



# 2023 ANNUAL LEGISLATIVE & REGULATORY REPORT

## 2023 Commercial Real Estate Legislative and Regulatory Year in Review

While California's business community as a whole had a challenging year in the Legislature with the passage of ACA 1 and ACA 13, CBPA did however, yet again, halt another attack on our industry by stalling AB 1000: Warehouse Buffer Zone - (Reyes; D-San Bernardino). This disastrous bill proposed a statewide setback of 1,000 feet from "sensitive receptors" for all new or expanded logistics use facilities 100,000 square feet or larger in California. In addition, CBPA successfully amended several bills including a bill on building and renovation projects for LEED certification and another on emergency response trauma kits.



**TAXPAYER PROTECTION ACT (TPA)** – After the defeat of Split Roll in 2020 our industry decided to go on offense and proactively work to fix Proposition 13 and prevent the need to fight a tax increase on the statewide ballot every election cycle. If passed by voters, the Act will close significant loopholes created by recent court decisions (Upland) and other governmental actions, reinstating the will of the voters, and restoring historic protections against new and higher property taxes. CBPA is a co-chair of the effort and is actively fundraising for the effort to ensure its passage in November 2024. However, Governor Newsom and Legislative Leaders have petitioned for removal of TPA from the ballot arguing these issues are too important for voters to decide.

**ACA 1/ACA 13** - In the final three weeks of session a major attack was launched to further weaken Proposition 13. ACA 1 Makes it easier to raise taxes. The measure lowers the 2/3s vote threshold for almost all special tax measures to a 55% vote threshold. ACA 13 is aimed specifically at the Taxpayer Protection Act. The measure will change the rules to make it harder to restore the 2/3s vote requirement and make it harder to fix Proposition 13 loopholes.

**ORGANIZED RETAIL CRIME** - CBPA has long been a leader in protecting private property rights, but Proposition 47 has made it next to impossible to protect your property. Addressing Organized Retail Crime through reform of Prop. 47 is a top priority. CBPA is working closely with the California District Attorneys Association and the California Retailers Association in support of an effort they are leading to qualify a measure for the 2024 ballot to reform Prop 47 and combat organized retail crime.



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**WAREHOUSE BUFFER BILL STALLED (FOR NOW)** – CBPA strongly opposed AB 1000 and successfully stalled the bill (for now). The bill unreasonably targets one building type, warehouses, effectively limiting development in most urban areas. Current law already requires extensive disclosure of information by all project types through regional air quality regulations and the CEQA process. This bill sought to layer a set-back rule specifically for warehouses creating a de-facto ban.

In response to AB 1000, CBPA was instrumental in the creation of AB 1748 (Ramos; D-San Bernardino) which is our alternative to AB 1000. AB 1748 will provide a requirement for local agencies to implement a 300-foot minimum setback for qualifying logistic facilities and other landscape buffer requirements next to sensitive receptors.

**LEGISLATIVE/POLITICAL EVENTS** – In May, CBPA held its inaugural PAC fundraiser in Santa Monica, which raised over \$100,000. In August, CBPA hosted the California Commercial Real Estate Summit with over 50 CBPA real estate leaders present and a record number of meetings with legislators and staff. Registration numbers were record high for the Strategic Issues Conference hosted in Long Beach in October, bringing together business leaders from across the state for two days of networking and discussion on critical economic topics, concluding with a boat tour of the Port of Long Beach.



**LEGISLATION** – On behalf of the commercial real estate industry, CBPA tracked over 400 pieces of legislation in the State Capitol this legislative session and directly engaged on over 200 bills. Additional details on priority legislation can be found on the following pages. A full listing of bills, positions, and outcomes can be provided separately upon request.

**REGULATIONS** – CBPA engaged with regulatory agencies on a variety of issues including electric vehicles, solar, energy, and water regulations. CBPA works closely with code consultant Bob Raymer to remain active on code related issues.



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### SUPPORTED/AMENDED BILLS SIGNED INTO LAW:

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#### **SB 416 (Laird; D – Santa Cruz) Building and Renovation Projects: LEED Certification**

We removed opposition after successfully amending SB 416. The bill requires LEED certification for new state buildings, does not apply to existing leased properties.

#### **AB 225 (Grayson; D – Concord) - Real-estate Environmental Hazards Booklet**

AB 225, which was supported by our industry, will inform buyers and tenants on the potential hazards within the area they live, including wildfire risks, climate change and sea level rise. The bill will also provide an opportunity for a public private partnership to pay for the update if resources are not made available by the state.

#### **AB 70 (Rodriguez; D – Pomona) - Emergency Response: Trauma Kits**

AB 70 will require that trauma kits be installed next to AED stations during certain building renovations. CBPA took a neutral position as the measure includes liability protection language negotiated in 2021 for building owners and follows the same limited installation requirements.

