

NAPA VALLEY REGISTER ARTICLE

Co-ownership of single-family homes in St. Helena

- Steve Goldfarb and Jennifer La Liberte
- Mar 16, 2021 Updated Mar 26, 2021

Napa Valley Register Link to Article

https://napavalleyregister.com/opinion/letters/co-ownership-of-single-family-homes-in-st-helena/article_16d8419c-0d27-558f-9ee4-0825a5c137d1.html

- Our Town St. Helena has spent its entire 11-plus years creating housing that is affordable for our community residents, which is no easy task. It is especially challenging in our beloved town because real estate values are so high and continue to escalate.
- From February 2020 to February 2021, median home prices have increased 15%, and that's during a pandemic. The loss of over 100 working-class homes from the 2020 wildfires in Deer Park compounds the shortage of housing for residents who work at our local businesses, schools and government offices. We have a long way to go to address the growing lack of housing for our workforce, seniors and young families.
- We have become aware of the company (Pacaso) that is buying single-family homes, fixing them up and then selling them in one-eighth shares to people from outside the community as second homes. For each house, the company forms a limited liability corporation and the share buyers become partners in the LLC, each with a 12.5 percent ownership. The seller manages and maintains the property so the share buyers can simply arrive for rest and relaxation or, as many may call it, a vacation. This mechanism circumvents the city's timeshare and vacation rental laws and avoids payment of Transient Occupancy Tax, yet it imparts the same potential negative impacts on our community.

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- Part-time absentee owners aren't invested in the community the way full-time owner-occupants are. They are much less likely to frequent local service businesses like dentists, hair salons and pharmacies. They don't send their children to our local schools. Without continual oversight or a method for compliance monitoring, the nuisance problems created by some vacation rentals can occur just as easily with fractional ownerships. There is no way to know if the owners are actually using the property, or if they are subletting it to others. Aside from noise and other codes, and building regulations for remodels, the city has few legal tools to mitigate potential problems.
- Other concerns relate to the impact on real estate and home prices in our already very expensive town. Pacaso is selling shares for one home on Madrona for \$525,000, equating to a house price of \$4.2 million; another on Shadybrook at \$482,000 per share for a total price of \$3.9 million. This trend is untenable and will undoubtedly price most local residents out of our housing market if enough of these homes are bought for this purpose.
- Preserving housing for local residents is tantamount to keeping St. Helena a desirable place to live for all age groups, full time and year 'round. Keeping neighborhoods intact with full-time residents is one important ingredient for a community to thrive. Our Town St. Helena urges the city leaders to be proactive and creative in addressing this issue and the related problems that are sure to arise.