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## 2014: Another winning year at the Capitol

In the legislative arena, this year brought plenty of victories for the California Apartment Association. CAA fought some hard battles to move bills out of the Legislature and onto the governor's desk. For the most part, Gov. Jerry Brown agreed with CAA in 2014, signing a number of bills that will help further the success of the rental housing industry. In addition to advancing good bills, CAA helped kill numerous dubious proposals, including a pair that would have undermined the Ellis Act. Read on for a snapshot of CAA's accomplishments in the past legislative session.

### CAA-supported bills become law

#### **Electronic Signatures - AB 2747 (Assembly Judiciary Committee) — CAA sponsored**

Responding to inconsistent interpretations of the electronic signature law, CAA sponsored provisions of this omnibus bill to ensure that rental property owners and tenants can continue to electronically sign leases and rental agreements that reference security deposits and security deposit law. The debate surrounded existing statute, which implied that any references to security deposits within a lease or rental agreement made that contract ineligible for electronic signatures. This new law deletes references to security deposit law and makes clear that lease contracts can be signed electronically.

#### **Water Submeters - AB 2451 (D-Daly) — CAA co-sponsored**

This law, co-sponsored by the California Apartment Association and the Utility Management and Conservation Association, is a response to the challenges rental property owners face in California when obtaining water submeters for their properties. The law does the following:

- Allows submeters to be tested in one county and used in another county.
- Allows approved submeters to be stockpiled for a period of time, and installed when needed.
- Assures that testing fees are allocated to the county where the submeters are tested.
- Clarifies that submeters are "placed in service" when they are installed and operating.
- Prohibits destruction of submeters by county officials when they fail initial tests.

#### **Frivolous Lawsuits - AB 2494 (D-Cooley)**

Authorizes a trial court to order a party, the party's attorney, or both to pay reasonable expenses, including attorneys' fees, incurred by another party as a result of bad-faith actions or tactics that are frivolous or solely intended to cause unnecessary delay. The law allows sanctions for egregious behavior when a party shows that not only was the action objectively unreasonable, but that the person had an improper motive.

#### **Sheriffs: Service of Process - AB 2256 (D-Garcia)**

Clarifies a deputy sheriff's authority to access a gated community to serve documents such as an unlawful-detainer complaint and a writ on a tenant. It increases some sheriff's fees, which haven't increased in over 10 years, for the service of various documents, including tenant lockouts.

#### **Parcel Taxes - AB 2109 (D-Daly)**

Requires the state to compile a report on local parcel taxes that have been levied, to report how much revenue has been generated by those taxes and to indicate what programs have benefited from the revenue. The intent of this law is to help California lawmakers and voters make more informed decisions about the need for more parcel taxes, to improve accountability and oversight of those funds, and to ensure that funds are spent effectively and in the manner approved by the voters.

### **Recycled Water - AB 2282 (D-Gatto)**

Mandates that the state adopt mandatory building standards for the installation of systems for recycled water. These standards will apply to new commercial and public buildings and single and multifamily homes that are near existing or planned water-recycling facilities.

## **Bad bills stopped by CAA**

### **Ellis Act: Five-year ownership - SB 1439 (D-Leno)**

Proposed to change state law to authorize San Francisco to prohibit an owner of residential rental property from withdrawing rental units from the market unless the owner of the property had owned the building for five straight years or more. Failed passage in the Assembly Housing and Community Development Committee.

### **Ellis Act: Civil actions - AB 2405 (D-Ammiano)**

Attempted to convert all Ellis Act court filings to general civil actions, forcing them through a lengthy trial process that could have taken years. The bill also would have allowed a city or county to prohibit use of the Ellis Act by owners if the city or county had failed to identify, or make available, adequate sites to build low- and moderate-income housing to satisfy its portion of the regional housing need. Failed passage in the Assembly Judiciary Committee.

### **Jury Trials and Nonpayment of Rent - AB 969 – (D-Ammiano)**

This bill attempted to do two things:

- It proposed to create an assumption that a tenant is justified in withholding rent to make repairs that the landlord has failed to do. It would have made it easier for a tenant to claim “retaliation” if the landlord moves forward with an eviction when a tenant withholds rent to make repairs.
- It proposed to encourage jury trials in eviction cases by adding the term “jury” to the code sections that govern housing habitability.

Failed passage in the Assembly Judiciary Committee.

### **Documentary Transfer Taxes - AB 561 (D-Ting)**

This bill attempted to change the tax law by allowing a transfer tax to be imposed when there was a “change in control” of the property as opposed to a sale of the property. Failed passage in the Assembly Revenue and Taxation Committee.

### **School Districts: Parcel Taxes - SB 1021 (D-Wolk)**

Similar to last year’s AB 59 (D-Bonta), SB 1021 would have overturned a recent court case that prohibits school districts from imposing different parcel tax rates on different types of property. This bill attempted to allow a school district to impose tax assessments within a district based on characteristics such as the size of the parcel, the size of improvements to the parcel, or the use of a parcel. Failed passage in the Assembly and Revenue and Taxation Committee.

For more information about these bills and other bills on which CAA worked, go to CAA’s website at [www.caanet.org](http://www.caanet.org).