

Draft Community Benefits Ordinance Framework

Definitions.

“Community benefits agreement” means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

“Development project” means the construction, reconstruction, demolition, or alteration of the size of any structure.

“Development subsidy” means an expenditure of public funds by, or loss of revenue to, the city in the amount of \$10,000,000 or more in a single transaction, to subsidize a development project within the city limits of the city, including bonds, grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, and tax credits.

“Development subsidy” does not include an expenditure by, or loss of revenue to, the city in connection with a public project, as defined in section 3.60.010; a development project being carried out by a nonprofit corporation formed under the Nonprofit Public Benefit Corporation Law (California Corporations Code section 5110 et seq.); the disposal or acquisition of land under California Government Code section 37364; the development of housing that meets the affordability requirements under subdivisions (c) and (f) of California Government Code section 37364; or the sale or lease of land under the Surplus Land Act (California Government Code section 54220 et seq.).

“Subsidized party” means a person who is or will be the direct beneficiary of a development subsidy.

Community benefits agreement - required.

- A. As a condition of receiving a development subsidy, the subsidized party shall enter into community benefits agreement.
- B. The community benefits agreement must include, at a minimum, the required terms below and any other terms agreed upon by the city and the subsidized party.
- C. The city council shall approve the community benefits agreement at the same time that it approves the development subsidy.

Community benefits agreement – terms.

- A. Each community benefits agreement must include the following terms:

1. A term requiring the subsidized party and its contractors and subcontractors to hire local residents to perform work on the development project for which the city is providing the development subsidy.
 2. A term requiring the subsidized party and its contractors and subcontractors to comply with California's prevailing wage law in connection with the development project (California Labor Code section 1770 et seq.).
 3. A term that specifies a clearly identifiable class of people who will be third-party beneficiaries under the community benefits agreement.
- B. On a case-by-case basis, the city manager may also require a community benefits agreement to include terms related to:
1. Long-term small and local business protection;
 2. Anti-displacement strategies;
 3. Affordable housing; and
 4. Other project-specific community benefits.

Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party's performance under, the community benefits agreement.

Policies and procedures.

The city manager may adopt policies and procedures for the implementation of the provisions of this chapter.