CREDA
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

October 15, 2026

Office of the Chief Legislative Analyst
City of Los Angeles
200 North Spring Street, Room 255
Los Angeles, CA 90012
Attention: Oscar Ixco

RE: Council File 26-0588, Commercial Tenant Protections and Feasibility of a Commercial Tenant Anti-Harassment Ordinance

Dear Mr. Ixco:

Thank you for the opportunity to provide input on Council File 26-0588 while the Chief Legislative Analyst's (CLA) report is still in development. The Commercial Real Estate Development Association (CREDA SoCal, formerly NAIOP SoCal) represents commercial property owners, developers, investors, and industry professionals throughout Southern California, including owners of industrial, office, and retail property across the City of Los Angeles.

CREDA SoCal does not defend harassment, coercion, retaliation, unlawful lockouts, or other intentional misconduct against commercial tenants. Our request is a sequencing one. Before the City creates a new citywide cause of action governing commercial leases, the report should establish the scale and nature of the problem, identify what existing law already prohibits or remedies, and tailor any recommendation to the gap that remains. The sections below are offered to support that analysis. The recommendations regarding the structure of a potential ordinance are conditional and should not be read as a concession that a new ordinance is necessary.

1. Establish the need and define the gap before recommending a new ordinance.

The report's first task should be to distinguish conduct that is already unlawful from conduct for which an actual gap in existing protections has been demonstrated. Commercial tenants in California are not without remedies today. Existing law provides protections through contract law, the covenant of quiet enjoyment, the implied covenant of good faith and fair dealing, forcible entry and detainer laws, constructive eviction principles, and other statutory and common-law remedies. California has also recently enacted Senate Bill 1103 (SB 1103, Senator Menjivar), which established additional protections for a defined class of qualified commercial tenants.

Commercial leases themselves allocate rights and responsibilities for many of the matters most frequently disputed between commercial property owners and tenants, including rent, operating expenses, maintenance, repairs, access, insurance, assignments, defaults, options, renewal, and construction.

Against that existing framework, the report should establish what the City knows. It should examine the number of documented complaints, the conduct alleged, the number of substantiated matters, the types of businesses involved, the geographic distribution of complaints, and how those matters were resolved. It should also distinguish complaints involving conduct already prohibited by law from conduct for which no adequate remedy currently exists.

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If the principal documented problems involve conduct that is already unlawful, stronger enforcement, education, and access to existing remedies may be more appropriate than creating a new regulatory structure.

The report should also recognize that residential and commercial tenancies operate under materially different legal and contractual frameworks. Commercial lease structures vary significantly by tenant size, sophistication, property type, and negotiated terms. A framework developed for residential tenancies should therefore not be imported wholesale into commercial leasing.

2. Evaluate alternatives before creating a new cause of action.

Before recommending a new statutory cause of action, the report should evaluate whether the identified problems can be addressed through existing enforcement and targeted assistance.

A commercial lease assistance and education program could help small businesses understand their leases and the rights and remedies already available to them. A City-sponsored mediation option could provide commercial property owners and qualified tenants with a means of resolving disputes before they escalate into litigation. The City could also strengthen public information and enforcement relating to unlawful lockouts, deliberate interruptions of essential services, and other conduct that existing law already prohibits. Outreach regarding SB 1103 could help ensure that qualified commercial tenants understand the protections California has already enacted.

CREDA SoCal would support each of these and would participate in their development.

3. If additional protections are recommended, define the protected tenant narrowly and objectively.

If the CLA concludes that additional regulation is warranted, the City should begin with the framework California has already adopted through SB 1103. That law defines a category of qualified commercial tenants that includes microenterprises with five or fewer employees, restaurants with fewer than ten employees, and nonprofit organizations with fewer than twenty employees, together with a written self-certification process.

Using the state framework as the starting point would provide greater consistency and predictability for commercial property owners and their business tenants, and would avoid establishing overlapping definitions for the same group of businesses.

If the City considers additional criteria, those criteria should be objective and should ensure that protections intended for genuinely small businesses do not inadvertently extend to larger institutional enterprises through individual locations or affiliated entities. Relevant considerations may include common ownership or control, the number of locations operated, whether the business is independently owned and operated, and square footage as an additional measure of scale. Eligibility should be ascertainable in advance rather than becoming a disputed issue only after litigation begins.

Lease duration and bargaining circumstances may also be relevant to the analysis. A month-to-month tenant or a tenant operating under a short-term agreement may be situated differently from a business operating under a negotiated multi-year lease. Lease duration, however, should be considered as one factor and should not itself establish a need for additional regulation.

4. Define harassment through intentional misconduct and specified prohibited conduct.

Any ordinance should require both clearly identified prohibited conduct and an intent to cause a commercial tenant to vacate, surrender or waive a contractual or legal right, or accept terms through coercion.

