

# Legislative Update

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# Overview

Founded in 1898, the League is the leading local control advocate for California cities. Through the League, cities collectively marshal the resources to defend and expand local control in the Legislature, at the ballot box, in the courts and through strategic outreach to inform and educate the public, policymakers and opinion leaders. League engagement has provided and protected hundreds of millions of dollars in revenue for cities in recent years and preserved local control against many threats to the land-use, employee relations and other authority of cities. All this is possible only through the collective involvement of virtually every city statewide.

# BILL FLOW IN THE CALIFORNIA LEGISLATURE

- A. Author puts a legislative measure "across the desk" of the floor of the member's house.
- B. Measure is given a number (e.g., AB 456, SB 612, ACA 3, SJR 1).
- C. Title of measure is read on the floor of the house of origin. (The state constitution prohibits any bill from being enacted unless it is "read" on three separate days in each house, or unless two-thirds of the members of a house vote to dispense with the reading of a bill. Reading aloud the title of a bill at this point constitutes the first of the three readings.)
- D. Measure is assigned ("referred") to a standing policy committee by the Rules Committee of the house of origin. The committee of assignment is based generally on the subject matter of the bill.

# BILL FLOW IN THE CALIFORNIA LEGISLATURE

## Committee Process

### A. Committee holds public hearing.

- 1. Date set by committee and published in advance in the Daily File of the house of origin.
- 2. Hearing may be scheduled any time beginning 30 days after introduction of the bill unless it is an urgency measure, in which case the 30-day provisions can be waived by a three-fourths vote of the house.
- 3. On the day of the hearing, the author presents the bill to the committee and explains why the committee should approve it. The policy committee is concerned primarily with the policy or programmatic features of the bill, not its fiscal consequences. Proponents and opponents also present their views on the measure. In addition, the committee may invite experts on the issue under consideration to testify.
  - Testimony and me too's

### B. Fiscal Committee

- Essentially the same procedural requirements apply to the fiscal committees as do to the policy committees. However, the focus of the fiscal committees, and the testimony they hear, is primarily (though not necessarily exclusively) on the fiscal ramifications of legislation, not the program or policy issues involved. Bills often get placed in the Appropriations Suspense File

# BILL FLOW IN THE CALIFORNIA LEGISLATURE

## **Resolution of Differences**

- If a bill is amended in the second house, it must go back to the house of origin for concurrence, which is agreement on the amendments. If agreement cannot be reached, the bill is referred to a two house conference committee to resolve differences. Three members of the committee are from the Senate and three are from the Assembly. If a compromise is reached, the bill is returned to both houses for a vote.

## **Governor**

- If both houses approve a bill, it then goes to the Governor. The Governor has three choices. The Governor can sign the bill into law, allow it to become law without his or her signature, or veto it. A governor's veto can be overridden by a two thirds vote in both houses. Most bills go into effect on the first day of January of the next year. Urgency measures take effect immediately after they are signed or allowed to become law without signature.

# 2019 Legislation

## **AB 213 (Reyes)**

➤ **League Position – League Sponsored, Support**

### Summary:

- This measure would restore funding to approximately 140 cities that had annexed inhabited territory in reliance on previous financial incentives, then suffered significant fiscal harm when those funds were swept away due to the passage of SB 89 (2011). The bill also offers similar incentives to support future annexations of inhabited territory to improve services to affected residents consistent with state Local Agency Formation Commission (LAFCO) policies.
- The funding formula used in AB 213 is identical to the formula approved by the Legislature to restore funding to four recently incorporated cities that were also harmed by SB 89 in SB 130 of 2017. The state fiscal impact of SB 130 is estimated to be up to \$19 million annually; the fiscal costs of addressing the losses cities suffered on annexations in AB 213 would be comparatively less at approximately \$5 million.

# 2019 Legislation

## **AB 11 (Chiu) Community Redevelopment Law of 2019**

### Key Elements:

- Annual unspecified state commitment: At the discretion of the State Controller.
- Opt-in: No taxing entities are forced to participate.
- Schools will be made whole. No impact to Prop 98.
- Creates an economic development tool with similar powers as the old redevelopment agencies.
- Extensive upfront planning and costs required before a city or county can form an agency and receive project funding from the state.

### Overview:

- AB 11 allows a city or county, or two or more cities acting jointly, to form an Affordable Housing and Infrastructure Agency to fund projects such as infrastructure and affordable housing projects. 30% of tax increment must be deposited into low/moderate income housing fund. This bill includes enforcement provisions/fines regarding failure to timely use money for housing. The new agency can use an affected taxing entity's share of the property tax (special district etc.) if the affected taxing entity consents.

### Pros:

- Opt-in program that allows the state to reinvest in affordable housing and infrastructure; brings back a significant amount of flexibility, similar to redevelopment agencies; 30% of the funds must be spent on affordable housing.

### Cons:

- Extensive upfront planning and analysis prior to agency approval and state funds being awarded; allows affected taxing entities that do not contribute property tax to have a seat on the governing board and oversee the creation of the redevelopment project plan; unspecified amount of state funding available to cities.

# 2019 Legislation

## **SB 5 (Beall) Local-State Sustainable Investment Incentive Program**

### Key Elements

- Up to \$2 billion annually. Can be suspended when the Legislature uses the “Raining Day Fund.”
- Opt-in: No taxing entities are forced to participate.
- Schools will be made whole. No impact to Prop 98.
- Rural city/county set aside.
- Prevailing wage and skilled and trained workforce requirements.
- Strong state oversight.

