



August 5, 2025

The Honorable Anna Caballero, Chair  
Senate Appropriations Committee  
State Capitol, 412  
Sacramento, CA 95814

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

Dear Senator Caballero,

The above organizations would like to recognize Assemblymember Gonzalez, his staff, and the sponsors of AB 380 for their collective willingness to hear our concerns and work collaboratively in good faith to ensure that the author's intent of the bill is achieved, while also ensuring that California's commercial real estate sector and economy are not negatively impacted. We thank the author for agreeing to limit AB 380 to short term, month to month commercial arrangements and for agreeing to exclude tenant improvement (TI) allowances from the 10 percent rent increase calculation. However, until these amendments are in print and additional concerns are further discussed, we regrettably remain opposed, unless amended.

As currently in print, AB 380 sweeps up ordinary, good faith commercial leasing transactions that have nothing to do with price gouging and applies 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 space 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 mutually agreed success, each represented by counsel. These agreements 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, and small neighborhood landlords, many of whom are minority-owned and already struggling to stay afloat amid skyrocketing insurance premiums, growing security needs, and increasing property maintenance costs, we respectfully request that the two already agreed-upon amendments listed below go into print, and that the provision requiring property owners to determine fair market rent using a “third-party commercial real estate database” be stricken from the bill. No such publicly accessible or standardized database exists for commercial properties. Platforms like LoopNet produce inconsistent and highly variable data, while CoStar is a costly, subscription-based service unavailable to many. The requirement assumes a level of precision that is simply unattainable in the commercial market, where rents vary widely by building size, use, location, and age, even within the same neighborhood. Forcing property owners to rely on these flawed tools under threat of civil or criminal penalties is both unworkable and unjust.

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 buildout expenses as “rent” would eliminate a critical financing tool for small businesses and stall economic recovery after a disaster.
3. **Strike the third-party database requirement** to ensure property owners aren't penalized for failing to meet an unworkable and undefined standard.

Together, these three amendments would:

- Focus on true policy targets, short term opportunistic price spikes, not routine multiyear leases
- Preserve access to TI funding, which is essential for rebuilding local economies after a fire, flood, or earthquake
- Protect against unfair penalties based on vague and impractical rent-setting criteria

For these reasons, the above organizations remain **OPPOSED, UNLESS AMENDED** on **AB 380**. We urge the Committee and the author to 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 the author’s collaboration and work thus far to address our concerns, and we look forward to continuing to work together toward a balanced and workable solution. 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](mailto: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:**

**Adam Regele**, Vice President of Advocacy and Strategic Partnerships  
California Chamber of Commerce

**Brooke Armour Spiegel**, Executive Vice President  
California Business Roundtable

**Vanessa Chavez**, Director of Legislative Affairs  
California Building Industry Association

**Chloe Shipp**  
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**Daniel Conway**, Vice President of Government Relations  
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**Scott Kaufman**, Legislative Director  
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