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California Association for Local Economic Development

March 22, 2023

The Honorable Philip Ting
State Capitol, Ste. 8230
Sacramento, CA 95814

Dear Assembly Member Ting:

The California Association for Local Economic Development (CALED), an organization representing over 800 public and private local economic development professionals, regrets that it must convey its strong Opposition to your AB 480, as Amended March 14, 2023.

With the exception of a new proposed exemption from the Surplus Land Act (SLA) for airports, this measure is identical to your last year's AB 2357, which CALED also opposed, and was held in the Senate Governance and Finance Committee.

California communities face significant economic challenges including high poverty rates, disadvantaged areas and regional economic inequities. Residents need access to quality local jobs to support their families and avoid the environmental and social damage of long commutes. Local communities cannot remain economically and environmentally sustainable in the absence of a thriving local economy. Local agencies seek to address these challenges through economic development, which remains an important local governmental purpose, supported by many state laws and programs.

AB 480 undermines the ability of local agencies to conduct appropriate economic development activities on properties they acquire or otherwise own--pursuant to state Economic Opportunity Law and other laws approved by the Legislature--by expanding the scope of authority for Department of Housing and Community Development (HCD) to review "any action to dispose of land," under the state Surplus Land Act.

The SLA is supposed to focus solely on the disposal of locally declared "surplus lands;" it should not be allowed to swell into a bureaucracy seeking to micromanage the disposal of all local government properties.

We further contend that AB 480 would increase and lock into place HCD's expanded interpretation of the department's authority in the guidelines adopted on April 1, 2021, which have created immense delays and difficulties for local government agencies dealing with the use of their properties to further housing and economic development goals in service of their residents.

Examples of how a combination of HCD guidelines and AB 480 expand authorities beyond what the Legislature provided for in statute include:

- Ignoring the existence of other laws affecting property disposal that the Legislature has approved, including State Economic Opportunity Law (Sec. Govt. Code 52200-52203) which authorized local agencies to acquire and dispose of property in furtherance of the creation of an economic opportunity. This law was enacted in the wake of redevelopment elimination by SB 470 (Wright) in 2013 and amended by AB 806 (Dodd) in 2015. Sec. 52006 (c) of this law provides that it is an alternative process for local agencies to acquire and dispose of property consistent with that statute. There is no recognition or exception in AB 480 for properties subject to this law.

- Ignoring existing statutory limitations on the scope of the SLA:
 - The statute states that "exempt surplus properties" are not subject to HCD reviews under the SLA. SLA Sec. 54222.3. "This article shall not apply to the disposal of exempt surplus land as defined in Section 54221 by an agency of the state or any local agency." Yet, in its guidelines, HCD asserted they could still review such properties. AB 480 would enshrine this overreach by inserting a "notwithstanding clause" (P.10, lines 38-40, and P. 11, lines 1-2) to avoid this existing statutory prohibition.
 - The statute says that the SLA does not apply when in conflict with other laws. SLA Sec. 54226. "No provision of this article shall be applied when it conflicts with any other provision of statutory law." Yet, AB 480 requires all local agencies to engage in the SLA process prior to taking "any action to dispose of land." (P.10, line 22.)
 - From discussions over the language in last year's AB 2357, it appeared that the bill was seeking to expand HCD's authority including review of local agency leases, by using the term "at the time of disposition" rather than "at the time of sale," in the language that seeks to impose penalties based upon fair market value. The term "disposition" is used again in AB 480 (P. 16, line 5). If it is not the author's intent to expand HCD review of leases, then the word should be "sale."

Other provisions of AB 480 would impose excessive difficulties and delays associated with the disposal of lands with valid legal restrictions which prohibit their use as housing. Increasing state penalties to fair market value rather than sale price could produce a chilling effect for local agencies on considering offering land at reduced rates to support community improvements.

Given all of the problems with the existing administration of the SLA, the proposed exemption for airports in AB 480 is understandable. While several exemptions have already been signed into law, more proposed exemptions have been introduced in legislation this year. The reasons such exemptions are being proposed is that there are fundamental flaws, delays and confusion associated with an effort to filter all local property disposals through a single state agency.

Rather than expanding the scope of the SLA and holding legislatively permissible economic development uses hostage at a time when we need to be mindful of stabilizing the economy and creating economic opportunity for California's residents, the law instead needs significant reforms. The Legislature should thoroughly evaluate the difficulties, bureaucratic delays and unintended consequences caused by implementation of the existing SLA, including addressing unresolved conflicts with other laws and state policy priorities the Legislature has enacted.

For these reasons, CALED regrets that it must respectfully Oppose AB 480. Thank you for your consideration. Please feel free to contact me at 916-448-8252, with any questions.

Sincerely,



Gurbax Sahota
President & CEO

cc: Members, Assembly Local Government Committee
Members, Assembly Housing and Community Development Committee
Honorable Senator Thomas J. Umberg