

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT POLICY COMMITTEE Friday, March 22, 2024 10:00 a.m.- 2:00 p.m

Marriott Burbank Airport Hotel 2500 N. Hollywood Way, Burbank

General Briefing 10:00 a.m.

Upon adjournment, individual policy committee meetings will begin.

AGENDA

I. Welcome and Introductions

Speaker: Chair Yvonne Martinez Beltran, Council Member, Morgan Hill Vice Chair Wes Speake, Council Member, Corona

- II. Public Comment
- III. Legislative Agenda (Attachment A)

Action

- AB 2085 (Bauer-Kahan) Planning and zoning: ministerial approval: community clinic.
- <u>AB 2632 (Wilson)</u> Planning and zoning: thrift retail stores.
- IV. Housing Element Audit

Informational

Speaker: Jason Rhine, Cal Cities, Director of Legislative Affairs

V. 2024 Housing Priorities Discussion

Informational

Speaker: Assemblymember Juan Carrillo (Invited) Speaker: Senator Maria Elena Durazo (Invited)

- VI. Promoting Economic Development in Your Community (Attachment B) Informational Speaker: Michelle Geller, City of Oceanside (Invited)
- VII. Housing Practices at the Local Level

Informational

Speaker: Pending

VIII. Legislative Update (Attachment C)

Informational

Speaker: Brady Guertin, Lobbyists, Legislative Affairs

IX. Budget Update

Informational

Speaker: Brady Guertin. Lobbyists, Legislative Affairs



X. Adjourn

Next Virtual Meeting: Friday, June 21, 9:30 a.m.-12:30 p.m.

Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

- 1) Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or
- 2) A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.

A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at League meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.



Housing, Community, and Economic Development Policy Committee Legislative Agenda

Staff: Brady Guertin, Legislative Representative Waleed Hojeij, Policy Analyst

1. AB 2085 (Bauer-Kahan) Planning and zoning: ministerial approval: community clinic (As Introduced February 5, 2024)

Bill Summary:

The measure, notwithstanding any inconsistent provision of a city's general plan, specific plan, zoning ordinance, or regulation would require cities to approve the construction of a community clinic in a ministerial, streamlined manner without discretion or environmental review. This measure would specify that the development must be in a zone where office, retail, health care, or parking are the main permitted uses of the area.

Bill Description:

Specifically, this measure would:

- Require all local governments that determine the development is consistent with objective planning standards to approve the clinic by right.
- Require local agencies to approve the project within 90 days of submittal of a project application.
- Exempt the project from CEQA review.
- Grant the Attorney General the unconditional right to bring an enforcement action against a local agency.

A "community clinic" means a clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. In a community clinic, any charges to the patient shall be based on the patient's ability to pay, utilizing a sliding fee scale. No corporation other than a nonprofit corporation, exempt from federal income taxation under paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code of 1954 as amended, or a statutory successor thereof, shall operate a community clinic; provided, that the licensee of any community clinic so licensed on the effective date of this section shall not be required to obtain tax-exempt status under either federal or state law in order to be eligible for, or as a condition of, renewal of its license. No natural person or persons shall operate a community clinic. (Health and Safety Code Section 1204)

Background:

According to the author, "The right to access healthcare is increasingly determined by where someone lives. This is particularly true in the realm of reproductive care. States

across the country are taking unprecedented steps to penalize and bar access to abortion. With Roe now fully overturned, abortion access for 25 million women is either criminalized or limited. Many of these people will travel to California, increasing demand for abortion access and putting pressure on the existing access to care.

Health organizations are trying to keep up with the demand by expanding, but are often blocked by local opposition, bad faith lawsuits, and unnecessary regulatory hurdles. AB 2085 creates an exemption to local zoning and CEQA review for clinics in areas already zoned for retail and services. These are developed areas that will not be damaged environmentally by this development."

Existing Cal Cities Policy

General Plans

Cal Cities supports the use of the general plan as a guide to meeting community planning needs.

Zoning

Cal Cities believes local zoning is a primary function of cities and is an essential component of home rule. The process of adoption, implementation, and enforcement of zoning ordinances should be open and fair to the public and enhance the responsiveness of local decision-makers. State policy should leave local siting and use decisions to the city and not interfere with local prerogative beyond providing a constitutionally valid procedure for adopting local regulations. State agency siting of facilities, including campuses and office buildings, should be subject to local notice and hearing requirements in order to meet concerns of the local community. Cal Cities opposes legislation that seeks to limit local authority over parking requirements.

