
SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

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COLD STORAGE FACILITIES

Prohibits a city or county from approving a building permit for a cold storage facility unless the owner or operator of the facility establishes and maintains a contingency fund, and excludes from gross income settlement for claims relating to the 2026 Boyle Heights fire incident, as specified.

Background

Land use planning. The California Constitution allows cities and counties to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public—including land use authority.

Planning and Zoning Law. State law provides additional powers and duties for cities and counties regarding land use. The Planning and Zoning Law requires every county and city to adopt a general plan that sets out planned uses for all of the area covered by the plan. A general plan must include specified mandatory “elements,” including a land use element that specifies the general types and intensities of use that are allowed in different areas covered by the general plan. Cities’ and counties’ major land use decisions—including most zoning ordinances and other aspects of development permitting—must be consistent with their general plans. Local governments use their police power to enact zoning ordinances that shape the physical form of development and the allowable activities in an area. These ordinances can also include conditions on development to address aesthetics, community impacts, or other particular site-specific considerations.

Warehouse permitting requirements. In response to growing concerns about the effects of warehouses on sensitive receptors, the Legislature enacted AB 98 (Carrillo and Reyes, 2024). AB 98 establishes minimum requirements that must be met for local agencies to approve development of new or expanded logistics uses (warehouses) on or after January 1, 2026, that have loading bays within 900 feet of schools, homes, daycares, nursing homes, hospitals, and parks or playgrounds. These standards require logistics uses to be located on larger roads, unless it is impractical to do so, and establish, among other requirements:

- Minimum distances (setbacks) between loading bays and the property line of a sensitive receptor of 300 feet if the project is proposed on land that is zoned for industrial use, or 500 feet if not;
- Buffer zones around the properties that screen sensitive receptors using trees and walls;

- Site design requirements, such as orienting loading bays on the opposite side of the facility from sensitive receptors where feasible; and
- Building electrification requirements; and
- Operational requirements (including phased-in mandates for zero-emission forklifts and other equipment, where feasible).

The law also requires developers to replace any demolished housing on a two-for-one basis with affordable units, along with providing relocation payments to displaced tenants.

AB 98 applies stricter criteria to logistics uses in the warehouse concentration region (WCR), which includes the unincorporated areas of the Counties of Riverside and San Bernardino and the Cities of Chino, Colton, Fontana, Jurupa Valley, Moreno Valley, Ontario, Perris, Rancho Cucamonga, Redlands, Rialto, Riverside, and San Bernardino. Among other things, all new or expanded logistics uses in the WCR must have a 500-foot setback from nearby sensitive receptors.

Logistics uses under 250,000 square feet do not have to meet as stringent standards, including no required setbacks if they are on industrial land. The law also includes specific exemptions for certain projects already existing or in the planning process before September 30, 2024. SB 415 (Reyes, 2025) clarified various provisions of AB 98.

Lineage Fire and aftermath. On June 17, 2026, a structure fire began at a 491,000 square foot cold storage facility in the densely populated Boyle Heights neighborhood of the City of Los Angeles. The Boyle Heights facility contained an estimated 85 million pounds of frozen food and spanned an entire city block. The operator of the facility, Lineage, Inc., is the world's largest temperature-controlled warehouse real estate investment trust, with a total of 88 million square feet of storage space across over 500 facilities and total revenue of \$5.4 billion in 2025.

The fire burned for eight days before it could be extinguished; the size of the facility and the instability of the roof limited the ability of firefighters to access the interior where the flames occurred. Burning rooftop solar panels and a compromised interior ammonia line further complicated efforts to combat the fire. It generated smoke that subjected tens of thousands of people to pollution levels that exceeded those during the 2025 Palisades and Eaton Fires, prompting shelter-in-place orders for nearby residents. On June 20, the City of Los Angeles declared a local emergency, followed by a gubernatorial declaration of a state of emergency for Los Angeles County.

After the fire was extinguished, the rotting frozen food stored at the facility caused additional health hazards. By early August, residents had lodged more than 4,000 odor complaints with the South Coast Air Quality Management District (SCAQMD), leading the agency to issue over two dozen violation notices against Lineage for creating a public nuisance. The decomposing organic matter served as an extensive breeding ground for pests: severe infestations of flies and other vermin occurred at the site and migrated into the adjacent residential neighborhoods.

