2025 Priority Bills Sent to the Governor Impacting CRE

Final October 13, 2025

The following Commercial Real Estate priority bills have passed the California State Legislature and acted upon by Governor Gavin Newsom.

917 bills sent to the Governor during the 2025 Legislative Session. Last year, 1,206 bills reached his Desk. Of those bills this year, he signed 794 bills and vetoed 123 bills, for a veto rate of 13.4%. Last year, he vetoed 15.7% of the bills. The 42-year average veto rate is 15.8%. (stats by Chris Micheli)

Commercial Leasing / Management

All bills to expand "qualified commercial tenant" rules, impose rent controls, tax empty space, and cap CAM charges were stopped. While unrelated measures may ripple into lease administration, none specifically target commercial leasing. The only commercial leasing bill on the Governor's desk is a CBPA-sponsored measure.

AB 1384 – Unlawful Detainer Timelines (Position: **Support/Sponsor – SIGNED by Governor**)

Tightens the timeline for hearings on motions to demur or strike in unlawful detainer (eviction) cases, requiring a hearing within 5–7 court days, with only limited extensions (up to 10 days for commercial cases under "good cause" or by stipulation).

CRE Implication: If signed by the Governor, commercial property owners will benefit from faster resolution of eviction disputes, reducing tenant delay tactics and minimizing rent loss or property disruption. This measure removes one delay tactic in the unlawful detainer process for commercial tenancy, providing greater certainty and enabling quicker tenant improvements for a new business to move in.

Status: Signed by Governor, effective date is Jan 1, 2026.

SB 500 – Building Benchmarking: Alternative Tools (Position: Neutral – SIGNED by Governor)

Allows the California Energy Commission (CEC) to approve and administer alternative benchmarking tools in addition to the U.S. EPA's Energy Star Portfolio Manager, the current compliance platform.

CRE Implication: Responds to concerns about potential federal defunding of Energy Star, ensuring California can maintain its benchmarking program if federal support lapses. Due to circumstances the desire for contingency planning is understood, however industry continues to strongly prefer Energy Star for its consistency and quality. Owners should track CEC rulemaking for any approved alternatives and transition requirements.

Status: On the Governor's Desk. Effective January 1, 2026, authorizing the CEC to begin considering and adopting alternative tools through its formal regulatory process.

AB 325 – Pricing Algorithms & Algorithmic Collusion (Position: Oppose – SIGNED BY GOVERNOR)

Prohibits distributing/using pricing algorithms with competitor non-public data; prohibits coercing adoption of common pricing algorithms; lowers pleading standard in Cartwright Act cases.

CRE Implication: An AI bill that could impact lease, rent, and service contracts using algorithmic pricing. May increase legal risk; owners/managers must review vendor pricing tools, ensure transparency, avoid collusion-like algorithm use.

Status: effective date is Jan 1, 2026.

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com

Goods Movement / Logistics Bills

Two bills were introduced in follow-up to last year's warehouse siting law which mirrored each other throughout the process. At the end of session SB 415 was designated as the vehicle that would go to the Governor.

SB 415 – Warehouse Bill / AB 98 Fix (Position: **Support – SIGNED by Governor**)

Makes multiple technical and clerical fixes to last year's warehouse siting law (AB 98). Among other things, this bill addresses truck-route standards, drive-lane separations, buffer zones, effective date, dock door siting, and housing replacement provisions. These changes do not weaken AB 98 but provide clarity so local governments and developers can proceed without unnecessary project delays.

CRE Implication: This bill aids compliance with a restrictive statewide warehouse siting law but does not alter the underlying policy or mandates. Entitlement reviews will remain proscriptive, though the added clarity will help avoid design and permitting disputes that could otherwise stall projects.

Status: Signed by Governor, effective Jan 1, 2026

SB 34 – Port Emissions Rule Restrictions and Anti-Automation (Position: Oppose – VETOED by Governor)

Limits South Coast AQMD's from adopting new port emissions rules and bans public funds from supporting automation or AI systems at the Ports of LA and Long Beach.

CRE Implication: The anti-automation mandates could block investment in zero-emission cargo equipment, drones, and grid or safety tech. It overrides labor contracts that already allow automation and risks driving billions in port investments - and cargo - out of California. That means fewer goods flowing through Southern California, less demand for warehouses and logistics facilities, weaker tenant investment, and lost value for industrial developers.

Status: Vetoed by Governor – see veto message.

