

# MONTEREY COUNTY



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March 8, 2021

The Honorable Mike McGuire, Chair  
Senate Governance and Finance Committee  
State Capitol, Room 403  
Sacramento, CA 95814

**Re: SB 6 (Caballero): Local planning: housing: commercial zones. – SUPPORT**

Dear Senator McGuire:

I write today on behalf of the Monterey County Board of Supervisors to express our support for SB 6 (Caballero), which would authorize residential development on existing lots currently zoned for commercial office and retail spaces such as strip malls or large “big box” retail spaces. The bill requires the development of residential units be at a minimum density to accommodate affordable housing, abide by existing local planning and development ordinances, and establishes financing for public infrastructure.

California continues to face an extreme housing crisis, as housing construction and affordability challenges make it difficult for many Californians to find housing that meets their family’s needs. California’s home ownership rate is the lowest in the state’s history. According to the Legislative Analyst’s Office report on the 2019-20 Budget Considerations for the Governor’s Housing Plan, an average California home costs 2.5 times the national average and the average monthly rent is about 50% higher than the rest of the country. The state must increase annual housing production to 200,000 housing units per year to match the needs of a healthy and growing economy.

There is an enormous opportunity in communities throughout California to support the transformation of shopping malls and strip malls into housing units, at both market and affordable rates. Today, the United States has more retail space per capita than other leading economies and retailing accounts for 31% of all commercial property, according to global real estate firm Cushman & Wakefield. However, as consumers transition to online and convenience style shopping, many commercial centers are struggling to stay profitable. Retail space is going to reach a crisis in the next 5 to 10 years, and will have an effect on cities as vacant parcels cause urban blight and lost revenue.

Large shopping malls, strip malls, and “big box” retail stores are facing a new reality: consumer’s needs are being met online. Many shopping centers have struggled to remain viable as large anchor stores like Sears, Macy’s, and Kmart close physical stores throughout the state, especially in rural areas. Credit Suisse recently reported that up to 25% of malls across the nation are expected to close, and have seen the highest number of mall vacancies in the last seven years.

Unable to compete with major online retailers like Amazon, these once robust shopping centers are struggling to survive or have closed often leading to vacant and dilapidated commercial centers. The statewide shelter-in-place order as a result of COVID-19 has further exacerbated the struggle many storefronts were already facing.

California is also facing an extreme housing affordability and supply crisis. According to the California Budget and Policy Center, over 50% of renters and 40% of homeowners pay more than 30% of their income for their housing costs including rent, utilities, and insurance. The Public Policy Institute of California has also recently reported that California's housing shortage will continue to grow as the number of permits for new housing development remains far below the recommended annual number.

SB 6 authorizes local governments to approve housing development on commercial retail and office spaces. Allowing this development on existing shopping center or strip mall properties will help the state achieve its housing goals and spur economic activity in regions in the most need of revitalization.

For these reasons, Monterey County supports SB 6 (Caballero). Should you have any questions, please feel free to contact Monterey County's Public Policy Advisor, Ashley Walker of Nossaman LLP at 916-442-8888.

Sincerely,

**DRAFT**

Wendy Root Askew  
Chair, Board of Supervisors

Cc: Members, Senate Governance and Finance Committee  
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