Support Vibrant City Centers

Give preference to the redevelopment and reuse of city centers and existing transportation corridors by supporting and encouraging:

- Mixed-use development;
- Housing opportunities for all income levels;
- Safe, reliable, and efficient multi-modal transportation systems; and
- Retaining existing businesses and promoting new business opportunities that produce quality local jobs.

Fiscal Impact:

None

Staff Comments:

Lawmakers, in recent years, have passed dozens of bills that require cities to streamline housing approval processes, often forcing jurisdictions to ministerially approve projects without environmental review or public input. Last year, Cal Cities Board of Directors took a support if amended position on a measure similar to AB 2085 - SB 4 (Wiener) which requires local jurisdictions to ministerially approve 100% affordable housing development projects on land owned by mission-driven religious institutions and independent institutions of higher education.

Cal Cities requested the following amendments:

- Allow cities to continue to determine maximum building heights.
- Allow cities to enforce parking standards and traffic mitigation measures.

Unfortunately, the author did not take the amendments and Cal Cities was unable to support for SB 4. The Governor signed the measure into law.

Support:

Planned Parenthood Affiliates of California (Sponsor)
Reproductive Freedom for All California (formerly NARAL)
TEACH (Training in Early Abortion for Comprehensive Healthcare)

Opposition:

None on file

Staff Recommendation:

Staff recommends the committee discuss AB 2085 and make a recommendation to the Board.

Committee Recommendation:

Board Action:

2. AB 2632 (Wilson): Planning and zoning: thrift retail stores.

Bill Summary:

This measure prohibits cities and counties from treating thrift stores differently in zoning and permitting while allowing for certain aesthetic standards. It also ensures thrift stores can receive donations and engage in recycling activities. This measure acknowledges thrift stores' environmental benefits and declares regulation a statewide concern, applying to all cities without requiring state reimbursement.

Bill Description:

This measure prohibits cities, counties, or city and county governments from treating thrift retail stores differently from non-thrift retail stores regarding zoning, development standards, and permitting.

This measure also allows local governments to impose aesthetic or design standards on thrift stores, provided they are also required for non-thrift retail establishments. It also ensures that thrift stores can receive used and donated items for sale or recycling without facing prohibitive regulations.

This measure outlines several key findings regarding the environmental impact of textile waste and the increasing popularity of thrift shopping.

It highlights the significant role thrift retail establishments play in diverting reusable goods from landfills and reducing greenhouse gas emissions.

This measure defines a thrift retail store as a retail establishment primarily engaged in selling secondhand goods such as clothing, shoes, toys, and household items. It excludes certain items like large household appliances and automotive-related products from the definition of thrift retail stores.

This measure would apply to all cities, including charter cities, as a matter of statewide concern rather than a municipal affair.

Background:

AB 2632 seeks to address environmental concerns related to textile waste by promoting thrift retail establishments. By ensuring equal treatment of thrift stores in zoning and permitting processes, the bill aims to facilitate their establishment and operation across California municipalities.

The issue of textile waste has become a pressing concern globally, with California facing its own challenges in managing the disposal of clothing and household goods. Each year, a significant portion of California's waste stream consists of clothing and textiles that have reached the end of their useful life. Despite the potential for reuse or repurposing, much of this material ends up in landfills, contributing to environmental degradation and greenhouse gas emissions.

Studies indicate that discarded clothing remains a major contributor to the world's textile waste problem. In the United States alone, the average citizen discards approximately 82 pounds of clothing annually, a substantial portion of which could still be worn or repurposed. However, as much as 85 percent of this material finds its way to landfills.

In recent years, there has been a notable shift in consumer behavior towards thrift shopping and the purchase of secondhand goods. Thrift retail establishments, which specialize in selling pre-owned clothing, shoes, toys, and household items, have gained popularity.

Existing Cal Cities Policy

Zoning

Cal Cities believes local zoning is a primary function of cities and is an essential component of home rule. The process of adoption, implementation, and enforcement of zoning ordinances should be open and fair to the public and enhance the responsiveness of local decision-makers. State policy should leave local siting and use decisions to the city and not interfere with local prerogative beyond providing a constitutionally valid procedure for adopting local regulations.

