

The logo for NAIOP (National Association of Industrial and Office Professionals) features the acronym "NAIOP" in a large, bold, green sans-serif font. To the right of the text is a stylized blue swoosh that curves around the letters. Below the acronym, the full name "COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION" is written in a smaller, green, all-caps sans-serif font. Underneath that, "SoCAL CHAPTER" is written in an even smaller, green, all-caps sans-serif font.

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

SoCAL CHAPTER

Legislative Affairs Update



Legislative Affairs Committee

www.naiopsocal.org

A Report to the Board of Directors, Sponsors and Members

Committee Chair Justin McCusker • Co-Chair Stephane M. Wandel

May 2, 2019

2019 California Commercial Real Estate Summit – June 11-12 – Sacramento

The California Commercial Real Estate Summit is the one time of the year that industry leaders from all sectors of commercial, industrial, and retail real estate converge on California's Capitol to meet with policymakers. This summit provides you the opportunity to meet directly with State Legislators formally and informally, but also with other industry leaders from across the nation. The key point of the summit is to express the importance of our industry to the state. This is very important this year as there are many newly elected individuals in the Legislature.

Currently, it is our understanding that only two or three representatives from the SoCal Chapter are registered to attend the Summit. It is important to have a solid showing at the Summit, and, so we encourage you to please contact Crystal Whitfield at CBPA at 916-443-4676, or cwhitfield@cbpa.com to register.

LAUSD Square Foot Parcel Tax Ballot Measure – NO Measure EE – Vote No on June 4

Measure EE is the June 4 Los Angeles Unified School District (LAUSD) ballot initiative that would add on to your tax burden a **16 cent per square foot parcel tax**, which would be based on the square footage of the building improvements on your property. This parcel tax proposal does require a 2/3rds vote.

The potential to defeat **Measure EE** is real and there is a multi-pronged campaign in place working to defeat **Measure EE**. The most important thing now is to get out the NO vote. Please spread the word to everyone you know who resides in the LAUSD area to vote **NO on EE**. A **NO on EE** vote would send a very critical message that **Enough is Enough!**

South Coast Air Quality Control Board (SCAQMD) Update

There will now be two new Board members on the SCAQMD Board. As mentioned before, Joe Lyou, who was the Governor's appointee on the Board, officially left the Board on March 31. No one has yet been appointed to replace Mr. Lyou.

Additionally, the appointee of the State Senate, Clark Parker, resigned effective April 30. Senate Pro Tem Toni Atkins wasted no time appointing a replacement, Vanessa Delgado. Ms. Delgado was elected to the City Council of the City of Montebello in November 2015 and served as the Mayor in 2017. In 2018, she was elected to briefly serve as a State Senator for District 32. Ms. Delgado is the founder and Managing Partner of Azure Development. Azure Development is a Los Angeles based real estate development firm that designs and builds housing communities and commercial projects. We will be meeting with her in the near future.

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SCAQMD AB617 Community Emissions Reduction Plans (CERPs)

AB617 is the legislation that requires the SCAQMD to develop local emissions reduction plans. There will be three of these plans developed in Southern California that will impact SoCal members; Wilmington/Carson, Boyle Heights, and San Bernardino areas. These must be approved by September, 2019, and sent to the California Air Resources Board (CARB). CARB can approve, reject or amend the plans. We finally have received some substantive information on the monitoring component of the plan, and we are supposed to get something substantive on the regulatory framework in late May or June.

A primary focus of these plans is definitely warehouses. The monitoring plan specifically states “warehouse activities are a major source of diesel PM, which require a monitoring strategy to effectively evaluate the impacts on the community exposure.” Essentially, what is planned is to have mobile, stationary, and handheld monitors used directly next to the warehouses to supposedly get specific emissions readings from each warehouse. When the SCAQMD references diesel PM, they are referencing trucks and this goes back to trying to blame warehouses for truck emissions. Your Legislative Affairs staff is actively engaged in this entire process.

California Air Resources Board (CARB) Freight Handbook

Your Legislative Affairs staff traveled to Sacramento last week to meet with the staff at CARB to discuss their work on a supposed guidebook for freight facilities and development. CARB is very focused on land use and how it needs to change. A Concept Paper will be coming out in late May/early June, and we will meet with CARB again at that time to discuss this further. CARB plans to take the final guidebook to the CARB Board in September, 2019. What is clear, due to the fact we have the Indirect Source Rule (ISR) and AB 617 efforts by SCAQMD, and this CARB freight handbook, all of which are to be completed this year, that your Legislative Affairs staff will be spending a tremendous amount of time on these issues.

Los Angeles County Public Arts Fee/Tax on New Development

As you know NAIOP SoCal has been very active, especially since last August, in trying to defeat or modify the proposed LA Arts fee, that your Legislative Affairs staff believes is a tax as it is clearly for a general purpose. The proposal would require developers to build some type of art structure valued at 1% of the cost of the building structure or pay an in-lieu fee of 1%. Although the LA Arts Commission is trying to claim this fee is supposed to mitigate the impact of new development, residential and commercial, on the arts in LA, all their presentations talk about is the vast public benefits the tax would create. There was another hearing on this item on April 24 before the Planning Commission. NAIOP, along with our partners, testified in opposition to the bill noting the many unanswered questions that remain. Although the proposal was passed by the Commission, and will now go to the Board of Supervisors, we were able to get a couple of important amendments:

- 1. Instead of applying to developments of \$500,000 or more, the amount is \$750,000 and it will be indexed each year by the CPI, and*
- 2. The Commission removed the mandate that the developer has to hire an artist.*

Incredibly, the Arts Commission staff the Monday before the hearing sent out an email to the arts community requesting letters of support. They even included a draft letter of support. We contacted the offices of the Board of Supervisors to advise them of staff becoming advocates and some are very unhappy with staff's actions. This proposal will now be heard by the Board of Supervisors, possibly in June or July. We are arranging meetings with the individual Supervisors.

