

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

SoCAL CHAPTER

Legislative Affairs Update



Legislative Affairs Committee

www.naiopsocal.org

A Report to the Board of Directors, Sponsors and Members

Committee Chair Justin McCusker • Co-Chair Stephane M. Wandel

January 11, 2018

Happy New Year! Welcome New Board Members

The members of the Chapter's Legislative Affairs and Political Action Committees welcome the new and returning Board Members. The Legislative Affairs Committee meets monthly in Costa Mesa for a working lunch. We do want to recommend that Board members participate, or that you have someone from your talented staff participate on the committee. To be added to the committee contact list for meeting information, please contact Vickie Talley (vickie@talleyassoc.com or 949-380-3300). We anticipate that 2018 will be a very challenging and important year for commercial real estate, as the items discussed in this report make clear. We will need all of your great insights to be successful. Also, throughout the year, please remember to check the Chapter's website home page where Legislative Alerts are posted. Thank you in advance for responding on ACTION items requesting that you make calls and send letters to legislators on important issues and legislation. Your personal contact does make a difference. It is vital to have a vocal and united voice supporting commercial real estate and elected officials do listen!

Washington DC Leadership Retreat, February 5 - 7 • Meetings with Members of Congress Scheduled

Appointments are currently being made with members of Congress for the NAIOP Leadership and Legislative Retreat in Washington, D.C. These visits to our Federal Representatives are very important and provide critical exchange of information on issues and legislation impacting commercial real estate. Every effort is being made to make appointments with the Representatives of the Chapter's delegates attending the conference. If Board Members attending the Retreat have special requests for meetings, please contact Peter Herzog (peter@talleyassoc.com or 949-380-3300). Appointments are scheduled the morning of the last day of the Retreat.

Very Important!

Please do not book your return flight until late afternoon on Wednesday, February 7, 2018 so that you are able to participate in meetings with members of Congress, which are held between 9:30 a.m. and 1:00 p.m. Thank you!

THE BATTLE HAS BEGUN! Split Roll Ballot Initiative Filed

A split roll tax initiative entitled "The California Schools and Local Communities Funding Act of 2018" was filed by California Calls and the League of Women Voters designed to be on the November, 2018 ballot. California Calls is a grassroots mobilization group typically funded by SEIU and the California Teachers Association. The key provisions would reassess all business properties in 2020 to their full market value, and the property would be reassessed every three years thereafter. One can only imagine the impact and cost to long time property owners. How much has a property purchased 10 - 20 - 30 or even 5 years ago appreciated? NAIOP SoCal will participate in a call on January 9 to get the most up-to-date information on what is happening – including early action that is being undertaken, and how you can help in the coming months. A further update will be provided at the Board meeting. Additionally, our Sacramento advocate, California Business Properties Association (CBPA) is on the Executive Committee of Californians to Stop Higher Property Taxes, the entity that will coordinate business and taxpayer groups' efforts.



AB 1059 - Dual Agency Ban Bill Update

AB 1059 (Gonzalez-Fletcher) is a bill that would ban completely the use of dual representation in commercial real estate transactions. Such a ban would dramatically, and negatively, impact the ability to complete commercial

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property transactions. NAIOP SoCal has been working closely with CBPA to fight the bill, and recently contributed \$10,000 toward the effort to defeat the bill. All of the efforts have paid off. Just this Tuesday the bill was heard in Committee and did NOT pass, although it was allowed to be reconsidered, which means it could be heard again in a week or so. But, Assemblymember Gonzalez-Fletcher has drafted amendments that would NO LONGER BAN DUAL AGENCY. These amendments would achieve our primary objective. We would then be dealing with a bill that is trying to create another type of disclosure of a dual agency relationship, which we still believe is unnecessary. So, there is still more work to do, and NAIOP SoCal participated in drafting a letter of opposition to the proposed amended version of the bill. The main objective is still to defeat the bill, but, we may be dealing with a completely different issue that is much more limited in scope and impact. A significant step forward.

Highlights of Committee 2017 Legislative Accomplishments and 2018 Priorities

A detailed report on the efforts undertaken in 2017 to protect our NAIOP SoCal members and the 2018 priorities has been prepared and is available to Board members in your Board Resource Book. The following are just a few highlights from 2017.

- Stopped the City of Anaheim from adopting an Affordable Housing Linkage Fee/Tax.
- Defeated the City of Stanton effort to approve an Art in Public Places Fee/Tax that was placed on the agenda without any prior indication, and, in fact, we were able to have the item pulled off the agenda.
- Worked with a broad coalition to defeat the City of LA Neighborhood Integrity Initiative (NII), which would have put a moratorium on the issuance of any building or demolition permit on any project that had already received a general plan amendment, zone change or height change and, not allow any new changes to the general plan, zoning code or height limitations.
- Air Quality Issues/Environmental Quality - This entire area is a frustrating, ongoing and complex arena, yet, in summary, 2017 was a successful year on the air quality/SCAQMD/CARB front because:
 - *We prevented the SCAQMD from adopting any rules aimed at warehouses and the commercial real estate industry even in the face of intense pressure from the environmental community to do so;*
 - *We prevented the California Air Resources Board (CARB) from amending the local Air Quality Management Plan (AQMP) to include Indirect Sources Rules;*
 - *We have in place a strong coalition fully engaged and prepared to face the challenges that are coming in 2018.*
- NAIOP SoCal PAC supported pro-business candidates and issues.

2018 will be a very busy and challenging year on the Legislative Affairs front. The number one priority will be defeating the split roll tax initiative discussed earlier. Additionally, we are in the midst of fighting, and expect to see more, efforts by local government to create numerous types of new taxes, such as affordable housing linkage fees/taxes, art in public places fees/taxes, parcel taxes for a variety of supposed “needs”, etc. Next, while cities and counties want older sections of towns redeveloped, once it begins to occur they often want to stop “gentrification”, so we are seeing so-called “tenant protection” statutes and regulations designed to prevent any prior tenants or businesses from being displaced, which include only allowing just cause evictions. Then there is the ongoing struggle to stem overzealous regulators from blocking businesses ability to thrive and provide the needed quality jobs for California. The leaders here are the air quality regulators who are focusing on creating “Indirect Source Rules” which would require places where trucks do business, like ports and warehouses, to be responsible for decreasing the emissions coming from those trucks or face penalties. And 2018 is an election year with many vitally important local races that will keep the NAIOP SoCal PAC very busy.

So, again, Happy New Year, yet it will be one full of challenges for commercial real estate. Your Legislative Affairs Team looks forward to working with you to protect your members’ interests.



“Accountability breeds responsibility.” ~ Steven Covey