

CBPA Weekly Update- April 30, 2021

May 1, 2021

AB 255 – GOOD NEWS!

We have some good news to report on AB 255 (Muratsuchi; D-Torrance), a bill we oppose in its current form, dubbed the “COVID-19 Emergency Small Business Eviction and Rent Relief Act.” The bill currently seeks to allow one business in a valid private contract to withhold payments for commercial rent owed. However, amendments have been crafted by the Assembly Judiciary Committee that are designed to address many of the issues that a coalition of 26 business groups have pointed out with the bill.

We continue to agree with the author that the state mandated COVID-19 shelter-in-place orders have had negative impacts on businesses, but we do not agree with the approach this bill takes to address the issue. All other relief measures provide state and/or federal funds, which the state has received in the billions.

Language we expect to be adopted next week removes the ability for one company to decide not to meet rent obligations and will instead provide proof of COVID-19 economic impacts as an affirmative defense as part of an unlawful detainer defense.

Across the board, commercial real estate owners and managers have shown that they are working with tenants and trying to keep spaces occupied during the pandemic, and tenants in place so we can recover more quickly. These amendments will focus on small tenants aligned with a similar residential bill that passed earlier this year.

The state's own COVID-19 Small Business Relief Grant (SB 87) allows small businesses the ability to receive state assistance while prioritizing their own fiscal priorities. With more funding, that program can immediately help the same businesses targeted in AB 255 without creating negative unintended consequences.

The state has already acknowledged that it has an important role to play in helping BOTH tenants and property owners recover from the economic impacts of this pandemic and have worked to fund a variety of programs that allow companies to receive assistance and cover their expenses. Unfortunately, AB 255's differing approach from these other measures, while well-intentioned, creates unacceptable and unintended consequences and sets bad precedent.

When the amendments go into the bill, we expect many of the organization now in opposition will transition to a neutral position and further work on technical amendments to fix a few remaining concerns. We will keep you posted!

SUPPORT FOR PROP 13 REFORM

Our industry is pleased to support SB 706 (Bates; R-Laguna Niguel) a bill that will correct an outdated interpretation of property "change of ownership" for taxation purposes.

Real estate companies do not support the gaming of the system some individuals have used to avoid re-assessment, in fact our members have fought for years to assure that re-assessment happens as soon and accurately as possible. Delaying a tax

assessment in such a manner does not benefit the efficient management of a portfolio of properties, can lead to lost revenue, and can reflect poorly on our industry.

SB 706 will help prevent future abuses of Proposition 13 protections against skyrocketing property taxes, by removing the ability to structure transactions in a way that avoids appropriate reassessment.

CBPA has supported fixing this area of the law for many years and worked with then Assemblymembers Tom Ammiano and Raul Bocanegra on a similar measure in 2014.

We appreciate that Senator Bates has remained tenacious on this topic and continue to pursue this common-sense reform. [Click here](#) for more information.

\$6.2B MORE COVID SUPPORT FOR SMALL BUSINESS

Governor Newsom has signed another bill that will assist small businesses deal with the economic impact of COVID-19 related economic shut downs. AB 80 (Burke; D-Inglewood), declares that PPP loans that businesses received from the federal government during the pandemic will not be counted as taxable income, and these businesses can also deduct the costs of expenses that those loans paid for.

According to the Governor's office, this is additional state tax relief for the small businesses that have been struggling most and may very well make a difference in their choosing to reopen, stay open, or shut down as they look to the future.

We are urging our members to make tenants/small businesses that may be struggling with debt to make sure they know resources are available to help. [Click here](#) for a list of programs that can be shared.

\$41B TAX INCREASE AT THE FEDERAL LEVEL?

Real Estate Groups in Washington D.C. are preparing to educate lawmakers on several potential items in the President's Budget. High on the list is protecting the ability to conduct a 1031 Exchange which benefits small and large real estate investors – commercial and residential.

As we await the official proposals, [click here](#) to read a story outlining some of the anticipated proposals.

STATE HISTORICAL BUILDING SAFETY BOARD APPOINTMENT

The State Historical Building Code (SHBC) was created by legislation in 1975 giving authority to the State Historical Building Safety Board to write regulations, and have consultation, review and appellate functions for code and regulation issues relating to qualified historic buildings, structures and properties.

Our industry, through the Building Owners and Managers Association of California Board has authority to appoint a representative to this board, and BOMA Cal is

seeking qualified individuals to apply. [Click here](#) to read more about the role of the SHBSB.

Contact Rex W. Hime to express interest of having your name considered for this appointment by the BOMA California Board at their meeting in June, rhime@cbpa.com . Please contact Rex no later than May 14 to allow the board an appropriate time to vet the interested parties.