

Commercial Corridors Task Force Summary

Tuesday, April 21, 2020

9:00-11:00 a.m. meeting held via Zoom with livestream on YouTube

Next Meetings

- o Tuesday, September 1, 9-11 a.m.
 - o Monday, November 16, 9-11 a.m.
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Meeting Agenda

- Discussion: What are Task Force members seeing in terms of projects moving forward and project delays? What can local jurisdictions do?
- Discussion: Follow up from barriers exercise – SACOG housing toolkit presentation
- Presentation: Funding coming to local jurisdictions and the region

Meeting Attendance

Board & Public Appointee: David Sander, Michael Saragosa, Robert Jankovitz, John Allard, Jill Gayaldo, Shon Harris, Mike Kozlowski, Ricky Samayoa, Jay Schenirer, Jeff Slowey, Mike Dour

Private Members: Deana Ellis, Julie Young, Louise Bedsworth, Sandra Drown, Jose Bodipo-Memba, Amy Lapin

Absent: Jennifer Matulich, Michael Stretch, Stephan Daves, Isabel Domeyko, Chet Hewitt

Meeting Summary

This is the second meeting of the Commercial Corridors Task Force. This is a forum for public and private stakeholders in the Sacramento region to discuss opportunities and challenges to revitalize commercial corridors in urban, suburban, and rural communities. Chair Sander began the meeting by summarizing the purpose, where this group has been, and where it is going. It was clear from the first meeting that this group wants outcomes and was reminded of the key questions, “How will we catalyze investment in commercial corridors, what will it take and by whom?” Chair Sander encouraged everyone on the call to share their perspective and ideas on barriers and opportunities for private investment on commercial corridors. The discussion then transitioned to discussing the impacts and new realities of COVID-19. The Task Force then discussed barriers and continued the conversation from the first meeting. And finally, staff presented on housing policy solutions and new funding coming to local jurisdictions and the region from the CA Department of Housing & Community Development. The Task Force saw the new funding as an opportunity for local communities to implement policy solutions in commercial corridors.

Group Discussion: Project updates during COVID-19: Are projects moving forward? What challenges are private sector members facing? What can local jurisdictions do?

- What is the biggest adjustment you have had to make in order to keep work moving forward?
 - One big barrier is the ability to meet with staff for on-site project visits. Technology hasn't entirely filled that need.

- Timeline flexibility for funding programs to ensure projects aren't thrown off by disruption.
- Change in delivery of material.
- There's an opportunity to be more efficient with time due to the time savings of not driving to meetings.
- Some capital improvement projects are still moving forward.
- It is challenging to plan for the near future. A lot of "ifs" are open in June/July.
- Public participation has been significantly reduced and local governments are hesitant to move items forward without enough public comment.
- From a developer's perspective, projects are being put on hold due to the uncertainty.
- Office tenants are having challenges in paying rent. Many retailers may be going out of business so there needs to be some adaptability and creativity for responding to this challenge and supporting retail.
- Retail industry was changing before COVID so change has just been accelerated. The time is ripe for this task force to look at the ideal make-up of uses along a corridor. The ratio of uses you'd ideally like to see is not going to be the same anymore.
- Sales tax may not be the best way to receive funds anymore. Requires a more in depth look at local government's budgets and the over-reliance on sales tax as revenue.
- We need to use our imagination to improve our resilience for situations like this.
- Public transportation is impacted, more automotive travel in Asia as they re-open. How can we learn from that?
- Concept of placemaking is changing.
- Good opportunity to be loyal to small local business operators.
- Warehousing is not going away.
- Housing, and affordable denser housing is important for supporting local business and community resilience.
- How are local jurisdictions adapting?
 - Some have continued to operate as usual with increased protections and divisions between staff and the public.
 - A lot of processes are online or over the phone.
 - Some building inspections are being completed via FaceTime.