Fiscal Impact:

The fiscal impact of AB 2632, primarily involves additional duties on local officials, necessitating resources for enforcement and compliance. This may include staffing, training, and administrative costs. While the bill promotes thrift stores, potentially boosting local tax revenues from sales of secondhand goods, it explicitly states that no reimbursement is required from the state to cover implementation expenses, assuming

local agencies can finance these through existing mechanisms such as service charges or fees.

Staff Comments:

While AB 2632 aims to address environmental issues by promoting thrift retail establishments and standardizing their treatment across municipalities, there are valid concerns regarding its impact on local control over land use decisions. The measure restricts local governments' ability to differentiate between thrift retail stores and non-thrift retail stores in zoning, development standards, and permitting processes. By imposing uniform regulations, the measure may limit municipalities' flexibility to tailor land use policies to their unique community needs and preferences. Local control is a cornerstone of effective governance, allowing cities to respond to the diverse needs and priorities of their residents. However, AB 2632's provisions may diminish this autonomy by prescribing a one-size-fits-all approach to regulating thrift retail stores. Municipalities may have legitimate reasons for implementing nuanced zoning or development standards based on factors such as community character, economic considerations, and traffic management.

Support

None on file

Opposition:

None on file

Staff Recommendation:

Staff recommends the committee discuss AB 2632 and make a recommendation to the Board.

Committee Recommendation:

Board Action:



ATTACHMENT B



Every week, Oceanside hosts Sunset Market, where nearly 200 vendors stretched over four city blocks set up shop and about 10,000 people come to enjoy the live music, food trucks, and a vast array of shopping opportunities. Photo courtesy of the city of Oceanside.

March 1, 2024 Features By Jackie Krentzman

Gaining purchase: How three cities overcame the pandemic-fueled retail blues

Jackie Krentzman is a Bay Area-based writer/editor with experience creating compelling content in multiple sectors, including DEI, affordable housing, nonprofits, and education. Retail in California has struggled in recent years, especially businesses with smaller footprints. But for some cities, COVID-19 is the latest — albeit extreme — economic disaster that they've weathered and emerged stronger from. Many have taken innovative steps to support and grow their retail sector, especially smaller businesses.

Rising inflation and labor costs have hit small businesses, the backbone of many local economies, particularly hard. A pandemic-era surge in e-commerce, a spike in direct-to-consumer sales, downtown office vacancies, and other macroeconomic trends only made it worse. Over 90% of businesses in California employ fewer than 20 employees — almost one-third of all jobs in the state.

Main Street California, which helps revitalize downtown communities, helps cities attract new businesses and ensure that existing ones thrive. According to Amanda Elliott, who oversees the organization's programs, many businesses have found success — especially among younger shoppers — by marrying shopping with experiences that foster connection with others.

"Young people are coming into cities to do something other than shop," Elliott said. "Our programmatic partners have been adding events such as night markets and seasonal fairs, where the customers can become aware of businesses they may not have encountered before."



Oceanside teamed up with Main Street California to launch a series of events, such as a farmers' market and a two-week Shop Local holiday celebration. Photo courtesy of the city of Oceanside.

Surfing economic waves

One such city is Oceanside, in northwestern San Diego County. For decades, the city was a hub for people buying automobiles. When other cities began transitioning to auto parks and regional shopping malls in the 1980s, the city was forced to remake itself. About 20 years ago, Oceanside began focusing on improving its retail and hospitality sectors — notably in its downtown area, situated right on the coast and next to a historical wooden pier.

The first step was to focus on housing development. "Housing is key, you need people to shop before you can build commercial," said Economic Development Manager Michelle Geller.

Oceanside began greenlighting multistory housing developments downtown, including mixed-use developments. Altogether, 1,100 units were constructed.

Developers added over 43,000 square feet of commercial space to the city in 2023 alone, with another 400,000 square feet on the horizon. Recent developments include two new hotels, each sporting several restaurants, and bars. From 2018 to 2023, Oceanside's sales tax revenue increased from \$5.8 million to \$7.3 million.

Oceanside is also one of the 14 official cultural districts in California. The designation has helped to preserve and promote iconic city landmarks, such as Artists Alley, the California Surf Museum, and tattoo parlors that honor the city's military heritage. In fiscal year 2022-23, the district's nonprofit arts and culture sector generated \$45.6 million in economic activity, supporting 700 jobs, and contributing \$10.3 million in tax revenue.

