
THIRD READING

Bill No: SB 466
Author: Wieckowski (D)
Amended: 5/11/21
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 5-0, 5/6/21
AYES: McGuire, Nielsen, Durazo, Hertzberg, Wiener

SUBJECT: Community development

SOURCE: Author

DIGEST: This bill allows the City of Santa Clara to sell or lease specified property for the purpose of economic development.

ANALYSIS:

Existing law:

- 1) Requires a local agency that wants to dispose of property that it no longer needs to follow specified procedures under the Surplus Land Act, including to:
 - a) Designate the land as surplus prior to selling the land.
 - b) Send a notice of availability to “housing sponsors” and enter into good faith negotiations with a housing sponsor that expresses interest in developing affordable housing on the property.
 - c) Imposes penalties on local agencies that don’t comply with the requirements of the Surplus Land Act.
 - d) Provides that disposing of “exempt surplus land,” as defined, does not need to comply with the Surplus Land Act.
- 2) Authorizes a city, county, or city and county, with the approval of its legislative body by resolution containing specified findings, after a public hearing, to

acquire, sell, or lease property in furtherance of the creation of an economic opportunity.

- 3) Defines economic opportunity to mean:
 - a) Creation or retention of at least 1 job per \$35,000 of public investment;
 - b) At least a 15% increase in property taxes;
 - c) Creation of affordable housing; or
 - d) Certain transit-oriented development projects.
- 4) Provides that these provisions are an alternative to any other authority granted by law to cities to dispose of city-owned property.

This bill:

- 1) Allows the City of Santa Clara to sell or lease property located at 500 Benton Street using the processes under existing law.
- 2) Provides that the City of Santa Clara, when disposing of property pursuant to the bill, may comply with the procedures required by the bill if the property is statutorily exempt from any other property disposition procedures required by law for a city, county, or city and county to dispose of property.

Background

In 2019, the Legislature substantially revised the Surplus Land Act to increase the emphasis on affordable housing and address concerns that some local agencies were bypassing the Act's requirements (AB 1486, Ting, Chapter 664, Statutes of 2019). Among other changes, AB 1486 broadened the definition of surplus land and required land to be designated as surplus prior to the local agency selling the land, which ensures that the Surplus Land Act is triggered such that a local agency must comply with it. AB 1486 also prohibited local agencies from counting the sale of land for economic development purposes as being "for the agency's use." This means that local agencies must open their properties up to affordable housing developers first, even if they have a different purpose in mind for the property. Additionally, AB 1486 instituted a requirement that if a property sold as surplus is not sold to a housing sponsor, but housing is developed on it later, 15 percent of the units must be sold or rented at an affordable cost to lower income households. Finally, AB 1486 imposed penalties on local agencies that violate the Surplus Land Act, totaling 30 percent of the sales price of land disposed of in violation of the Act

for a first violation, and 50 percent of the price of the land for subsequent violations. These penalty revenues must be deposited in a local housing trust fund. AB 1486 also provided that its changes do not apply to property where a local agency entered into an exclusive negotiating agreement or other legally binding agreement prior to September 30, 2019, as long as the property is disposed of prior to December 31, 2022. Instead, that property must only comply with the Surplus Land Act as it read prior to the effective date of AB 1486.

500 Benton Street project. The City of Santa Clara and the Valley Transportation Authority (VTA) each own parcels located at the Santa Clara Caltrain station proposed for development by Republic Metropolitan (ReMet). The proposed project would include a mixed-use, student housing/affordable workforce housing, transit-oriented development comprising two buildings, where 29% of the total units are reserved for affordable workforce housing. Specifically, the project would consist of 170 units (545 beds) of student apartment/workforce housing and 70 units of affordable housing restricted to low or very low income persons or families.

The City, VTA, and ReMet entered into an exclusive negotiating agreement in February 2018 for a long-term lease of the two parcels. The City and VTA propose to continue use of the project for purposes related to their authorities, including for operation and maintenance of a city-owned well and Caltrain parking.

ReMet is concerned that changes to the SLA enacted by AB 1486 may preclude the development of the project. The author wants to clarify that Economic Opportunity Law can be used to lease the properties at 500 Benton Street in lieu of complying with the SLA.

Comments

Purpose of the bill. According to the author, “SB 466 would clarify existing law and restore to the city of Santa Clara, as well as developers, the confidence that they have the flexibility needed to promote economic development of a specific publicly-owned property. This bill would ensure that the Economic Opportunity Law remains a true alternative to any other authority of Santa Clara to sell, lease, or otherwise dispose of this land, including any other authority requiring that specific procedures not set forth in the Economic Opportunity Law be followed prior to such disposition.”

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:(Verified 5/12/21)

None received

OPPOSITION: (Verified 5/12/21)

None received

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5/12/21 16:45:44

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