### Overview:

- The Program creates a local-state partnership to reduce poverty and advance other state priorities financed, in part, by property tax increment. A city, county, or JPA, that has a financial commitment to a project, is eligible for a portion of the school share of property tax if the project contains specific criteria including affordable housing, transit-oriented development, infill development and repairing infrastructure and parks.
- 20% of the overall funding for the program shall be set aside for counties with populations of less than 200,000.

### Pros:

- Up to \$2 billion state investment in affordable housing and infrastructure; 50% of the funds are required to be spent on affordable housing; relies on post redevelopment tools; allows wide-range of agency participation

### Cons:

- Less flexibility than redevelopment agencies; less resources available for economic development



# 2019 Legislation

## **SB 50 (Wiener D) Planning and zoning: housing development: equitable communities incentive.**

**Summary:** SB 50 is a developer opt-in bill that would exempt specified housing projects from locally adopted parking requirements, density limits, height maximums limits less than 55 feet, and floor area ratio (FAR) maximums less than 3.25.

# Housing

## **Gov. Newsom's Housing-Related Budget Proposals:**

### **Affordable Housing Funding:**

- \$500 million in affordable housing tax credits (ongoing);
- \$500 million for multifamily moderate-income housing; and
- Accelerate expenditures of Prop. 1 & 2 funding.

### **Homeless Funding and Assistance**

- \$500 million for emergency homeless funding for cities and counties;
- \$25 million to assist homeless individuals in accessing federal disability funds;
- \$100 million for county “whole person care” programs;
- \$50 million for expanded mental health training;
- CEQA streamlining for homeless shelters (similar to sports stadiums); and
- Allow California Department of Transportation right of way and airspace to be used for building homeless shelters.

# Housing

## **Effort to Increase State Oversight and Control of Local Governments**

- Direct HCD to adopt increased short-term higher housing production goals, distribute goals to local agencies and allow oversight and enforcement action against local agencies as needed;
- Allow the state to take transportation funds if housing production is lower than RHNA goals;
- Offer \$500 million in incentive grants to local agencies that meet unspecified milestones associated with enhanced planning and increased housing production; and
- Potential task force or ballot initiative to address local housing development impact fees.

## **Building Housing on State Property, EIFD's**

- Allow housing to be built on excess state property with low-cost ground leases without local review and approval; and
- Remove 55% vote requirement when Enhanced Infrastructure Finance Districts (EIFD's) issue bonds and improve coordination with federal Opportunity Zone incentives.

# Housing

## **California's Cities Need Additional Affordable Housing Resources**

### **The Governor's Budget Proposal has Opportunities for Collaboration but also Cause for Concerns for California's Cities**

- We appreciate the Governor's proposal to increase funds for affordable housing tax credits, affordable and workforce housing and to address the growing homelessness and mental health crisis in our state.
- California's cities have significant concerns with proposals that tie transportation funding to state housing production goals, since developers make decisions based on market conditions, not state goals.

### **State Proposes Top-Down Planning for Housing**

- Throughout the state, cities have planned and approved hundreds of thousands of units and more than 90 percent of all cities have approved state housing elements that the private sector has not developed.
- Over the past two years, more than 30 housing and land use bills have been signed into law that impact local government and are just now beginning to be implemented.

### **Local Governments Cannot Control Macro-Economic Conditions**

- There are many market factors affecting the construction of housing beyond the control of local government. The nonpartisan Legislative Analyst's Office's November report predicted housing production will flatten due to developers pulling back in the face of a cooling market.
- A 2018 Construction Industry Research Board report listed projects up and down the state that have approvals for over 450,000 units but they will not be built for years.
- Local governments should not be held accountable for housing production, as cities don't build homes and have little control over market conditions.

# 2019 Federal Legislation

## **H.R. 530, the Accelerating Wireless Broadband Development by Empowering Local Communities Act of 2019**

### ➤ **League Position: Support**

Summary: H.R. 530 repeals recent harmful FCC regulations limiting the ability of local governments to regulate the deployment of 5G wireless infrastructure.

- Last year, the FCC adopted regulations limiting the authority of cities and states to regulate small cell sites (e.g., attachments to street light and utility poles) needed for the deployment of 5G. The FCC's regulations sharply limit the type and amount of fees cities and states may charge for profit-generating use of public property, set "shot clocks" as low as 60 days for cities and states to conduct all necessary inspections and authorize proposals, and drastically limit non-fee requirements cities and states may institute. The regulations began taking effect on January 14, 2019. The League, along with a broad coalition of California cities, local governments and utility companies across the country have joined in suing the FCC over these regulations.
- The FCC allowed industry to write these regulations without sufficient input from local leaders. This has led to regulations that restrict cities from requiring carriers to meet the needs of communities in which they want to operate. The FCC's order unnecessarily complicates existing agreements and negotiations between cities and wireless providers by imposing a one-size-fits-all preemption of existing state and local policies. The FCC's limits on fees for use of publicly owned property by private companies is an extreme overreach by the federal government, forcing cities to subsidize development at the cost of other critical local services.

# What Can Corona Do?

- Be Engaged in the Legislative Process:
  - Meet with your local Legislators/ Congressional Members
  - Send in Letters
  - Make Calls
  - Testify
  - Encourage the Community to contact Legislators
  - Tell your story so the community knows the impacts of legislative decisions

# Questions?