



May 20, 2020

The Honorable Scott Wiener
California State Senate
Sacramento, CA 95814
Via email to: Miles.Horton@sen.ca.gov
cc: cynthia.alvarez@sen.ca.gov & rhime@cbpa.com

Re: *OPPOSITION for SB 939 – UNFAIRLY NEGATES LEASES & HARMS BUSINESSES*

Dear Senator Wiener:

We are writing to express strong OPPOSITION to SB 939, which will put small property owners into foreclosure by forcing them to float rent for all tenants and gives restaurants the right walk away from a lease without squaring up for owed rent nor paying for property improvements.

The COVID-19 virus continues to infect populations around the world, putting the health and safety of our communities here in California at serious risk. ALL businesses are impacted by this pandemic, however your bill only provides protection to a small segment, while shifting economic harm to other private businesses and removing rights from those who happen to be in the business of leasing space. Currently, without any legislation in place, tenants and landlords across the state are working on lease reassessments, as all have concluded that having significant vacant spaces for the foreseeable future benefits neither parties.

Governor Gavin Newsom has shown courageous leadership in issuing a series of executive orders limiting evictions, including Executive Order N-28-20 which gives local government the ability to protect commercial tenants from evictions. Legislative leadership has also proposed a plan that helps BOTH lessors and lessees. I request your bill be changed to protect all businesses and not a special subset.

By withholding rent for more than a year, removing existing legal remedies and rights to lessors for an extended period of time, and giving only one party to a contract the right to walk away from a legal obligation with no responsibilities, SB 939 clearly violates the Contracts Clause of the U.S. Constitution and fails the basics of the Blaisdell Test that any court will apply to this legislation. SB 939 is not narrowly tailored to the problem, does not balance the needs of both parties, creates a substantial impairment to one party to the contract, and is not a necessary solution as existing remedies under current law exist.

SB 939 will unreasonably deny commercial real estate lessors income which will push many into foreclosure, force them to lay off staff, and will set a bad precedent that undermines all contracts in the state. Furthermore, a series of foreclosures will only help depress property values across the industry, resulting in lower property tax revenues for those local governments which desperately need them.

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We understand your bill is well intended, but it will hurt my company and employees. Please change or drop your bill before it brings further harm to the state.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve LaMotte', with a long horizontal flourish extending to the right.

Steve LaMotte, Chair
South Orange County Economic Coalition

About South Orange County Economic Coalition:

As South Orange County's leading voice of business, the South Orange County Economic Coalition is the driving force of advocating for a strong local economy. We focus on four key areas: Advocacy, Education, Representation and Progress for South Orange County issues, initiatives and projects. We support and encourage a streamlined government process. Representing hundreds of employees, we are an alliance of businesses, community thought-leaders and stakeholders committed to enhancing the region's economic vitality and protecting its exceptional quality of life.