



May 15, 2020

TO: Hanna-Beth Jackson, Chair, Senate Judiciary Cmte
Vice Chair and Members, Senate Judiciary Cmte

<p>FR: California Business Properties Association Commercial Real Estate Development Assn, NAIOP California Business Roundtable California Bankers Assn California Mortgage Bankers Assn California Land Title Assn AIR Commercial Real Estate Chico Builders Assn Ventura County Contractors Assn Bay Area Builders Exchange Placer Country Contractors Assn & Builders Ex. United Chamber Advocacy Network</p>	<p>International Council of Shopping Centers Building Owners and Managers Assn of CA California Builders Alliance California Downtown Assn Sacramento Regional Builders Exchange Orange County Business Council California Retailers Association Central Coast Builders Assn Valley Contractors Exchange Shasta Builders' Exchange Nareit</p>
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**RE: SB 939 (Wiener) Negates Current Real Estate Contracts - OPPOSE
As Amended May 13, 2020**

The above-named groups regrettably oppose SB 939 (Weiner). While we agree with the author that COVID-19 economic impacts have been severe, we worry that the short-term solution of forcing commercial space lessors to provide rent-free space for an extended time will have even worse long-term consequences resulting in a slower recovery.

CONTRACT LAW – the principle concern is that the proposed measure would abrogate contracts in a manner that is meant to benefit one private business at the expense of another, by negating contractual obligations to the benefit of one party, and, thereby, worsening the economic impacts of the COVID-19 stay at home orders to another. In short, this bill would unreasonably deny commercial real estate lessors income which will push many into foreclosure, and will set a bad precedent that undermines all real estate contracts in the state.

A SOLUTION IN SEARCH OF A PROBLEM - The Governor's executive order allowing local governments to place a moratorium on evictions coupled with the recent Judicial Council actions stopping unlawful detainer action from moving forward, coupled with California's strong contractual protections under current law, coupled with local protections adopted by numerous local jurisdictions around the State are all significant protections for commercial lessors, and are working.

PROPERTY OWNER PROTECTIONS LOST - what's been missing, to date, in the various discussions about ensuring business solvency, are protections or solutions for property owners who are being harmed by rents not being paid. There are numerous costs borne by property owners, including service contracts, utility charges, mortgage/finance payments, as well as numerous government fees and taxes, including property taxes. When rent is not paid, these other obligations become difficult to fulfill.

Both Senate and Assembly leadership have recently acknowledged that the state has an important role to play in helping **BOTH** tenants and property owners recover from the economic impacts of this pandemic. Unfortunately, the proposed amendments to SB 939 do not accomplish this goal and only benefit leasees at the expense of lessors. We would strongly encourage and are ready to work with the author on pursuing programs that help all businesses in need.

For these reasons we respectfully **OPPOSE SB 939**.

Rex Hime, California Business Properties Association
Jim Camp, Commercial Real Estate Development Association, NAIOP
Herb Tyson, International Council of Shopping Centers
Dave Foley, Building Owners and Managers California
Rob Lapsley, California Business Roundtable
Tim Murphy, California Builder's Alliance
Kevin Gould, California Bankers Association
Jason Bryant, California Downtown Association
Susan DeMars, California Mortgage Bankers Association
Damon Conklin, Sacramento County Building Exchange
Craig Page, California Land Title Association
Lucy Dunn, Orange County Business Council
Tim Hayes, AIR Commercial Real Estate
Kate Leyden, Chico Builders Association
Chrisie Cromeenes, Central Coast Builders Association
Daylean Atkin, Ventura County Contractors Association
Amy Rohrer, Valley Contractors Exchange
Steve McCarthy, California Retailers Association
Scott Leary, Bay Area Builders Exchange
Chad Scott, Shasta Builders Exchange
Jeff Henry, Placer County Contractors' Association
Dara Bernstein, Nareit
David Butler, UCAN