



The Trusted Voice of San Diego Real Estate

SAN DIEGO | MLS



& Industry
Outlook

Welcome



The Honorable Brian
Jones

California State Senator

Thank You New Laws Event Partners

ranchoted
Real Estate Loans & Investments

Ted Przybylek / 619.647.1999 / Broker License #01150452

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Credit Union



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Women's Council of
REALTORS
San Diego

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Real Estate Marketing

This powerpoint presentation will be available to you, at no additional cost, at the end of the program. Thank you and enjoy SDAR's 2019 New Laws and Industry Outlook.



Kevin Burke
SDAR President



The Honorable Kristin Gaspar

2018 Chairwoman, San Diego County Board of Supervisors



Robert Weichelt
2019 SDAR Vice President



The Honorable Brian Jones

California State Senator



Seth Litchney

Senior Regional Planner, San Diego
Association of Governments



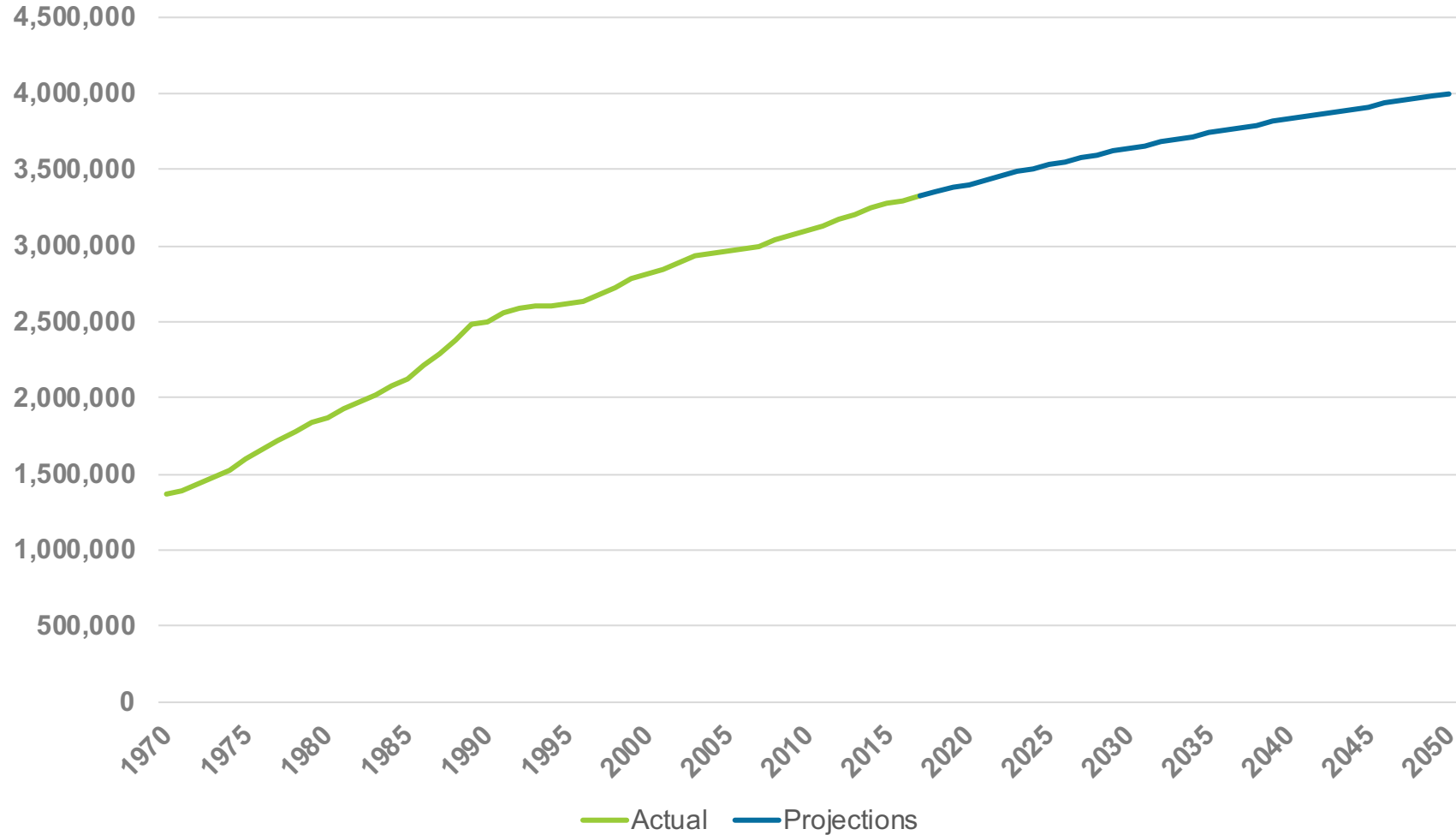
Regional Housing Needs Assessment (RHNA)

San Diego Association of Realtors | February 6, 2019
Seth Litchney, Senior Regional Planner

