

## The Incentivised Approach

California is changing. Californians typically take the role nationally of being the facilitators of change. Whether its race, religion, sexual orientation, politics or the environment, California typically leads the way - for better or for worse. Unfortunately, as we continue to evolve, governments have begun adopting onerous policies or mandates in an effort to achieve desired results and achievements without fully vetting the long term cost or impacts of the adopted policies. The lack of thorough analysis and forethought of consequences has left many of us confounded. There appear to be workable solutions readily available and awaiting implementation without the need for additional bureaucracy.

So, what's the solution? Cities are driving agendas that demand a change in the way business, real estate and development are done within their boundaries. It is imperative that we engage ourselves in this process and provide the essential data and analysis needed for proper decision making and if necessary, policy change. But unfortunately this isn't always enough. How do we adequately address local government concerns while maintaining proper boundaries in regards to our interests?

Providing incentives as a primary tool to facilitate change seems like a straightforward concept. It's simple in its implementation and does not restrict or impose detrimental policy changes. In most instances, it actually provides a more efficient vehicle for delivery of the proposed solution. By incorporating incentives, you provide for the opportunity of voluntary gifting of the desired service. At the very core of this approach lies the true key to its success. It's simply human nature to work progressively towards a goal when there is a benefit in achieving it. On the other hand, mandates for performance are generic and when doled out they usually elicit the minimum output. The private business sector excels in the areas of creativity and service delivery. So why not let business do what it does best? Providing incentives is the way to achieve success. We all want projects that will benefit our communities and this certainly seems like a better use of resources than a set of mandates that only half helps everyone.

The city of Monterey recently adopted a new set of Green Building Regulations. All new construction and remodels, both commercial and residential will be subject to either the Leadership in Energy and Environmental Design (LEED for commercial) or the Build It Green (BIG for residential) standards with subsequent adherence to an adopted green point rating system. The new regulations will be phased in over a year with the first year being voluntary, incentivising adherence to the new policy with such things as: expedited permitting, flexibility in setbacks and receiving priority inspections. The incentives approach certainly makes the new level of reg's somewhat more palatable, but what happens after the year long phase-in sunsets? All projects will require the new green standards and the incentives either disappear or lose their benefit altogether. The imagined panacea now has the potential to negatively impact the overall intent of those who originally conceived and subsequently adopted the policy. I'm sure you can imagine the desire of some to circumvent the new requirements only to pursue improvements void of the appropriate permitting process.

This is certainly not a judgment on either the LEED's or Build it Green programs. Both have proven to be beneficial and have delivered levels of success in achieving energy efficiency and environmental benefit. This is however an opportunity to evaluate the level of success prior to the mandatory green building standards taking effect a year from now.

Kevin

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## Salinas Business License Tax Update

This week,

I've received numerous phone calls from members requesting guidance on the specific direction that MCAR is taking in regards to the desired "interpretation" of the Salinas Business License Tax.

Let me start by saying that while we believe the chosen direction of Salinas City Staff's interpretation of the language is flawed, (at this point in time) the appropriate comprehension, as the association views it, will probably produce a level of malaise amongst those agents in Salinas not accustomed to issuing payment at any level for a Salinas business license.

The Salinas Business License Tax Ordinance was adopted a number of years ago, and if interpreted correctly, is in compliance with the authority granted by the state to a local municipality to tax business activities. Statewide, it's this authority granted to jurisdictions that typically results in brokers and agents being taxed by each of the cities in which some part of a given real estate transaction takes place.

Again, this ordinance was adopted a number of years ago. A worthy goal to pursue in the future would be to participate in re-structuring the ordinance and removing some of the conflicting and convoluted language. Having said that, the goal in the short term is to remedy the obvious oversight in appropriate discernment of language within the document. The sections being debated by City Staff and MCAR are listed below:

**Sec. 19-27 "Professions" states:** Every person conducting, managing, carrying on or engaging in any business (..)shall pay a license tax of two hundred dollars (..)for each person practicing his or her profession or occupation other than a salaried employee (..)

**Listed under the "Professions" category in this section: Real Estate Broker**

**Sec. 19-27.1 "Occupations and Services" states:** Every person conducting, managing, carrying on or engaging in any business (..)shall pay a license tax of one hundred dollars (..)for each person practicing his or her profession or occupation other than a salaried employee (..)

**Listed under the "Occupations and Services" states: Broker or commission agent**

The language clearly states that real estate (commissioned) agents are to be levied an annual tax of \$100.00, not the \$200.00 annual burden City Staff is claiming. It should also be clarified that while Brokers are being charged a tax of \$200.00 annually and have been for some time, the ordinance is lacking an appropriate distinction between "Owner Broker" and simply a Broker classification. There are certainly numerous brokers doing business in the city of Salinas, but are doing so under the management of an "Owner Broker".

Discussions continue with the City of Salinas and we will continue to update as we move ahead on trying to resolve this issue.

Kevin

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**Mosquito Abatement District Requesting Assistance from MCAR Membership**

The Northern Salinas Valley Mosquito Abatement District is an independent special district established in 1950, serving all of the northern part of Monterey County, including the incorporated cities of Monterey, Seaside, Sand City, Del Rey Oaks, Marina, and Salinas.

In the wake of the recently first positive case in Monterey County of West Nile Virus in a dead bird, the N.S.V.M.A.D. is interested in any reports of unused swimming pools, hot tubs, ornamental ponds, horses troughs that may be producing mosquito larvae.

The N.S.V.M.A.D. is enlisting support from members of the Monterey County Association of Realtors in helping them locate properties that may or may not be occupied that have the sources mentioned above.

Dennis Boronda, Manager-Biologist requests that Realtors or Homeowners phone the N.S.V.M.A.D. in Salinas at: (831) 422-6438 From Monterey: 373-2483 From Pajaro: 761-2483. The District can deliver mosquito fish for ponds and animal troughs free of charge. The Association's cooperation is greatly appreciated.

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*Until next time,*

Kevin Stone  
Government & Community Affairs Director  
Monterey County Association of REALTORS®