

Commercial Real Estate Leaders - AB2173 Bill passes Judiciary Committee

This morning California Business Properties Association (CBPA - IREM Region 11 Legislative Advocate) sponsored bill, and idea brought to us by the BOMA California Board, AB 2173 (Santiago; D-Los Angeles), passed through the Assembly Judiciary Committee with no "nay" votes.

The bill seeks to raise the threshold needed to trigger the public auction process when tenants abandon items when leaving a space. The threshold now stands at \$750 or \$1/square foot, whichever is LESS. As initially proposed, we asked to raise the threshold to \$10,000 or equal to the final two months rent, whichever is MORE.

However, the committee was not comfortable with more than a tenfold increase in the dollar amount and after negotiations, settled on \$2,500 or equal to the final one month of rent, whichever is more. The second clause, which allows the threshold to track with rent, will, hopefully, allow the threshold to better reflect the business situation in larger tenant spaces and/or those areas of the state where operating costs are significantly higher.

The committee's main concern for limiting the threshold is that by raising the amounts on the commercial side there will be pressure to raise the amount on the residential side. To address that issue we also accepted language the clarified this increase is in no way meant to influence the residential equation. We think this language will ultimately be helpful as we identify more areas of code where it doesn't make sense to have commercial and residential in the same statute. [Assemblymember Miguel Santiago](#) took this issue on for our industry as he was immediately able to see the business case for putting some separation between commercial/residential and the need to raise the amount needed to trigger the auction process.

Mr. Santiago represents Downtown Los Angeles – if you know him or have properties in his district and have the time to drop him a quick note of thanks, we encourage you to do so. District Office: 320 West 4th Street, Room 1050 Los Angeles, CA 90013.

NEXT STEPS: Since the bill has no fiscal impact on the state, it will not go to Appropriations, but will go directly to the Assembly Floor.