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At press time, the final deadline to file papers for Long Beach City Council was announced. Some surprises:

**Second District** candidates include incumbent Suja Lowenthal, Robert Wideman, Janet Ballantyne and Mike Kamer.

**Fourth District** candidates are incumbent Patrick O'Donnell, Darryl Supernaw and John Watkins.

**Sixth District** candidate is incumbent Dee Andrews.

**Eighth District** candidates include Al Austin, Lillian Kawasaki and Gustavo Rivera.

In the hotly-contested fight to replace LA City Councilwoman Janice Hahn (who won Jane Harman's unexpired term for Congress in a special election), police officer Joe Buscaino beat Assemblyman Warren Furutani (who will be "districted" out in the next state election). Buscaino, a newcomer to city politics, will represent District 15 in Los Angeles which centers around San Pedro and Wilmington.

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covers the west and central part of Long Beach. Contenders include AACSC member and LB City Councilman Gary De- Long, former Congressman Steve Kuykendall, State Senator Alan Lowenthal and Los Alamitos City Councilman Troy Edgar. The top two vote getters—regardless of party affiliation—will run off in November.

## **Sacramento**

During the next three weeks, two important bills will be heard in Committee and on the floor. SB184 (Leno) is back again, trying to implement statewide rent control. AB265 (Ammiano) is also back. This bill, if passed, "The new 47th Congressional District is seeing a flurry of action and fundraisers. " would require landlords to reinstate tenants (even AFTER he/she has been evicted) when he/she pays all past due rent.

We stopped both of these bills last year but the authors are bringing them back for another round. And, again, we will fight hard. Watch your emails/postcards for red alert action.

## **Ballot Proposal**

A constitutional amendment to switch California's Legislature to a part-time body meeting about three months per year was proposed by a Republican lawmaker and the head of a political watchdog group. The measure by Republican Assemblywoman Shannon Grove of Bakersfield, and Ted Costa of People's Advocate, also would cut legislators' salaries from \$7,940 per month to \$1,500 per month—or \$18,000 annually.

## **Consolidations**

As you may know, Governor Brown is proposing to shut down a number of offices and the consolidation of a number of departments and agencies in the Executive Branch of State government. Included is the apparent restructuring of BT&H into a new Department of Business and Consumer Services. Consolidation of DFI and DOC will likely shift most of the control of the industries and the services previously regulated by the DOC to the large banks, savings banks, and thrifts. Housing will combine with Cal FHA, and the Department of Fair Housing (DFEH) will

join with another Discrimination Department.

The DRE and the OREA may be eliminated and their licensing function transferred to Bureaus within the Department of Consumer Affairs ("DCA").

A subsequent clarification has been issued regarding mortgage brokers who would be separated from the DRE and restructured within the consolidated entity, i.e., the proposed Department of Business and Consumer Services. The remaining licensing functions of the DRE would be transferred to a bureau within the DCA.

## **Employees**

The NLRB has delayed the original January 31, 2012, posting date until April 30, 2012, for the new notice entitled, "Employee Rights Under the National Labor Relations Act."

## **Repair Regulations**

On December 23, the Internal Revenue Service (IRS) issued temporary (T.D. 9654) and proposed rules (REG-168745-03) regarding the tax treatment of costs incurred in acquiring, maintaining, and improving tangible property, including multifamily buildings.

These so-called repair regulations clarify whether such expenditures should be considered a capital improvement and depreciated over time or, alternatively, be viewed as an ordinary and necessary repair and deducted immediately from income. The regulations specify that expenses related to constructing or permanently improving a building, restoring property, or converting property to an alternate use must be depreciated. However, the new rules allow taxpayers to deduct the cost of routine maintenance.

Despite being issued in temporary and proposed form, the regulations are effective as of January 1, 2012, and have the same force as a final regulation. NMHC/NAA are currently

working with Ernst & Young LLP to provide members with a comprehensive overview of the regulations. The temporary and proposed rules are available at [www.nmhc.org/goto/6472](http://www.nmhc.org/goto/6472). The guidance document will also be posted there.

The final FY 2012 appropriations bill passed by Congress on December 17 included a provision to rollback controversial light bulb efficiency standards set to take effect in January 2012.

Despite media and other reports to the contrary, the new standards, enacted as part of a 2007 energy law, would not have banned incandescent light bulbs. They did, however, require bulbs to be 25 to 30 percent more efficient than today. This change would have effectively phased out less expensive incandescent bulbs in favor of more expensive compact fluorescents, LED and redesigned incandescent bulbs that meet the new standard. However, the funding bill prohibits the U.S. Department of Energy from implementing or enforcing the new standards this fiscal year.

## **City of Los Angeles**

Halfway through the Fiscal Year 2011/12 (July 1 – Dec. 31), LA's building year-to-date numbers are up. Total new construction is up six percent, Plan Check Revenue up five percent and total revenue is up eight percent.

Residential rental apartment construction is still the leader—LA had 3,599 new housing starts so far this year, up 44 percent over this time last year!

## **Tax Incentives**

A number of tax incentives used by apartment firms, namely several energy efficiency incentives, the immediate expensing of brownfield remediation costs and the New Markets Tax Credit, expired at the end of 2011.

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On December 29, FHA issued new guidance (Notice H-2011-35) to its lenders designed to expedite loan processing and deal with its backlog of applications.

Among other things, the guidance says:

- Existing HUD-insured loans seeking refinancing will no longer require central loan committee approval.
- The threshold for requiring new loans to go through the central loan committee has been increased from \$15 million or more than 150 units to \$25 million or 250+ units.
- Loans for properties with 75 to 250 units, or between \$5 million and \$25 million, will require Hub Committee approval. Loans below those levels can be approved by field offices.
- Loans for affordable properties with rent restrictions have separate procedures that require less involvement by Hub and the central loan committee to expedite them.