



# OUTLOOK 2017

The **ECONOMIC & LEGAL SUMMIT** for  
SILICON VALLEY'S RENTAL HOUSING INDUSTRY

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# OUTLOOK 2017

## PROGRAM

### PLEDGE OF ALLEGIANCE

### WELCOME & OPENING REMARKS

Joshua Howard, *Senior Vice President, CAA*

### THE STATE OF THE ECONOMY

Christopher Thornberg, Ph.D., *Founding Principal, Beacon Economics*

### TRENDS, THREATS, & DEVELOPMENTS

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Andrew Baker, *Sr. Vice President of Development & Acquisitions, Anton DevCo*

John Hyjer, *Vice President of Investments, Equity Residential*

**Moderator:** Mike Kasperzak, *Former Mayor, City of Mountain View*

### THE VIEW FROM CITY HALL

Mayor Ken Rosenberg, *City of Mountain View*

Councilmember Diane Papan, *City of San Mateo*

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Debra Carlton, *Senior Vice President Public Affairs, CAA*

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Debra Carlton, *Senior Vice President Public Affairs, CAA*

**Moderator:** Joshua Howard, *Senior Vice President, CAA*

# WELCOME

The California Apartment Association (CAA) is pleased to present Outlook 2017--our annual economic and legislative forecast for Silicon Valley's rental property owners and managers.

Over the past 12 months, the state's ongoing housing shortage defined many of the issues facing California's rental property owners and managers. The housing crunch drove debates at city halls, fueled signature-gathering efforts on rent control, and propelled a mix of legislation at the Capitol and in city halls across the state. Combine the housing shortage with November's historic election, and 2016 may be the most consequential year in recent memory for the rental housing industry.

Among the highlights:

- Voters rejected rent control in Alameda, Burlingame and San Mateo
- CAA successfully engaged in State and local elections to promote a strong rental housing industry
- Mountain View, Richmond voters approved rent control
- CAA was selected as a taskforce member to assist in amending San Jose's decades old rent control law
- Voters legalized recreational marijuana use
- CAA backed legislation to encourage the development of new housing and remove local obstacles to construction wins approval

There are continued challenges that lie ahead for the rental housing industry in 2017 and beyond. The improving rental market continues to bring renewed calls for a variety of local and state regulations on the rental industry. As local governments continue to grapple with demands to improve services, proposals to increase business taxes, levy parcel taxes, and increase fees continue to be discussed.

The association's staff and leadership look forward to continuing to work with you as we set the course for your success in 2017.

# THE STATE OF THE ECONOMY



## CHRISTOPHER THORNBURG

*Founding Partner  
Beacon Economics*

Christopher Thornberg, founding partner of Beacon Economics, LLC, is widely considered one of the nation's leading economists. An expert in economic forecasting, regional economics, employment and labor markets, and real estate analysis, he was one of the earliest and most accurate predictors of the subprime mortgage market crash that began in 2007, and of the global economic recession that followed. Since 2006, Thornberg has served on the advisory board of Wall Street hedge fund Paulson & Co. Inc. He holds a Ph.D in business economics from The Anderson School at UCLA, and a B.S. degree in business administration from the State University of New York at Buffalo.

A highly sought after speaker, Dr. Thornberg regularly presents to leading business, government, and nonprofit organizations across the globe. These groups include Chevron, The New Yorker, City National Bank, REOMAC, the California State Association of Counties, Colliers International, State Farm Insurance, the City of Los Angeles, and the California and Nevada Credit Union League, among many others. He has testified before the U.S. Congress House Committee on Financial Services on municipal debt issues, and before the California State Assembly Committee on Revenue and Taxation regarding changes related to Proposition 13.

Prior to launching Beacon, he was an economist with UCLA's Anderson Forecast where he regularly authored economic outlooks for California, Los Angeles, and the East Bay. He also developed a number of specialized forecasts for various regions and industries.

