

Good morning.

At our last meeting I did my best to introduce the problem we are trying to tackle with the proposed real estate transfer tax. Today I want to briefly go deeper into why I believe this proposal is not only the right thing to do, but the necessary thing to do.

I hope to accomplish three things in my remarks. First, I want to paint an even clearer picture of the housing challenge facing our workforce in District 5 and across the Monterey Peninsula. Second, I want to explain why I believe this is happening. (It is important as we go down this path that we are very clear about the causes of our housing challenges.) And third, I want to respond to some of the concerns community members have shared with me.

I want to say at the outset – I am not here to force anything on anyone. I am not here to stuff this proposal down your throat. What I am here to do is make the case for this transfer tax as clearly as I can, because I believe that when we look honestly at what is happening and where we are headed, the path forward becomes clear. It is my hope that by the time we go into a November campaign, we go in together with the full support of this board and with our community behind us.

So let me start with what I know firsthand.

I was born at Community Hospital in 1974. I grew up in Carmel at a time when our peninsula neighborhoods were filled with working professionals and teachers, nurses, firefighters, shopkeepers, tradespeople, and hospitality workers. The people who taught me at Carmel River, Carmel Middle and

Carmel High School returned to homes at the end of the day that were located within the school district or in close proximity to where they worked. The police officers and sheriff's deputies who patrolled our streets, lived on some of those very streets. The person who built your home or fixed your plumbing could afford to raise a family on the Monterey Peninsula.

That world is gone. (The number of times I have received calls from constituents throughout the district reporting to me they are the last house on the street with a full-time resident is baffling!)

Today, nearly every sector of our workforce is priced out of the housing market on the Monterey Peninsula. Working Professionals. Teachers. Registered nurses. Hospitality workers. Public safety personnel. Caregivers. Artists. The fishermen who built Monterey's blue economy. At every level – hourly workers and salaried professionals alike – the workforce that makes this region function – can no longer afford to live here. We are already seeing the consequences in declining school enrollment, staffing shortages in our hospitals and in the public sector, and at businesses across our hospitality industry. Even on the culinary side, while our high-end restaurants in Carmel-by-the-Sea may be thriving, a local's favorite, the Wagon Wheel in Carmel Valley, just announced yesterday that they cannot afford to keep the doors open any longer after 60 years in business.

What I understand very clearly today is that our housing shortage is not a zoning problem. It is not a permitting problem. It is not a problem we will solve by streamlining approvals or debating density. Those conversations have their place, but they have distracted us from a more fundamental

truth: we have two housing markets on the Monterey Peninsula, and they are not competing on equal terms.

The first market is driven by buyers whose wealth comes from assets, investments, and equity – not from a paycheck. Our region is a destination known throughout the world. And it has become a vacation home for some of the wealthiest individuals on the planet. Last year alone, eleven homes sold for over ten million dollars on this Peninsula. Nine the year before. Ten the year before that. The average annual sales volume for homes above \$10 million dollars is \$174.5 million dollars. For many of those sales, the Monterey Peninsula is not home, but a seasonal escape from a primary residence elsewhere.

The second market is our workforce. Such as teachers earning \$76,000 to \$90,000 a year. Hospitality workers earning less. Even top-earning veteran teachers making over \$100,000, cannot afford a home on their salary alone. Yet when I was a kid in the 1970s, a teacher earning \$15,000 a year could afford a \$50,000 home in or near Carmel. Today, the typical home price exceeds \$2 million. That gap is not a market fluctuation. It is a structural condition – and it will not correct itself.

When a private developer builds a market-rate home on the Monterey Peninsula, the price is not set by local wages. It is set by the wealth of the first market. The economics are straightforward: the highest return comes from building for wealth, and so that is what gets built. I live in Carmel Valley where two significant developments are on the horizon – Rancho Cañada Villages and One Carmel – representing 240 new homes. Deed-restricted affordable units aside, these new market rate units will not be

accessible to our workforce. This is because building housing that our workforce can afford will not yield a big enough profit for a private developer. So, it does not get built. But let me be clear, the market is not failing – in fact it is working exactly as it was designed to work. It is simply designed for someone else – not you. Not me.

As I mentioned earlier, I also want to address the concerns some of you have raised with me directly, because I respect that they come from a genuine place.

Some have suggested that the transfer tax could slow the luxury home market and reduce property tax revenue for the County. Some have raised supply-side arguments and have suggested the answer is more production, not new taxes. Additionally, you have expressed concern that wealthy buyers might choose Texas or Florida over the Monterey Peninsula if we introduce additional transaction costs.

I believe these concerns, while understandable, do not accurately account for what has happened to wealth in this country over the last eight years. Since tax policy shifts began in 2017, the wealth-without-wages market has experienced a surge that is without modern precedent. The number of billionaires living in the United States has grown dramatically, and I would argue this growth is not because of hard work or new enterprise, but because of policy. Asset values have compounded in ways that wage earners have never experienced and never will. The gap between these two markets has not just grown, it has become structural.

And on the argument that luxury home sales will slow, I would ask you to consider it carefully. The suggestion that wealthy buyers will choose Texas or

Florida over the Monterey Peninsula does not hold up against the reality that those states are facing extreme heat, flooding, and climate instability that is making a place like Texas genuinely unlivable in summer months. Our temperate climate is not incidental to our appeal – it is becoming one of our most significant assets. People who can afford to live anywhere are increasingly choosing places where they can live comfortably when other parts of the nation, and our world, become unlivable. The Monterey Peninsula is one of those places. That is not going to change because we ask that a fraction of a \$10 million dollar transaction be reinvested in the community it depends on.

So let me close with this.

What do we stand to lose if we do nothing?

We stand to lose our teachers and the schools they sustain. We stand to lose the healthcare workers who staff our clinics and hospitals. We stand to lose the caregivers who support our youngest children and our oldest residents. We stand to lose the tradespeople who maintain our infrastructure, the fishermen who grow our blue economy, the hospitality workers who welcome the world to our shores.

And we stand to lose our artists – the people who help us see and feel what makes this place extraordinary, who have put Monterey County on the map in ways that no marketing campaign ever could. Without them, this place does not just become more expensive. It becomes less vibrant, less authentic, and ultimately less itself.

A community where only wealth can live is not a sustainable community. It is a destination. And destinations, without the people who give them life, eventually hollow out.

That is why I am asking for your support. I believe that when we look clearly at where we are and where we are headed, this is the right step. A small portion of extraordinary wealth, reinvested in housing for the community that wealth depends upon.

I hope you'll join me in moving this transfer tax forward.

Thank you.