

# HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT POLICY COMMITTEE HIGHLIGHTS

Thursday, January 17, 2019

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

## **ATTENDANCE**

Members: Stacey Mattina (Chair), Blanca Pacheco (V.Chair), Janet Abelson, Samantha Argabrite, Marilyn Ashcraft, Denise Athas, Gary Boyer, Raymond Casey, Debbie Chamberlain, Susan Cola, JoAnne Cousino, Gloria De La Rosa, Forrest Ebbs, Joan Freeman, Marshall Goodman, Don Harrison, Christy Holstege, Cecilia Hupp, Sergio Jimenez, Rob Johnson, Sue Long, Tony Madrigal, Steve Manos, Yanely Martinez, Shelly Masur, Alex McIntyre, Lily Mei, Heidi Messner, Scott Nassif, Darrel Pyle, Derek Robinson, Cori Schumacher, Cindy Silva, Arne Simonsen, Nancy Smith, Ed Spriggs, Claudette Staton, Ryan Stendell, Ronald Stock, Randy Stone, Fred Strong, Lisa Swarthout, Eric Tsao, Eric Vail, Anna Velaquez, Malia Vella, Chad Wanke

League Partners: Deborah McGarrey

Staff: Jason Rhine

## **I. State Budget and General Briefing**

The January 2019 Policy Committee meetings began with a General Session briefing. Stacey Mattina, League Housing, Community and Economic Development Policy Committee chair, welcomed the attendees. She then introduced League President Jan Arbuckle, Council Member, Grass Valley, who thanked them for their efforts and summarized recent meetings by League officers in the Capitol. Carolyn Coleman, League Executive Director also provided brief remarks. The rest of the briefing was then given by the League's legislative team.

Deputy Executive Director/Legislative Director, Dan Carrigg, gave a brief overview that highlighted the importance of the League's 2019 Strategic Goals and discussed both the state budget and legislative issues. Mr. Carrigg then introduced Michael Coleman, the League's Fiscal Policy Advisor, to discuss the Governor's January budget.

Mr. Coleman gave a short PowerPoint presentation on the 2019-20 January Governor's budget. Governor Newsom's proposed state budget includes \$144 billion in General Fund spending and when combined with proposed special fund and bond proceed allocations, totals \$209 billion. Mr. Carrigg explained that while general fund expending has increased, Governor Newsom was being fiscally prudent. The budget proposal increased the Rainy Day Reserve to \$15.3 billion, paying down a total of \$4.1 billion state pension liabilities, allocating an additional \$700 million to a social safety net reserves and \$2.3 billion in general reserves. Mr. Coleman warned that former Governor Brown warned of a looming recession and that the state needs to be prepared for a downturn. Also discussed was the makeup of the current state Legislature, including the fact that the Democrats now have a "super-duper" majority in both legislative houses. For more information about the impacts of the budget on cities, please review the [League's analysis](#), and information on Mr. Coleman's website [here](#). Mr. Coleman then gave Dan Carrigg the floor.

Mr. Carrigg elaborated on some of the line items included in Governor Newsom proposed budget. This included homelessness funding, mental health, and disaster recovery. Mr. Carrigg also explained the new ballot initiative process where ballot measure sponsors can now pull measures from the ballot in exchange for legislative deals. Then Mr. Carrigg introduced the League's lobbyists to discuss their respective issue areas.

Jason Rhine, League Assistant Legislative Director, focused on the housing affordability and availability challenges throughout the state. Mr. Rhine noted that housing legislation is a high priority for the Governor, Legislature, and the League this year. He noted that if achieved, Governor Newsom's goal of producing 3.5 million housing units by 2025 would create an unprecedented level of housing production in the state. Additionally, Mr. Rhine encouraged members to be active in advocating for legislation that will help local governments address their housing challenges while preserving appropriate local control functions.

Dane Hutchings, League Legislative Representative, briefed members on issues related to governance, transparency, and labor relations. He briefly discussed sexual harassment prevention legislation that would provide rebuttable presumptions and joint-several liability with contractors. Mr. Hutchings also mentioned divestment measures, the Governor's plan to extend paid family leave, and the pending outcome of the "Cal-Fire" case. He stressed that cities are struggling with increasing costs, and securing additional flexibility for cities is a priority.

