



CALIFORNIA BUSINESS PROPERTIES ASSOCIATION

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Protecting commercial real estate for 50 years

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June 22, 2023

The Honorable Anna Caballero, Chair
Senate Governance and Finance Committee
State Capitol, Room 407
Sacramento, CA 95814

**RE: AB 1218 (Lowenthal) Development Projects: Demolition of Residential Dwelling Units.
OPPOSE UNLESS AMENDED**

Dear Chair Caballero:

California Business Properties Association (CBPA) respectfully opposes AB 1218 (Lowenthal) unless it is amended to address issues the bill will create with certain types of projects that are non-residential making compliance with provisions of the bill impossible.

Unless amended, AB 1218 by simply expanding existing demolition requirements beyond housing developments, without thinking through how these types of projects come together, the impacts on designated redevelopment areas where land use is no longer residential, and how a developer of industrial projects could produce housing units, the bill unfortunately will stop many important industrial projects that could have a negative impact on goods movement, jobs, and economic development.

AB 1218 undermines one of the carefully crafted compromises at the core of Senator Skinner's SB 330 (the Housing Crisis Act of 2019) and expands its use to apply to additional types of development projects. SB 330 contained fundamentally important reforms for all new housing projects, but those benefits are not expanded to non-residential projects that would now be subjected to the anti-demolition provisions of AB 1218. Specifically, the bill expands the type of development projects subject to the anti-displacement provisions without concurrently increasing the scope of the reforms for housing projects in SB 330.

For example, AB 1218 would require industrial developers building a large warehouse to replace any housing on the property site that may have been vacant for a number of years, even though that developer does not and cannot build residential units. Additionally, many state policies have shifted away from mandating reconstruction of replacement housing on-site if the commercial or industrial use is incompatible with the housing.

At a minimum this bill should be adjusted to provide an "in lieu" program similar to other existing programs. Attached you will find minimal amendments that will accomplish this reasonable request. However, we request that committee do more analysis about how expansion of this residentially focused law – without also providing the negotiated benefits – will hurt very important commercial, industrial, and retail projects throughout the state.

For these reasons, we respectfully write in opposition to the bill, unless amended to address this problem. Thank you for taking our views into consideration. If you would like additional information about our position, please call Matthew Hargrove (916-248-9533 cell or mhargrove@cbpa.com).

CBPA is the designated legislative advocate for ICSC, California Chapters of the Commercial Real Estate Development Association (NAIOP California), Building Owners and Managers Association of California (BOMA California), Institute of Real Estate Management (IREM California), Retail Industry Leaders Association (RILA), Association of Commercial Real Estate – Northern and Southern California (ACRE), and AIR CRE.

Sincerely,


Matthew G. Hargrove
President & CEO

cc: Assemblymember Josh Lowenthal
Members, Senate Governance and Finance Committee

AB 1218 (Lowenthal) as Amended June 21, 2022

Suggested Amendments to Address Projects with No Residential Component

66300.6.

(a) Notwithstanding any other law and notwithstanding local density requirements, an affected city or an affected county shall not approve a housing development project that will require the demolition of **ten** or more residential dwelling units **currently in conformance with the affected city or an affected county's zoning** unless the project **or another project** will create at least as many residential dwelling units as will be demolished **or the affected city or an affected county creates an in-lieu program designed to collect fees that will be used to incentivize the construction of residential dwelling units.**

(b) Notwithstanding any other law and notwithstanding local density requirements, an affected city or an affected county shall not approve a development project that will require the demolition of **ten or more** occupied or vacant protected **units currently in conformance with the affected city or an affected county's zoning**, or that is located on a site where protected units were demolished in the previous five years, unless all of the following requirements are satisfied:

(1) (A) The project **or another project** will replace all existing protected units and protected units demolished on or after January 1, 2020, **or the project pays an in-lieu fee consistent with subdivision (a).**

(B) Any protected units replaced pursuant to this paragraph shall be considered in determining whether the housing development project satisfies the requirements of Section 65915 or a locally adopted requirement that requires, as a condition of the development of residential rental units, that the project provide a certain percentage of residential rental units affordable to, and occupied by, households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income households, as specified in Sections 50079.5, 50093, 50105, and 50106 of the Health and Safety Code.

(2) (A) If the project is a housing development project, it will include at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the project site within the last ~~five years~~ **year.**

(B) If the project is not a housing development project, the proponent will ensure that the required replacement housing **measured by the actual units to be demolished to accommodate the project** is developed prior to or concurrently with the development project **or the project pays an in-lieu fee consistent with subdivision (a).**

(3) (A)... {Note: The rest of the bill language is omitted as there are no further suggested amendment}

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