On June 29, City of Los Angeles Mayor Karen Bass issued two executive orders focused on site remediation and community support. Citing the “spoiling food, rodents, bugs, and vermin onsite and in the surrounding community, structural hazards, ammonia refrigerant materials, solar panel debris, and potential for contaminated stormwater runoff collectively [that] may constitute an ongoing public nuisance and imminent health hazard,” the first order required Lineage to remove

all biohazard materials within 45 days. The order also required city agencies, in coordination with other specified local and state agencies, to take any steps necessary to ensure that the health hazards and odors at the facility are abated expeditiously, and authorized direct abatement by city agencies if the parties responsible for the nuisance conditions fail to remedy the issues.

To support the surrounding community, the second executive order mobilized various city resources, including to deploy mobile health screening stations, request resources such as masks and air purifiers from Los Angeles County and the state, and establish a Community Resource Center to provide direct assistance, resources, and information for residents, workers, and small businesses affected by the fire and related conditions.

Lineage began cleanup efforts at the site, including the removal of the rotting food waste, following the extinguishment of the fire on June 25th. As of August 18th, nearly all of the food waste had been removed, but additional cleaning and disinfecting must occur. Lineage estimates that it will spend over \$100 million on cleanup. Lineage has also distributed hundreds of air purifiers, air conditioning units, masks, fly traps, grocery vouchers, and cash assistance to some community members to ameliorate issues related to the fire.

Report on health impacts. Among other responders to the health hazards posed by the Lineage fire and its aftermath was St. John's Community Health (St. John's), which is a network of community health centers serving over 150,000 people in Los Angeles. St. John's deployed 3 mobile health clinics to the area and distributed thousands of air purifiers and tens of thousands of masks. St. John's recently issued a report on the health impacts that their clinics treated between the start of the fire and July 31st. While far from exhaustive because it is limited to data from St. John's Clinics and not other places that individuals may have been treated, this report noted that:

- 348 patients were diagnosed with toxic effects of smoke;
- 320 patients were diagnosed with contact or exposure to hazardous substances;
- 46 patients were diagnosed with eye disorders; and
- 20 patients were diagnosed with respiratory conditions due to inhalation of chemicals.

Other conditions treated included anxiety and other behavioral health conditions arising from environmental exposure, sleep disruption and insomnia, housing instability, lease termination requests, relocation concerns, ongoing uncertainty regarding environmental safety, and psychosocial distress associated with displacement and recovery.

Rebuilding the facility. On July 28th, as cleanup was ongoing, Lineage filed an application with the City of Los Angeles to rebuild the Boyle Heights facility. Mayor Bass responded by issuing a third executive order on July 31st to prohibit processing of the application.

The author wants to ensure that the potential community impacts of cold storage facilities are addressed.

Proposed Law

Assembly Bill 817 prohibits a city or county from approving a building permit for a cold storage facility unless the owner or operator of the cold storage facility establishes and maintains a contingency fund. The bill defines a cold storage facility to mean a place greater than 20,000

square feet that is artificially refrigerated to a temperature of 45 degrees or lower and participates in a specified state program to prevent accidental releases of toxic chemicals.

The contingency fund can only be used if there is a local, state, or federal emergency declaration, as specified, and the department or the local jurisdiction either:

- Publishes a formal notification of a health advisory or health alert and either the cold storage facility is the subject of the health advisory or health alert, or the cold storage facility has caused the conditions which created the health advisory or health alert; or
- Issues the owner or operator of the cold storage facility a notice that a violation or a citation is unresolved and caused the emergency declaration.

The contingency fund must be used to provide support during the declared state of emergency or local emergency for affected communities in order to provide:

- Food assistance;
- Housing assistance, rental assistance, and housing relocation assistance;
- Air quality monitoring;
- Vector control; and
- Health care to address adverse health outcomes.

Under the bill, a contingency fund can include any of the following, up to a maximum of \$20 million:

- A dedicated account managed by the city or county, funded by a fee or charge on the development or operation of the facility;
- A dedicated account managed by the owner of the facility in an amount required by the city or county; or
- A surety bond.

