

TOWNSEND

PUBLIC AFFAIRS

EST TPA 1998

MEMO

To: City of Cupertino
Legislative Review Committee

From: Townsend Public Affairs, Inc.

Date: February 26, 2021

Subject: Consider adopting a position on Senate Bill 15 - Housing Development:
Incentives: Rezoning of Idle Retail Sites

Summary

SB 15 (Portantino) would require the Department of Housing and Community Development to administer a program to provide grants to local governments that rezone idle sites used for a big box retailer or a commercial shopping center to instead allow the development of workforce housing.

In order to be eligible for the grant, the bill would require a local government to apply to the department for a funding allocation and provide documentation that it has met specified requirements. The amount of the grant awarded to eligible local governments would be equal to the average amount of annual sales and use tax revenue generated by each idle site identified in the application over the previous seven years. A local government would receive this amount for each of the seven years following the date of the local government's application.

In order to apply for a grant under the program created by this bill, a local government must do the following:

- Rezone one or more idle sites used for a big box retailer or commercial shopping center to allow workforce housing as a use by right.
- Approve and issue a certificate of occupancy for a workforce housing development on each site rezoned for which the local government seeks an incentive.
- Apply to the department for an allocation of grant funds and provide documentation that it has complied with the requirements of the bill.

The provisions of SB 15, and the creation of the grant program, would be contingent upon an appropriation of funding by the Legislature.

According to the author, "California's severe housing shortage needs creative and financially viable proposals. Despite having some of the highest incomes in the country, California is among the nation's leaders in both housing insecurity and effective poverty rate. This bill will generate housing production and incentivizes local governments to build the truly affordable housing that Californians need."

SB 15 is substantially similar to SB 1299 (Portantino) from the 2020 legislative session. The City adopted a support position on SB 1299.

The City's letter on SB 902 indicated, "This bill will encourage local governments to partner with developers to build housing on sites that are less than 20% occupied and reward the local government with a sales tax rebate when these projects are rezoned, completed, and issued a certificate of occupancy. This bill will help mitigate any financial loss that a local jurisdiction may experience from rezoning a commercial site, as well as generate much needed housing for those earning 80% - 120% of the area median income. The bill also allows local jurisdictions the option of deciding whether they would like to participate in the program, and puts forth the parameters that local governments, and developers, must meet in order to be eligible. This structure provides local governments with the discretion to advance projects that are appropriate for their own community and work cooperatively with project developers to deliver on much needed housing."

Status

SB 15 was introduced on December 7th. The measure has been referred to the Senate Housing Committee. The bill has not yet been scheduled for a hearing.

Support

Since SB 15 has not yet been set for hearing, an official list of supporters is not yet available.

Opposition

There is no official opposition yet registered to SB 15.

Recommended Action

A) Adopt a support position on SB 15 and authorize the Mayor to send letters to the state legislature, unless the City Council decides to place this bill on a future Council agenda to consider as the full Council;
Or B) Make a recommendation that the City Council take an oppose unless amended position on SB 15.