# TRENDS, THREATS, & DEVELOPMENTS



## TOD SPIEKER

*President & Owner  
Spieker Companies, Inc.*

Spieker owns, operates, and rehabilitates multifamily units throughout Santa Clara and San Mateo counties. Prior to starting Spieker Companies in 1981, he joined Lincoln Property Company and Coldwell Banker's apartment brokerage and investment properties group dealing with land acquisition, multifamily development, financing, and property management.

Spieker attended UCLA on a swimming scholarship and actively supports the university through the Spieker Aquatic Center, Tod Spieker Colloquium Series in Geography, UCLA Ziman Center for Real Estate, and the UCLA Foundation Board of Trustees. Locally, Spieker is a generous supporter of the Housing Industry Foundation.



## ANDREW BAKER

*Senior Vice President of Development & Acquisitions  
Anton DevCo*

Andrew Baker oversees Anton DevCo's Bay Area market rate multifamily development platform from inception through asset stabilization. He is responsible for land acquisition, joint ventures, entitlements, development and construction. Prior to joining Anton, Andrew held the position of Vice President of Development at Essex Property Trust, where he delivered over 1,000 units and was part of a team that delivered over \$1.2 billion in asset production over nearly a decade. Prior investment experience includes roles in capital markets and trading with financial institutions including Bank of America, Blackrock (previously BGI) and Wedbush Securities.

Andrew holds a BA in Economics and Accounting from UCLA and a Master's degree in Business Administration from the Haas School of Business at UC Berkeley.

# TRENDS, THREATS, & DEVELOPMENTS (CONT)



## JOHN HYJER

*Vice President of Investments  
Equity Residential*

As first vice president of investments for Equity Residential, Hyjer has participated in the firm's property and land acquisitions in the investment of more than \$2.5B in strategic multifamily properties and development sites in San Francisco, Berkeley, Silicon Valley, and in communities along the Peninsula including San Mateo, Burlingame, Millbrae, Mountain View and East Palo Alto. Additionally he is responsible for portfolio management of over 13,700 units with another 2,500 units under construction throughout Northern California. Prior to joining Equity Residential, Hyjer served as President of Sierra Capital Corporate Advisors where he placed pension fund investments and developed for separate accounts.



## MIKE KASPERZAK

*Former Mayor  
City of Mountain View*  
**Moderator**

Mike Kasperzak served on the Mountain View City Council for 16 years and served two terms as mayor. Prior to his election to the council, Kasperzak served as a Parks & Recreation commissioner and as a member of the Environmental Planning Commission. While on City Council, Kasperzak supported affordable housing by adopting a Below Market Rate Housing Program and exercised fiscal responsibility by adopting balanced budgets without relying on reserves. He also was a commercial mediator with Silicon Valley Mediation Group and is a member of the advisory board of Nextdoor.com.



## **KEN ROSENBERG**

*Mayor  
City of Mountain View*

Ken Rosenberg has lived in Mountain View for nearly twenty years and was elected to the Mountain View City Council in November 2014. In January 2017 he was appointed Mayor.

Ken has been active in his community through various neighborhood associations, leading the Chamber of Commerce Mountain View, and was a member of the City's Human Relations Commission where he helped launch the Civility Roundtable Discussion Series, a national model for public discussion on contentious issues.

Ken began his career with Intel Corporation and is currently a financial planner for Morgan Stanley. He holds a Bachelor's Degree from UC Irvine and a Master of Business Administration degree from Purdue University.



## **DIANE PAPAN**

*Councilmember  
City of San Mateo*

Diane Papan was elected to the San Mateo City Council in November 2015 and is serving her first term.

Diane grew up in San Mateo County and is a long-time civic leader in San Mateo. She served as President of the Baywood Owners Improvement Association, Second-V.P. of San Mateo United Homeowners Association, and Chair of the Baywood School Site Council.

Diane is an attorney specializing in commercial litigation representing small businesses and commercial clients. She is also a Director of John's Closet, a Peninsula nonprofit benefitting school-aged children. She graduated from UCLA and received a law degree from Hastings Law School.

