



### ELECTION VICTORIES & DEFEATS FOR AAOC...

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In each election cycle, AAOC plays an important role in state and local campaigns. With three statewide elections in California this year, 2008 was a great opportunity for AAOC to elect state and local candidates who share the values of a strong business community, free enterprise, and private property rights.

While we were not successful in every race, AAOC did have some impressive wins. In fact AAOC prevailed in over 70% of all the races we played a role in, either through an endorsement, a contribution, or both.

Of course AAOC suffered a heartbreaking loss in June with the defeat of Proposition 98, the initiative to phase out rent control and reform eminent domain. However, AAOC succeeded in electing several city council candidates opposed to rent control. With council majorities across Orange County opposed to rent control, we can, for now, ensure that rent control has a difficult time being enacted in this portion of California.

Here is a run down of key election victories:

**State Legislative Candidates:** All of AAOC supported State Senate and State Assembly candidates were elected or re-elected. New faces representing Orange County in the Legislature include 60<sup>th</sup> District Assemblyman Curt Hagman, 71<sup>st</sup> District Assemblyman Jeff Miller, and 73<sup>rd</sup> District Assemblywoman Diane Harkey. We expect that each of these new legislators will be strong voices for the business community and private property rights. Assemblyman Bob Huff will be moving to the Senate to represent the 29<sup>th</sup> District and Assemblywoman Mimi Walters will be moving to the Senate to represent the 33<sup>rd</sup> District. Both Mr. Huff and Mrs. Walters were strong members of the Assembly and will be great advocates in the Senate.

**Measure J:** The countywide ballot initiative to require voter approval for certain increases in county employee retirement benefits passed overwhelmingly with 75% of the vote. AAOC strongly supported this measure as it provides for a safeguard against future elected officials saddling the taxpayers with more financial liabilities. One of the reasons property owners face constant fee increases is due to the rising cost of government. The rising cost of government can partly be attributed to excessive public employee benefit packages. Initiatives like Measure J will help keep those benefit packages in check.

**City Council Races:** A majority of AAOC endorsed city council candidates were elected. We must elect city council majorities that recognize the importance of free market and private property rights. Electing candidates that follow these philosophies will insure that you continue to have the right to run your rental property business as you see fit.

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# SACRAMENTO REPORT 2008

## SUCCESSFUL YEAR FOR THE RENTAL HOUSING INDUSTRY

Amongst the thousands of bills introduced in Sacramento each year are several that concern the rental housing industry. The vast majority of these bills, if enacted, would be a disaster for any rental property owner. However, by working with our few allies in the legislature, as well as other associations that share our concerns, AAOC can be successful in stopping harmful legislation and supporting good legislation. Several bad bills were either defeated or amended this year and AAOC ended 2008 with a successful record of accomplishment. The following is a summary of some of the key bills of 2008:

<b>BILL #</b>	<b>(AUTHOR) DESCRIPTION</b>
<b>AB 2925</b>	<p><b>(Davis)</b> A near repeat from last year. If enacted, this bill would have placed additional regulations on new owners of substandard property. Owners of newly purchased substandard property would have been saddled with excessive civil penalties and reporting requirements. Additionally the bill would have imposed a state-mandated local program by imposing extra duties on enforcement agencies.</p> <p><b>OUTCOME:</b> Defeated.</p>
<b>SB 1299</b>	<p><b>(Midgen)</b> This bill would have authorized local governments to require one for one replacement housing at rent controlled levels. The measure would have eviscerated the new construction exemptions to local rent control ordinances finally enacted years ago in the Costa-Hawkins Act, and made shambles of the earlier Ellis Act that allowed owners to quit the rental housing business.</p> <p><b>OUTCOME:</b> Defeated.</p>
<b>SB1386</b>	<p><b>(Lowenthal)</b> This bill would require the state Fire Marshal to develop standards for carbon monoxide alarms in residential units. The bill would impose duties for the installation, testing, and maintenance on owners of rental units. AAOC added some amendments to make the bill more property owner friendly. Although defeated, this bill will likely return in a future legislative session. The groundwork laid by AAOC will ensure that any future bill is reasonable for property owners.</p> <p><b>OUTCOME:</b> Vetoed by the Governor.</p>
<b>SB 1598</b>	<p><b>(Padilla)</b> This bill would have required a rental-housing owner to notify tenants one year in advance if that owner wanted to make all or part of their property smoke-free. If passed, this bill would have set the dangerous precedent of requiring a one year notice for property policy changes. AAOC spent countless hours working to defeat this bill and fortunately succeeded.</p> <p><b>OUTCOME:</b> Defeated.</p>
<b>SB 1608</b>	<p><b>(Corbett)</b> This bill sought to cut back on the excessive lawsuits related to compliance with the American with Disability Act (ADA). The bill included a court procedure for building owners sued because of alleged construction-related accessibility violations. It will allow a halt to litigation for 90 days and an early evaluation meeting between a judge and involved parties. The bill gives businesses the time to make their structures comply with the law, without the fear of a heavy monetary loss.</p> <p><b>OUTCOME:</b> Signed into law by the Governor.</p>

# ORANGE COUNTY LEGISLATIVE WATCH 2008



## WORKING TO KEEP ORANGE COUNTY PROPERTY RIGHTS FRIENDLY

AAOC is committed to keeping Orange County a place that values property rights, promotes free enterprise, and supports a strong business community. However, there is always the risk of local government imposing excessive fees, enacting burdensome regulations, and intruding on property rights. On a daily basis AAOC keeps watch of each of Orange County's 34 city governments and monitors activity relevant to the rental housing industry. Here are some of the items AAOC has either resolved this year or continues to work on:

**City of Orange Fire Inspection Fee:** For the last few years Orange has charged a \$145 annual fire inspection fee for any rental property with three or more units. Each rental property, regardless of size, was charged a flat \$145 fee. In late 2007, AAOC was notified by the city of a proposal to increase this fee to \$300. AAOC objected to this increase. AAOC preferred not to have this fee at all, but agreed that it would be more equitable for the city to charge a per unit fee that would be a more accurate reflection of the cost for service. As a result of AAOC's effort the council voted for a \$25 per unit fire inspection fee capped at a maximum of 78 units. Over 75% of the rental properties in Orange are 2 to 4 units, so AAOC's solution meant a fee reduction for a majority of property owners.