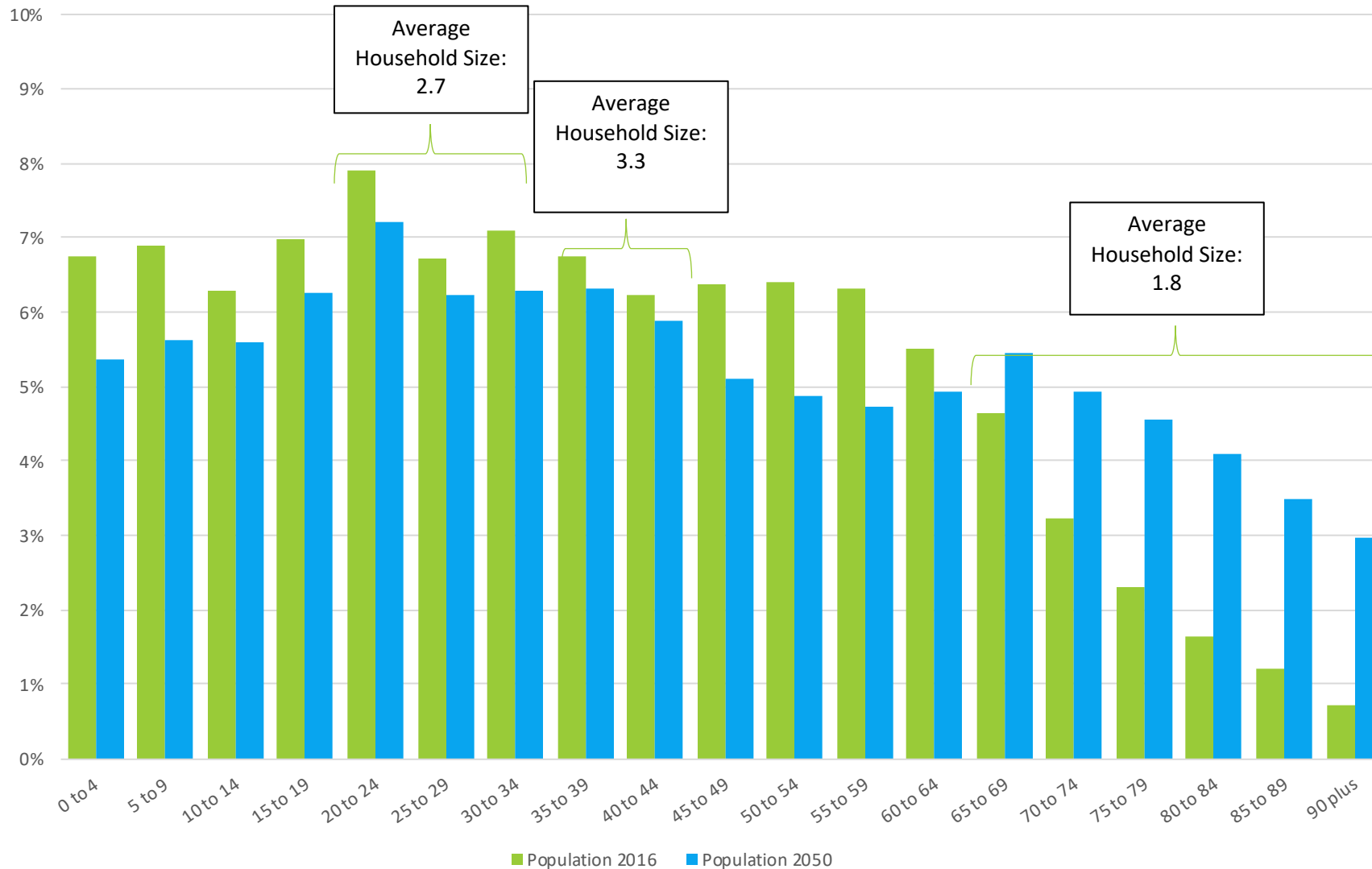
Department of Finance Projections

Total Population

Source: CA Department of Finance, 2017 Series Projections

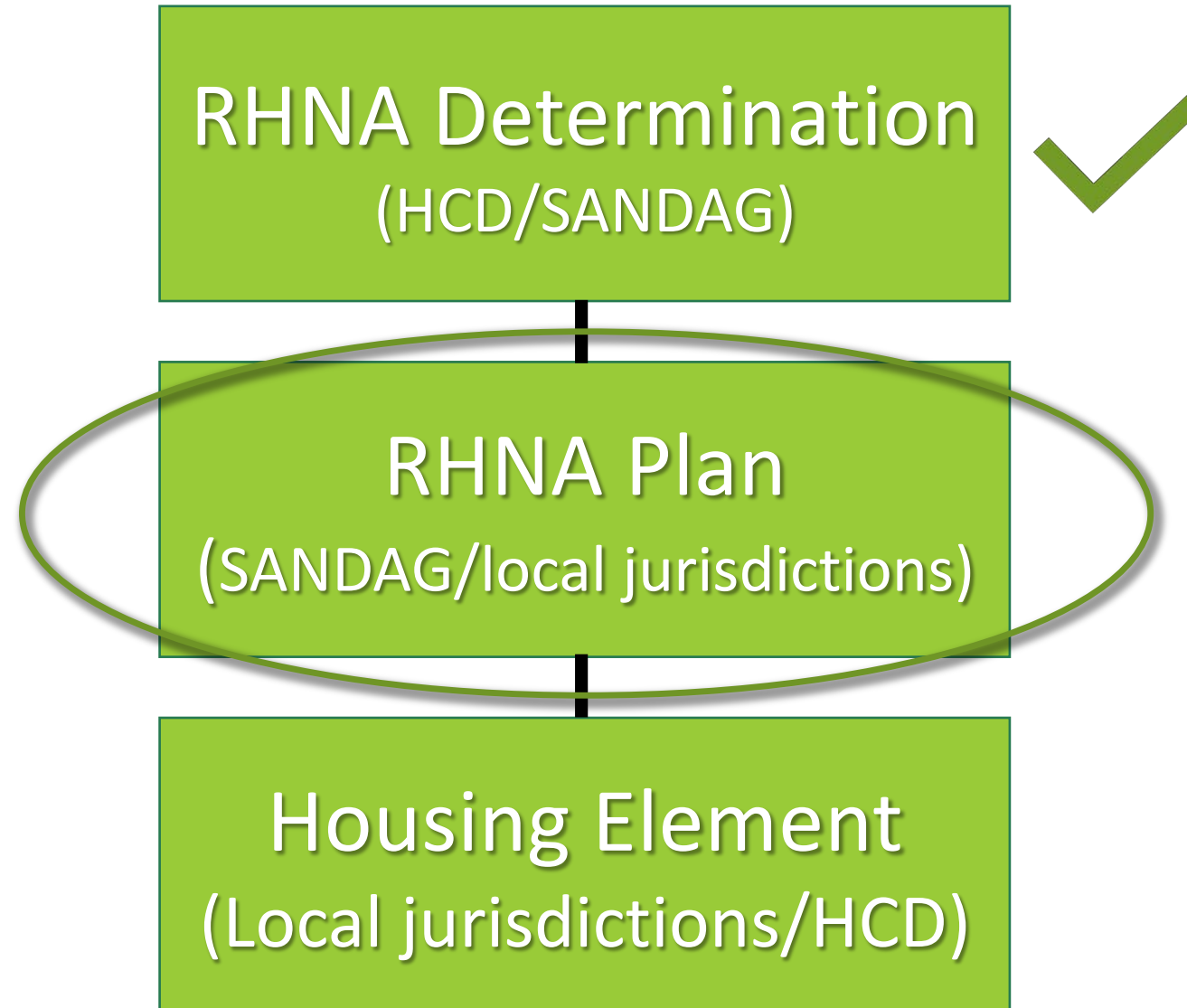


Age composition of the population



Source: Average Household Size by Cohort, CPS-ASEC Supplement, 2016

The Regional Housing Needs Assessment (RHNA) Process

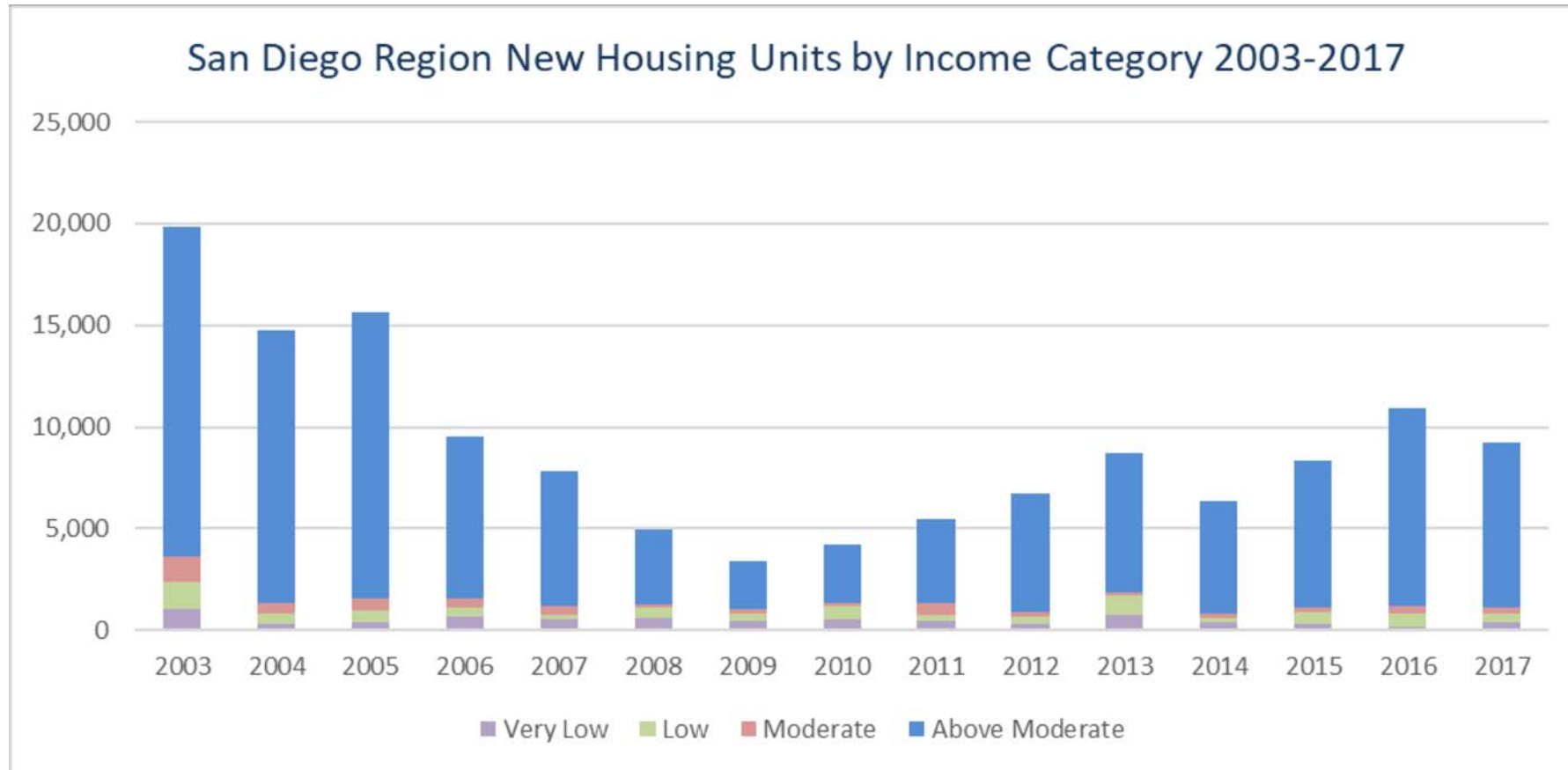


FINAL RHNA Determination

Final RHNA Determination prepared by the Department of Housing and Community Development (2021-2029)

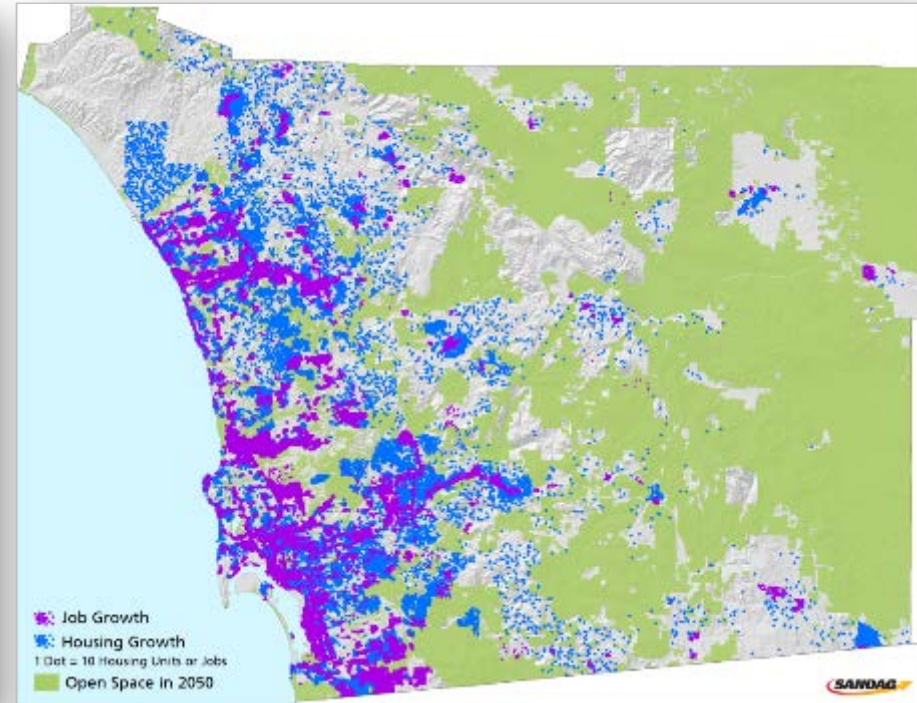
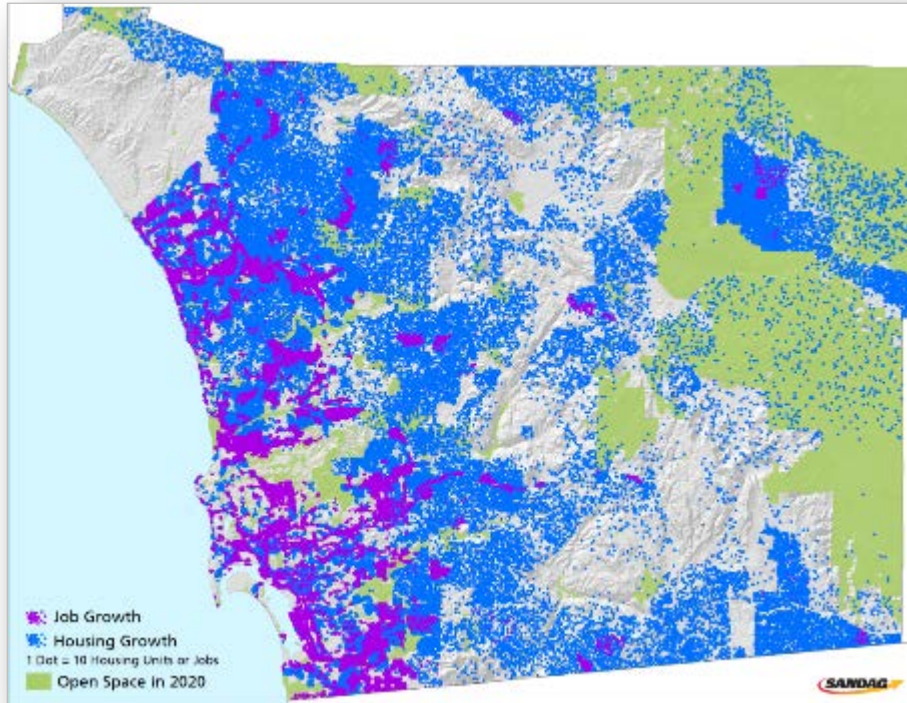
Income Category	Housing Unit Need	Percent
Very Low	42,332	24.70%
Low	26,627	15.50%
Moderate	29,734	17.30%
Above Moderate	72,992	42.50%
Total Housing Units	171,685	100%

