

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT POLICY COMMITTEE

Thursday, January 19, 2017

Sacramento Convention Center, Room 204, 1400 J Street, Sacramento, CA

ATTENDANCE

Members: Hadjinian, Jack (Chair); Spriggs, Ed (V.Chair); Argabrite, Samantha; Athas, Denise; Baber, Bill; Barajas, Patricia; Barone, Valerie; Bellow, LaTanya; Boerner Horvath, Tasha; Burke, Tonya; Chamberlain, Debbie; Combs, Bob; Condon, Carla; DeVore, Ryan; Fakhrai, Morad; Freeman, Joan; Fuentes, Theresa; Goodman, Marshall; Harrison, Don; Hupp, Cecilia; Jinkens, David; Kalb, Dan; King, Jennifer; Leone, Ron; Little, Leslie; Long, Sue; Madrigal, Tony; Masson, John; Mattina, Stacey; McAustin, Margaret; McBee, Doug; Mills, Andrew; Nelson, Eric; Robinson, Derek; Robles, Sylvia; Rodriguez, Andrew; Silva, Cindy; Simonsen, Arne; Small, Thomas; Stone, Randall; Strong, Fred; Sturtevant, Brian; Swarthout, Lisa; Terrazas, David; Tsao, Eric; Wanke, Chad; Wilson, Monica; Wright, Dan

League Partners: Ovrom, Denise; Roberts, Tiffany

Staff: Jason Rhine, Nicholas Romo

I. State Budget and Issues Briefing

The January 2017 Policy Committee meetings began with a general session briefing. The League's President, JoAnne Mounce, gave a brief welcome. She introduced the League's new Executive Director, Carolyn Coleman.

Director Coleman welcomed the attending members to the first policy committee meetings of 2017 and expressed her delight to begin her service as Executive Director. She then provided a recap of her recent and productive meetings with new and veteran Legislators. Director Coleman then introduced Deputy Executive Director, Legislative Director Dan Carrigg to discuss the League's 2017 Strategic Goals.

Mr. Carrigg briefed the audience on the main issues the League is facing this year 1) affordable housing, 2) responses to homelessness, 3) transportation funding, and 4) marijuana regulation reconciling. Mr. Carrigg then introduced Michael Coleman, the League's fiscal policy consultant, to discuss the Governor's January budget.

Mr. Coleman gave a short PowerPoint presentation on the 2017 January Governor's budget and how it impacts cities' finances. For more information about the impacts of the budget on cities, go to his website [here](#).

Mr. Carrigg briefly touched on the lack of funding for affordable housing in the budget and how that would be a major issue for the League this year. He also discussed the uncertainty California faces in regards to the new Presidential administration. If the Affordable Care Act is repealed, that would mean a multi-billion dollar exposure to the budget. Then Mr. Carrigg introduced the League's lobbyists to discuss their respective issue areas big topics. First, he introduced Ronald Berdugo, League Legislative Representative to discuss transportation.

Mr. Berdugo discussed the dire situation local streets and roads are in and need to continue efforts to realize a transportation-funding package. The Governor's budget only allocates \$4 billion annual to transportation which would not sufficiently maintain California's roads. Mr. Berdugo stated that there are two legislative proposals, AB 1 and SB 1, which will both generate \$6 billion dollars for

transportation annually. The League thanked Senator Beall and Assemblymember Frazier for being champions on this issue and supports both AB 1 and SB 1. Find our recent analysis [here](#).

Mr. Berdugo urges all members to submit letters of support for AB 1 and SB 1. A template can be found [here](#): AB 1 (Frazier) and SB 1 (Beall) .

Jason Rhine, League Legislative Representative, focused in on the housing affordability and availability challenges throughout the state. Mr. Rhine noted that housing legislation is a high priority for the Legislature and the League this year. Members are encouraged to be active in advocating for legislation that will help local governments address their housing challenges while preserving appropriate local control functions. Amongst the helpful measures are SB 2 (Atkins) and SB 3 (Beall). All members are urged to submit letters of support for SB 1 and SB 2. Templates can be found [here](#): SB 2 (Atkins) and SB 3 (Beall).

Erin Evans, League Legislative Representative, highlighted evolving environmental and community issues that will be front-and-center in 2017. The cap-and-trade program will continue to be in-focus as lawmakers seek to extend its authorization beyond 2020 in the midst of an ongoing legal battle over its constitutionality. In addition, state regulatory bodies will continue to draft and roll out a revised AB 32 Scoping Plan. Further, drought regulations will be a hot topic as the yearly rainfall numbers continue to climb and replenish water resources. Amongst the many issues, two new bills to authorize a park bond, SB 5 (De León) and AB 18 (E. Garcia), have been introduced and reforms to the California Beverage Container Recycling program are being negotiated.

Tim Cromartie, League Legislative Representative, updated members on the continued advocacy for comprehensive drone regulations that provide local control. Drone measures that seek to preempt local ordinances will likely return this legislative session. On the topic of public safety, members should be aware of legislation seeking to amend the list of violent offenses as it relates to the provisions of Proposition 57, passed this past November, which provides for expanded parole considerations and increased rehabilitation programming for non-violent offenders. In addition, recreational marijuana will continue to receive regulatory attention as state and local officials prepare for the implementation of Proposition 64, the Adult Use of Marijuana Act. Officials will work to reconcile new recreational laws with existing medical marijuana regulations.

