

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT POLICY COMMITTEE

Thursday, June 8, 2017
Sacramento Convention Center

ATTENDANCE

Members: Hadjinian, Jack (Chair); Spriggs, Ed (V.Chair); Athas, Denise; Bellow, LaTanya; Boerner Horvath, Tasha; Burke, Tonya; Chamberlain, Debbie; DeVore, Ryan; Franklin, Deborah; Freeman, Joan; Fuentes, Theresa; Goodman, Marshall; Heitmann, Cheryl; Hupp, Cecilia; Jinkens, David; Kalb, Dan; King, Jennifer; La Monte, Lou; Layba, Mina; Leone, Ron; Long, Sue; Loren, Jesse; Madrigal, Tony; Martinez, Yanely; Masson, John; Mattina, Stacey; McAustin, Margaret; Sassif, Scott; Nelson, Eric; Robinson, Derek; Robles, Sylvia; Showalter, Patricia; Silva, Cindy; Simonsen, Arne; Small, Thomas; Stone, Randall; Strong, Fred; Swarthout, Lisa; Wanke, Chad; Wilson, Monica

League Partners: Ovrom, Denise

Staff: Jason Rhine, Nicholas Romo

I. State Budget and Issues Briefing

The June 2017 Policy Committee meetings began with a general session briefing and an introduction from First Vice President, Richard Garbarino (Councilmember, South San Francisco) and League Executive Director, Carolyn Coleman.

Dan Carrigg, Deputy Executive Director, Legislative Director provided an update on the known details of the California 2017-18 FY budget. Amongst the most pertinent pieces of the budget for cities is the rollout of \$2.8 billion in transportation dollars from recently improved funding sources. Mr. Carrigg noted that the Governor remains focused on building state reserve funds with additional allocations to the Rainy Day Reserve Fund. While state income tax revenues remain up, state sales tax revenue remains slightly down. The downward trend in overall sales tax revenues reflects the experience of cities and the impact of internet sales and other changes that affect this important city revenue source. Mr. Carrigg also mentioned that state pension liabilities continue to mount and are estimated to increase by \$51 billion over the last year, due to changes in the CalPERS discount rate and other factors.

The budget is on schedule to meet the June 15 legislative deadline for passage as required by the California Constitution. A handful of issues are still pending such as cap and trade reauthorization and potential reforms to the state recycling program (“Bottle Bill”).

Rony Berdugo, Legislative Representative, briefed members on the League’s ongoing efforts to help implement SB 1 (Beall), the landmark transportation deal passed by the Legislature and signed by the Governor. He outlined the historic nature of this transportation deal by highlighting how local governments should see a 100% increase in transportation funding over the next two years.

Mr. Berdugo then discussed SB 649 (Hueso), which would restrict local authority and lease revenue associated with small cell telecommunications installations. SB 649 seeks to eliminate public input, full local environmental and design review, mandating the leasing of publicly owned infrastructure and eliminating the ability for local governments to negotiate leases or any public benefit for the installation of “small cell” equipment on taxpayer funded property. He urged members to continue to send in letters of opposition and to call their Assembly Members to voice their opposition.

Jason Rhine, Legislative Representative, briefed members on the issues surrounding the continuing housing crisis. Specifically, Mr. Rhine discussed SB 540 (Roth) and SB 35 (Wiener). SB 540 is a League sponsored bill, which seeks to streamline housing construction by improving planning and environmental review processes that protect public engagement and environmental analyses. Next, Mr. Rhine discussed SB 35 (Wiener), which would preempt local discretionary land use authority by making approvals of multifamily developments that meets inadequate criteria, “ministerial” actions. He stated that this measure would rely on often outdated community plans and would compromise critical project level environmental review, public input, and community integrity. Mr. Rhine urged members to support SB 540 and other measures, which provide support and financial assistance to cities and developers to lift California out of the housing crisis.

Dane Hutchings, Legislative Representative, provided a much-anticipated update to members on AB 1250 (Jones-Sawyer), which would institute a de-facto ban on contracting for many local governments through a series of costly and unachievable mandates. At the time of this presentation, the author of the measure had committed to remove cities from its provisions.