#### **AB 883 (Mathis; R – Tulare) – Licenses – Expedition for Veterans**

AB 883, which was supported by our industry, expands expedition requirements under the United States Department of Defense SkillBridge program to expedite license applications for veterans transitioning back into civilian life, making it easier for our service members to obtain licenses in fields requiring licensure, like real estate. AB 883 will directly and positively impact a veteran's transition and hasten their ability to earn an income and support their families.

#### **AB 1218 (Lowenthal; D-Long Beach) Development Projects: Demolition of Residential Dwelling Units**

This bill would have expanded a current law written specifically to apply to residential projects, without thinking through how non-residential projects are different. In turn, the bill would have stopped many important industrial projects, and have a negative impact on goods movement, jobs, and economic development. After weeks of working with the bill author and sponsors, CBPA and its partners were able to have the bill amended. The bill will now exempt industrial projects in areas zoned for non-residential, clarify how replacement housing is built, and adjust effective dates.



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### **BAD BILL VETOED:**

#### **SB 799 (Portantino; D-Burbank) – Disastrous Unemployment Insurance for Striking Workers**

##### ***Will be back next year***

SB 799 was opposed by a large coalition of business groups. The bill, which was heavily backed by organized labor would have been disastrous for businesses large and small and would have ballooned California's already high federal unemployment insurance debt. The measure aimed to provide unemployment insurance (UI) benefits to individuals who left work and chose to go on strike during a labor dispute.

### **SIGNIFICANT BILLS THAT WERE HELD BUT MAY BE BACK NEXT YEAR:**

#### **AB 1000 – (Reyes; D-San Bernardino) - Warehouse Buffer Zone**

This bill proposes a statewide setback of 1,000 feet from “sensitive receptors” for all new or expanded logistics use facilities 100,000 square feet or larger in California.

#### **AB 1748 – (Ramos; D-San Bernardino) – Our Alternative to the Reyes Warehouse Bill**

AB 1748 will provide a requirement for local agencies to implement a 300-foot minimum setback for qualifying logistic facilities and other landscape buffer requirements next to sensitive receptors.

**2023  
BY THE  
NUMBERS**

NEARLY  
**3,000**  
BILLS  
INTRODUCED



**890**  
BILLS SIGNED  
INTO LAW



**200+**  
BILLS CBPA  
ENGAGED ON



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### BAD BILLS SIGNED INTO LAW

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#### **SB 253 (Wiener; D-San Francisco) – Redundant Greenhouse Gas Reporting**

SB 253 was heavily opposed by a massive coalition of business groups. The bill requires any business entity with total annual revenues more than \$1 billion to publicly report their annual greenhouse gas (GHG) emissions. These disclosures will include corporate supply chains (scope 3), which can include more than 90% of a corporation's carbon emission.

#### **SB 616 (Gonzalez; D-Long Beach) – Costly Sick Leave**

Sick Leave Expansion on all employers. The bill increases the number of job-protected paid leave hours employees can take each year under state law. Current law allows employers to limit employees' paid leave use per year to 24 hours or 3 days, whichever is greater. SB 616 increases the permitted annual use cap to the greater of 40 hours or 5 days.

#### **AB 1572 (Friedman; D-Burbank) – Water Restrictions**

Limits irrigation of turf that may have a beneficial use (municipal, multifamily and industrial). Could limit approaches and design techniques that mitigate heat impacts and urban heat islands. Restricts local water agencies from adopting reasonable regulations.

#### **SB 723 (Durazo; D-Los Angeles) – Extension of Employee Rights to Recall Under COVID-19 Regulations**

Extends from December 31, 2024 to December 31, 2025, the sunset date on the existing "right to recall" rights for employees in the hospitality and service industry, and adds to these provisions a presumption that a separation due to a lack of business, reduction in force, or other economic, nondisciplinary reason is due to a reason related to the COVID-19 pandemic, unless the employer establishes otherwise by a preponderance of the evidence.

#### **SB 1439 (Glazer; D-Antioch) - Campaign Contributions**

This bill was signed into law in 2022 by Governor Newsom. It sets a \$250 cap on contributions to local elected officials from certain entities such as businesses and their employees. SB 1439 could adversely affect small business owners' ability to engage in the local political process limiting their influence in government decisions that can significantly impact their operations.



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## ATTACK ON PROPOSITION 13

**In the final three weeks of session a major attack was launched to further weaken Proposition 13.**

**Assembly Constitutional Amendment 1:  
Makes it easier to raise taxes**

- Lowers 2/3s vote for almost all special tax measures to 55%
- Put on ballot by a one-sided partisan vote of the Legislature.