# THE VIEW FROM CITY HALL (CONT)



## CHARLES "CHAPPIE" JONES

*Councilmember  
City of San Jose*

Councilmember Jones (a.k.a. Chappie) was elected to the San José City Council in November of 2014. He represents District 1, which covers West San José and borders the cities of Campbell, Cupertino, Santa Clara, and Saratoga.

Chappie was born in Sacramento and moved to San José in the 1990s. Prior to his election, he worked in the private sector. Chappie held sales management positions with Apple and AT&T, was an executive manager with Cornerstone Consulting and Technology, and owned a technology service business.

He has a Bachelor's Degree in Economics from University of California (UC) at Davis and a Master of Business Administration (MBA) degree from the prestigious Haas School of Business at UC Berkeley. Chappie has been married for 20 years to his wife Kelli, a high tech sales and marketing consultant. Together they have two children and live in the Murdock neighborhood of District 1.



## JOSHUA HOWARD

*Senior Vice President  
California Apartment Association  
Moderator*

Joshua is responsible for the association's legislative advocacy and political action program in Northern California providing strategic support to CAA's local government affairs team. Prior to joining CAA, he served as Vice President, Public Policy for the San Jose/Silicon Valley Chamber of Commerce and as a senior aide to a former San Jose City Councilmember.

In 2006, the San Jose/Silicon Valley Business Journal named Joshua one of the Bay Area's "40 most influential people under age 40." He holds a Bachelor of Science degree in Political Science from Santa Clara University and a Masters in Public Administration from the University of San Francisco.





## KAREN McCAY

*Managing Partner  
Pahl & McCay*

Karen McCay is the Managing Partner of the law firm Pahl & McCay, which has offices in San Jose and Los Angeles. Her practice involves all aspects of real estate and contract law, with particular emphasis on operational issues in the multi-family housing industry. Ms. McCay's residential rental housing experience encompasses two spheres: market-rate housing and subsidized housing. With almost twenty years of experience, much of Ms. McCay's law practice is dedicated to preventative advice and compliance counseling for non-profit and for-profit businesses, although she remains strategically involved in her clients' litigation as well. In addition, she conducts trainings in fair housing, preventing sexual harassment, disability accommodation and similar subjects for clients and industry organizations such as the California Apartment Association, AHMA-NCH, LeadingAge California, Housing California and CSH.



## DEBRA CARLTON

*Senior Vice President Public Affairs  
California Apartment Association*

Debra Carlton is CAA's Senior Vice President, Public Affairs with principal responsibility for planning and implementing strategy for all legislative and regulatory issues of interest to CAA. She serves as the Association's Chief Legislative Representative and is a registered lobbyist. She holds a BA degree in Political Science from UC Davis and a Masters in Public Administration from Golden Gate University, San Francisco.

# 2017 LEGISLATIVE OUTLOOK



## **TOM BANNON**

*Chief Executive Officer  
California Apartment Association*

Tom Bannon has served as the CEO of the California Apartment Association, the largest statewide trade association in the country, since 1987. The Association is comprised 1,000's of independent owners and the premier apartment owners, REITs, and management companies in the State and country.

Under his leadership, the California Apartment Association's Political Action Committee has become the largest Apartment Industry Political Action Committee in the Country providing millions of dollars in funds to support candidates and issues important to the apartment industry in the State of California.

Tom serves on the Board of Directors of the Civil Justice Association of California, and was CJAC's Secretary/Treasurer for 2012. He is also a member of the Executive Committee of Californian's Against Higher Property Taxes, a coalition of major business leaders within California. Tom is a native Californian and a graduate of the California State University system with Bachelors and Masters Degrees.