**City of Yorba Linda Street Lighting and Landscape Maintenance Assessment:** In March, the city of Yorba Linda sent a mail ballot to property owners for a vote on a proposed increase in the Street Lighting and Landscape Maintenance Assessment. The proposal called for the base assessment to increase from \$47.29 to \$91.00 (that's for a single family residence, for multi-units that amount increases based on the size of the property). AAOC sent a letter to all rental property owners in Yorba Linda encouraging them to vote no on the increase. Only property owners are eligible to vote in this type of election and the votes of larger property owners are weighted more than smaller owners (so apartment owners had a large voice on this vote). The results were overwhelmingly against the increase, largely due to the efforts of rental property owners.

**City of Villa Park Rental Housing Inspection Program:** The City of Villa Park has no apartment buildings, but several property owners rent out their single family homes. Some residents complained to the city about the upkeep of some of these single family home rentals. In response the city staff proposed a rental housing inspection program in which each rental property would be inspected on an annual basis. AAOC believes that this would be a violation of property rights and be an unnecessary burden on the majority of rental owners who take care of their property. When this proposal was brought to the city council in April, AAOC requested the opportunity to meet with staff to work out a better solution and the council and staff agreed. As a result, the staff scrapped the rental-housing inspection program and instead used tools they already had to target those rental properties that needed attention. This is a classic example of AAOC using its experience to work with a city on an agreeable outcome for the community and rental property owners. Working with the City of Villa Park was a positive experience.

**City of Tustin Parking Ban:** Early this year, the City of Tustin considered banning all parking on public streets between the hours of 2 am and 6 am. Due to our work and public pressure, the proposal evolved several times over the months and although the final proposal was not a total citywide ban, the parking restrictions were still unacceptable for apartment owners and residents. The final measures passed by the Council included the elimination of all parking on portions of Irvine, Redhill, & Newport streets and a neighborhood permit parking program that can be imposed based on the complaints of only one neighbor (its unclear whether permits would be made available for apartment residents). Despite widespread opposition from citizens, the council passed the measures. As of this writing, AAOC is working with Tustin residents and newly elected councilmembers to either modify the parking measures or pass an initiative. With the support of the community we expect to prevail.

# 2008 LEGISLATIVE YEAR IN REVIEW

## BOARD OF EQUALIZATION MEMBER MICHELLE STEEL NAMED AAOC 2008 ELECTED OFFICIAL OF THE YEAR



The Apartment Association of Orange County (AAOC) is proud to announce the selection of State Board of Equalization Member Michelle Steel, as the 2008 Elected Official of the Year. Board Member Steel shares AAOC's commitment to a strong business community, free enterprise, and private property rights.

Mrs. Steel was first elected to represent the Third Board of Equalization (BOE) District in 2006. BOE District 3 has over 8 million residents and includes the counties of Orange, Los Angeles, Imperial, Riverside, San Bernardino and San Diego. BOE is California's premier tax administration agency, the primary arbitrator for state tax appeals, and the country's only elected tax board.

During her time at BOE Mrs. Steel has worked to change the Board's culture from one that seeks to penalize taxpayers, to a Board that is an advocate for taxpayers. California has the seventh-highest tax burden in the country and consistently rates as one of the top ten worst states for taxpayers. Board Member Steel is working to reverse that trend. In her short time at BOE Mrs. Steel has already produced results. Early in her term she discovered a \$42 million mistake in the agency's tax refund procedures. Following Steel's investigation, the agency refunded tax security deposits worth upwards of \$50,000 each to over 5,500 small businesses. Mrs. Steel's efforts have also prevented California's tax burden from becoming even worse. After a member of the state legislature proposed a \$500 million itax on digital downloads, Mrs. Steel led a media campaign to defeat the new tax. Mrs. Steel also prevented a \$45 billion sales tax on services from avoiding the Legislature.

The work to save taxpayers money and prevent new taxes deserves recognition from all California taxpayers, business owners, and property owners. AAOC is pleased to provide Michelle Steel with the recognition she deserves by naming her our 2008 Elected Official of the Year.

### AAOC MAJOR ANNUAL EVENTS 2009

#### **AAOC's 39<sup>th</sup> Annual Trade Show & Conference**

Thursday, March 19, 2009  
Orange County Fair & Exposition Center

#### **AAOC Golf Classic**

Monday, August 10, 2009  
Los Coyotes Golf Course  
(Portions of proceeds benefit Canyon Acres Children and Family Services)

### QUESTIONS, COMMENTS OR CONCERNS...

If you have any questions or comments concerning state or local legislation please be sure to call the AAOC Public Affairs Department at **714-638-5550** or email Emily Osterberg, Director of Public Affairs, at [eosterberg@aaoc.com](mailto:eosterberg@aaoc.com).

Please also visit AAOC's website at [www.aaoc.com](http://www.aaoc.com)



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