Geller credits local partners and Main Street with maximizing Oceanside's downtown, which she sees as Oceanside's greatest asset. Oceanside teamed up with Main Street to launch a series of events, such as a farmers' market, a two-week Shop Local holiday celebration, and the now signature Thursday evening Sunset Market. Every week, nearly 200 vendors stretched over four city blocks set up shop, attracting as many as 10,000 residents and visitors to enjoy the live music, food trucks, and a vast array of shopping opportunities.

"I am thrilled with the city's partnership with Main Street as well as [the] chamber of commerce and Visit Oceanside," Geller said. "I've seen in other cities worked in silos, but I think our success in large part has come because we work so well together."



Eureka partnered with Main Street California to put on the popular First Saturday Arts Alive. Photo courtesy of the city of Eureka.

From timber to tourism

At the opposite end of the state in Humboldt County, Eureka is also taking very intentional steps to spur retail. For generations, the timber industry drove the city's economy. Today, tourism and retail are the city's primary employers.

Like many other small cities, the pandemic was a mixed bag. Some businesses suffered, but others did well. People eager to escape large urban cores came to Eureka for its many outdoor activities. In recent years, cruise ship lines relocated there, boosting tourism. The city has also become a haven for Californians looking to escape the smoke and heat during wildfire season.

Eureka has also partnered with Main Street to put on events, such as the popular First Saturday Arts Alive. The family-friendly event attracts Humboldt County residents and tourists alike looking to shop, eat, enjoy live music, and socialize.

Economic Development Manager Swan Asbury said that Eureka is examining every possible angle to boost its economy, including moving its visitor center to a more central location. It also is examining its zoning options. Half of its Main Street and Old Town business districts are zoned as inland and half as coastal, the latter of which brings with it more stringent regulations. The city has asked the California Coastal Commission to approve some changes to the zoning code that would attract new businesses, including streamlining and lowering the cost of the permitting process. The city also proposed an amendment that would make it easier for people to access Old Town, such as better signage in parking lots, shuttle buses, and pedestrian-friendly improvements.

"Reducing regulations is a way we can support our small businesses," Asbury said of the city's proposal to the Coastal Commission. "We need to take advantage of every opportunity. If the Commission approves our amendments, and we hope they do, it will create great opportunity in our coastal zone and along our waterfront."



El Monte leaders celebrate the groundbreaking of the city's Chick-fil-A in September 2023. Photo courtesy of the city of El Monte.

Big box business brings benefits

It's not just small businesses that have thrived since the end of the pandemic. Big box stores, national chains, and franchises have increased their footprint in some cities as well. The Los Angeles County city of El Monte has undergone an economic renaissance over the last five years in part due to its success in attracting national chains.

Led by City Manager Alma Martinez and with the support of the city council, El Monte created a Business Resource Center to help developers with business licensing and entitlements, streamlining and expediting the often-cumbersome development process.

"In recent years, we have made businesses feel welcome, instead of daunted, in locating here," Martinez said. "We have brought a public-private mentality that has created a business-friendly environment that companies appreciate."

El Monte's efforts will culminate in a new 376,000-square-foot development opening later this year. Near Highway 10, the development will include a Target, Starbucks, Chick-fil-A, In-N-Out, and Raising Cane's. This one development alone will deliver approximately \$770,000 annually in taxes to the city. An important consideration for the city, said Martinez, was Target. El Monte is a food desert, making the store's fresh vittles vital.



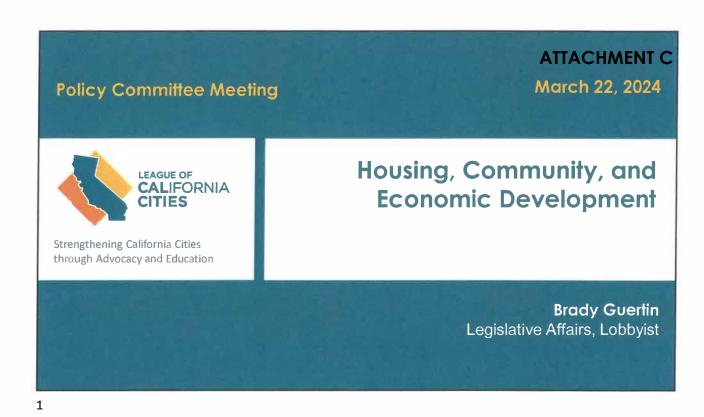
El Monte created a Business Resource Center to help developers with business licensing, permits taxes, and other services. Photo courtesy of the city of El Monte.