Charles Harvey, League Legislative Representative, gave an update on various public safety related issues including cannabis and cannabis deliveries, drones, police use of force, and gun legislation. On the topic of cannabis, Mr. Harvey noted that the recently authorized Bureau of Cannabis Control regulations authorizing cannabis deliveries in any jurisdiction in the state would be harmful to cities and will take effect in the spring. In addition, Mr. Harvey discussed the topic of police use of force and the likely re-introduction of a police use of force bill from last year, which was authored by Assemblymember Weber.

Erin Evans-Fudem, League Legislative Representative, highlighted evolving environmental and community issues that will be big in 2019. Ms. Evans-Fudem discussed the programs and proposed funding allocations in the cap-and-trade program. She explained how those programs would continue to be a priority for cities. In addition, Ms. Evans-Fudem discussed the importance for cities to engage in discussions about organic waste recycling regulations, disaster relief and wildfire response legislation, the ramifications of the PG&E declared forthcoming bankruptcy, and clean drinking water legislation.

Rony Berdugo, League Legislative Representative, discussed transportation, communications, and public works. Chief among them was the concept Governor Newsom proposed to tie transportation dollars from Senate Bill 1 (Beall, 2017) to housing production. Mr. Berdugo also summarized the recent Federal Communication Commission's ruling that preempts cities' ability to site telecommunications infrastructure. This proposal is similar to SB 649 (Hueso, 2017) that was vetoed by Governor Brown in 2017 and garnered over 320 opposition letters from cities.

Lastly, Dan Carrigg briefly talked about issues related to revenue and taxation. Mr. Carrigg informed the general session about the Wayfair court case and bills that could affect city sales tax. Mr. Carrigg then adjourned the general session and policy committees commenced.

## **II. Welcome and Introductions**

Committee Chair Stacey Mattina, Council Member, Lakeport and Vice Chair Blanca Pacheco, Council Member, Downey welcomed the Committee members to the first policy committee meeting of 2019. The Committee members introduced themselves by stating their names, titles, and the cities they represent.

### **III. Public Comment**

Emily Goodwin, Director of Program Development at Ygrene Energy Company, introduced herself and spoke about using Property Assessed Clean Energy (PACE.) as an economic development tool.

### **IV. Overview of Parliamentary Procedure and Roberts Rules**

Jason Rhine briefly reviewed Parliamentary Procedure and Roberts Rules. Members were directed to the informational packet for more comprehensive detail.

### **V. Committee Orientation**

Jason Rhine provided a brief overview of the purpose of policy committees and the appointment process. Members were directed to the informational packet for more comprehensive detail. Jason encouraged members of the committees to come up to Sacramento and testify in legislative policy committees and call their legislature to make their voices heard.

### **VI. Existing League Policy**

The Committee reviewed existing League Housing and Economic Development policies. These policies capture the positions 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 2019**

The Committee was updated on the League's 2019 strategic goals. Jason Rhine discussed the League Leaders retreat and explained the process by which strategic goals are established. The League's 2019 strategic goals are as follows:

#### **1. Provide Cities Additional Funding and Tools and Preserve Local Authority to Address Housing Production, Affordability and Homelessness Challenges.**

- Provide additional funding and preserve local mitigation fee authority to ensure cities have sufficient resources to update local plans that reflect community input, improve and expand local infrastructure, address environmental impacts and deliver services to support new housing development.
- Restore a robust form of tax increment financing to advance transit-oriented development, build affordable and workforce housing, improve jobs/housing balances, and revitalize local neighborhoods and communities.
- Increase resources to provide emergency shelter, alcohol and drug treatment, housing, mental health and other wrap-around services and facilities to assist people of all ages, including seniors, experiencing homelessness.
- Provide CEQA streamlining to expedite housing construction.
- Ensure the availability of adequate water supplies to support new growth.
- Preserve local authority to ensure housing development is consistent with local housing elements, design requirements and other applicable criteria adopted with community input.
- Given California's massive identified deficit in affordable housing, the Legislature and Governor should set aside a substantial amount of the state's budget surplus to support additional affordable and workforce housing construction and expand skilled workforce training.