Housing Permitted



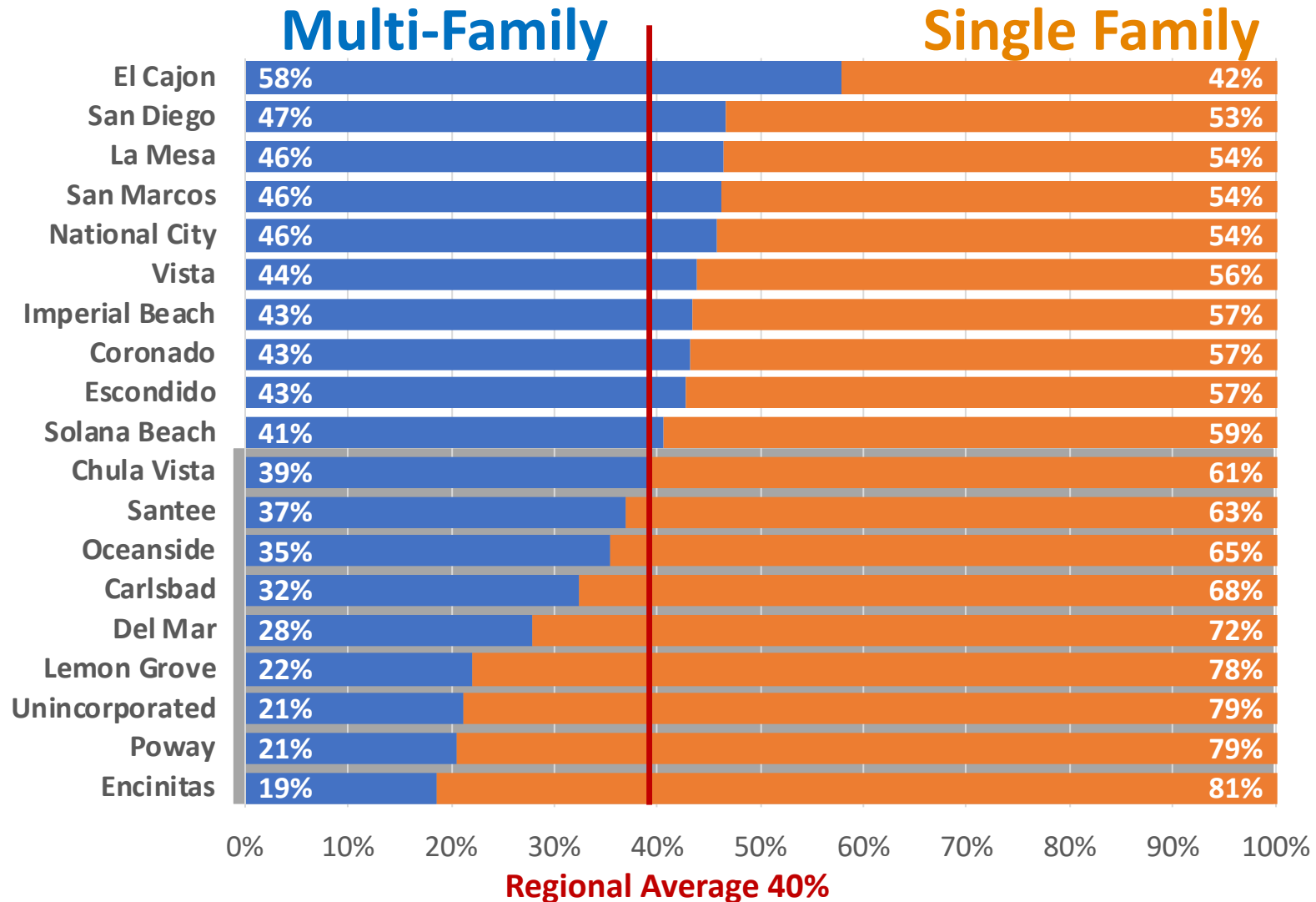
Infill Development

Comparing Growth Projected in 1999 and 2013



Existing Housing Stock


(Percent Multi and Single Family 2016)








Source: SANDAG 2016 Annual Estimates

Jobs Housing Relationship

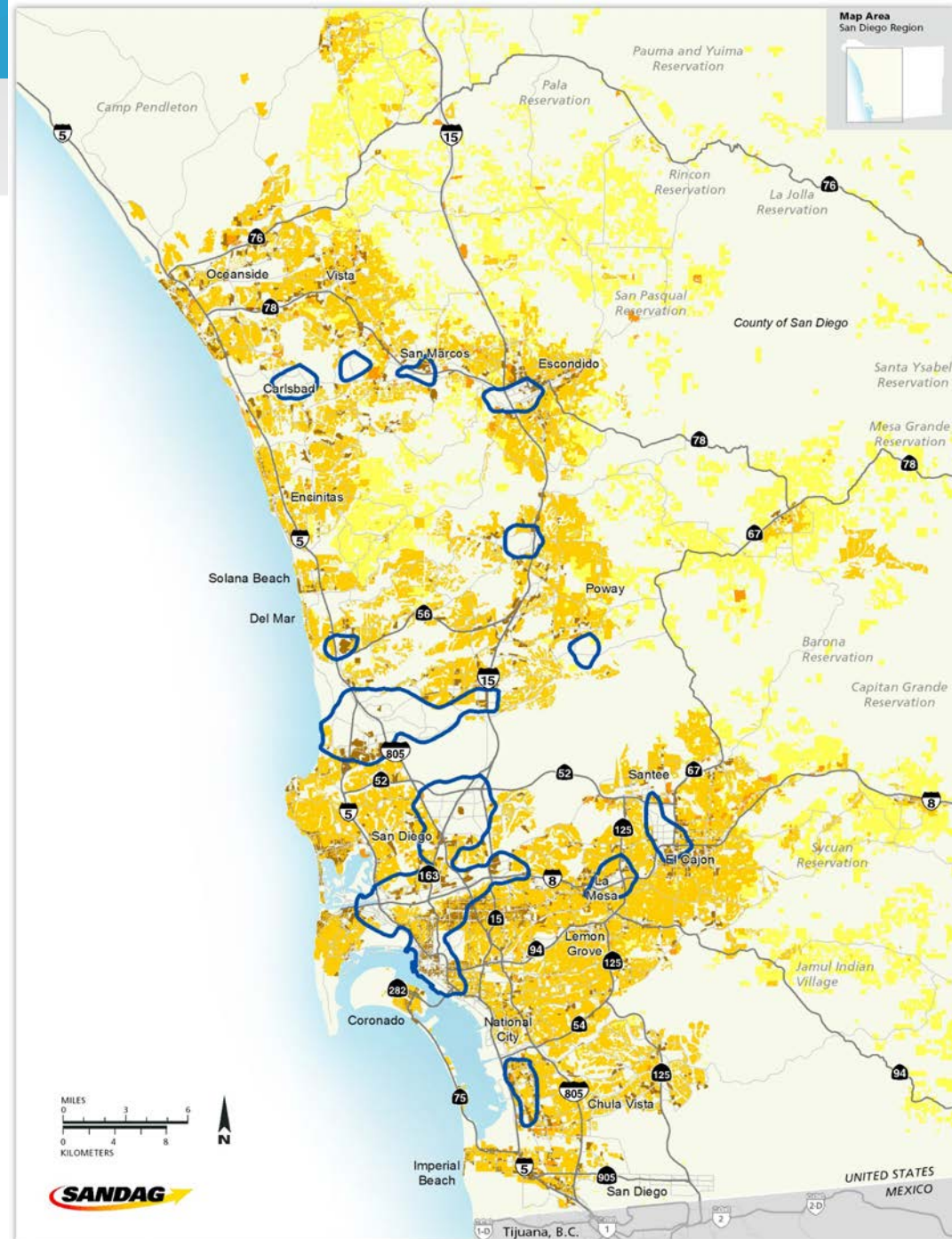
Employment Centers and Residential Lands

 Employment Centers

Residential Land Use

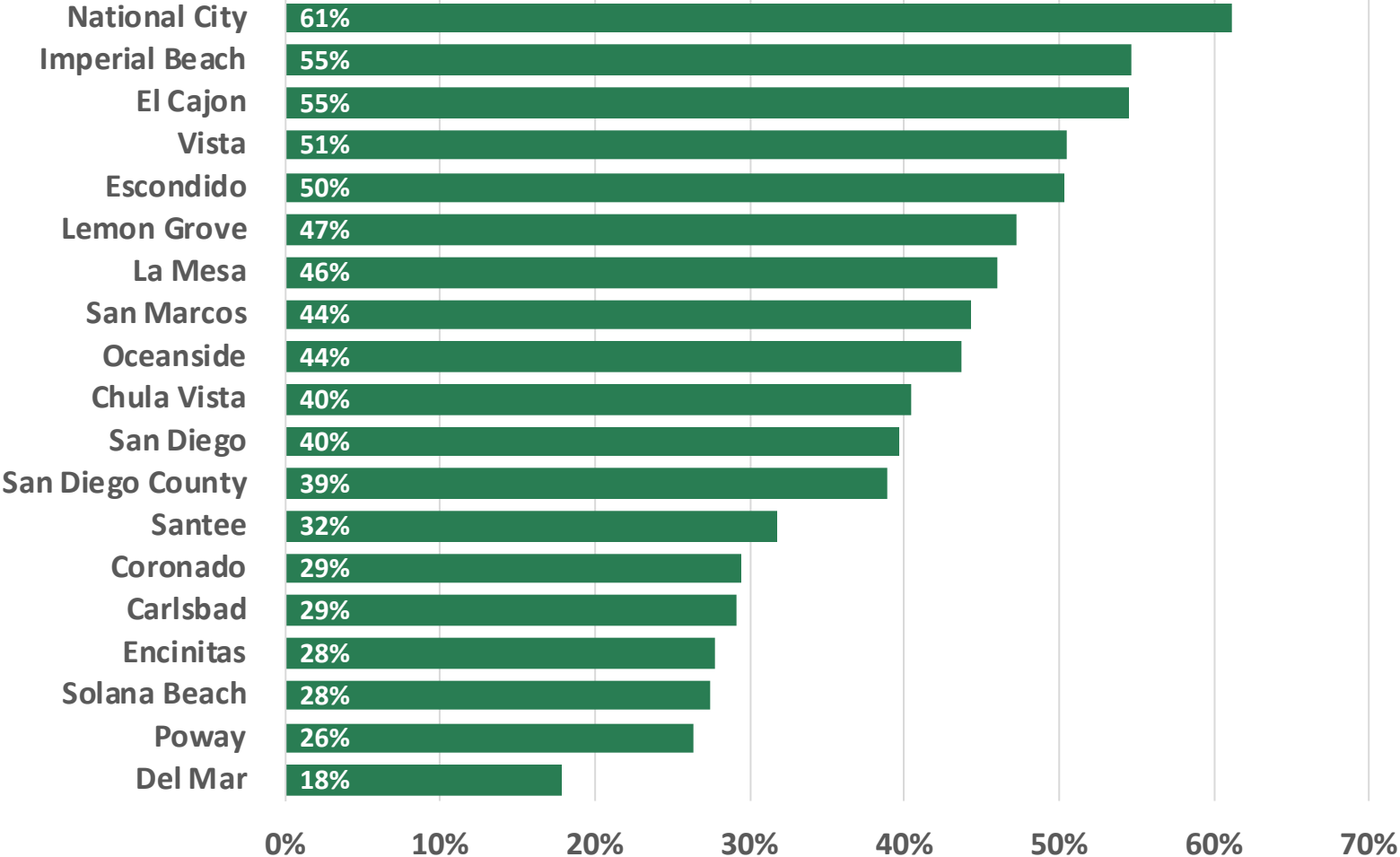
-  Spaced Rural Residential
-  Single Family Residential
-  Mobile Homes
-  Multi-Family Residential
-  Mixed Use