An owner of a cold storage facility must provide evidence of the contingency fund at the discretion of the city or county to substantiate the existence or maintenance of the contingency fund, and the owner may require the operator to establish or maintain the fund.

AB 817 also enacts Personal Income and Corporation Tax exclusions for any amount received in settlement by a qualified taxpayer from a settlement entity in connection with the 2026 Boyle Heights fire incident, for taxable years 2027 through 2032, as specified.

AB 817 includes findings and declarations to support its purposes.

Comments

1. Purpose of the bill. According to the author, “AB 817 is necessary to tackle several pressing issues brought about from the June 2026, Lineage Facility Fire in Boyle Heights. More needs to be done to address the aftermath of this fire and the impact it has already had on the community. That is what AB 817 will do by ensuring Lineage won’t receive permits before setting up a contingency fund to be accessed in times of emergency to help the community, and by tax-exempting all future settlements that residents who have been affected might receive. This bill is the least the state can do to protect the health and safety of my community.”

2. Freezing out cold storage? Cities and counties have broad discretion to approve, deny, or impose conditions and mitigation fees on new development to ensure that those uses don't create unreasonable community impacts. These conditions can include, among many others, specifying aspects of the design of the project (such as setbacks from homes and other places where people congregate), identifying suitable locations for a given type of development, or imposing fees to fund measures to address the impacts. Because local officials that approved warehouse development didn't always consider the full impact of that development on community members, the Legislature established minimum standards for permitting warehouses in 2024 with the enactment of AB 98, including setback requirements, traffic mitigation measures, and electrification requirements.

AB 817 applies additional standards to a subset of warehouses: cold storage facilities. It establishes a requirement for a contingency fund prior to approving a building permit for a cold storage facility, but grants discretion to cities and counties regarding the amount and means of establishing such a fund so long as it doesn't exceed \$20 million. Some might establish high contingency fund requirements, which could have the effect of limiting or prohibiting the development of cold storage warehouses in those jurisdictions. Since these facilities can be important to ensuring timely delivery of perishable goods to grocery stores, large contingency fund requirements could impair food access. Other cities or counties might establish only nominal contingency fund amounts or leave the amount of the fund up to the cold storage facility owner or operator, which could fail to fully mitigate future impacts should an incident occur. The overall effect of AB 817 on the development of cold storage facilities and mitigation of future impacts is unclear.

3. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because AB 817 expands the duties of local officials, Legislative Counsel says that it imposes a new state mandate. AB 817 disclaims the state's responsibility for providing reimbursement by citing local governments' authority to charge for the costs of implementing the bill's provisions.

4. Charter city. The California Constitution allows cities that adopt charters to control their own "municipal affairs." In all other matters, charter cities must follow the general, statewide laws. Because the Constitution doesn't define "municipal affairs," the courts determine whether a topic is a municipal affair or whether it's an issue of statewide concern. AB 817 says that it applies to all cities, including charter cities. To support this assertion, the bill includes a legislative finding and declaration that, due to the increasing presence of large cold storage facilities across the state and their great potential to cause drastic negative health effects on local communities should they catch fire, preventing and mitigating these disasters is a matter of statewide concern.

5. Gut and amend. As introduced and approved by the Assembly, AB 817 contained provisions relating to electronic court records. Amendments taken in the Senate deleted the initial contents of AB 817 and inserted the current language relating to cold storage facilities.

6. Hello, friend. The Senate Rules Committee has ordered a double-referral of AB 817: first to the Committee on Local Government to hear issues related to local permitting, and second to the Committee on Revenue and Taxation.

7. Related legislation. SB 716 (Durazo) increases fines for violations of local ordinances related to nonresidential structures of greater than 20,000 square feet. SB 716 is currently pending in the Assembly Local Government Committee.

Assembly Actions

Not relevant to the current version of the bill.

Support and Opposition (8/21/26)

Support: California Community Foundation
East Yard Communities for Environmental Justice
Housing Equity & Advocacy Resource Team (HEART)
Inclusive Action for the City
Los Angeles Unified School District
Office of Los Angeles Mayor Karen Bass
St. John's Community Health

Opposition: None Submitted

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