#### **2. Improve Disaster Preparedness, Recovery and Climate Resiliency.**

- Provide resources to cities and expand partnerships to better prepare for and recover from wildfires, seismic events, erosion, mudslides and other disasters.
- Improve community preparedness and resiliency to respond to climate-related, natural and man-made disasters.

**3. Promote Sustainability of Public Pension and Retirement Health Benefits.**

- Continue to work with employee organizations, CalPERS, the Administration and the Legislature to drive public awareness of the fiscal challenges cities face as a direct result of growing unfunded pension liabilities and retirement health benefits.
- Work collaboratively to achieve meaningful options and flexibility for cities to address these challenges in order to stabilize local budgets and ensure sufficient funding remains available to provide services to communities.

**4. Address Public Safety Concerns of California Cities.**

- Reform recently enacted criminal justice laws — enacted by both statute and initiative — that have eroded public safety protections of California residents through the passage of the Police Chiefs/Grocer’s-sponsored criminal justice reform measure eligible for the November 2020 state ballot, or by equivalent reforms achieved through legislative action.
- Protect public safety by reducing access to firearms for the mentally ill.
- Protect existing city authority to deliver local emergency services.
- Support additional tools and resources to address critical community challenges such as homelessness, mental health, domestic violence, drug rehabilitation, human trafficking and workforce development for ex-offender reentry.

**VIII. 2019 Committee Work Program**

Jason Rhine asked the Committee members to write down several of their top priorities for the year. He then reviewed the comments and read back to the Committee the priorities that rose to the top. Several of the top priorities are reflective of strategic goal number one such as a revival of state investment in tax increment financing for housing and infrastructure, CEQA streamlining and reform, affordable housing funding, homelessness funding, and a desire for cities to retain local authority around land use decisions.

In addition to helping the League achieve its strategic goals, based on feedback from the Committee members, the Committee will also focus on the following:

- Tenant protection/preserve existing affordable housing.
- Regional Housing Needs Assessment (RHNA) – ability to share allocations regionally, take into account climate change and impacts to neighboring jurisdictions.
- Housing trust formation – State and Regional.

**IX. The Institute for Local Government (ILG): SB 2 Technical Assistance**

Karalee Browne and Christal Love Lazard, Program Managers with ILG, presented to the Committee on programs ILG is working on. They briefly discussed the Beacon program and what cities are doing to address climate change. ILG has received several new grants and is shifting gears to now provide more hands on technical support to cities. They then discussed several new initiatives they are involved with including using a \$1 million dollar grant to provide technical support to cities to combat climate change and assist cities in collaborating on climate goals. ILG will also be providing SB 2 technical assistance to cities.

**X. Legislative Agenda**

Jason Rhine presented a slide show to the Committee which gave an overview of SB 50 (Wiener). SB 50 is a developer opt-in bill that would exempt specified housing projects from locally adopted parking requirements, density limits, height maximum limits less than 55 feet, and floor area ratio (FAR) maximums less than 3.25. For a full description of the bill, see the [Committee agenda](#).

Jason Rhine spoke about the political landscape and the Governor's ambitious housing goals.

The Committee had a very thoughtful and detailed discussion of the measure. Some members of the Committee voiced their concern over the bill related to local control. Other members of the Committee stated that the League should try and work collaboratively with the Legislature and the Governor in order to come up with thoughtful amendments that would make the measure better for cities.

The committee voted to recommend a position of **Oppose Unless Amended**. The Committee also voted to form a working group to discuss potential amendments and invite Senator Wiener to the Committee to discuss the bill. Motion Carried. 24 – 12

**XI. Legislative Update**

Jason Rhine gave a brief update on recently introduced legislative proposals, which included AB 11, ACA 1, SB 4, SB 5, SB 6, SB 128, SCA 1, SCA 3 and several others.

**Next Meeting: March 28, Hilton Orange County/Costa Mesa, 3050 Bristol Street, Costa Mesa**