# NEW LAWS FOR 2017

In 2016, housing policy emerged as a major focal point for the California Legislature. For the rental housing industry, perhaps the most significant highlight was CAA's successful sponsorship of four housing-production bills to ease California housing shortage. Below are summaries of the CAA sponsored legislation as well as other laws recently enacted in California:

**AB 2180 (Ting) – Expedited Permit Process** – AB 2180 expedites the housing construction permit approval process by reducing the time for a lead agency to approve a housing project from 180 to 120 days. In addition, AB 2180 reduces the approval process for any other responsible public agencies from 180 days to 90 days. AB 2180 will ensure that badly needed housing projects move through the building approval process faster

**AB 2299 (Bloom) – Second Units** – This bill will ease some of the barriers to the development of Accessory Dwelling Units (ADUs or Second Units). It will ease and streamline current statewide and local regulations for these units.

**AB 2501 (Bloom) – Density Bonus Law** – This bill, also by Bloom, intends to ensure that the concessions and incentives given to a developer in exchange for the provision of affordable units are financially sufficient to reduce the cost of the development to make the affordable housing units financially feasible.

**SB 7 (Wolk) - Water Conservation** – Beginning January 1, 2018, all new multi-family construction (defined as two or more units) must include water submeters for each individual unit. At the same time, if an owner has a building constructed before January 1, 2018, and he or she elects to install submeters or already has submeters, the disclosure and billing requirements in the state law must be applied when billing tenants for water

**AB 551 (Nazarian) Bed Bugs** – This law requires that on and after July 1, 2017, prior to creating a new tenancy for a dwelling unit, a landlord must provide a written notice to a prospective tenant about bed bugs. This notice must be provided to all other tenants by January 1, 2018. The law outlines what must be in the notice. The law also prohibits a landlord from retaliating against a tenant because the tenant reports or has a bed bug infestation. A landlord is prohibited to show, rent, or lease to a prospective tenant any vacant dwelling unit that the landlord knows has a current bed bug infestation.

**SB 269 (Roth) – Accessibility Standards (ADA)** – This new law lists specific technical violations that are presumed to not cause a person difficulty, discomfort, or embarrassment for the purpose of an award of minimum statutory damages in construction -related accessibility claims, where the defendant is a small business (with 25 or fewer employees) and the defendant has corrected the violation within 15 days of notice.

**All Gender Restrooms** – Beginning March 1, 2017, if you have a single-user bathroom facility in your leasing office or other public area, it must be identified with signage as an “all gender” facility.

**Marijuana and Rental Property** – On November 8, 2016, California voters passed Proposition 64, “Control, Regulate and Tax Adult Use of Marijuana Act, which legalized recreational use of marijuana. Be sure to read CAA's analysis which discusses the new law and California's Proposition 215, the Compassionate Use Act (CUA) decriminalizing the use of medical marijuana. It is available at [www.caanet.org](http://www.caanet.org)

*Be sure to visit CAA's website, [www.caanet.org](http://www.caanet.org) for comprehensive analysis on these laws and the others that effect the rental housing industry.*



**Members of CAA pledge to observe the Association's Code of Ethics and commit to a "Residents' Bill of Rights."**

## **CODE OF ETHICS**

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We, the members of the California Apartment Association, recognize our duty to the public and to those individuals who choose to reside in rental housing. Being ever mindful of the increasing role of the rental housing industry in providing homes, we have united ourselves for the purpose of improving the services and conditions of the rental housing industry. Therefore, we adopt this Code of Ethics as our guide in dealing with all people:

- We conduct ourselves in an honest and ethical manner at all times to better the communities of which we are a part.
- We comply with all laws and regulations applicable to the rental housing industry.
- We adhere to all fair housing principles.
- We respect the rights and responsibilities of our residents and diligently respond to their requests.
- We believe that every resident is entitled to the quiet enjoyment of a safe and habitable residence.
- We strive to conserve natural resources and to preserve the environment.
- We believe in the value of contracts and their enforcement.
- We believe in the importance of continuing education for rental housing owners, managers, and residents.
- We maintain an equitable and cooperative relationship among the members of this association and with all others who may become a part of this industry in order to further the interest of all members of this association.