An effects-based standard presents a materially different risk. Legitimate commercial decisions may have significant effects on a tenant even when the owner has acted lawfully and without an improper purpose. A lawful non-renewal associated with redevelopment, for example, will necessarily result in a tenant leaving the property. A lawful change in economic terms at the expiration of a lease may also affect whether a tenant remains. The existence of an adverse effect should not itself convert otherwise lawful conduct into harassment.

New York City’s experience is instructive. Its commercial tenant harassment law was adopted in 2016 as Local Law 77 with an intent standard and express protections for lawful termination, lawful refusal to renew or extend a lease, and lawful

reentry and repossession. Local Law 185 of 2019 changed the standard to conduct that would reasonably cause a commercial tenant to vacate or surrender rights, broadened the prohibited conduct, and increased civil penalties to between $10,000 and $50,000 per property.

Los Angeles could consider that evolution before establishing its own framework. Clear definitions and boundaries at the outset can help ensure that a measure designed to address intentional misconduct does not expand over time to encompass ordinary commercial disputes.

5. Protect lawful, good-faith commercial property activity.

Any ordinance should state clearly that the lawful, good-faith exercise of contractual and property rights does not constitute harassment.

That protection should encompass ordinary activities such as enforcing lease terms, collecting amounts lawfully due, issuing notices of default, communicating regarding lease compliance, conducting lawful inspections, performing repairs and required construction, negotiating lease terms or renewals, allowing a lease to expire, lawfully declining to renew, pursuing available judicial remedies, responding to code requirements, and selling, refinancing, renovating, repositioning, or redeveloping property.

The purpose of such protections is not to shield pretextual conduct. Intentional misuse of otherwise legitimate activities to coerce a tenant would remain subject to the applicable harassment standard. The objective should be to distinguish actual misconduct from the normal exercise of commercial property and contractual rights.

6. Provide written notice and a meaningful opportunity to cure correctable conduct.

Where alleged conduct can reasonably be corrected, the process should provide written notice identifying the issue and a meaningful opportunity to cure before the matter proceeds to penalties or litigation.

This is particularly important for repair and service issues, access disputes, administrative errors, communications problems, and other circumstances that may arise without an intent to displace or coerce a tenant.

That principle need not apply in the same manner to serious intentional misconduct, including unlawful lockouts, threats, deliberate interruption of essential services, retaliation, or similar conduct.

The purpose of an anti-harassment framework should be to stop wrongful conduct and resolve legitimate problems. Where an issue can be promptly corrected, the process should encourage correction rather than unnecessary litigation.

7. Provide a neutral process and proportionate remedies.

Any enforcement process should begin with a neutral factual inquiry. An allegation should not create a presumption of wrongdoing or require a property owner to prove that lawful conduct was innocent. Commercial property owners and their business tenants both have contractual and legal rights and obligations, and disputes should be evaluated according to the evidence and the applicable lease.

Remedies for proven intentional misconduct should be meaningful and proportionate to the nature and severity of the violation while preserving appropriate judicial discretion. A harassment allegation should also not automatically interfere with the enforcement of an independent and otherwise lawful material lease obligation. The City should be careful not to create incentives for ordinary commercial disputes to be converted into statutory harassment claims. Any ordinance should apply to conduct occurring after its effective date and should not alter rights and obligations under leases already in place.

8. Collect data from implementation and require a two-year review.

If the City ultimately adopts a commercial tenant protection ordinance, it should establish a mechanism to collect implementation data from the outset. That information should include complaints received, substantiated violations, the conduct involved, business types affected, geographic distribution, matters resolved without litigation, enforcement actions, and documented unintended consequences.

The City should also establish a baseline using the information currently available regarding complaints and disputes under existing law. Without a baseline, it will be difficult to determine whether a new framework is solving the problem it was intended to address.

The ordinance should be subject to review after two years and should sunset unless the Council affirmatively determines, based on the record developed during that period, that the program should be continued or modified. Los Angeles' experience with its residential anti-harassment framework demonstrates the value of evaluating implementation, enforcement, and unintended consequences based on actual experience.

CREDA SoCal's Request

We respectfully ask that the City of Los Angeles' Office of the Chief Legislative Analyst first determine, based on the existing legal framework and available data, whether a new commercial tenant anti-harassment ordinance is necessary. If additional protections are recommended, we ask that the report incorporate the principles outlined above so that any proposal is narrowly tailored to demonstrate misconduct while preserving lawful commercial lease and property activity.

We would welcome a short technical meeting with your office before the report is finalized. CREDA SoCal can make commercial property owners and leasing professionals available to discuss how potential standards would operate in actual leasing situations across various property types and to assist with the development of practical solutions.

Thank you for your consideration.

Respectfully,



Mihran Toumajan
Manager of Government Relations
CREDA SoCal (formerly NAIOP SoCal)

cc: City Clerk, Council File 26-0588