Erin Evans-Fudem, Legislative Representative, briefed members on several different environmental quality issues, including stormwater, Cap-and-Trade, and the Bottle Bill. She talked about the League’s continuing discussion over SB 231 (Hertzberg), which would add the word “stormwater” to the definition of “sewer.” The Environmental Quality and Transportation, Communication, and Public Works committee’s will be holding a joint policy meeting to further discuss this issue. Ms. Evans-Fudem also discussed the ever-changing potential plans surrounding both Cap-and-Trade and the Bottle Bill. While there has been no formal deal on either, as of yet, she assured members that the League will be closely monitoring the situation.

Tim Cromartie, Legislative Representative, briefed members on the issues surrounding the implementation of Proposition 64 through the administration’s trailer bill. Mr. Cromartie outlined the 14 different objections the League has with the trailer bill and why each of the objections is detrimental to public safety and local control. He urged members to send in letters of opposition to this trailer bill to put pressure on the administration to listen to the League’s objections. He is cautiously optimistic that the League’s concerns will be addressed in the final trailer bill.

II. Welcome and Introductions

Chair and Vice Chair welcomed the committee to the third policy committee meeting of the year.

III. Public Comment

A representative from Ygrene Energy Fund, a provider of residential, multifamily and commercial property assessed clean energy financing, introduced himself and was available for questions following the meeting.

IV. Community Development Block Grant (CDBG) Program Redesign

Dan Carrigg, Deputy Executive Director, Legislative Director gave an update on the current program redesign process proposed by the California Department of Housing and Community Development (HCD). The redesign focuses on the administration of Community Development Block Grant (CDBG) funds for non-entitlement cities, which are those with populations less than 50,000.

HCD is using a Budget Trailer Bill as a vehicle to implement a portion of the overhaul. The initial proposal eliminated long standing application of 30 percent economic development set aside within the CDBG funds. The proposal signals an active effort by HCD to focus on housing rather than economic development. As justification, the department contends that non-entitlement CDBG funds

set aside for economic development are underused. However, local government and economic developers contend that the department has poorly managed the administration of these funds.

The League and other stakeholders have led negotiations with HCD to ensure that economic development dollars are preserved.

V. CALED/League of California Cities – Tax Increment Finance Primer

Aaron Laurel, Economic Development & Housing Director, City of West Sacramento presented the recently released Tax Increment Finance Primer which provides description, examples, and tips for using available financing mechanisms for economic development activities. The tools include Enhance Infrastructure Financing Districts (EIFDs) and Community Revitalization and Investment Areas (CRIAs) which revive the use of tax increment financing (TIF) similar to redevelopment but with new checks, balances, and limitations. The TIF primer and supplementary FAQ were developed by the Tax Increment Finance Committee organized by the California Association for Local Economic Development (CALED) under the leadership of Gurbax Sahota, CALED CEO. Members of the TIF Committee include representatives from the League of California Cities, individual cities, and various private sector partners who specialize in economic development planning and financing. A physical copy of the primer has been mailed to every city manager in the state.

VI. California Housing Finance Agency – Local Partnership & ADUs

Tony Sertich, Director of Multifamily Programs, CalHFA, gave a presentation on partnerships with local governments to encourage the construction of Accessory Dwelling Units (ADUs). CalHFA has been working with interested local governments on leveraging local and state resources to help address the affordable housing challenge gripping many regions of the state.

VII. Legislative Agenda

The committee took action on AB 663 (Bloom), which would require, until January 1, 2023, housing opportunities for persons of low and moderate income to be protected, encouraged, and where feasible, provided by the California Coastal Act.

HCED committee discussed AB 663 in great detail. Many members expressed opposition to expanding Coastal Commission authority to include affordable housing. A motion was made to oppose AB 663. The motion passed overwhelming with only one committee member abstaining.

VIII. Legislative and Budget Update

League staff provided an update on pending legislation. Staff discussed a number of bills that the League supports including AB 852, AB 879, SB 2, SB 3, and SB 540. Staff also discussed bills that the League opposes including AB 686, SB 35, and SB 167.

IX. CSAC-League Joint Task Force on Homelessness

League staff provided an update on the status of the League/CSAC Joint Task Force on Homelessness. Committee members were pleased to hear that the final report will be released later this Fall.

X. League of California Cities Strategic Goals 2017 – Update

League staff provided the committee with an update on progress towards meeting the League's 2017 strategic goals. Two of the goals (affordable housing funding & addressing homelessness) are within the committee's jurisdiction.