



OFFICE OF THE GOVERNOR

SEP 27 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 3068 without my signature.

This bill would establish the Office to Housing Conversion Act, creating a ministerial approval process for adaptive reuse projects, aimed at converting nonresidential buildings, such as offices or industrial sites, into residential or mixed-use developments. The bill also provides financial incentives for developers, including the option for local governments to allocate up to 30 years of property tax revenue to support affordable housing conversions, and establishes specific labor standards for qualified adaptive reuse projects.

While I strongly support efforts to address California's housing crisis by promoting adaptive reuse projects, this bill raises several concerns. The proposed compliance and enforcement mechanisms for labor standards, including the issuance of stop-work orders for any violations, represent a significant expansion beyond existing law, which limits this remedy to a narrow subset of violations, such as those posing immediate threats to health and safety. Moreover, the bill lacks clear procedures for contesting violations or addressing noncompliance, creating considerable uncertainty that could lead to delays, and increased costs, potentially making projects financially unviable — ultimately undermining the bill's goal of increasing housing production.



For these reasons, I am unable to sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be 'Gavin Newsom', written over a horizontal line. The signature is stylized and somewhat illegible due to the cursive nature of the handwriting.

Gavin Newsom