Dane Hutchings, League Legislative Representative, turned member's attention to recent actions taken by the CalPERS Board in December 2016 to lower the rate of expected investment returns, from 7.5 percent to 7 percent over three years. This action will translate to significant increases in required city contributions toward normal costs and unfunded liabilities for future benefits. The decision was made upon finding that the fund's negative cash flow and extremely optimistic investment return targets pose a significant risk to long-term sustainability. Resources on how much your city's contributions will increase can be found on the League's Pension Information Center webpage. On the topic of labor legislation, Dane Hutchings highlighted AB 5 (Gonzalez Fletcher), a measure that seeks to require employers to first offer any additional hours of work to existing nonexempt employees before subcontracting. This measure has received opposition from the employer community and a "job killer" title from the California Chamber of Commerce.

II. Welcome and Introductions

Committee Chair Jack Hadjinian, Council Member, Montebello and Vice Chair Ed Spriggs, Council Member, San Diego welcomed the committee members to the first policy committee meetings of 2017. The members of the committee introduced themselves and each contributed their specific housing and economic development priority. Largely, members are committed to improving and expanding economic development tools and finding suitable solutions to address the

issues of homelessness and housing affordability and availability. The committee set the committee work plan-See Item VIII.

III. Public Comment

Joaquín Castañeda, Senior Manager of Local Government Affairs, Genentech, Inc. introduced himself as a new League partner and expressed enthusiasm to attend policy committees.

Mark Witten Keller, appointed member, Central Marin CSA #16 - Greenbrae Service Area seeks to conduct research on land issues related to expected changes in the Department of Interior and will share future research with affected city members.

IV. Overview of Parliamentary Procedure and Roberts Rules

Members reviewed the conduct and procedure of the policy committee that will generally follow Roberts Rules of Order. League Staff will be a resource to ensure proper order of business and action.

V. Committee Orientation

The Committee reviewed the jurisdiction of the committee and role of vetting policies for Board Review.

VI. Existing League Policy

The Committee reviewed existing League Housing and Economic Development policies. These policies are capture the positons of the League to-date. The Committee and League Staff should consider standing policy while deliberating proposals. You can find the existing policies [here](#).

VII. League Strategic Goals for 2017

The Committee reviewed the League's 2017 Strategic Goals. Chair Hadjinian noted for the committee that the Housing, Community and Economic Develop policy committee has jurisdiction within two of this year's strategic goals (Homelessness and Housing), requiring the attention and commitment of the members to assist with the achievement of the goals. The goals are as follows:

1. Increase Funding for Critical Transportation and Water Infrastructure.
2. Develop Realistic Responses to the Homeless Crisis.
3. Improve the Affordability of Workforce Housing and Secure Additional Funds for Affordable Housing.
4. Address Public Safety Impacts of Reduced Sentencing Laws, Protect Local Priorities in the Implementation of AUMA, and Preserve City Rights to Deliver Emergency Medical Services.

VIII. 2017 Committee Work Program

In addition to the assisting with the League's four strategic goals, the committee will focus on the following topics:

1. Affordable Housing/Supply
 - a. Workforce housing
 - b. Senior housing
 - c. Homeless/supportive housing
 - d. Short-term vacation rentals
2. Economic Development
3. Implementation of the Adult Use Marijuana Act
4. Group Homes
5. Housing Element Reforms
6. CEQA Reform

IX. CALED Brownfields & Land Revitalization

The California Association for Local Economic Development (CALED) in partnership with the Center for Creative Land Recycling (CCLR) and the Siskiyou County Economic Development Council provided a detailed presentation (Attachment F in Agenda Packet). Michelle Stephens, CALED, notified members of the CALED Brownfield Technical Committee that is available for local governments to utilize. The website can be found [here](#). Ignacio Dayrit, CCLR, presented to members the array of resources available to them to revitalize brownfields in their cities. The key takeaways:

1. **Expand your Horizon:** Brownfields are defined broadly meaning there are likely many areas in your city that are eligible for brownfield projects that may otherwise, by eye, be ignored.
2. **Remove the Stigma; Set the Vision:** By proactively engaging the community, conducting environmental assessments, and making a plan for re-use, a brownfield project will more likely be successful. Guiding a vision for a parcel of land will boost community support and interest from potential financial sources.
3. **Use every Tool in the Toolbox:** A successful project may rely on local, state, and federal resources. These include creative sources of funding such as tax increment and cap and trade funds in addition to traditional brownfield remediation funds. In addition, seek available technical assistance. You can start with the [CALED Technical Assistance Committee](#).

Tonya Dowse, Siskiyou County Economic Development Council, highlighted their successful use of Brownfield tools and resources in Yreka that created 150 new jobs out of a former timber yard.