CEQA / Housing and Mixed-Use / Development Issues

This year's housing recovery agenda after the Los Angeles wildfires featured major CEQA reforms in AB 130 and SB 131, and other policy taken up as part of the Budget. What's left are a handful of bills. But the biggest threat going forward is the state's VMT requirements — unless fixed next year, they could erase the gains made by this year's reform measures.

AB 301 – Post-entitlement State Agency Review Timelines (Position: **Support – SIGNED by Governor**)

Requires state agencies involved in post-entitlement housing development permits to operate under clearly defined deadlines. Applies to state agency reviews (not just local) for housing development projects that are at least two-thirds residential. If a state agency fails to meet those timelines, the permit is "deemed approved."

CRE Implication: Developers of mixed-use housing-rich projects will see more predictability in state-level permit reviews, helping reduce financing, holding, and timeline risk in entitlements. This bill bridges a major gap where state agency lags have held up construction.

Status: Signed by Governor, effective immediately (urgency measure).

AB 712 – Housing Law Enforcement (Position: **Support – SIGNED by Governor**)

Strengthens enforcement of state housing laws by authorizing penalties, attorney fee recovery, and longer limitation periods against noncompliant local governments. Seeks to curb local barriers that slow or block housing production. Provides developers stronger recourse against unlawful local denials.

CRE Implication: Improves entitlement certainty for mixed-use and housing projects near commercial property. Developers may see faster resolution of local delays, supporting project timelines and lease commitments.

Status: Signed by Governor, effective Jan 1, 2026.

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com

SB 79 – Abundant and Affordable Homes Near Transit Act (Position: Neutral with Concerns – SIGNED by Governor)

Establishes statewide zoning standards that require cities and counties in urban transit areas to allow higher-density housing—typically within a half mile of major transit stops. The bill overrides certain local zoning limits and provides ministerial (CEQA-exempt) approval for qualifying projects that meet objective standards.

CRE Implication: Presents redevelopment opportunities for commercial parcels near rail and high-frequency bus corridors, potentially increasing land value, and demand for mixed-use conversions. CRE is generally supportive of the measure however; there is specific concern regarding how the bill may create conflict with AB 98 setback limits in certain areas. We will work with the author/sponsor to address these specific concerns.

Status: Signed by Governor, most provisions take effect July 1, 2026.

SB 262 – Prohousing Incentives (Position: Neutral – SIGNED by Governor)

Expands "prohousing" policies that earn local governments bonus points for state housing funds, including shelters and supportive housing. Importantly, it continues to recognize adaptive reuse and commercial-to-residential conversions as qualifying policies.

CRE Implication: While SB 262 creates no new incentives for CRE, it may increase adaptive reuse conversion projects.

Status: Signed by Governor, effective Jan 1, 2026.

AB 1007 – Development Project Review Shot Clock (Position: **Support – SIGNED by Governor**)

Shortens the decision-making window for responsible agencies under CEQA from 90 to 45 days after a lead agency approves a project or certifies an EIR. Applies to projects requiring CEQA review with multiple agency approvals, not to ministerial or by-right projects. Will trim procedural lag at the tail end of certain entitlement processes.

CRE Implication: Offers developers a modest but real benefit by forcing faster action from secondary agencies, helping keep projects from stalling in the final approval phase. Provides more certainty in multi-agency reviews for larger commercial, industrial, and mixed-use projects.

Status: Signed by Governor, effective: Jan 1, 2026.

SB 489 – Permit Streamlining Act / Local Agency Formation Commissions (Position: **Support – SIGNED by Governor**)

Expands the Permit Streamlining Act by requiring local agencies and LAFCOs to publish clear criteria, forms, and procedures for determining whether development applications are complete. Increases transparency in post-entitlement permits and enforces timelines to reduce local delay. Aims to modernize permitting systems and give applicants greater certainty.

CRE Implication: Developers can expect clearer upfront requirements and stronger grounds to hold agencies accountable to processing deadlines. This reduces risk of delays for entitlements, buildouts, and mixed-use or redevelopment projects tied to lease delivery obligations.

Status: Signed by Governor, effective: Jan 1, 2026.

AB 1050 - Unlawfully Restrictive Covenants: Housing Developments and Reciprocal Easement Agreements (Position: **Support – SIGNED by Governor**)

Expands existing law that allows the removal of restrictive covenants and deed restrictions that unlawfully limit residential development. The bill adds reciprocal easement agreements (REAs) and other private recorded instruments to the list of restrictions that may be removed if they prohibit or limit housing development on sites where residential uses are otherwise permitted by local zoning or state housing law. It clarifies that removal of such private restrictions does not override zoning, general plan, or other state housing law requirements.

