

**HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT POLICY COMMITTEE
HIGHLIGHTS**

Friday, March 30, 2012

DoubleTree Hotel, Harvest Room, Ontario, CA

ATTENDANCE

Members: Nassif, Scott (Chair); Aluzri, Mahdi; Bruins, Jeannie; Buice, Eva; Casey, Raymond; Conneran, Michael; Heilman, John; Hutchins, Donald; Johnson, Ken; Jones, Steve; Kellner, Madeline; Kennedy, Ariana; Kennedy, Janet; Kiesel, Arthur; McAllister, Doug; Mccullough, Kathryn; Morehouse, Carl; Murdock, Brett; Pontau, Donna; Rosa, Josh; Schultz, Robert; Silva, Cindy; Smith, Thurston; Strong, Fred; Sturtevant, Brian; Vail, Eric; Westbrook, Tom

League Partners: Burdette, John; Aeh, Ryan

Staff: Kirstin Kolpitcke, Dan Carrigg, Catherine Hill

I. Special Order of Business: Post Redevelopment and State Budget Update

A general briefing of all policy committee members was held prior to each committee meeting. League President Mike Kasperzak, Mayor of the City of Mountain View, opened the briefing by welcoming the participants and thanking them for their involvement. He then introduced League Executive Director Chris McKenzie.

Mr. McKenzie outlined the work and initial recommendations of the League's Task Force on Next Generation of Economic Tools. He stated that some progress has been made in cleaning up issues with AB X1 26, the redevelopment dissolution legislation, with the introduction and movement of AB 1585 (Perez); he also encouraged cities to support the bill in the Senate. The task force continues to review and consider options for establishing new tools that local agencies can use for infrastructure and economic development, including SB 214 (Wolk) related to infrastructure finance districts. Mr. McKenzie gave an update on pension reform, stating that the League has remained engaged in the issue and had recently met with all of the legislators working on the issue in the Capitol, but it remained uncertain what would emerge from the legislature. Finally, he mentioned that the League's lawsuit over the loss of city shares of vehicle license fees (VLF) through SB 89 will be heard in early May in Sacramento Superior Court.

Legislative Director Dan Carrigg and Fiscal Policy Advisor Michael Coleman then provided an update on the state budget.

Mr. Carrigg outlined the new dynamics affecting state budget process derived from Propositions 25 and 26. Prop. 25 lowered the vote threshold to approve a budget from two-thirds to a majority, and also require legislators to forfeit salary when they fail to pass a budget by, June 15, the Constitutional deadline. Mr. Carrigg explained that legislative leadership had filed a lawsuit against the state Controller over whether he had the authority – he exercised in 201 – to determine if a budget approved by the Legislature was balanced. He also said that Democratic legislators were balking at accepting the Governor's budget cuts, and the Governor's proposed tax measures would not fully offset the projected deficit. Prop. 26 had closed off the previously-used tactic of the legislature attempting to fund state programs with "regulatory fees." He cautioned city officials to remain watchful.

Mr. Coleman presented an outline of the state budget and current state deficit, including the different deficit projections by the Legislative Analyst Office and Department of Finance. He

also explained the contents of the Governor's two tax proposals intended for the November ballot, which seek to increase personal income tax and sales tax. He said taxing high income earners made forecasting expected state revenues difficult to predict.
<http://www.californiacityfinance.com/ConferenceMaterials.htm>

In addition, League Legislative Representative and Federal Liaison Jennifer Whiting, reported on the activities in Washington DC. She focused her comments on the federal transportation reauthorization bill and FY 2013 appropriations. The current SAFETEA-LU extension expires March 30, and Congress needed to act before then to extend the program provisions and the federal gas tax again while they continue to debate the longer-term solutions. During the policy committee meeting, Congress did approve a 90-day extension. Looking longer term, the Senate has approved a two-year bill, but the House is still in negotiations.

Ms. Whiting also encouraged city officials to contact their Congressional representatives about the importance of retaining funding for programs benefitting cities, like CDBG, in the FY 2013 appropriations process. She also encouraged cities to participate in the League's survey on the importance of federal funding for cities.
http://www.cacities.org/resource_files/30640.FederalUpdateMarch2012PolicyCommittees.pdf

Following the general briefing, each committee met for their respective meetings (individual committee agendas available at www.cacities.org/polcomm).