X. Community Revitalization and Investment Authorities (CRIA) and Enhanced Infrastructure Financing Districts (EIFD)

The Committee welcomed Jamie Gomes (Managing Principal) and Ellen Martin (Executive Vice President) of Economic and Planning Systems (EPS). Ms. Martin is a member of the [CALED Technical Tax Increment Financing \(TIF\) Committee](#) and principal contributor to the [new TIF Guide, found here](#). Ms. Martin and Mr. Gomes provided members with an overview of the post-RDA TIF tools and highlighted their strengths and drawbacks. The featured tools are Enhanced Infrastructure Financing Districts and Community Revitalization and Investment Authorities. [More can be learned on the League website here](#). The takeaway for cities is to explore the viability of these tools in your community by assessing available resources and ability to mitigate the drawbacks of the tools to receive the immense benefits.

XI. A Look at Recent Progress Towards Statewide Housing Goals

The Committee welcomed Brian Uhler from the Legislative Analyst's Office (LAO) to present on a recent LAO report (Attachment G in Agenda Materials) titled, "A Look at Recent Progress Toward Statewide Housing Goals." Mr. Uhler reported that home building has marginally recovered from the Great Recession. The report highlights that most coastal counties are meeting or nearly meeting their Regional Housing Needs Allocation (RHNA) goals while home building in inland counties has mostly fallen short of RHNA goals. The report suggests that a similar pattern emerges for coastal and inland cities. However, rents in coastal markets remain extremely high and available units for rent are extremely low relative to the rest of the state and country. A takeaway from the report is the critique of RHNA targets. RHNA targets may be insufficient metrics for calibrating demand/production goals.

Several members of the committee expressed concern over the usefulness and accuracy of RHNA goals. Several members of the committee also commented on the trend of reverse migration patterns alluding to a historical trend of workers moving toward higher wage areas. Today, many see workers moving to lower wage areas to find more affordable housing. In addition, the migration back to the city to enjoy urban lifestyles has deepened the work-home imbalance. Members

commented on the need for increased resources to housing assistance and affordable housing programs.

XII. Legislative Agenda

The committee reviewed AB 71 (Chiu) Tax Credits: Low-Income Housing: Allocation Increase. This measure would increase the housing tax credit that may be allocated to low-income housing projects to \$300 million and allocate \$500,000 to farmworker housing per year. Additionally, this measure would eliminate the state mortgage interest deduction from personal income tax for a taxpayer's second residence. This measure is part of a package of housing measures. AB 71 will eliminate the mortgage interest deduction from personal income tax for a taxpayers' second residence. This measure will not affect the general fund and the main purpose of the money will be for tax credits for affordable housing.

A number of members of the committee expressed issue with this measure as punishing a specific group of people for owning a second home. Members argued that the measure might be unfair as the tax deduction was part of the financial decision to purchase the home. In addition, there was concern over the regulatory ability to enforce the definition of a second home. In all, the opposition to this measure felt that the measure was not part of a comprehensive solution.

A number of members expressed support for the measure citing that it is a creative and responsive approach to funding for affordable housing.

The Committee moved by majority to recommend a Watch Position on this measure.

XIII. California's Housing Future: Challenges and Opportunities Public Draft

Jason Rhine, League Legislative Representative, discussed the Governor's recent indications on housing reform. The main signal is that no state general fund dollars will be allocated to affordable housing under existing budget proposals and forecasts. In addition, there will be a focus on reforms to local processes as local governments are seen as the obstacle to improved housing supply and costs.

The committee reviewed and discussed the public draft of a housing report released by the California Housing and Community Development Department (HCD) (Attachment I in Agenda Packet). The report specifically advocates for reform of land use planning.

The League will be submitting a comment letter to HCD. The League encourages members to submit comments to the document. [Info can be found on the HCD Website Here.](#)

Link: [League Public Comment Letter to HCD Statewide Housing Assessment Draft](#)

Public Comment Period through March 4, 2017

Please email comments or questions to sha@hcd.ca.gov.

Upcoming Workshops:

Fresno

January 30th

1:00pm-4:30pm Central Valley Community Foundation

<https://www.eventbrite.com/e/draft-statewide-housing-assessment-fresno-workshop-tickets-27203191478>

Los Angeles

February 3rd

1:00pm-4:30pm Southern California Association of Governments

<https://www.eventbrite.com/e/draft-statewide-housing-assessment-los-angeles-tickets-31033599331>**Sacramento**

February 6th

1:00pm-4:30pm HCD Headquarters

<https://www.eventbrite.com/e/draft-statewide-housing-assessment-sacramento-workshop-tickets-29826260147>**Oakland**

February 17th

1:00pm-4:30pm Elihu M. Harris State Office Building

<https://www.eventbrite.com/e/draft-statewide-housing-assessment-bay-area-workshop-tickets-27224048863>**Redding**

February 24th

1:00pm-4:30pm Redding Public Library

<https://www.eventbrite.com/e/draft-statewide-housing-assessment-redding-workshop-tickets-29874485390>**XIV. Legislative Update**

The committee reviewed the list of legislation (Attachment J in Agenda Packet) that has been introduced to-date. The list is expected to grow and the committee will be reviewing a number of bills at the next meeting.

Next Meeting: Thursday, March 30th, Doubletree Hotel, Ontario