



AB 1857 (Aguiar-Curry) - Grocery Store Restrictive Covenants (Effective 1/1/27)



Questions? Please Contact **Skyler Wonnacott**
(916) 960-3951 | swonnacott@cbpa.com

Overview

AB 1857 creates a process to invalidate restrictions blocking grocery stores or supermarkets at qualifying properties where grocery operations have ceased. It also prohibits new restrictions in covered circumstances. The law seeks to improve food access by allowing replacement grocery uses at former stores and shopping centers. [Bill Language.](#)

CBPA's Role

CBPA initially opposed AB 1857 unless amended. Amendments addressed some concerns, but CBPA maintained that position before ultimately moving to full opposition because remaining concerns, particularly retroactive interference with mutually agreed-upon business-to-business contracts, were not resolved. CBPA urged lawmakers to address abandoned grocery sites without disrupting negotiated protections supporting active and planned grocery-anchored centers. The bill was signed despite our opposition.

Key Provisions

- Requires a qualifying interested party to submit a restrictive covenant modification to the county recorder. Existing restrictions become unenforceable against that party only after county counsel approval and recordation.
- Applies where a grocery store previously operated and ceased operations, or is no longer in actual operation within a qualifying project or shopping center. It sets no minimum closure period or express exception for temporary closures.
- Preserves specified lease exclusivity and tenant-count restrictions while at least one grocery store is actually operating in the center. Local zoning and permitting requirements remain applicable.
- Requires notice to the current owner, subject to an address exception. Additional optional notice to interested parties triggers a 60-day deadline for notified parties to challenge the modification.

Implications for CRE

AB 1857 could unsettle negotiated protections that influence rents, financing, and shopping center tenant mix. At covered properties, uncertainty during temporary closures or between lease signing and store opening could discourage remodeling, rebuilding, and new grocery investment. Although removing a departed anchor's restriction may help some owners secure a replacement grocer, the law risks undermining the contractual certainty that supports long-term commitments by owners and grocery tenants. Members should review affected agreements and modification notices for potential disputes and litigation exposure.

*****This summary provides CBPA members with an overview of AB 1857, its key provisions, and its potential impacts on California's commercial real estate industry. This summary is intended for informational purposes only and does not constitute a legal interpretation or legal advice. Members should consult their legal counsel for guidance on how the law applies to their properties or businesses, including any applicable compliance obligations.*****