



## AB 1050 – Revitalizing Commercial Centers

### Summary:

AB 1050 facilitates the redevelopment of vacant commercial centers by establishing a procedure to remove existing private reciprocal easement agreements from property title deeds. It does not alter state housing laws related to project approvals, nor does it change local zoning ordinances or the entitlement process.

### Background:

A reciprocal easement agreements (REAs) is a private legal agreement among property owners in a real estate development. Typically, it sets terms for various covenants and restrictions to ensure the development operates as one integrated commercial center. For example, an REA may require a certain number of parking spaces in a shopping mall parking lot at all times.

The COVID-19 pandemic, along with inflation, have hastened changes in the economy and consumer preferences, prompting the closure of commercial spaces in recent years, all while Californians struggle to find housing. However, efforts to repurpose these vacant spaces into housing are often hindered by older, burdensome restrictions like REAs.

Recognizing the severity of California's housing crisis, the Legislature passed AB 721 (Bloom, 2021) and AB 911 (Schiavo, 2023) to create a process for removing restrictive covenants from properties proposed for affordable housing developments. The Legislature also passed AB 2011 (Wicks, 2022) to support the redevelopment of vacant shopping centers by allowing mixed-income housing on properties zoned for commercial use. In addition, some jurisdictions allow residential development in commercial zones in their zoning code.

However, since these private agreements run with the land, they remain attached to the title deed, even after previous owners who entered into them no longer have an ownership interest in the property. This means that, even though state housing laws and local zoning codes may allow housing development on commercial property, an existing REA can hamper redevelopment by creating the possibility of litigation.

Many commercial properties are too large for affordable housing developers to purchase and develop solely with deed-restricted units. Therefore, legislation is needed to remove these roadblocks to expand housing projects, such as mixed-use and mixed-income developments, across the state.

### AB 1050:

- allows proposed mixed-use developments to provide notice to interested parties of the intent to remove reciprocal easement agreement and proceed to redevelop the property without exposure to litigation at a later date.

### Support:

- SPUR (sponsor)

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