**Assembly Constitutional Amendment 13:  
Makes it harder to fix Proposition 13**

- Aimed specifically at the Taxpayer Protection Act
- Changes the rules to make it harder to restore 2/3s vote
- Put on ballot by a one-sided partisan vote of the Legislature
- In coordination with ACA 13 the Gov and Legislative Leaders have petitioned for removal of TPA from the ballot arguing these issues are too important for voters to decide.

## PROTECTING PROPOSITION 13

Our industry has successfully placed a ballot initiative on the November 2024 ballot that will protect proposition 13, The Taxpayer Protection Act and Government Accountability Act (TPA). However, Governor Newsom, Speaker Rivas and Former Democratic Party Chairman John Burton have petitioned the California Supreme Court to remove TPA from the ballot stating this issue it too complex for voters to weigh in.

**TPA: Restores taxpayer protections recently eroded by court decisions**

- Restores 2/3s Vote for All Special Taxes & Protects Against Split Roll
- Put on ballot through 1.4M voter signatures
- Supported by Real Estate/Business Groups

**TAXPAYER  
PROTECTION**  
and Government Accountability Act



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## 2023 Commercial Real Estate Legislative and Regulatory Year in Review

### REGULATORY SUCCESSES

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CBPA maintains a presence as part of the building code process to provide early input to regulatory agencies on technical matters, identify major initiatives that will impact CBPA members, and to redirect measures that are introduced as legislative measures.

**AGENCIES UPDATE WILDFIRE REGULATIONS:** Two different state agencies have updated regulations for construction performed in areas mapped as Urban-Wildland Interface (WUI) zones. As done every 18 months, the Office of the State Fire Marshal updated their WUI fire safety building standards. These will continue to apply to construction in State Responsibility Areas (SRAs) zones mapped as Moderate, High, and Very High Fire Severity Zones and Local Responsibility Areas (LRAs) mapped as Very High Fire Severity Zones. The industry was able to block a proposal that would have eliminated a very low-cost, prescriptive way to show compliance with the Class A roof covering mandate for these zones. We also successfully blocked a proposed change that could have inadvertently expanded the application of the standards to moderate and high fire severity zones in the LRAs.

Perhaps the biggest news of this regulatory update is the completion of a new set of updated fire severity zones in the SRAs by the Office of the State Fire Marshal. These maps have not been updated for over 15 years. These maps have been forwarded to local jurisdictions for ratification via the local ordinance process. Also, the California Board of Fire Safety (Cal Fire) has adopted updated regulations for development in these WUI regions. The greatest impact of these updated standards will be on new residential construction in existing residential areas.

**UNIFORM BUILDING STANDARDS:** CBPA worked to help the Building Standards Commission approval of Uniform Building Re-Use/Rehab Standards. A policy strongly supported by industry and local code enforcement agencies, the BSC approved regulations proposed by the State Fire Marshal, adopting additional chapters of the 2021 International Existing Building Code by reference. This code change will provide additional compliance methodologies and options for California design professionals working on alterations, changes of occupancy, and additions to existing buildings, and will be available for use by the industry for permits submitted on or after July 1, 2024.



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### REGULATORY SUCCESSES (Cont.)

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**CARBON REPORTING/REDUCTION REPORTING:** In response to strong objections from CBPA and local building officials, the BSC significantly reduced the stringency of their proposed mandate for “embodied carbon” reporting and reduction which initially proposed a trigger for carbon reporting on new buildings as small as 25,000 sf. After strong objections from industry this threshold was later raised to only include new buildings greater than 100,000 sf.

**ELECTRIC VEHICLE CHARGING MANDATE:** On both the legislative and regulatory front, CBPA has been able to keep EV charger mandates at the levels that were negotiated and adopted in 2021, despite strong pushes to significantly increase the mandated number of charging unit installations through legislation and regulatory effort.

However, in response to a proposal from the Governor’s Office a proceeding to require EV-charging retrofit when a commercial building alters or adds to its existing parking facility when that retrofit includes an upgrade to the building’s electrical panel(s) is now under consideration. A similar mandate has been required in exiting residential facilities for the past three years. CBPA representatives have suggested several edits to this proposal to increase clarity. For example, no such retrofit would be required if the parking lot is simply being refinished/restriped. Also, exemptions for significant cost impact and infeasibility have been added to these new regulations due to our advocacy and engagement.

**ROOFTOP SOLAR FOR COMMERCIAL:** CBPA has been able to protect major victories earned engaging with state agencies on the solar mandate for non-residential buildings, keeping the focus on new construction only, applying reasonable rooftop ratios, and providing numerous exemptions.

More information on both EV charger and rooftop solar regulations can be found in the following joint report from CBPA: [Title 24 Non-Residential: Solar, Batteries and EV Charging](#).