



California Association for Local Economic Development

July 13, 2022

The Honorable Chris Holden
Legislative Office Building
1021 O Street, Suite 5650
Sacramento, CA 95814

Re: Oppose SB 361 (Umberg)

Dear Assembly Member Holden:

The California Association for Local Economic Development (CALED), an organization representing over 800 public and private local economic development professionals, regrets that it must **Oppose** SB 361 (Umberg), as Amended June 20, 2022.

SB 361 creates additional costs for local agencies within Orange County seeking to dispose of or develop publicly-owned properties due to the uncertainties and time delays associated with providing the Department of Housing and Community Development (HCD) unilateral authority to prohibit the disposal of properties for unlimited timeframes without transparent standards and access to reasonable judicial due process.

Local agencies undoubtedly would expect to recover costs from the state for unjustified delays. Aside from a local agency's increased costs of materials and labor, other local agency costs for delayed or canceled projects include:

- Local agency costs for staff time and consultants to prepare for the sale of property. These costs can include costs for appraisals, legal fees for negotiating transfer documents, any engineering and other soft costs. These are capital outlays that are usually repaid from sales proceeds, which will become a direct cost to an agency if HCD stops or delays disposition.
- Local agency exposure and costs associated with potential third-party liability when the subject property becomes subject to illegal dumping, personal injuries, homeless encampments and other risks associated with land being vacant or unused.
- Loss of local agency access to funding and/or diminished value when the property disposal is delayed or prohibited.

Besides unjustly penalizing all local agencies within a county over concerns over a specific project in the author's district which is no longer moving forward, the approach of this bill raises many broader concerns including:

- Unclear criteria: the bill lacks specified parameters on what constitutes a violation and the rights and remedies for local agencies entangled in this process – eventually leading to a standstill on land transfers resulting in financial losses to public agencies.

The California Association for Local Economic Development (CALED) is the premier statewide professional economic development organization dedicated to advancing its members' ability to achieve excellence in delivering economic development services to their communities and business clients.

