



## Government affairs update for the week of November 30, 2025

### Capital Gains Update

Increasing the federal capital gains tax exclusion took a step forward this week.

According to the California Association of REALTORS®, on Wednesday, Dec 3, a bipartisan group of senators introduced their version of the "More Homes on the Market Act." This bill is similar to H.R. 1340, the House version that would increase the capital gains exclusion to \$500,000 for single-filers and \$1 million for joint filers.

Also on Dec 3, NAR Past President Kevin Sears testified to the [House Financial Services Committee about the need](#) for more federal legislation to increase the housing supply.

---

### Sewer Lateral Inspection at Time of Sale Proposed for Central County

The Oro Loma Sanitary District is proposing a new private sewer lateral inspection and repair requirement triggered by the sale of a home.

Oro Loma provides sewer services to customers in San Lorenzo, Ashland, Cherryland, Fairview and portions of Castro Valley, Hayward and San Leandro.

While the Oro Loma Board of Directors have not formally approved the requirement, they have already directed staff to begin developing the program, which they want to launch July 1, 2026. Oro Loma staff reported that either sellers or buyers will be responsible for paying a certification fee that could range from \$560 to more than \$800. This amount would be in addition to any costs to repair or replace the sewer lateral.

Bay East opposes inspection and repairs triggered by the sale of a home because it adds cost and complexity to the homebuying process. We are working with the Oro Loma Board and staff on alternatives to this requirement.

Oro Loma District staff sent an email survey to real estate professionals throughout the East Bay and South Bay asking for their perspective on the proposal. If you have received this survey, it is an opportunity for to express your opposition to the proposed time-of-sale requirement.

---

### Gas Water Heater Ban Update

The Bay Area Air District may be considering exemptions to the gas water heater ban.

Starting Jan 1, 2027, the air district is banning the sale and installation of gas water heaters.

Bay East has asked air district staff and leaders to delay or repeal the ban and for the air district to focus instead on education and incentives to help homeowners who want to voluntarily install electric water heaters.

Air district staff and leadership are responding to these concerns by proposing exemptions based on a variety of factors including household income and utility panel capacity. On Wednesday, Dec 10. at 10 a.m. the air district [Stationary Source Committee](#) will review the proposed exemptions.

Bay East staff have reviewed the exemptions and concluded they do not fully address the unintended consequences of this ban and its potential negative impacts on homeowners, housing providers and tenants.

Bay East has learned that the San Francisco Bay Area Planning and Urban Research Association (SPUR) is claiming REALTOR® associations are part of a "massive opposition and misinformation campaign" that includes the "oil and gas" industries and are asking REALTORS® to support the proposed exemptions.

If you have received an email from SPUR or if you want to testify at the Dec 10 Committee meeting, please contact [David Stark](#).

---

If you have any questions about Bay East advocacy activities or any government-related real estate issues you want Bay East to research, contact [David Stark](#), Bay East Chief Public Affairs and Communications Officer.

---

