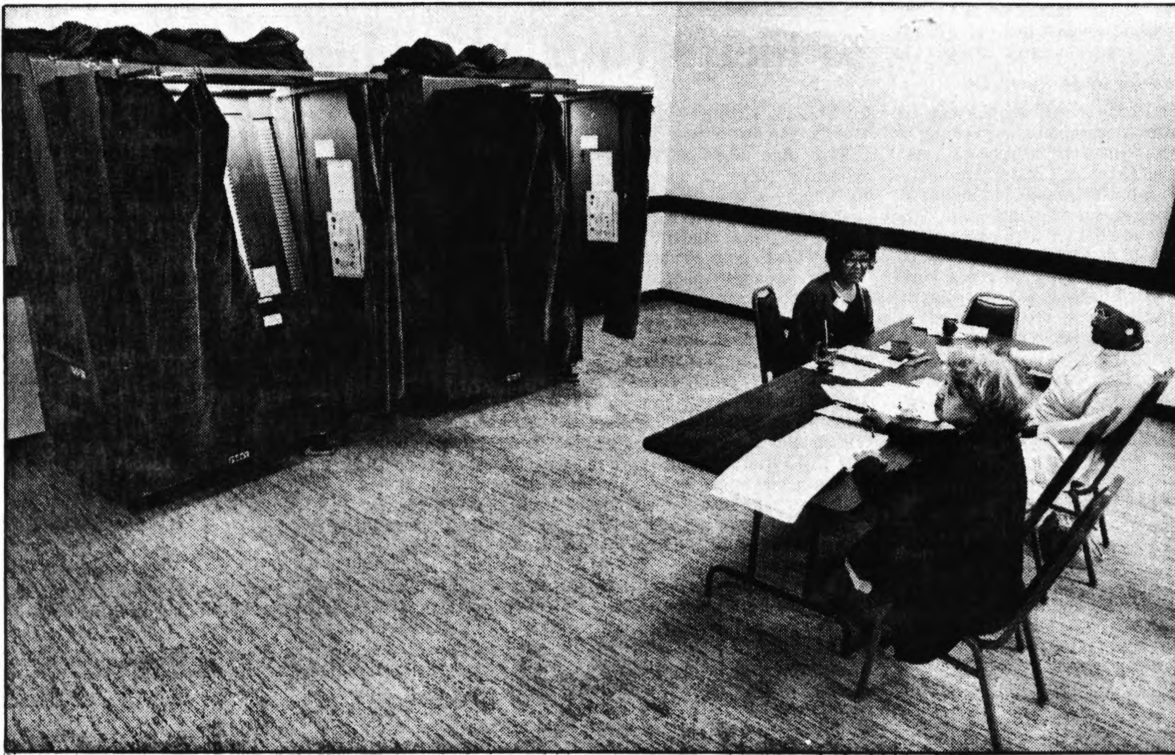


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East P.A. voters approve tax



Eugene Louie — Mercury News

Election officials were ready at the East Palo Alto Community Center polling place Tuesday

But reject plan to limit rent control

By Stephen Robitaille
Mercury News Staff Writer

East Palo Alto officials were jubilant Tuesday night as they learned voters had approved a tax measure deemed crucial to the fledgling city's survival.

But voters rejected a plan to limit the city's stringent rent control ordinance — the third attempt to water down the law since voters enacted it in 1984. The effort, Measure B, got less than 30 percent of the vote, with 689 in favor to 1,499 against.

Measure A, which taxes each property owner at least \$175 a year, won with 1,373 votes in favor to 848 votes opposed. That gave it almost 62 percent yes votes — far more than the simple majority needed. The tax is expected to raise \$900,000 a year for five years to help pay off the city's \$2 million debt.

"It's just beautiful. The citizens voted (rent control) in, and they don't want anyone to toy with it," said Mayor William Vines. "And with Measure A, they said, 'We're

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Tax measure gets 62% yes vote

ELECTION, from Page 1B

going to give you the money so you can move ahead and get the city going until the development starts up."

About 25 percent of the city's 8,966 voters cast ballots in the election.

Supporters of Measure A, who included Vines and three of the four city council members, said the new tax dollars will allow the city to survive until anticipated development projects can be built and fill city coffers.

The mood was almost giddy at city hall as city officials and city employees gleefully congratulated one another when it became clear Measure A was winning.

When Russell Averhart, the deputy city clerk, asked another city worker to help count absentee ballots, Councilwoman Barbara Mouton asked, "How much are you paying?"

"We are paying big bucks now, Mrs. Mouton," Averhart said, drawing laughs from the crowd.

Measure A will levy annual taxes beginning in 1989, on this basis: \$175 for each lot with a single-family home; \$175 for each agriculturally zoned parcel; \$60 for each

'It's just beautiful.'

— East Palo Alto Mayor William Vines

dwelling unit in apartment buildings, with a minimum tax of \$180; and \$1,000 for each commercial, industrial or institutional parcel.

Low-income residents older than 60 or with handicaps will be exempt. Landlords will be able to pass on the cost of the tax to tenants.

Because Measure A is a general tax that is not earmarked for a specific program, it needed only a simple majority of votes, not the two-thirds majority required of special taxes.

The city, which incorporated in 1983, faces a \$750,000 deficit for the fiscal year ending June 30. In addition, it has \$1.3 million in deficits from previous years. The red ink is centered in four funds: those for municipal employees' pensions, workers' compensation, insurance and contingencies.

Meanwhile, rent control supporters exulted at their victory.

"It certainly says people are sophisticated and will vote on their own behalf," Mouton said.

Robert Saunders, a landlord and member of the Palo Alto Park Association, the landlords' group that pushed to get Measure B on the ballot, said he was disappointed at the results. Saunders also said the group wasn't sure whether it would challenge the ordinance again.

"Well, we're not at all pleased. It seems that the tenants of this town, apparently they'd rather have low rents than a city that works," he said. "At this point, I have no idea what we might do."

Under Measure B, landlords with five or more rental units would have become exempt from the rent control ordinance if they set aside 20 percent of their units for low-income tenants.

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