Source: SANDAG Land Use Inventory, 2017



Low Income Households


Percent of Low and Very Low Income Households

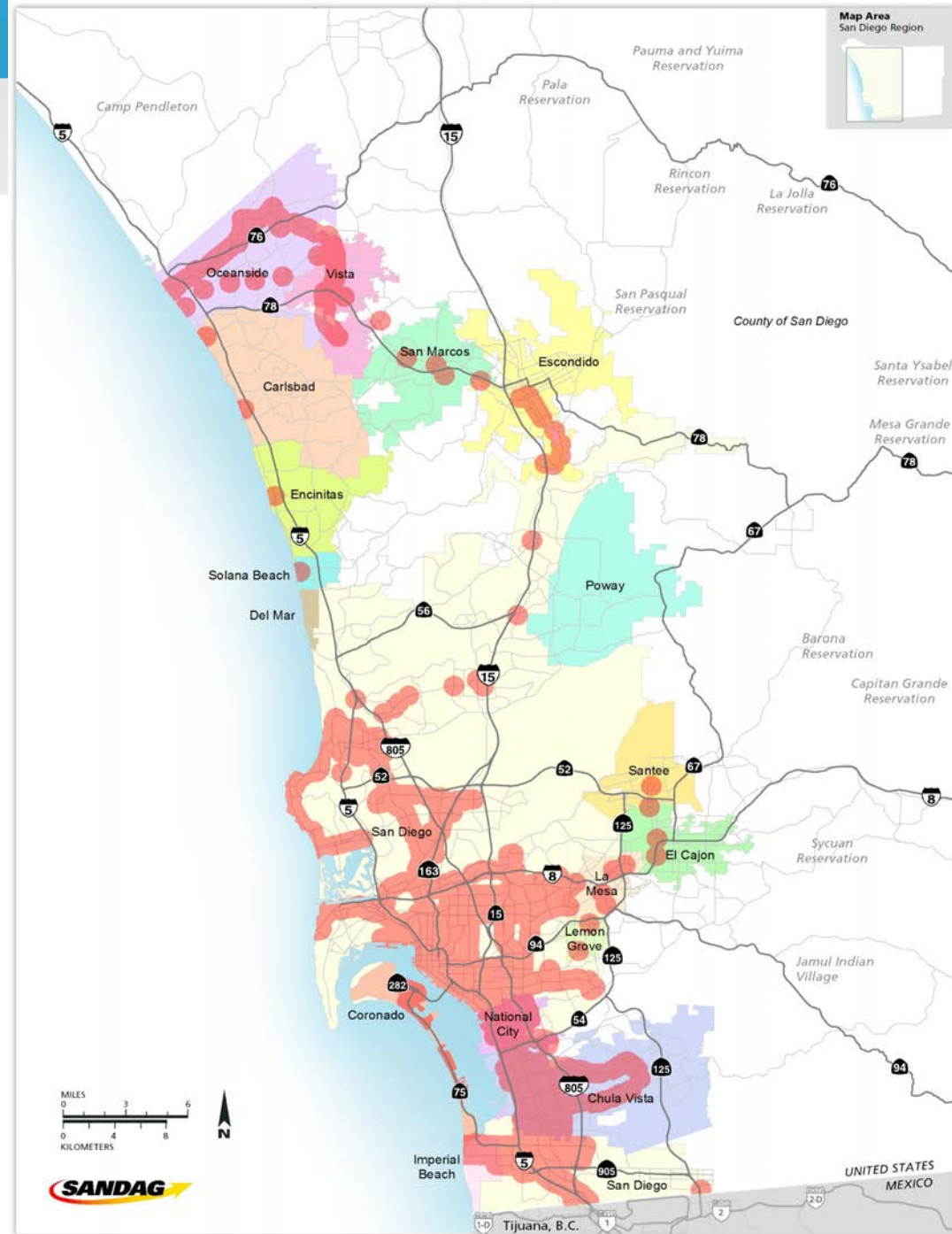


Source: 2015 American Community Survey

Transit

Proximity to High Frequency & Rail Transit

 1/2 mile from transit stop



Questions?



Seth Litchney, Senior Planner

619-699-1943

seth.litchney@sandag.org

Panel Discussion

Regional Housing & Real Estate Update



MODERATOR

The Honorable
Brian Jones

California State
Senator



The Honorable
Bill Wells

Mayor of El Cajon



The Honorable
Rebecca Jones

Mayor of San Marcos



Matt Awbrey

Chief of Civic and
External Affairs, City
of San Diego



The Honorable
Catherine
Blakespear

Mayor of Encinitas



The Honorable
Colin Parent

Vice Mayor of La
Mesa



April Gavin

Senior Political Representative, National
Association of REALTORS® (NAR)



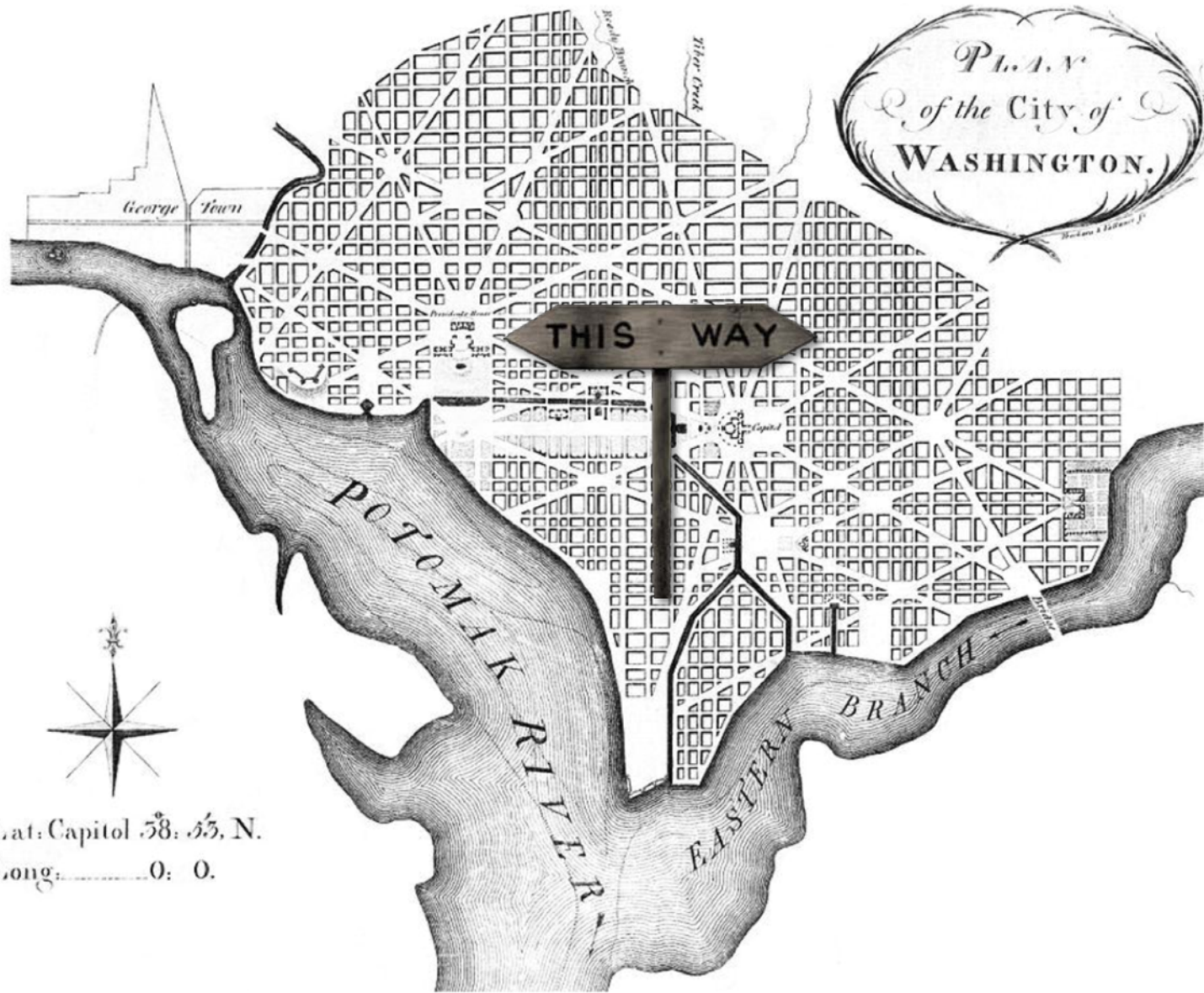
LEGISLATIVE UPDATE: FEBRUARY 6, 2019

April Gavin



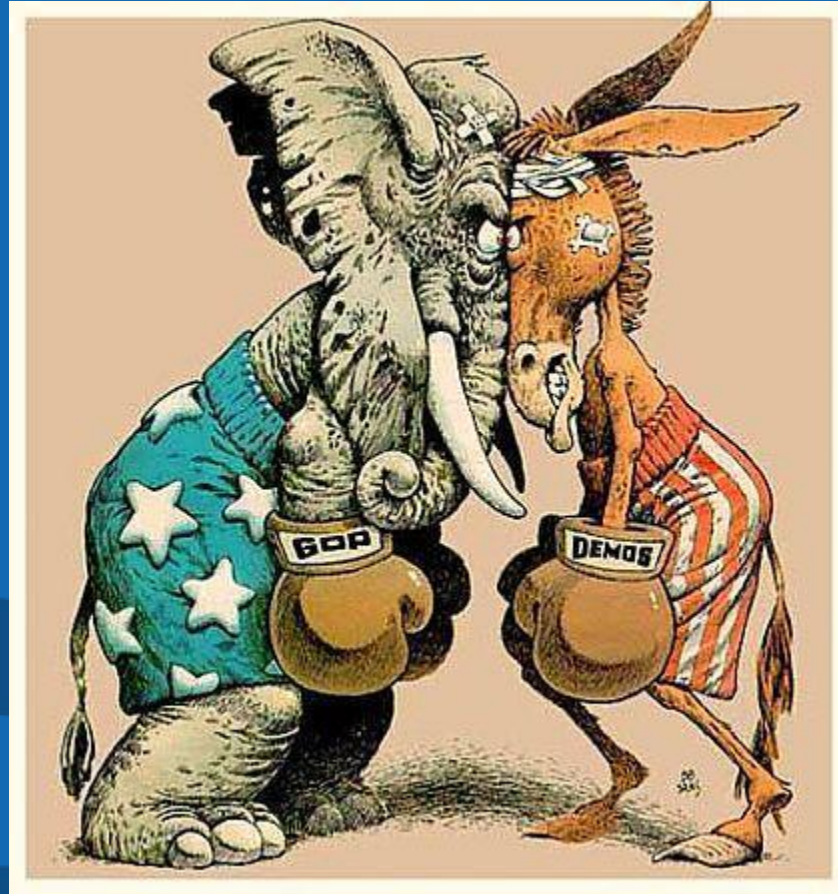
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Lat: Capitol 38: 53, N.
Long: 0: 0.

