SB 939 (Wiener) DEFEATED – Tremendous Victory, but Remain Vigilant
This very dangerous bill aimed at commercial real estate that our Sacramento advocates, the California Business Properties Association (CBPA), called the worst bill they have seen in decades never got out of Committee due to the overwhelming effort of our entire industry. This victory proves what can be accomplished if EVERYONE gets involved in the fight. With NAIOP SoCal’s active support, CBPA and the California Business Roundtable (CBRT) worked with a large coalition of real estate groups (ICSC, IREM, BOMA, AIR CRE, Nareit, etc.), companies, and allied industry groups to coordinate and execute Sacramento and District-based advocacy. We were also joined by minority business groups like the California Black Chamber of Commerce, California Asian Pacific Chamber of Commerce, Hispanic 100, and TELACU.

Keeping the bill from getting out of Committee effectively means SB 939 is dead for the year, however we must remain vigilant as the idea and language can show up again. The author of SB 939 has noted he will continue to push in the Legislature. The Legislative session goes for another two months, so there still is a long way to go before we can truly say this is all over for the year.

Speaking of Needing EVERYONE’S Help - Defeating SPLIT ROLL – Prop 15
The proponents of split roll have now formally pulled the first split roll measure off the November, 2020 ballot. The new measure will go to the voters this November as Proposition 15. NO to Split Roll_ NO on PROP 15!

The economic devastation caused by the unprecedented government shutdown of the economy due to COVID-19 makes the need to defeat split roll even more critical. To add a huge tax increase on top of all this as well as the uncertainty of what being reassessed every three years might cost would be crippling to our industry, and the California economy. There is no other issue as important between now and November, the next four months, than defeating split roll.

Make no mistake about it, defeating split roll will be very challenging and expensive. What will be absolutely critical to winning this battle is for EVERYONE to do everything they can to help. We just proved in the SB 939 fight what we as an industry can do if we collectively join in the fight. We must do so again. There is an effective, well organized campaign in place to defeat split roll. All the research and effort that has been undertaken so far by the campaign shows there is a definite path to defeat split roll.

Unfortunately, the reality in California on a huge statewide ballot initiative is it is very expensive. Your NAIOP SoCal organization has contributed over $100,000 to the effort to fight split roll. Additionally, Jim Camp, SoCal Past President and NAIOP California President, convinced NAIOP Corporate to also contribute $100,000. NAIOP has contributed $200,000 to this critical cause, but that is not enough. What is needed to run a winning state-wide campaign effort is probably in the $75 million range. We fully understand these are challenging times, but if we are to win we need EVERYONE to contribute what they can to the effort. Investing your time and money in this effort is actually an investment in protecting the commercial real estate industry and your bottom line. July is a critical month to bring in contributions as the final aggressive campaign will be launched and the campaign needs to have an idea of how much money it will have to spend. So, please contribute to this vital effort by the end of July.
To show you how much your investment in this campaign could save your business in property taxes, the campaign has developed an easy to use Property Tax Calculator and a Fact Sheet, which were emailed after the last Board meeting. If you missed it, Click Here for the Property Tax Calculator, and See Fact Sheet here. Contributions may be made directly to the No on Prop 15 Campaign or to your NAIOP SoCal Issues PAC, including by credit card. The Issues PAC has as its highest priority fighting Split Roll and to give NAIOP Members a place to contribute that they can trust.

Have You Contributed To Defeat Split Roll?

At last month's board meeting, we requested that all Board Members step up and set an example and contribute to oppose split roll.

Now is the time!

City of Los Angeles Vacancy Tax Proposal

Without any warning, the LA City Council agendized for its June 16, 2020 meeting putting a potential tax on commercial and residential “Vacant Properties”, which were not well defined, on the November, 2020 ballot. This all came out over the weekend of June 13-14 and the commercial and residential real estate groups quickly took action to oppose the item. The bottom line is the Vacancy Tax will NOT be on this November’s ballot. Instead the final motion that was unanimously approved on June 23, directed staff to study the vacancy tax further, including the possibility of having the tax apply to commercial property, and report back. No date for the report back was set. We expect it will be some time as now the City Council is looking at the November, 2022 ballot for any such tax. Yet, if NAIOP SoCal wants to remain fully engaged on this issue, we must stay continually involved.

The supposed reason for the vacancy tax is to “incentivize” property owners to keep all units available for residential use fully occupied to increase the amount of available housing, to alleviate so-called bighted buildings, and to generate revenue to build low-income and affordable housing. The amount of the tax and on which types of properties it would be levied, and even what does “vacant property” mean, along with many other questions still have to be addressed. But, from the conversation at the Council meeting, the amount of revenue any such tax would generate will be a primary focus and it could be significant.

There is a lot of work ahead if NAIOP SoCal wants to be engaged on the vacancy tax issue. We have already discussed with the commercial, residential and other business organizations we worked with on this issue about the path forward. We have also been in contact with Councilmember Buscaino’s office, who led the support of commercial real estate on the Council, about the need to have the development community fully engaged as this issue proceeds. Additionally, we had the opportunity to briefly speak with Councilmember Blumenfield re-emphasizing his own comments about not burdening commercial real estate with another tax. This issue will also be on the July 15, 2020 Legislative Affairs Committee agenda for an in-depth discussion.

“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness... And for the support of this declaration... we mutually pledge to each other our lives, our fortunes and our sacred honor.”

Declaration of Independence – July 4, 1776