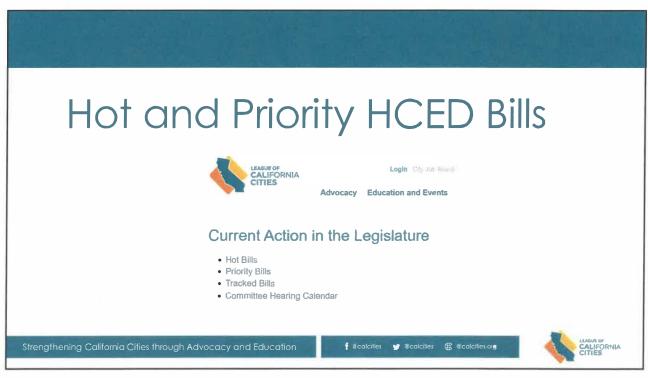
Cities as retail innovation hubs and public living rooms

If there's one takeaway from all three cities, it's that every economy eventually changes. Innovation is a must, even when there isn't a global pandemic. For some cities, this may mean revitalizing shopping districts or focusing on experiences and events. Others have chosen to prioritize manufacturing.

And for many, economic development also means focusing on public safety, walkability, and housing — creating a sense of place that injects vibrancy, civic pride, and identity into communities.

"Shopping districts where people want to congregate are a city's public living room," said Main Street's Elliott. "When you combine shopping opportunities with coffee shops, restaurants, art and theater, and fun events, you have the crucial ingredients for creating community and downtown vitality."





HCED Hot Bills

AB 1657 (Wicks D): The Affordable Housing Bond Act of 2024. This measure would place a \$10 billion bond measure on the November 2024 ballot to spur the production of affordable and supportive housing.

Cal Cities Position: Support

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HCED Hot Bills

AB 1820 (Schiavo) Housing Development Projects: Applications. Fees And Exactions.

This measure would require local agencies to provide an estimate of all taxes and fees within 10 business days of a request from a project applicant during the preliminary application process.

Cal Cities Position: Pending



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HCED Hot Bills

AB 1886 (Alvarez) Housing Element Law: Substantial Compliance: Housing Accountability Act.

This measure would allow the Builder's Remedy to begin as soon as the Department of Housing and Community Development or a court determines a jurisdiction's housing element is out of compliance.

Cal Cities Position: Pending



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HCED Hot Bills

AB 1893 (Wicks) Housing Accountability Act: Housing Disapprovals: Required Local Findings.

This measure would allow the Builder's Remedy to kick in if the Department of Housing and Community Development determines that a local jurisdiction is not in compliance with Housing Element Law and a proposed development project provides a minimum of 10% of the units for low-income or very low-income residents. This measure would limit the Builder's Remedy only to areas zoned for residential and mixed-use development and caps maximum density.

Cal Cities Position: Pending



AB 2023 (Quirk-Silva) Housing Element Substantial Compliance: Rebuttable Presumptions.

This measure would make it harder for jurisdictions in a court of law to appeal that the local government is not in compliance with the Housing Element Law as determined by HCD.

Cal Cities Position: Pending



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HCED Priority Bills

<u>SB 937</u> (Wiener) Development Projects: Permits And Other Entitlements: Fees And Charges.

This measure would limit the ability of local governments to collect mitigation fees to either when a certificate of occupancy is issued, or once construction commences for the projects the fees will be used for. It also prohibits local governments from specific agreements with developers for fee payment.

Cal Cities Position: Pending



<u>SB 1210</u> (Skinner) New Housing Construction: Electrical, Gas, Sewer, and Water Service Connections: Charges.

This measure would cap fees for electrical, gas, or water services at 1% of the total building permit value of new housing construction.

Cal Cities Position: Pending

CALIFORNIA CITIES

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HCED Priority Bills

AB 2729 (Patterson) Residential Fees and Charges.

This measure would remove the ability of local governments to collect fees or charges before a certificate of occupancy is issued. It removes the exception in current law allowing local governments to collect fees earlier if the fees are used for public improvement or facility projects.

Cal Cities Position: Pending



AB 3012 (Grayson) Development Fees: Fee Schedule Template: Fee Estimate Tool.

This measure would require all local governments to create a fee estimate tool for the public to calculate all fees and exactions and have it available on their website. Larger cities would have to do this by July 2031 and smaller cities would have to do this by July 2032.

