



### **New Program Pays For Your Rays**

**Will solar power be the next big cash flow source for property owners?**

*By Martin N. Burton*



Current solar power programs have cut the electricity costs of thousands of residential and commercial property owners by granting utility bill credits for electricity generated from rooftop solar panels. Now, new programs are beginning to provide an additional incentive to put solar panels on your rooftop: cash for your kilowatts. The big question is whether the payments will be enough to provide a return on an owner's investment in solar power.

### **How do Pay For Rays programs work?**

Simple. Residential and business owners install solar power systems on their property, tie into the grid, then sell the electricity created to the local utility for cash, becoming their own solar power plant. Europeans call this a "Feed-In Tariff", because the property owner "feeds in" electricity to the grid, for which the utility pays a "tariff" to the owner.

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### **G&R Attorneys Contribute to ABA Publication**



Gilchrist & Rutter attorneys, *Susan McNally* and *Steven Heller*, are contributors to the recently released 2010 edition of *The Commercial Lease Formbook: Expert Tools for Drafting and Negotiation, Second Edition* published by the American Bar Association. The formbook is a reliable resource for attorneys and property owners who are negotiating and drafting commercial property leases. As a wide-ranging, all-inclusive publication it examines tools for assessing transactions and lease terms including current lease forms that can be tailored

for specific transactions as well as lease-related documents such as a memorandum of lease, tenant estoppel certificate or a work letter.

*For more information please visit:  
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### **Market Outlook from G&R Attorneys ...**



Commercial property prices have plummeted to the lowest level in eight years, dragged down by declining real estate values, according to Moody's Investors Service. The Commercial Property Price Index has declined 7.3% in the past year and dropped 35.9% in the past two years. Many predict that commercial property values will continue to decline for at least one to two more years.

However, there may be a silver lining for many commercial property owners who have seen the value of their investment drop — a lower property tax payment. Yet, it is unlikely that your local assessor will reduce your tax bill unless asked.

Proposition 13 limits the amount property taxes can be raised per year to avoid taxing people out of homes and businesses when values skyrocket. As a result, taxes remained relatively low during the real estate boom.

But what happens when property values decline?

Revenue and Taxation Code § 51(a)(2) allows owners to have their property taxes reduced if their property's value has fallen below its assessed worth. However, despite the steep decline in commercial property values, many owners fail to take advantage of this provision.

Property owners that are not looking to sell or refinance may not have focused on their property's lost value. Rental income-producing property that has lost tenants or has reduced its rents may also be eligible for a tax reduction.

Providing two or three comparables to the local assessor frequently results in an agreement to a significant tax reduction. Steeper declines may require a formal or an informal hearing.

By seeking to have their properties reassessed and taxes lowered, owners may receive some mitigation for their lost property value.

*Thomas Casparian* is a partner at Gilchrist & Rutter.

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## New Carbon Monoxide Regulations for Property Owners

By Donald C. Nanney



For owners of residential property that has a fireplace, attached garage, or fossil fuel burning heater or appliance on the premises, a new California law will require installation of carbon monoxide detectors. This requirement affects single family homes (deadline July 1, 2011), and other dwellings (deadline January 1, 2013).

- Exempted are properties owned or leased by state or local governmental agencies.
- The number and placement of the detectors must comply with new construction standards or with manufacturer's instructions, if feasible.
- The law provides a right of entry to install and maintain detectors in rental properties.
- Violation will result in a maximum fine of \$200 for each offense, but only if an owner has failed to comply after receiving a 30-day notice to correct.
- Failure to comply with this new regulation will not invalidate property transfers; however, an owner may be subject to an award of actual damages up to \$100 exclusive of court costs and attorney's fees.

*If you have any questions about the Carbon Monoxide Poisoning Prevention Act of 2010, please contact Don Nanney at [dnanney@gilchristutter.com](mailto:dnanney@gilchristutter.com).*

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## Deals & Judgments

Gilchrist & Rutter regularly handles real estate transactions, litigation, and related matters for clients dealing with a range of issues. Below are recent representative deals and judgments. To talk with us about a similar deal or matter, contact the listed attorney.

- Closed acquisition and financing for Santa Monica headquarters of one of the world's largest music companies. (*Don Nanney, Peter Swain*)
- Precedent-setting Court of Appeal published opinion. Property owner successfully invalidated a City of Carson ordinance that imposed more stringent requirements for development than permitted by state law. (*Tom Casparian*)
- 156,000 sq.ft. lease renewal for a major entertainment company in Glendale on behalf of the landlord. (*David Lambert*)
- Six-figure victory on a title defect claim on a title insurance policy, based on an undisclosed sewer easement. (*Christine Page*)
- 89,000 sq.ft. lease modification for a national bank, on behalf of the REIT owner of Glendale office building. (*Steven Heller*)
- 80,000 sq. ft. lease for a 10-year term, for a national law firm on behalf of REIT owner of a first-class downtown Los Angeles office building. (*Diane Hvolka*)
- Completed three office space leases in suburban areas of the San Fernando Valley for local financial services and healthcare services companies. (*Henry Herrman*)
- Obtained preliminary approval of a favorable class action settlement alleging wage and hour violations. (*Christine Page*)

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