A DIVIDED CONGRESS



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REPUBLICANS HAVE ENLARGED THEIR SENATE MAJORITY BUT LOST THE HOUSE FOR THE FIRST TIME SINCE THE 2010 MIDTERMS



Control of Congress and the White House by party

2009-2019; COMPOSITION ON JANUARY 20 OF EACH YEAR

■ Republican control ■ Democratic control

*Independents Sanders and King, who caucus with the Democrats, have been included in the Democratic tally

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
House	D+77	D+78	R+49	R+50	R+33	R+33	R+59	R+59	R+47	R+45	D+36
Senate*	D+16	D+20	D+6	D+6	D+10	D+10	R+8	R+8	R+4	R+2	R+5
White House	Obama	Obama	Obama	Obama	Obama	Obama	Obama	Obama	Trump	Trump	Trump



NATIONAL ASSOCIATION of REALTORS®



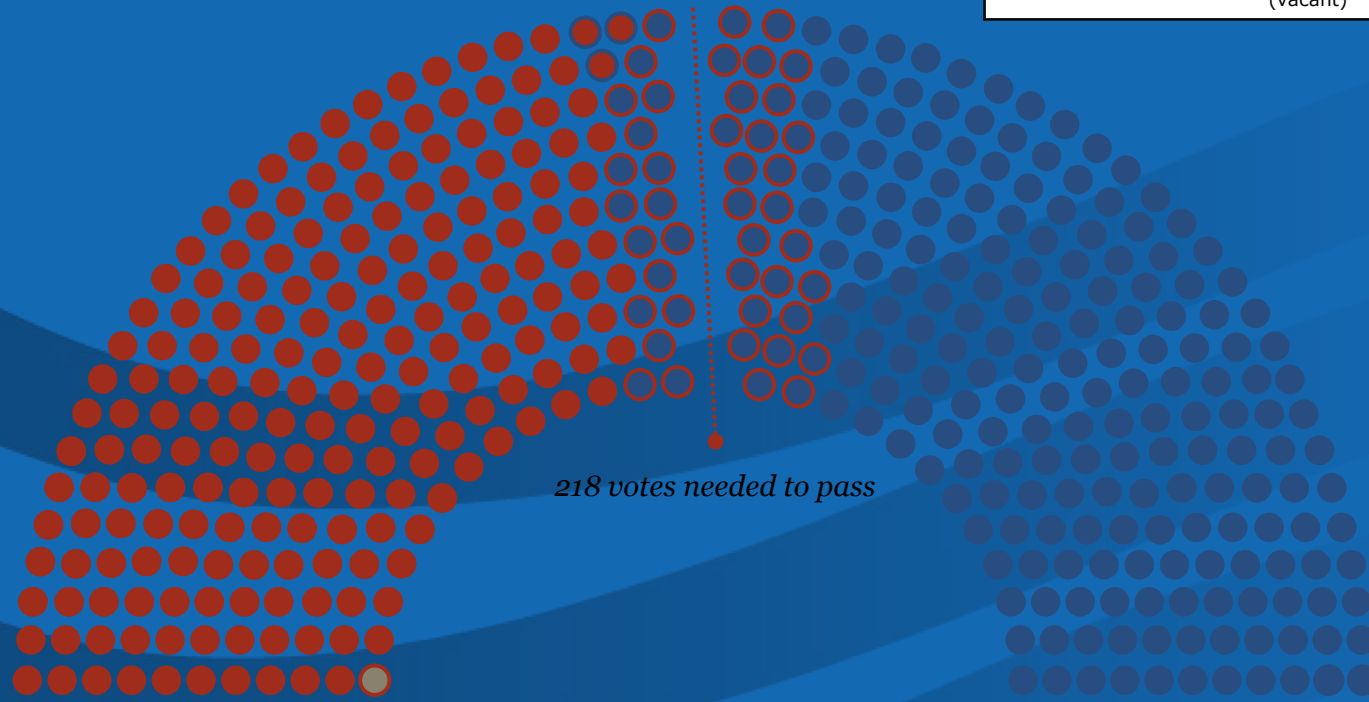
COMPOSITION OF THE 116TH CONGRESS: HOUSE



Partisan makeup of the House compared to the previous Congress

- Seats flipped R to D (Total: 43)
- Seats flipped D to R (Total: 3)
- Not yet called (Total: 1)

	115 th	116 th
Republican	236	199
Democrat	197	235
Not yet called (vacant)	2	1



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COMPOSITION OF THE 116TH CONGRESS: SENATE

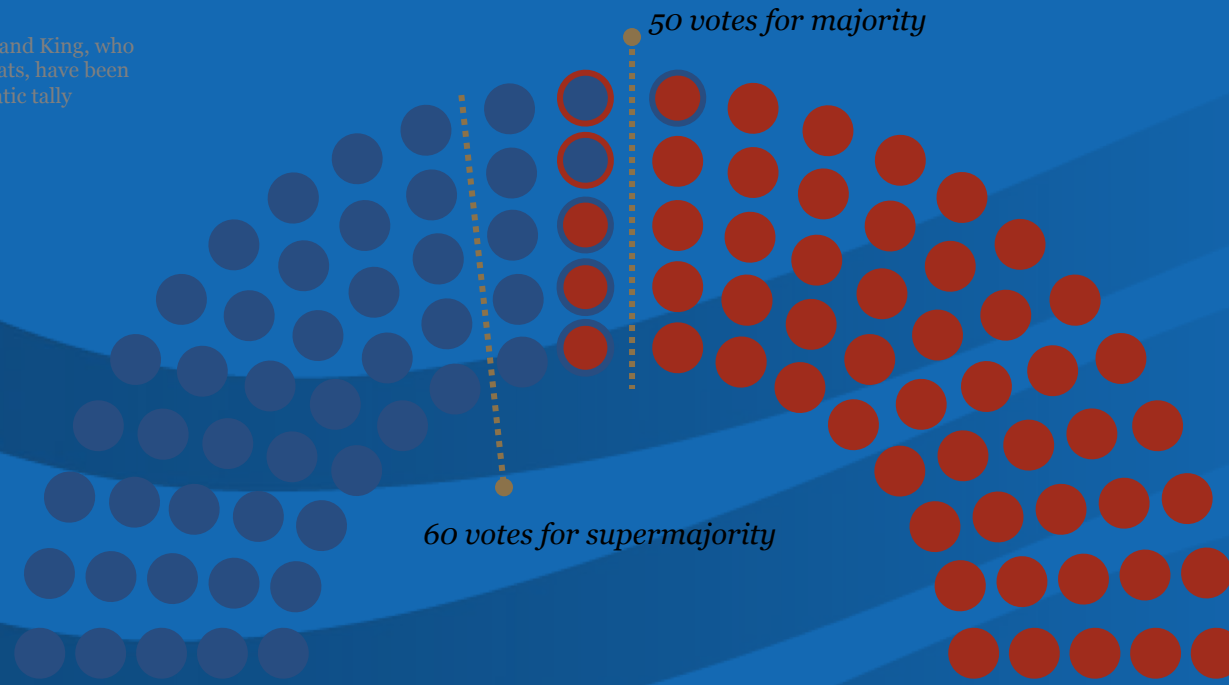


Partisan makeup of the Senate compared to the previous Congress

- Seats flipped R to D (Total: 2)
- Seats flipped D to R (Total: 4)

	115 th	116 th
Republican	51	53
Democrat	49	47
Not yet called	0	0

*Independents Sanders and King, who caucus with the Democrats, have been included in the Democratic tally



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GOVERNMENT SHUTDOWN



Affected Agencies

Shutdown Effects on:
REALTORS®,
Homeowners & Homebuyers



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PRIORITY FEDERAL ISSUES



Infrastructure



Federal Taxation



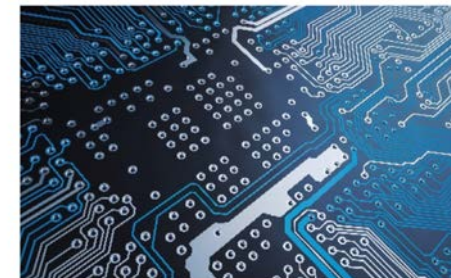
Access to Credit



Health Insurance



Flood Insurance



Technology

FEDERAL TAXATION



NATIONAL FLOOD INSURANCE PROGRAM



ASSOCIATION HEALTH PLANS



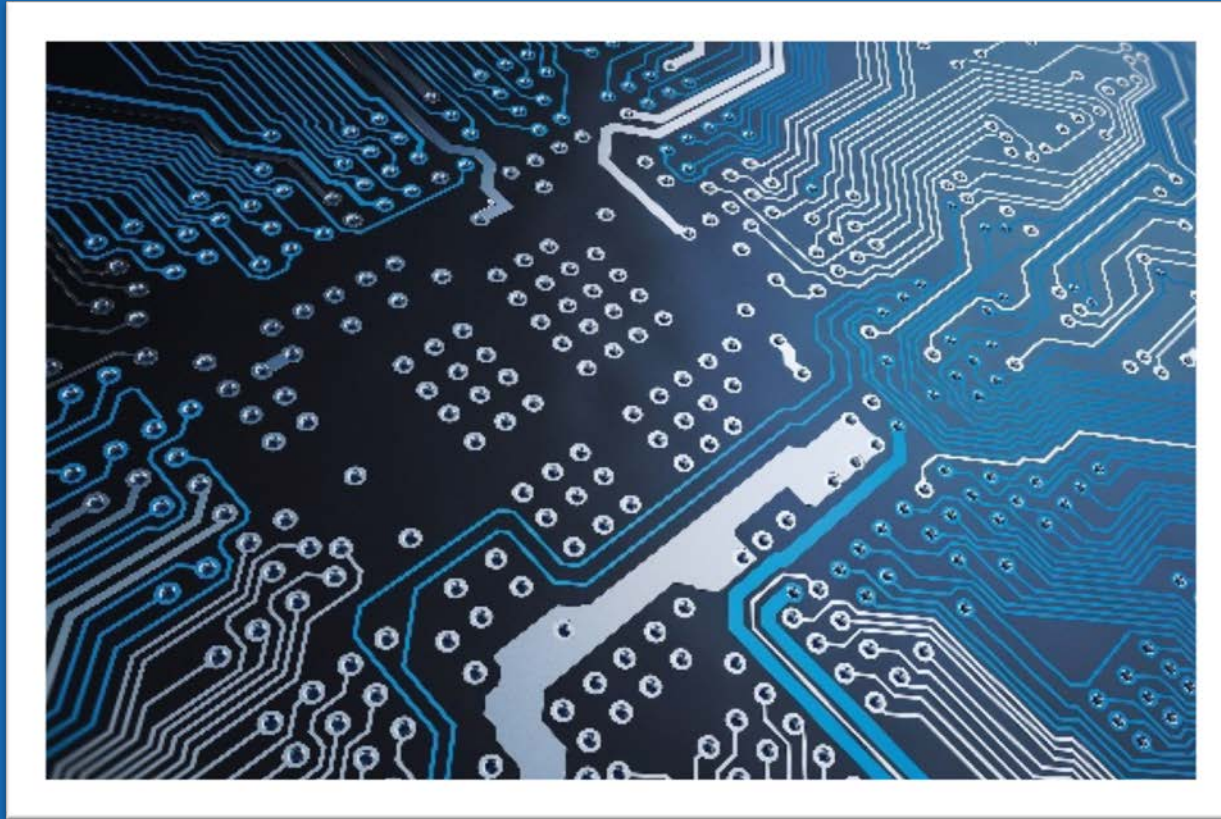
ACCESS TO CREDIT



INFRASTRUCTURE



TECHNOLOGY



LEGISLATIVE GRIDLOCK



Only 3% of
bills introduced
result in laws
enacted.

