



July 3, 2025

The Honorable Jesse Arreguín, Chair
Senate Committee on Public Safety
1020 N Street, Room 111
Sacramento, CA 95814

RE: AB 380 (Gonzalez), As Amended – Commercial Property Price Caps - Oppose, Unless Amended

Dear Senator Arreguín,

The above organizations appreciate the author's recent amendments that shorten the emergency price control window from 90 to 60 days. However, significant concerns remain as commercial properties cannot simply be dropped into a statute that was written for residential housing. Unfortunately, even with these improvements, AB 380 still sweeps up ordinary, good faith commercial leasing transactions that have nothing to do with price gouging.

Given these concerns, we respectfully request that **commercial real property be removed from the bill entirely**. However, in the spirit of collaboration, the above organizations are offering targeted amendments **solely to ensure that, if the bill moves forward, it is at least workable and implementable for property owners, tenants, and public entities alike**.

Despite recent amendments, AB 380 overreaches by undermining private contracts, interfering with longstanding leasing practices, and creating serious fiscal risk for both private and public property owners.

As currently drafted, AB 380 would apply broadly to all commercial property owners, including public entities like the State of California that lease state-owned commercial real estate to private tenants. The Department of General Services (DGS), which manages the state's property portfolio, regularly leases office and retail to private businesses. Under this bill, those state agencies would be subject to the same rent caps and eviction restrictions as private property owners, potentially limiting the state's ability to enforce lease agreements, adjust to market conditions, or recoup operational costs during emergencies.

Commercial leases are negotiated between sophisticated parties, often two companies working together for agreed upon mutual success, each represented by counsel and they frequently involve long-term commitments, significant capital investments, and complex cost-sharing structures. Applying a one-size-fits-all rental cap designed for short-term residential displacement distorts these transactions, freezes routine business decisions, and exposes well-intentioned property owners to criminal liability.

To keep the bill focused on actual emergency-related abuse *without* putting California's property owners, leasing agents, small neighborhood property owners, many of whom are minority-owned are already struggling to stay afloat amid skyrocketing insurance premiums, growing security and property maintenance cost at risk of costly fines and criminal charges, we respectfully request three targeted amendments:

1. **Limit AB 380 to short-term, month-to-month commercial arrangements** that might reasonably be used as temporary space during an emergency. Long-term leases, often negotiated many months before an opening and extending far beyond any declared disaster, should not be forced into a 10 percent price-ceiling written for 30- to 60-day housing needs.
2. **Exclude tenant-improvement (TI) allowances** from the 10 percent rent-increase calculation. TI costs are amortized over the life of a lease so that a new café, clinic, or small manufacturer can afford to open its doors. Counting those one-time build-out expenses as "rent" would eliminate a critical financing tool for small businesses and stall economic recovery after a disaster.
3. **Reserve criminal penalties for intentional violations**. Many commercial properties are owned by family trusts or single-asset LLCs with limited staff. An inadvertent paperwork error should not carry the same criminal exposure as a deliberate act of profiteering.

Together, these amendments would:

- Focus on true policy targets - short-term, opportunistic price spikes - not routine multi-year leases;
- Preserve access to TI funding, which is essential for rebuilding local economies after a fire, flood, or earthquake; and
- Align the bill's penalties with well-established principles of criminal intent.

For these reasons, the above organizations remain ***OPPOSE, UNLESS AMENDED on AB 380***. We urge the Committee and the author to remove commercial real property entirely or adopt the changes above so the measure can achieve its consumer-protection goals without inflicting unnecessary harm on California's small businesses, property owners, and local tax base.

We appreciate your consideration and stand ready to provide a full mock-up of the proposed language or answer any questions. For additional information, please contact Skyler Wonnacott, California Business Properties Association (CBPA), at (916) 960-3951 or swonnacott@cbpa.com.

Sincerely,



Skyler Wonnacott, Senior Director of Government Relations
California Business Properties Association
Building Owners and Managers Association of California
Institute of Real Estate Management
NAIOP California

On behalf of the below-listed organizations:

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California Chamber of Commerce

Brooke Armour Spiegel, Executive Vice President
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