CRE Implication: This measure could have significant implications for owners of shopping centers, commercial campuses, and other multi-parcel commercial sites encumbered by REAs or recorded CC&Rs that prohibit residential use. By providing a statutory process to remove or modify those private restrictions, AB 1050 may unlock new redevelopment opportunities for mixed-use or residential projects on under-utilized commercial land.

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com

For commercial property owners, this offers greater flexibility and potential increases in property value, but it also introduces uncertainty for existing co-owners or tenants who rely on recorded easement rights to protect parking, access, or exclusive-use provisions. Legal counsel should review existing REAs and CC&Rs carefully before initiating removal under this new process.

Status: Signed by Governor, effective January 1, 2026.

Residential Lease Issues

This year brought a wave of rent-control and price-control proposals on both the residential and commercial side -- most defeated or fixed along the way. One bill was amended to remove commercial remains.

AB 863 – Residential Unlawful Detainer Translation (Position: Neutral after Amendments – SIGNED by Governor)
Requires eviction summons and complaints in residential cases to include translated copies in major languages. Expands language access for residential tenants in court. Applies only to housing.

CRE Implication: CBPA worked to ensure commercial provisions were removed from the bill. As amended, the measure applies only to residential leases and has no direct impact on commercial projects.

Status: If signed, effective Jan 1, 2026.

AB 747 – Service of Process Reform (Position: Neutral after Amendments – Signed by Governor)
Reforms procedures for service of process in civil cases to curb fraudulent "sewer service" practices. Requires additional diligence and tracking for service attempts, enhances proof-of-service requirements (including photo/GPS stamping starting in 2027), and clarifies posting-and-mailing rules in unlawful detainer actions.

CRE Implication: As introduced, AB 747 would have imposed new burdens on commercial unlawful detainer cases. CBPA worked to secure amendments exempting commercial property from these heightened service rules. With those amendments, the bill does not impose new obligations on CRE owners/managers, but the reforms will still apply in residential and general civil litigation.

Status: Signed. Phased-in provisions take effect beginning Jan 1, 2026, with additional requirements operative in 2027.

HR/Workforce/Labor

The following bills present operational, legal, or compliance requirements that will impact California employers – this brief list focuses on those that may have a specific impact on CRE labor and employee relations.

SB 7 – Automated Decision Systems ("No Robo Bosses") (Position: Oppose – **VETOED by Governor**)
Employers using Automated Decision Systems (ADS) for employment decisions must provide notice to workers/applicants, keep updated ADS listings, allow workers to access/correct data, ensure human review in high-stakes decisions, and restrict certain inferences (e.g., protected status).

CRE Implication: This is an AI bill that may require owners/managers/contractors to audit tech tools in buildings/HR to identify ADS, update contracts/vendor agreements, revise onboarding, and employee handbooks, and ensure compliance workflows.

Status: Governor has vetoed – see veto message.

SB 294 – Workplace Know Your Rights Act (Position: **Neutral after Amends – Signed by Governor**)
Employers must provide a stand-alone written notice upon hire & annually, covering specified worker rights; develop certain materials; get emergency contact notification for employee detentions; and contains anti-retaliation provisions.

CRE Implication: Facilities/HR/Contractors must create process to distribute notices, capture emergency contacts, maintain compliance records, and provide translations.

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com

Status: Signed by Governor, template & videos due from Labor Commissioner by July 1, 2026; employers must comply 30 days after posting; direct employer must collect emergency contact information for new hires starting Mar 30, 2026.

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com

SB 464 – Contractor Pay Data Reporting Expansion (Position: Oppose – SIGNED by Governor)

Expands annual pay data reporting for private employers with 100 or more workers. Requires disclosure of workforce demographics, job categories, pay bands, hours worked, and NAICS codes, with separate reports for contractors. Non-compliance can trigger per-employee penalties.

CRE Implication: Property owner/manager companies and vendors with 100 or more direct employees must collect and submit expanded demographic and pay data. Owners/managers will need to ensure labor contractors provide accurate information to avoid liability. Compliance may require updates to HR systems, contractor agreements, and record-keeping practices.

Status: Signed, effective date is Jan 1, 2026; reports are due annually starting May 2026.

SB 652 – Security Guard Training (Position: Neutral – SIGNED)

Requires security guards to complete certified "power to arrest/use of force" training within 6 months before registration; mandates thirty-two total training hours and annual review.

CRE Implication: Should ensure in-house guards and/or vendors meet requirements; may increase compliance costs.

Status: Signed by Governor on July 30, 2025. Effective Jan 1, 2026.