II. Welcome and Introductions

Chair Scott Nassif welcomed the committee members and members introduced themselves.

III. Public Comment

There was no public comment.

IV. Approval of 2012 Committee Work Program

The approved 2012 Committee Work Program was handed out. There was no discussion or questions on the work program.

V. Update on Economic Development Task Force

Dan Carrigg, Legislative Director of the League spoke to the committee about the League's Task Force. The Task Force is taking a serious look at Infrastructure Finance Districts, which in the past have not been used much because we had redevelopment and the 2/3 vote requirement was clunky. SB 214 (Wolk) removes the vote requirements and the IFD could use the tax increment from other taxing entities (except the school share), but the taxing entity's consent is needed. The need to declare blight isn't necessary. There were several other bills discussed including: AB 1585 (Perez), SB 1151 (Steinberg) and SB 1156 (Steinberg).

The two major goals of the Task Force are:

- Provide ongoing funding for local infrastructure and economic development projects through tax increment financing authority, land assembly and conveyance, and other tools.

- Address local concerns with: (a) cleaning-up brownfields now held by successor agencies, (b) preserving critical community assets that will be needed for future community revitalization TOD, etc., and (c) allow unspent bond proceeds to be used to finish quality projects, as in SB 986 (Dutton).

The committee moved and seconded that the board adopt the Task Force report. The vote was unanimous.

VI. What's Next in the Post Redevelopment Era?

Assembly Member Norma Torres, Chair of the Assembly Housing and Community Development Committee spoke to our policy committee about redevelopment as well as a working group that the speaker developed where she is a member. Originally Assembly Member Torres was not on this working group because of her local government roots, but since the elimination of redevelopment, Assembly Member Torres has been actively working on this issue. The group has been trying to identify issues cities have mentioned as a problem. Their working group has identified 15 pages worth of issues from across the state. The information has been shared with the Governor's office. The Assembly Member briefly discussed AB 1585 (Perez) and that the bill moved to the Senate and that the working group has had preliminary discussion with the Senate staff. She asked that our members talk to their Senators and explain the benefits of the bill to your city. Assembly Member Torres believes the Steinberg bill might be easiest for the Governor to veto because it has too much in the bill. The Assembly Member also indicated that she is collecting information about bases and brownfields. If you have information, please pass along to her office. She would like to put together a tool box for local governments. It might not be as good as redevelopment, but projects might be able to be expedited and local governments may have additional tools.

VII. State Legislative Update

1. AB 1897 (Campos)

This bill would require cities and counties to add the general plan an element for healthy food. The element would include a plan to increase access to healthy affordable food within the jurisdiction of the city and county.

The discussion was that this should not be a mandate and even encouraging cities still isn't supportable. Cities have enough challenges with current general plan requirements. Cities encourage their own programs and do them voluntarily without state interference. To encourage this bill is a foot in the door that won't end.

It was moved and seconded to oppose AB 1897. The committee approved the motion unanimously.

2. AB 2007 (Williams)

AB 2007 (Williams) would require the State Public Health Officer within the Department of Public Health, to adopt regulations that create a license for alcohol and drug abuse counselors. The licensure requirements would be funded by fees paid by counselors seeking licensure.

The committee was concerned that by licensing these facilities that local governments would lose their ability to regulate them in any way. While this bill could give the League the ability to get their foot in the door with regards to the group home issue, they do not want the unintended consequences overriding any benefits. This bill would give cities the ability to know where licensed facilities are located and give the cities a single

point of contact within a state agency. Concern was also raised that this could increase the cost of services. The goal of the committee was to preserve the maximum amount of local control.

The committee moved and seconded that a subcommittee including Eric Vail, Fred Strong, and Carl Morehouse should get together to see if language can be drafted to ensure that nothing in this bill is intended to reduce local authority to regulate these facilities. The bill would then be brought back to the committee for possible support. The motion carried with 4 no votes.