Source: GovTrack

LEGISLATIVE GRIDLOCK



	<u>Bills Introduced</u>	<u>Laws Enacted</u>	<u>Percentage</u>
115th Congress	13,556	401	3%
114th Congress	12,063	329	3%
113th Congress	10,637	296	3%
112th Congress	12,299	284	2%
111th Congress	13,675	385	3%
110th Congress	14,042	460	3%

Source: GovTrack



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5W'S: KNOWING IS HALF THE BATTLE



“How well we tell our story—from the conference rooms in our offices to the halls of Congress—will play a huge role in the future of our businesses and our associations—at all levels.”

John Smaby, 2019 NAR President



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Sanjay Wagle

Senior Political Representative, California
Association of REALTORS® (CAR)

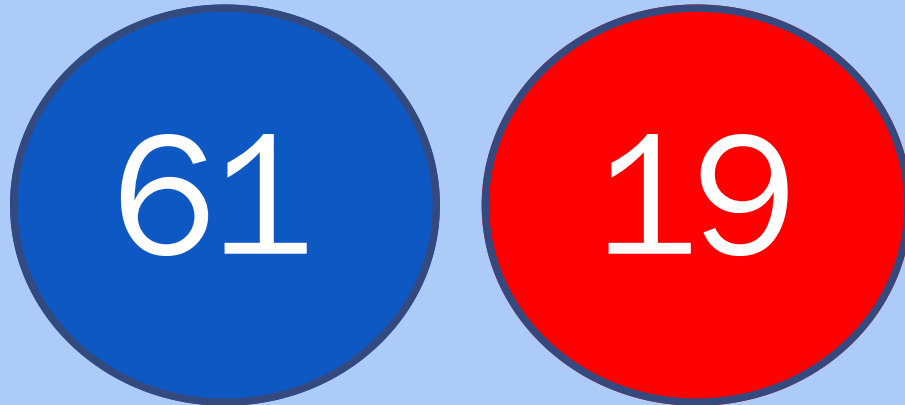


OUTREACH

Sanjay Wagle
Director of Public Policy

Political Realities

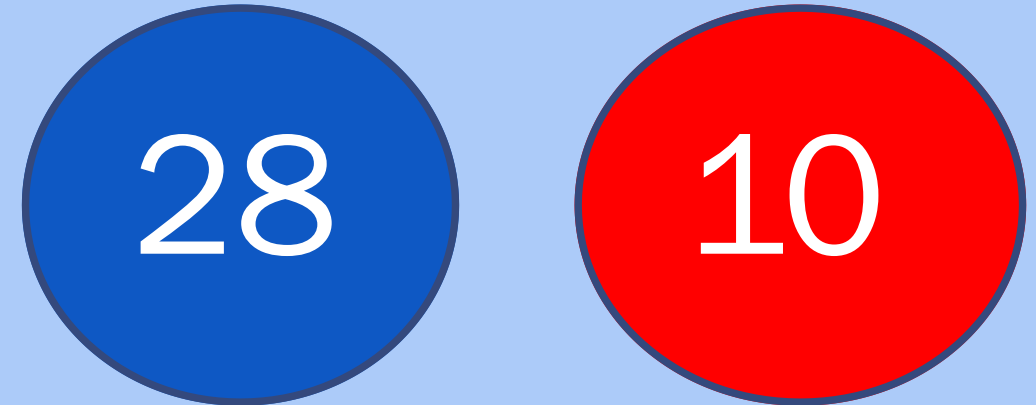
■ State Assembly (80)



*on January 24th Assembly Member Maienschein left the Republican Party and joined as the 61st Democrat in the Assembly

Number of Votes to pass a bill/budget: 41 (majority)
Number of Votes to pass a tax/appropriation bill: 54 (2/3)

■ State Senate (40)




*two vacancies (SD 1 & SD 33)

Number of Votes to pass a bill/budget: 21 (majority)
Number of Votes to pass a tax/appropriation bill: 27 (2/3)

Recap On Rent Control

- On November 6, 2018 protections under Costa-Hawkins Still remain in effect
- The ballot measure to repeal Costa-Hawkins was overwhelmingly defeated

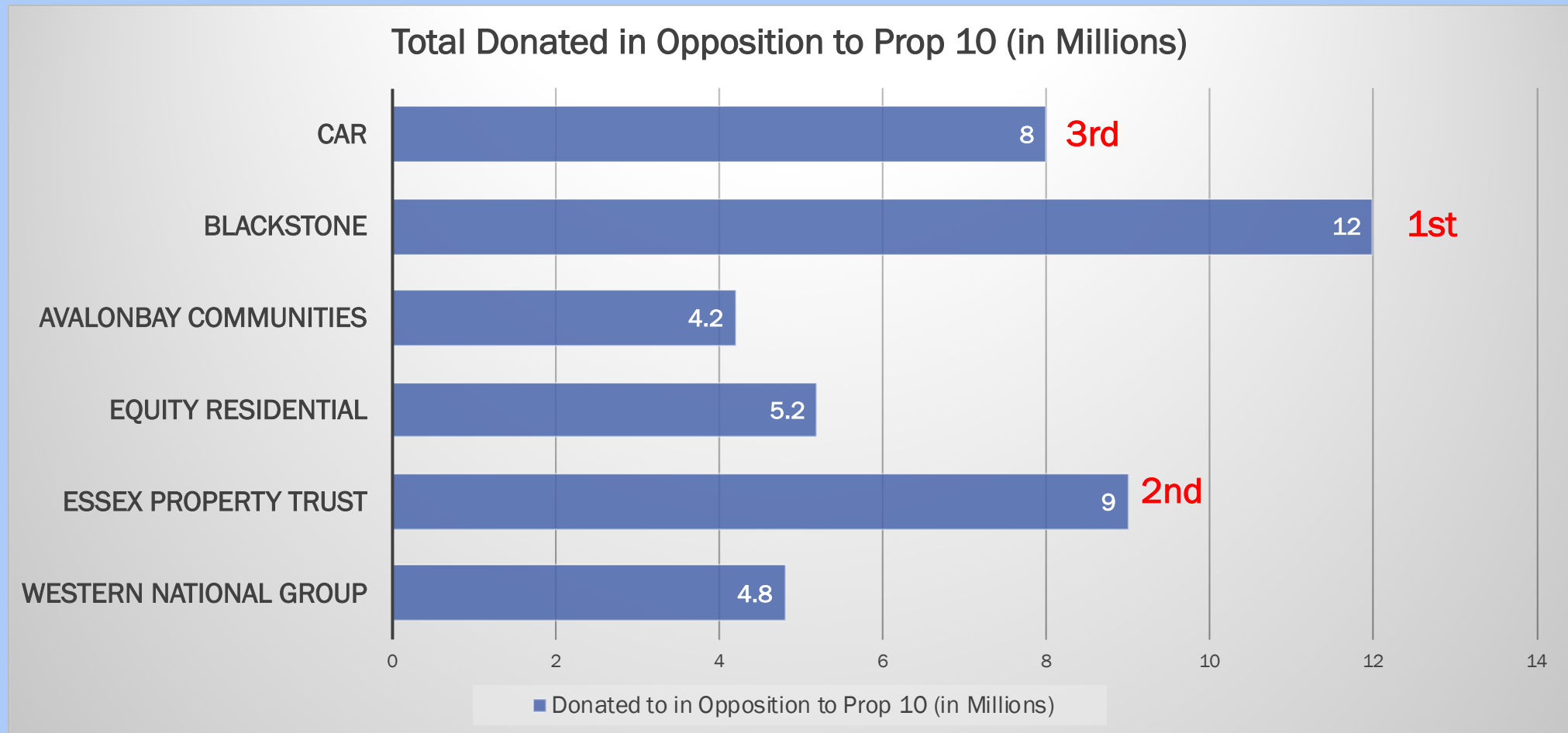
YES	NO
40.6%	59.4% 

Recap On Rent Control

- C.A.R.'s IMPAC committee donated over \$8 million to defeat the ballot measure
- IMPAC split their contribution between two “No on Prop 10” campaigns, which were managed by:
 - ✓ California Business Roundtable (CBRT)
 - ✓ California Apartment Association (CAA)


Recap On Rent Control

- C.A.R.'s was the **third** major contributor in defeating the ballot measure



Recap On Prop 5 - Property Tax Fairness Initiative

- C.A.R.'s Property Tax Fairness Initiative would provide that homeowners 55 years of age and older will have their property tax base transferred to a home:
 - Located anywhere in the state.
 - Of any price.
 - Any number of times.
- (Note: The initiative also applies to homes (1) owned by the permanently disabled, (2) located in natural disaster areas, and (3) on contaminated land.)