Staff Presentation & Group Discussion: Barriers to Infill and Corridor Revitalization (follow-up from Meeting 1)

- SACOG staff surveyed Task Force members and identified the following specific barriers:
 - Infrastructure:
 - Unknown sewer/water upgrade needs
 - Lack of complete streets: sidewalks, bike lanes, streetscaping, etc.
 - ADA retrofits
 - Regulatory & Process:
 - Complex or lengthy permit/approval process

- CEQA process
 - CEQA litigation risk
- Costs & Funding:
 - Cost of construction
 - Lack of appraisal comps
 - Affordable housing financing
 - Investment capital limited in transitioning markets
- Societal:
 - Lack of champions at all levels of government
 - NIMBY or community engagement
 - Balance between historical roots and economic development
- Market:
 - Market rents not being compatible with high construction costs
 - Property or business owner disengagement
 - Public/private partnerships are too complicated and time consuming
- SACOG staff will re-send the survey in order to better understand what the barriers are now in the COVID environment.

Staff Presentation: Policy Actions to Overcome Barriers (SACOG Housing Policy Toolkit)

- Staff presented on local policy actions to overcome regulatory and process barriers. There was a performance-based analysis on a suburban example of policy changes that enabled a project to pencil out. Local governments can reduce regulatory barriers to make denser and affordable housing projects more feasible. How can local governments reduce barriers?
 - The first category is zoning and identifying changes to units/acre, setbacks, and parking requirements.
 - The second category is streamlining the development review process. This reduces the time and uncertainty in getting a project approved. Transitioning to a “by right process” enables projects to be approved at the staff level. An additional benefit of this would be that the project does not have to go through the CEQA process.
 - Third category is about fees. A developer is incentivized to reduce the number of units in their project to incur lower fees.
- Developer representatives agree with the suggestions in the presentation. These actions, taken together, can have a big positive impact and on other parts of a project (e.g., developer financing). They encouraged staff authority to approve projects rather than waiting for committees to move projects forward. Identify where density is desired and streamline those projects.
- Another suggestion was to have “opportunity” or “density” zones. These zones would have streamlined and/or consistent processes for approvals.
- Encouraged local jurisdictions to think about what they want the future to look like so developers can have a clearer idea of how to partner and provide these types of units.

Staff Presentation: Upcoming Housing Funding Opportunities (Local & Regional Early Access Planning Funds)

- Staff presented on the proposal for Regional Early Access Planning Funds (REAP).
- REAP came from AB 101. AB 101 establishes a one-time funding opportunity for cities and counties as well as regions. These are for supporting housing planning and accelerate housing production.
 - There is \$6,762,880 available to SACOG
 - LEAP is similar but for Local Agencies and is determined by a population-based formula.
- SACOG applied for 25% of the funding pot to allocate to: Civic Lab Year 2 pilot projects, local jurisdictions for Housing Element updates, and for administrative costs. SACOG anticipates hearing back from HCD (CA Dept. of Housing and Community Development) on this request in early May.
- For the remainder of the funds, SACOG is thinking about how the REAP funds can support the 2020 MTP/SCS. With examples such as:
 - Plan and accelerate for infill housing and more product choice
 - Leverage future funding opportunities, such as Green Means Go
- Land use is a significant contributor to how we meet our GHG reduction and VMT reduction goals.
- Roughly 64% of new housing planned for in our region is in infill areas. Density can look like accessory dwelling units, homes on smaller lots sizes, and four & six-plexes.
- HCD is being flexible; the main goal is to support planning and production of housing.
- Discussion:
 - In the context of the policy solutions we just heard about, the REAP funds could be used to update plans in commercial corridors, abbreviate approval processes.
 - It's important to think about how COVID is affecting this and what are the long-term implications as we think about commercial corridors.
 - Creating bike & pedestrian friendly commercial corridors will support thriving communities.
 - The power of the commercial corridor is not just its connection to other areas, but how that community supports itself. The community is like an ecosystem and we need a population that can sustain this ecosystem.
 - Local example of fragile commercial areas is the downtown arena. The restaurants that have gone under because they relied on people attending events at the arena. Need more housing near local retail.

Closing comments

- This is a very relevant conversation about how the long-term health of the commercial corridors is very important.
- When SACOG went through the Civic Lab process we did not have the funding for the projects but now when funds such as REAP come around, we are better prepared to take advantage of them.
- Every jurisdiction is different. What if all our local communities defined these areas for density and revitalization on their own terms? This is exactly what we mean by the

“green zone” idea and the Green Means Go program. This is how we bottom-up identify where we can prioritize infill.