

## To hurry solution to E. Palo Alto fiscal crisis

# Homeowners may support landlords

By Howard Mintz  
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Saying there is a need for the community to get moving on rescuing East Palo Alto from its fiscal crisis, a local homeowners group indicated Saturday it will seek a meeting with landlords who recently extended a bailout proposal to the financially strapped city.

At a forum to discuss East Palo Alto's financial problems, members of the United Homeowners' Association suggested that the

landlords' offer may well be at least a short-term solution the city's search for a \$600,000 loan.

"We need to bring in some bacon for the community," said former City Councilwoman and homeowners' association member Gertrude Wilks. "If anybody can throw us a rope at this time, we ought to grab it."

The proposal, distributed last week to the City Council, calls for the landlords to help East Palo Alto with its cash flow problems in ex-

change for a relaxation in the city's controversial rent control ordinance. The proposal was advanced by the Palo Alto Park Association, an organization of East Palo Alto landlords.

Members of the homeowners association Saturday told several East Palo Alto city officials that the rent control ordinance was adversely affecting the city by undermining the tax base and creating a community of substandard housing, and that modification of the

law could be a first step in resurrecting the city's financial condition.

One homeowner remarked that rent control "gave us not only six-legged roaches and rats, but two-legged ones as well," a reference to complaints about drug users invading the city over the years.

Rent control has been a controversial issue for some time in East Palo Alto, and apartment owners have battled for years to abolish or relax the stringent ordinance.

## on rent control

There is currently a lawsuit pending against the city by a number of landlords, charging that the rent control ordinance is unconstitutional.

As part of the landlords' bailout proposal, that suit would be settled out of court.

But rent control does have its proponents on the council, including Councilwoman Barbara Mouton, who said Saturday that the ordinance is needed in East Palo Alto.

"There may be things we need to look at and adjust, but rent control can work and does work," Mouton told the gathering of about 30 homeowners.

However, council members indicated last week that the landlords' offer is worth considering in light of the financial problems, and the homeowners say they want to join in that dialogue.

Meanwhile, city officials told the

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homeowners Saturday that several steps are being taken to extricate East Palo Alto from the budget problems, which City Manager Stanley Hall labeled "a major crisis."

Hall told the homeowners that several steps are in place, including an audit of the finance department and consideration of various revenue alternatives, such as the imposition of a utility users tax in the community.

The city manager stressed, however, that it is crucial for East Palo Alto to begin strengthening its tax base to ensure steady sources of

revenue to fund city services.

"The city will not be in the business of giving away land," Hall said.

Councilman Warnell Coats echoed the need for economic development in East Palo Alto, saying the city's financial woes have resulted from "buying more services than we had dollars to buy."

The current financial shortfall, Coats added, has polarized the community and reinforced the community's division over the issue of incorporation.

"As revenues increase and services improve, a lot of the arguments about incorporation will go away," Coats said. "We should bring in hotels, office buildings, complexes that bring in (revenue). You can't buy \$100 worth of clothes with \$10 in your pocket."

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