

MEMO

To: City of Cupertino
Legislative Review Committee

From: Townsend Public Affairs, Inc.

Date: May 22, 2020

Subject: Consider adopting a position on SB 1299 (Portantino) – Housing Incentives:
Rezoning of idle retail sites

Summary

SB 1299 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 1299, and the creation of the grant program, would be contingent upon an appropriation of funding by the Legislature.

SB 1299 provides funding to help offset the cost of converting idle big box retailers or shopping centers to workforce housing, by providing a local government with funding equal to the sales and use tax that was being generated by the site. While this bill would require a site to be rezoned to allow workforce housing as a use by-right in order to access funding, the program itself is voluntary and the project would still be subject to design review, thereby maintaining a level of

local control. Additionally, in order for a site to be eligible for this program, at least 80% of the rentable square footage of the big box retailer or commercial shopping center must have not been occupied for at least 12 months, so active retail will not be displaced by the provisions of this bill.

Status

SB 1299 has been referred to the Senate Housing Committee and is scheduled to be heard on May 26th.

Support

The support for SB 1299 is unknown at this time.

Opposition

The opposition for SB 1299 is unknown at this time.

Recommended Action

Adopt a support position for Senate Bill 1299 (Portantino) – Housing Incentives: Rezoning of idle retail sites and authorize the Mayor to send a letter of support to the State Legislature.