

September 3, 2026

The Honorable Gavin Newsom
Governor, State of California
State Capitol, Suite 1173
Sacramento, CA 95814

RE: SB 716 (Durazo): REQUEST FOR VETO

Dear Governor Newsom:

On behalf of CREDA SoCal (formerly NAIOP SoCal), one of the largest commercial real estate associations in North America, we respectfully urge you to veto SB 716 (Durazo). Our over 1,200 Members represent all asset classes of commercial real estate across Southern California, including multifamily residential, retail, office, industrial, and hospitality sectors.

We recognize the severity of the Boyle Heights fire and support holding the parties responsible for it accountable. SB 716, however, does not accomplish that goal. It imposes a sweeping, statewide penalty structure reaching nearly every kind of nonresidential building in California, and its own text does not clearly reach the City of Los Angeles, the jurisdiction where the fire actually occurred. A bill that overreaches the entire state and still fails to reach the incident that prompted it is not ready to become law.

SB 716 Reaches Far Beyond the Incident That Prompted It

SB 716 was introduced in response to a single, tragic fire at one cold storage facility. As passed, it does not stay within that scope.

- It immediately creates a new statewide penalty structure for commercial properties in response to one isolated incident. The base fine structure applies to every nonresidential structure of 20,000 square feet or more, sweeping in a wide range of properties regardless of use.
- It still does not target the facilities or hazards behind the Boyle Heights fire. The tenfold penalty tier reaches warehouses and logistics facilities, manufacturing and industrial plants, laboratories, life science and biotech facilities, restaurants, theaters, churches, stadiums, and other facilities that have nothing to do with cold storage.
- It imposes an unnecessary five-year lookback with no aggregate cap. Violations of the same ordinance can trigger increased fines for five years, and the tenfold multiplier can reach \$50,000 per violation with no

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overall cap per incident or facility. This will be a major cost driver at every step of California's goods movement sector, including food and freight.

- Existing enforcement remains layered and unclear. The same underlying conduct is already regulated through local ordinances, CalARP, Cal/OSHA, CARB, DOT, DPA, and other regulatory structures, and SB 716 provides no protection against overlapping penalties for the same violation.
- Determining a violation is unclear and too subjective. SB 716 defines a violation by outcome rather than by code section. It says a condition that poses a "threat to the life, health, or safety" of an occupant triggers penalties, but never lists which building or fire code provisions actually count, leaving inspectors and landlords to guess where the line is. That vagueness is exactly why something like a burnt-out exit sign bulb would technically be a code violation, but whether it rises to a "threat to safety" is a subjective judgment call the statute leaves entirely to the inspector's discretion, with no objective standard to constrain it either way.

SB 716 Does Not Clearly Reach Los Angeles, the City Where Boyle Heights Is Located

Beyond its overbreadth, SB 716 has a structural gap that undercuts its own stated purpose. As amended, the bill adds two new Government Code sections that operate on separate tracks. Section 1 adds Section 25132.5, which raises the penalty ceiling for ordinances that a county board of supervisors adopts. That authority reaches only the unincorporated territory of a county. Boyle Heights is not unincorporated county land. It is a neighborhood within the City of Los Angeles. Section 25132.5 therefore does not reach the site of the fire at all.

Section 3 adds Section 36900.5, the provision meant to reach cities. This is where the bill's gap becomes serious. Nowhere does SB 716 state that Section 36900.5 applies "to a charter city, including a charter city with a charter that provides otherwise." Nor does the bill attempt to articulate any alleged statewide concern being addressed that could at least arguably overcome the charter city home rule doctrine. Article XI, Section 5 of the California Constitution gives charter cities supreme authority over their own "municipal affairs," including the power not only to "make" but to "enforce" their own ordinances. (*Id.*, emphasis added.) Setting the penalty ceiling for violations of a charter city's own regulatory ordinances falls squarely within that category. Absent express language extending a general law to charter cities, or a judicial finding that the specific subject is a matter of statewide concern rather than a municipal affair, a charter city's enforcement of its own ordinances is supreme. (*City and County of San Francisco v. Regents of Univ. of Calif.* (2019) 7 Cal.5th 536, 545 [charter cities are empowered to "make and enforce" ordinances respecting municipal affairs which "supersede all laws inconsistent therewith"].)

The City of Los Angeles already administers its own independent fine schedule for large nonresidential structures under Los Angeles Municipal Code Section 11.2.04, which sets its own penalty amounts for building and structure violations, including schedules that scale with square footage. The Los Angeles Municipal Code references the state's general infraction caps under Government Code Section 36900 only as a narrow backstop for violations the city code does not otherwise address. It is not the source of the city's administrative fine authority for structures like the one involved in the Boyle Heights fire. Los Angeles is not, nor any other charter city for that matter,

bound by SB 716's administrative penalties. These charter cities operate their own, separately authorized schedule pursuant to their own charters.

Accordingly, SB 716's county provision cannot and does not reach the incorporated cities, and the city provision does not bind a charter city like Los Angeles. SB 716's enhanced, disaster-triggered penalty tier, the very provision built around the Boyle Heights fire, fails to clearly reach the jurisdiction where the Boyle Heights fire incident even occurred.

The Charter City Gap Is Evidence This Bill Was Rushed and Not Ready to be Law

SB 716 moved through a compressed process, with amendments landing less than 48 hours before the vote that sent it to your desk, and without the kind of committee vetting AB 817 received on the Senate side this same month. In fact, SB 716 was voted down in Assembly Local Government committee. SB 716 misses the very city for which the author states the bill was written to respond to, and is exactly the kind of error that a very rushed legislative process can produce.

A bill that reaches every non-residential 20,000-square-foot restaurant, church, and medical facility in California, to name a few, and yet will not even reach the city where the cold-storage fire incident occurred, should not become law.

For these reasons, we respectfully urge you to veto SB 716.

Respectfully,

A handwritten signature in dark ink, appearing to read "Timothy Jemal". The signature is written in a cursive, flowing style.

Timothy Jemal
CEO, CREDA SoCal

cc: Christine Aurre, Legislative Affairs Secretary, Office of the Governor
Myles White, Deputy Legislative Affairs Secretary