YES	NO
40.2%	59.8% 

Legislative Alternative SCA 24 (Galgiani)

- Maintains C.A.R.'s current tax portability initiative
- Repeals inheritance exclusion for primary residences transferred to child/grandchild who does not maintain it as a primary residence
- Repeals inheritance exclusion for \$1 million of other property transferred to child/grandchild
- Caps the amount of exclusion for a primary residence at \$1 million

2020 Split Roll Initiative

- The initiative will not impact:
 - Residential,
 - rental properties (of any number of units from single family residential to large apartment complexes),
 - commercial real property owners who operate small businesses from their property (exempts property holdings of up to \$2 million), and
 - agricultural land.
- The state's legislative analyst estimates a net increase of \$6.5 billion to \$10.5 billion should this initiative pass

Panel Discussion

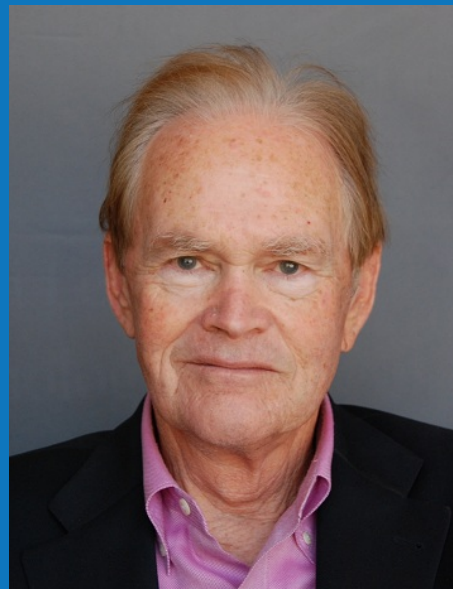
Issues Shaping the Future of Our Industry



MODERATOR

Lesha Montoya

Government Affairs Committee
Chair, SDAR



Alan Nevin

Director of Economic and
Market Research

Xpera Group



Matt Adams

Vice President
Building Industry
Association



Carla Farley

2019 SDAR President
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Alan Pentico

Executive Director
San Diego County
Apartment Association



David Skelly

Principal Engineer/ Vice
President
GeoSoils, Inc.



David Skelly

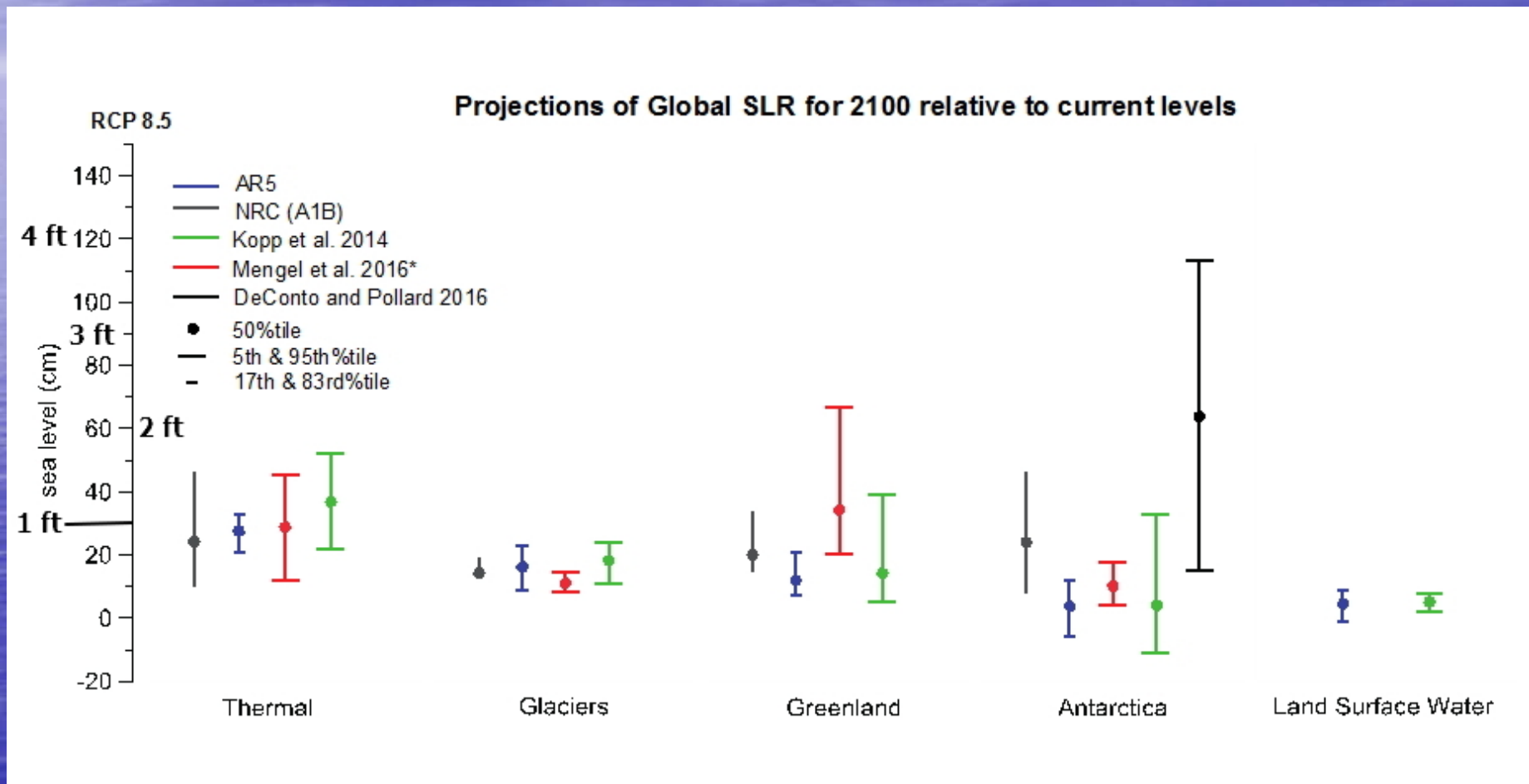
Principal Engineer/ Vice President
GeoSoils, Inc.

SEA LEVEL RISE

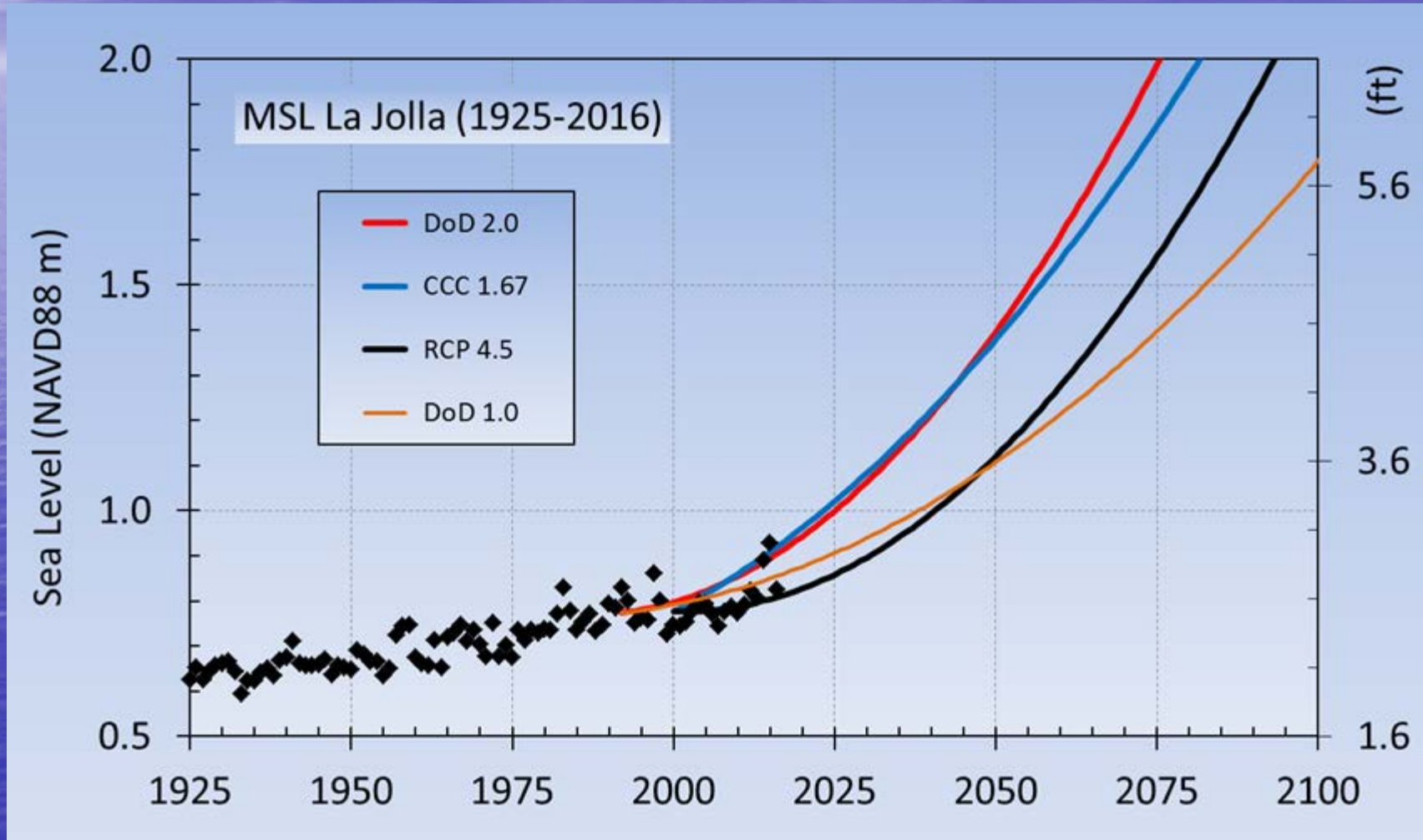
A PRIMER

David Skelly MS, PE

SLR



RECENT SLR



2018 STATE SLR (CCC)

		<i>Probabilistic Projections (in feet) (based on Kopp et al. 2014)</i>				<i>H++ scenario (Sweet et al. 2017) *Single scenario</i>
		MEDIAN	LIKELY RANGE	1-IN-20 CHANCE	1-IN-200 CHANCE	
		<i>50% probability sea-level rise meets or exceeds...</i>	<i>66% probability sea-level rise is between...</i>	<i>5% probability sea-level rise meets or exceeds...</i>	<i>0.5% probability sea-level rise meets or exceeds...</i>	
				Low Risk Aversion	Medium - High Risk Aversion	Extreme Risk Aversion
High emissions	2030	0.5	0.4 - 0.6	0.7	0.9	1.1
	2040	0.7	0.5 - 0.9	1.0	1.3	1.8
	2050	0.9	0.7 - 1.2	1.4	2.0	2.8
Low emissions	2060	1.0	0.7 - 1.3	1.7	2.5	
High emissions	2060	1.2	0.9 - 1.6	1.9	2.7	3.9
Low emissions	2070	1.2	0.9 - 1.6	2.0	3.1	
High emissions	2070	1.5	1.1 - 2.0	2.5	3.6	5.2
Low emissions	2080	1.4	1.0 - 1.9	2.4	4.0	
High emissions	2080	1.9	1.3 - 2.5	3.1	4.6	6.7
Low emissions	2090	1.6	1.0 - 2.2	2.9	4.8	
High emissions	2090	2.2	1.6 - 3.0	3.8	5.7	8.3
Low emissions	2100	1.7	1.1 - 2.5	3.3	5.8	
High emissions	2100	2.6	1.8 - 3.6	4.6	7.1	10.2

