

DIANE HARKEY



Welcome to 2020 and Happy New Year!

We begin the new decade with reflections on how to avoid investing missteps, 2019 Legislation rolling into 2020, your City's financial condition and wrap up with the biggest "Duh" which could have far-reaching implications for young and old alike. In other words:

What Happened in 2019 Won't Stay in 2019

Investing in 2020 - The "We" Canary in the Coal Mine

Value-based on something tangible still matters, especially when investing at this time in the cycle. How investors could have funded billions to the WE Company based on hype shouldn't be surprising to any student of history or

economics. For others, recall the children's fable "The Emperor's New Clothes" when a slick salesperson sold the Emperor magic threads that were only visible to "wise" people. The Emperor then paraded in the street naked, without comment until a child had the sense to call the imagined silk threads for what they were - nothing.

Political Spin in lieu of Business Plan: WE Work's mission was to create a place where every worker could achieve his/her maximum potential to change the world. Haven't we heard something like this before in politics? And let's examine the We Work motto, "Always Do What You Love," a recipe for disaster if you can't pay the bills. While the company founder, seems to always have done what he loved, fleecing many along the way, his employees and most of us do what we must so we can do what we love, now or in the future.

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Cruising into the New Year - How Does Your City Stack Up?

Keeping our cities solvent is not easy with top-down one-size-fits-all legislation that is being passed by the Majority Party in Sacramento. But, some good news for Orange County and other notable communities, that appear to be shaping up as political battlegrounds for 2020 - follow the money to understand why. We are in good/excellent financial shape with South Orange County ranked some of the most solvent cities in the state - Good job voters!

Review the report and interactive map included in the link below:

[READ FULL ARTICLE HERE](#)

2019 Legislation Rolling into 2020:

In keeping with the theme, "What Happened in 2019 Won't Stay in 2019" two landmark laws come to mind:

AB 5 - Worker status: employees and independent contractors is sure to be contested in the courts and/or with a ballot measure due to its potential effect on the "GIG" economy. If the Millennials and others who have come to rely on Uber , Lyft and Door Dash feel the pain of the price increases and the lack of availability (due to regular scheduling being required along with employees being classified as salaried workers) watch the upheaval.

The laws states that Companies must “prove” workers don’t qualify as employees, using a three-pronged test to determine the status as independent contractors. Proving a negative is difficult, and the court challenge has begun as has the Initiative process. See: www.protectdriversandservices.com

AB 1482 - Rent Cap and Just Cause Eviction Law otherwise known as statewide rent control will affect all landlords large and small, with a specific exemption for non-corporate or REIT owners of single-family and condominium rental properties. BUT in order to apply for the exemption, you must have delivered it to your tenants before January 1, 2020, using a specific language. Month-to-month rentals, new housing, and other carve-outs exist with proper documentation.

The multi-pronged approach to rent control and potential for roll-back of rent deserves analysis and I suggest contacting your local real estate association or the California Association of Realtors to navigate the legislation.

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The Biggest “Duh” of 2019

In an otherwise well-written article the Wall Street Journal headline: “State Support Helped Fuel Huawei’s Global Rise,” earned the biggest “Duh” of the year for two reasons:

First: China is a Communist state. Communism is state ownership and control of every industry and all means of production (no person or corporation owns anything). Since the company is state/government-owned doesn’t that imply state support?

Second: The fact that the obvious had to be stated in a headline in the Wall Street Journal, where the readership should know the meaning of Communism, should make all of us pause.

However, the article deserves a read to fully comprehend the level of support the Communist government provides: go to www.wsj.com December 25, 2019.

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In closing:

Thank you for staying involved in your communities and please visit my website: www.dianeharkey.com

And email me at diane@dianeharkey.com if you have any questions or topics you would like me to address in the next newsletter.

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