AB 858 – Extends and Revises the Displaced Worker Recall & Retention Law (Position: Oppose - SIGNED)

Extends recall and retention rights for laid-off workers in hospitality and service sectors during state/local emergencies; prohibits refusal to rehire and pay cuts.

CRE Implication: Impacts janitorial and security (and other) vendor contracts in hospitality assets; must include compliance language in RFPs/MSAs; anticipate cost impacts and staffing recall plans. For non-hospitality assets, bill does not create direct obligations but may impact vendors. CRE managers may need to audit vendor practices.

Status: Some provisions are already in place as it is extending SB 93 from 2021. Should this bill be signed, the new provisions take effect on Jan 1, 2026, and the sunset date is extended to Jan 1, 2027.

Insurance Reform

California's worsening insurance crisis has left many property owners unable to secure or afford coverage, especially in wildfire-prone areas. One bills has gone to the Governor to provide a small bit of relief.

AB 226 – FAIR Plan Insurance Stabilization (Position: **Support – SIGNED by Governor**)

Expands the California FAIR Plan's access to Infrastructure Bank bonds and credit lines to strengthen its solvency and claims-paying ability. The FAIR Plan remains an insurance program of last resort, primarily serving residential and small commercial properties that cannot obtain private coverage. Will help prevent insolvency amid wildfire and catastrophe risks.

CRE Implication: For smaller retail, mixed-use, or older assets in high-risk zones, FAIR Plan coverage may remain the only viable option to secure financing. Large developers and institutional owners rarely rely on FAIR Plan coverage, as lenders typically require broader private-market policies. However, stabilizing the FAIR Plan helps maintain a functioning backstop, which can indirectly benefit CRE by easing systemic pressure on our insurance market.

Status: Signed by Governor, effective: Jan 1, 2026.

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com

Economic Development

Economic development fuels jobs, attracts investment, and builds the tax base that funds vital services. For real estate, it delivers the infrastructure, workforce, and market demand projects need to succeed. Strong policies are essential to keep California competitive.

SB 86 – CAEATFA Sales & Use Tax Exclusion (Position: **Support – SIGNED by Governor**)

Extends California's clean-energy tax exclusion program through 2028 and expands eligibility to advanced manufacturing sectors. Provides relief on upfront sales and use taxes for qualified projects. Helps reduce development and tenant improvement costs in qualifying facilities.

CRE Implication: Owners and developers courting advanced manufacturing or clean-energy tenants can market lower occupancy costs tied to tax savings. Could improve site feasibility and TI negotiations.

Status: Signed by Governor, effective Jan 1, 2026; program runs through Jan 1, 2028.

AB 417 – Enhanced Infrastructure Financing Districts (Position: **Support – SIGNED by Governor**)

Sponsored by our partners at CALED, this bill expands the financing powers of EIFDs and CRIAs, making it easier for local governments to fund infrastructure improvements tied to development projects. Simplifies participation rules and eligible uses. Positions districts as stronger tools for supporting large-scale redevelopment.

CRE Implication: Developers may benefit from public financing of off-site improvements critical to project viability. Could accelerate timelines for mixed-use or large office-to-residential conversions.

Status: Signed by Governor, effective Jan 1, 2026.

Environmental Justice / Species Protection

SB 352 – Environmental Justice Bureau; Extended Air Monitoring (Position: Oppose – SIGNED by Governor)

Codifies the Attorney General's Bureau of Environmental Justice and extends AB 617 (2017) community air-monitoring requirements from three to at least five years, with mandatory public posting of data. The law focuses on long-term pollution monitoring in neighborhoods near freight corridors, ports, and warehouse clusters.

CRE Implication: Developers of warehouse and logistics projects should anticipate longer and more visible environmental monitoring obligations in AB 617 communities, increasing the likelihood of added mitigation conditions, community scrutiny, and reputational risk.

Status: Signed into law by the Governor as part of the overall Energy/Cap-and-Trade deal made in the final days of the Legislative Session. Effective on Jan 1, 2026.

AB 1319 – Provisional Candidate Species (CESA) (Position: Oppose – SIGNED by Governor)

Establishes a new "provisional candidate species" category under the California Endangered Species Act to cover species that lose or face reductions in federal protection.

CRE Implication: Developers working in areas with potential habitat impacts may face new or extended environmental review obligations, adding uncertainty, potential mitigation costs, and delay to project timelines. Commercial, industrial or mixed-use projects near sensitive lands should anticipate additional permitting hurdles.

Status: Signed by Governor, effective Jan 1, 2026.

###

For More Info contact: Matthew Hargrove or Skyler Wonnacott
mhargrove@cbpa.com, or swonnacott@cbpa.com