RISK AVERSION

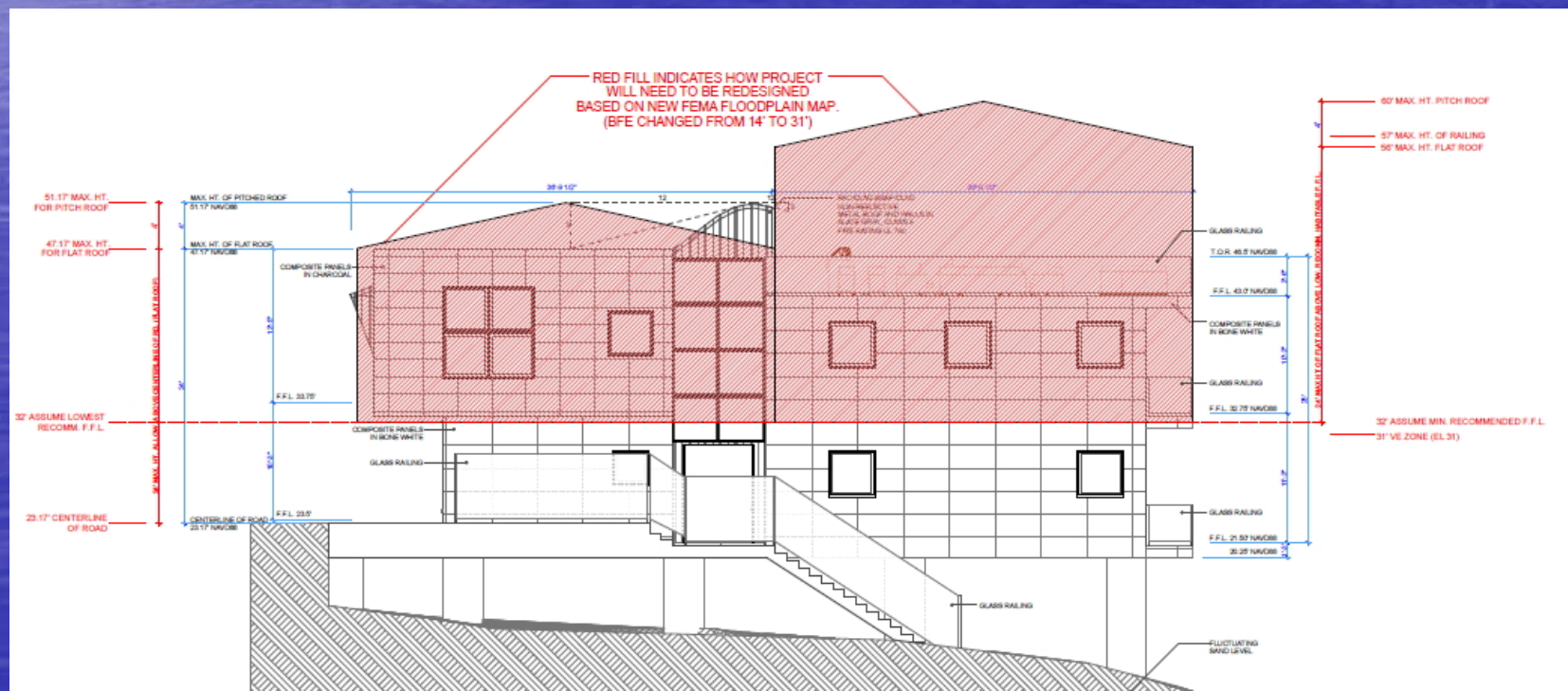
APPENDIX 4: RISK DECISION FRAMEWORK

(Adapted from the Governor's Office of Planning and Research's "Planning and Investing for a Resilient California: A Guidebook for State Agencies")

Risk Considerations and Evaluation	Consequences of impact or disruption	Low: Minimum disruption, limited scale and scope	Medium to High: Inconvenience, but limited in scope and scale	Extreme: Unacceptable risk and/or extensive scale and scope
	Adaptive Capacity	<ul style="list-style-type: none"> • Future flexibility maintained • People or systems readily able to respond or adapt 	<ul style="list-style-type: none"> • Limits future flexibility 	<ul style="list-style-type: none"> • Irreversible • Threat to public health and safety
	Who or what is affected?	<ul style="list-style-type: none"> • Low impact on communities, infrastructure, or natural systems 	<ul style="list-style-type: none"> • Communities, systems, or infrastructure readily able to adapt or respond to change 	<ul style="list-style-type: none"> • Vulnerable populations • Critical infrastructure • Critical natural systems • Areas of economic, historic, or cultural significance
	Economic Impacts	Low	Medium	High
Emissions Scenario Evaluation	Pre-2050	RCP 8.5 <i>(high emissions)</i>	RCP 8.5 <i>(high emissions)</i>	RCP 8.5 <i>(high emissions)</i>
	Post-2050			
SLR Projection Selection	Low Risk Aversion		High Risk Aversion	Extreme Risk Aversion

WHY IS THIS IMPORTANT TO PROPERTY VALUES?

- New development is looked at for 75 years
- Deed restrictions--need to look on all prop
- FEMA FIRMS impact insurance and lending



NEWPORT BEACH 5 FT SLR



SAN DIEGO 5 FT SLR



OTHER ADAPTATION CONCEPTS

- ROLLING EASEMENT
- RELOCATION INCENTIVE
- TRANSFER OF DEVELOPMENT RIGHT PROGRAM
- PROGRAM FOR ACQUISITION, BUYOUT, OR EQUITY TRADE FROM PRIVATE TO PUBLIC

REFERENCES

- <https://msc.fema.gov/portal>
- <https://hazards.fema.gov/femaportal/prelimdownload/>
- <http://data.pointblue.org/apps/ocof/cms/>
- http://www.opc.ca.gov/webmaster/_media_library/2017/11/State-of-California-Sea-Level-Rise-Guidance_draft-final_11.15.17.pdf

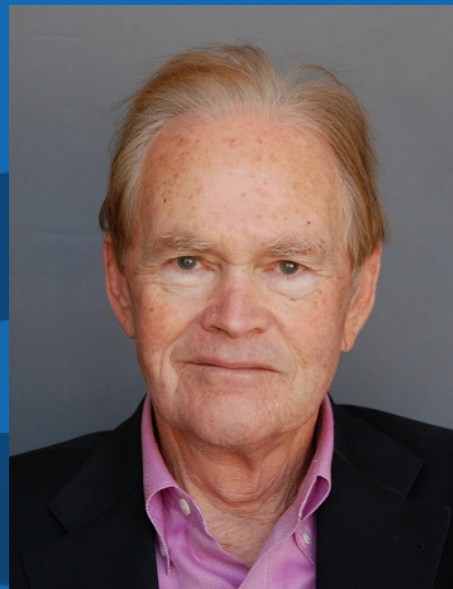
PANEL DISCUSSION

ISSUES SHAPING THE FUTURE OF OUR INDUSTRY



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San Diego County Apartment
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PARTY
GeoSoils, Inc.

Regulatory Update



Dan Sandri

Acting Commissioner

California Department of Real Estate

GREATER SAN DIEGO ASSOCIATION OF REALTORS



Double Tree Hotel
San Diego, CA
February 6, 2019



DAN SANDRI
Acting Real Estate Commissioner
Chief Deputy Commissioner



Update: 2018 Legislation



Overview of 2018 Legislative Activity

- Bills that reached the Governor's Desk: 1,217
- Bills Signed: 1,016
- Bills Vetoed: 201



Overview of 2018 Legislative Activity

Signed by Governor

- AB 1289 (Arambula)
- AB 2138 (Chiu and Low)
- AB 2884 (Irwin)
- SB 721 (Hill)

AB 2884 (Irwin)

AB 1289 (Arambula)

- Both bills include a “Savings Clause” added to statute to preserve existing legal duties and relationships
- The bills move real estate definitions from the Civil Code to the Real Estate Law
- Licensees must report a felony criminal complaint filed against them to the DRE, just as with an indictment currently
- Brokers are no longer required to keep the paper licenses for themselves and their salespersons
- AB 1289 amends Civil Code Sections 2079.16 and 2079.21 to expand the information a dual agent may withhold from clients

AB 2138 (Chiu and Low)

Existing law:

- Authorizes denial of license if applicant is convicted of felony or substantially-related misdemeanor
- Authorizes denial of license if applicant knowingly made a false statement of fact that is required to be disclosed on his/her application
- Precludes denial of a license solely based on a conviction if conviction dismissed or expunged

AB 2138 (Chiu and Low)

New law:

- Precludes denial of license if applicant convicted of a crime that is more than 7 years old
 - Exception: Convictions for serious felonies or financial crimes
- Precludes denial of license based on acts underlying a conviction if conviction has been dismissed or expunged
- Precludes entity from inquiring about criminal history on license applications
- Effective July 1, 2020

SB 721 (Hill)

- Inspection of decks or balconies for buildings with 3+ dwelling units
 - Performed by licensed architect, engineer or specified building contractor
- Inspections to be conducted
 - Initially by January 1, 2025
 - Subsequently every 6 years
- Repairs to be completed within 120 days
- Inspection report submitted to DRE for condo conversions
 - Condition to issuance of final public report

Regulations

- First Point of Contact
- Broker Associate Reporting
- Removal of Discipline from DRE's Website

First Point of Contact

- AB 1650 (Frazer)
- Regulations under development
 - Target Implementation Date: April 1, 2019
- Proposed Regulations
 - License number required on “1st Point of Contact” solicitation materials
 - Responsible broker’s number not required as long as responsible broker’s name/logo appears with name and license number of salesperson or broker associate

First Point of Contact (Continued)

- 1st Point of Contact
 - Business Cards
 - Stationery
 - Websites owned or controlled by the soliciting licensee
 - Promotional and advertising flyers, brochures, leaflets, etc.
 - Advertisements in electronic media (internet, e-mail, radio, television, etc.)
 - Print advertising in any newspaper or periodical
- Excludes “for sale”, “for rent” or “open house” sign where sign has no name/logo or the name/logo belongs to the responsible broker

Petitions to Remove Discipline from Website

AB 2330 (Ridley-Thomas)

- Prior law required DRE to post status of every license on its website
 - Including all discipline
- New law authorizes the Commissioner to set up a petition process to remove discipline from the website
 - Licensees only (not available to unlicensed or non-licensed)
 - Discipline must be 10 years or older
 - Petitioner must pay a fee set by regulation
 - Findings that no credible risk to members of the public exists as a condition to removing discipline
- Target Implementation Date: April 1, 2019

2018 State Laws



Gov Hutchinson

California Association of REALTORS®

Closing Remarks



The Honorable Brian
Jones

California State Senator

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today's presentation at:

www.sdar.com/newlaws2019



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