Cal Cities Position: Pending

CALIFORNIA CITIES

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HCED Priority Bills

SB 1211 (Skinner) Land Use: Accessory Dwelling Units.

This measure would require local agencies to allow a minimum of two detached, new construction ADUs on a multifamily dwelling unit and allow up to 25% of the existing lot to have ADUs on site. It would also prohibit local governments from requiring off-street parking spaces to be replaced if a carport, covered parking structure, or uncovered parking space is converted to an ADU.

Cal Cities Position: Pending



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AB 3068 (Haney) Adaptive Reuse: Streamlining Incentives.

This measure would allow local governments to establish an adaptive reuse investment incentive program. It also would require by-right approval of some adaptive reuse projects and exempt them from all impact fees not resulting in the impacts of changing the use of the site from nonresidential to residential or mixed-use.

Cal Cities Position: Pending



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HCED Priority Bills

AB 3116 (Garcia) Housing Development: Density Bonuses: Student Housing Developments.

This measure would change how the Density Bonus Law is triggered for student housing by changing the measurement of when it applies from the number of units to the number of bed spaces.

Cal Cities Position: Pending



AB 2881 (Lee) The Social Housing Act.

This measure would create a new state agency tasked with contracting with developers to build housing for all income levels to cover the gaps in housing units not met in the previous RHNA cycle. This bill is very similar to AB 309 last year.

Cal Cities Position: Pending



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HCED Priority Bills

<u>\$B 834</u> (Portantino) Vehicles: Preferential Parking: Residential, Commercial, or Other Development.

This measure would prohibit local governments from providing local parking privileges to residents and vendors for any development within a half mile of public transit.

Cal Cities Position: Pending



ACA 10 (Haney) Fundamental Human Right to Housing.

This measure would make housing a human right and require all states and local jurisdictions to take all appropriate means including adopting or amending legislative measures to maximize the number of available resources in the state to promote this right.

Cal Cities Position: Pending



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HCED Priority Bills

SB 951 (Wiener) California Coastal Act of 1976: Coastal Zone: City and County of San Francisco

This measure would require coastal cities to update their Local Coastal Programs during each housing element cycle.

Cal Cities Position: Pending



SB 1234 (Allen) Coastal Resources: Local Land Use Plan: Zoning Ordinances and District Maps: Modifications: Ministerial Approval. This measure would allow local governments to opt in and allow a planning director to adopt modifications from the California Coastal Commission in the proposed zoning ordinances and district maps ministerially.

Cal Cities Position: Pending



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HCED Priority Bills

AB 1889 (Friedman) General Plan: Wildlife Connectivity Element. This measure would require local agencies to include a wildlife connectivity element in their next housing element after January 1, 2025. The local jurisdiction must consider how development will impact wildlife movement in consultation with the Department of Fish and Wildlife.

Cal Cities Position: Concerns



AB 2140 (Carrillo) Housing: Building Home Ownership for All Program.

This measure would require the Treasurer's Office to convene a working group with relevant state agencies and stakeholders to develop a framework for a new program that would provide ways to increase home ownership in California.

Cal Cities Position: Support



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HCED Priority Bills

AB 2665 (Lee) Housing Finance: Mixed Income Revolving Loan Fund.

This measure would establish a Mixed Income Loan Program to provide zero-interest construction loans to qualifying residential, infill housing developers to construct deed-restricted affordable housing.

Cal Cities Position: Support



AB 2922 (Garcia) Economic Development: Capital Investment Incentive Programs

This measure would extend the authorization of capital investment incentives programs until January 1, 2035, to promote economic development and manufacturing facilities in local communities.

Cal Cities Position: Support



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HCED Priority Bills

SB 968 (Seyarto) Planning and Zoning: Regional Housing Needs Allocation.

This measure would allow local governments that produce a surplus of housing that is higher than their Regional Housing Needs Allocation (RHNA) to use the surplus as a credit for the number of units required to be built for their next RHNA cycle.

Cal Cities Position: Support



<u>SB 1055</u> (Min) Planning and Zoning: Regional Housing Needs Allocation.

This measure would allow local governments that produce a surplus of housing that is higher than their Regional Housing Needs Allocation (RHNA) to use the surplus as a credit for the number of units required to be built for their next RHNA cycle.

Cal Cities Position: Support



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