VIII. AB 1627 (Dickinson)

This bill would require the California Energy Commission (CEC) to prescribe regulatory standards for reducing vehicle miles traveled (VMT) for occupants of a building for new residential and nonresidential buildings as well as modification of existing residential and nonresidential buildings. Additionally, the bill prohibits local governments from issuing building permits unless it can confirm that the building plan complies with those standards developed by the CEC.

Comments from the committee were that there was concurrence in the staff position and that this bill was overkill. There was also praise for SANDAG in the adoption of their Sustainable Communities Strategy.

IX. Informational Discussions

1. SB 1498(Emmerson)- Local agency formation commission: powers.

The League is sponsoring this bill that would authorize LAFCo's to approve service extensions to disadvantaged unincorporated communities without the burdensome requirement to annex the territory. Under current law, LAFCOs have the ability to approve extended services outside an agency's boundaries as long as it is *within* an agency's sphere of influence, the agency requests approval to provide the services, and the LAFCo determines that there is an existing or pending threat to the health and safety of the public. This proposal would expand LAFCo's ability to approve the extension of services *beyond* an agency's sphere of influence as long as the LAFCo makes three findings: 1) the extension was contemplated in a municipal service review; 2) the extension will not result in adverse impacts on open-space and agricultural lands or growth; 3) a later change of organization is not expected or desired based on local policies. This bill is intended to address some of the service deficiencies that disadvantaged unincorporated communities face, without the hammer of the annexation requirement.

The discussion of the bill was that there are some examples of cities cherry picking better land, resulting in some areas remaining disadvantaged. It was also asked if it was prudent and a wise use of staff time to move forward on a bill that seemed doomed to failure. The League may contemplate moving forward with a different approach to redefining what a "disadvantaged community" is so that cities can more readily identify these areas.

2. AB 484 (Alejo) Enterprise Zones.

The League is supporting AB 484 which would allow businesses within an expiring enterprise zone to continue to be eligible to receive all enterprise zone benefits, if the jurisdiction has sent a letter to HCD expressing the intent of the jurisdiction to reapply for a new enterprise zone designation at least until HCD completes any regulatory or

administrative review, issues a request for proposal, and issues conditional designation letters to the maximum number of enterprise zones within the state.

3. Mortgage/Foreclosure

The committee discussed the mortgage/foreclosure issue because of the package of legislation that the Attorney General's office introduced. Specifically, the committee discussed the issue of "blight" and being able to maintain properties once they have been foreclosed. Staff from the League was in the process of preparing a survey regarding the authority of local governments to fine banks for failing to maintain foreclosed properties. The link to the survey can be found by going to:

http://cacities.qualtrics.com/SE/?SID=SV_3lseeUSXNU35m3q

4. Disability Access

There is almost a dozen bills introduced dealing with disability access. The League does not have any policy on this issue. In the past, most legislation dealing with this issue applies only to the private sector. Legislation this year varies from:

- Requiring counties to refer complaints received to a certified access specialist to determine what measures are necessary to remedy the alleged violation;
- Requiring press boxes in stadium bleachers to be accessible to person with disabilities;
- Requiring the Division of State Architect to prepare a report noting any state disability access regulations that are in direct conflict with federal disability access regulations.
- There is also a possibility of a notice provision so that businesses, especially small businesses are aware that they should look through both Federal ADA requirements and the California Building Code. This could affect local governments because we would be the most likely entity required to notice.

Since many of the disability access bills are being carried by Republicans, it is not likely that many of these bills will pass. In addition, there was reportedly an agreement struck by the trial attorneys and groups such as the Chamber of Commerce to have a truce on ADA bills until the end of this year.

5. Mobile Homes

The mobile home subcommittee is still meeting approximately monthly by conference call. However, there will be an in-person meeting at the next policy committee meeting on June 15 upon adjournment of the HCED policy meeting. In addition, League staff has a meeting with HCD to discuss the issue of RHNA and mobile homes. Anyone interested in participating in the subcommittee is more than welcome to contact Kirstin to be added to the distribution list.

X. Next Meeting

The next meeting for the Housing, Community and Economic Development Policy Committee is FRIDAY, June 15, 2012, Sacramento Convention Center.