



## NAIOP SoCal Disappointed in Governor’s Signature of Commercial Landlord-Tenant Bill

September 30, 2024

SACRAMENTO, CA – This morning, Governor Newsom signed Senate Bill 1103 (Tenancy of commercial real properties: agreements: building operating costs) into law.

SB 1103 upends landlord-tenant relationships in commercial contracts, places restrictions on a commercial landlord’s cost allocation adjustments and adds complex regulations to the business-to-business relationship.

“We are deeply disappointed the Governor signed SB 1103. This bill will have detrimental consequences not only on commercial landlords but on small businesses and nonprofit organizations that the bill is trying to protect,” said Timothy Jemal, CEO, NAIOP SoCal. “During this year’s biannual advocacy trips to Sacramento, NAIOP SoCal delegates educated lawmakers and staff on the inherent dangers to commercial leasing contracts should the state imposes restrictions on CAM fees and other building operating costs. I’m proud that NAIOP SoCal Members closely engaged in grassroots advocacy by submitting hundreds of emails to their state representatives urging opposition to SB 1103. I thank our Members for their strong advocacy in opposition to this flawed bill.”

Despite some harmful language of the bill being significantly weakened in both legislative chambers’ committee processes, SB 1103 remained deeply flawed. The bill narrowly passed in both chambers during the last two days of session.

SB 1103’s author, State Senator Caroline Menjivar (D-San Fernando Valley / Burbank), publicly declared her desire to add greater protections for tenants in a revamped bill during the next legislative cycle.

For additional information on SB 1103, contact Mihran Toumajan ([mtoumajan@naiopsocal.org](mailto:mtoumajan@naiopsocal.org)).

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