

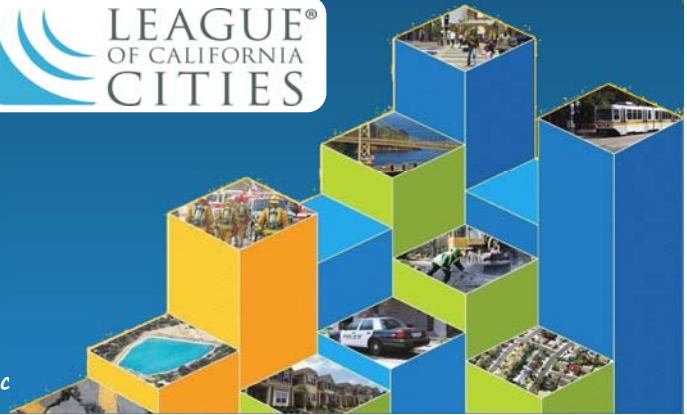
Local Revenues and Finance: 2020 Legislative Watch

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Legislative Developments in California City Finance

Improve Economic
Development Tools

Available and
Affordable Housing

Reducing
Homelessness

Collection of
Sales Tax
on Remote Sales

Disaster
Response and
Recovery

Annexations and
Incorporations:
VLFAA

UUT on
Phonecards

Public
Banking

XBRL

Business Licenses:
NPDES Compliance

Unclaimed Property
for Municipalities

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2019 Strategic Advocacy Priorities

1. Provide cities additional funding and tools and preserve local authority to address **housing production, affordability and homelessness** challenges.
2. Improve **disaster preparedness, recovery and climate resiliency**.
3. Promote sustainability of **public pension and retirement health benefits**.
4. Address **public safety** concerns of California cities.

December 11, 2019



Housing and Land Use: Recent History

- ✓ **2017**: 15 bills, Prop1&2
- ✓ **2018**: hundreds of bills
 - **SB 828 (Wiener)** and AB 1771 (Bloom) comprehensive changes to Regional Housing Needs Assessment (RHNA) process;
 - **AB 2162 (Chiu)** requires that supportive housing be “use by right” where multiple dwelling uses are permitted, including mixed-use zones;
 - **AB 2923 (Chiu and Grayson)** provides the Bay Area Rapid Transit (BART) land use authority over its property.
 - Add’l \$500 million (one-time) for homeless programs.



Housing Production, Affordability and Homelessness

FY 2019-20 State Budget:

- **\$2.5 billion** in funding to address California's housing and homelessness crisis
- **Incentives** for cities, counties to increase housing production
- **Due process** to determine city, county compliance with housing element law
- **Penalties**, as a last resort, if cities, counties fail their responsibilities

Stopped

- Governor's proposal to **withhold local streets & roads funding** if housing units not constructed



Housing and Homeless Funding FY 2019-20 Budget – AB101

\$2.5 billion for housing and homelessness crisis

- ✓ Incentives for cities/counties to increase housing production
- ✓ Process for court to determine that a city or county has complied with housing element law
- ✓ Penalties, as a last resort, if cities and counties disregard the direction of a court and continue not to fulfill their responsibilities under housing element law



Housing and Homeless Funding FY 2019-20 Budget – AB101

○ \$650M homeless emergency shelters & environmental streamlining

- ✓ \$190M to Continuums of Care
- ✓ \$275M to cities with population over 300,000
- ✓ \$175M to counties



Housing and Homeless Funding FY 2019-20 Budget – AB101

○ \$500M infill housing production - infrastructure

Competitive grants for infill projects in cities with HCD-compliant housing elements. Funds may be used for:

- ✓ Water, sewer, or other utility improvements
- ✓ Streets, roads, transit
- ✓ Project site preparation
- ✓ Sidewalk or streetscape improvements



Housing and Homeless Funding FY 2019-20 Budget – AB101

○ \$250M updating local housing plans

Competitive grants planning activities to accelerate housing production and implementation of RHNA.

- \$125 million to Councils of Governments, other regional entities
- \$125 million to cities and counties for:
 - Rezone and update planning documents
 - Complete environmental clearance to eliminate project-specific review
 - Infrastructure planning
 - Develop or improve accessory dwelling unit ordinance

Housing and Homeless Funding FY 2019-20 Budget – AB101

Preferences awarded for certain state funding for cities that have adopted

1. housing element approved by HCD; and
2. “prohousing policies.”

Prohousing policies facilitate planning, approval, construction of housing:

- ✓ Establish local housing trust fund.
- ✓ Reduce parking requirements.
- ✓ Use “by-right” approval.
- ✓ Reduce permit processing time.
- ✓ Reduce development impact fees.
- ✓ Establish Workforce Housing Opportunity Zone or housing sustainability district.

Housing Production, Affordability and Homelessness

SB 5 (Beall/McGuire/Portantino) A city, county, or JPA would be eligible for additional property tax if project contains:

- affordable housing,
- transit-oriented development,
- infill development,
- revitalizing and restoring neighborhoods, and
- planning for sea level rise.

\$200 million /year

Vetoed.



Housing Production, Affordability and Homelessness

SB 50 (Wiener) would allow developers to override local land use authority (height limitations, housing densities, parking requirements, and design review standards).

Held in Committee

AB 1568 (McCarty) would have shifted local street and road funds from cities on the basis of housing production.

Held in Committee



Housing Production, Affordability and Homelessness

AB 116 (Ting) Enhanced Infrastructure Financing District (EIFD)

- ✓ Eliminates 55% voter approval requirement for issuing bonds.
- ✓ Adds procedures to adopt an EIFD plan similar to CRIAs (AB2 Alejo 2015):
 - 3 public hearings, 30+ days apart.
 - Majority protest procedure.
 - If opposed by 50%+ property owners & residents, proceedings end;
 - If 25% to 50% oppose, election must be held within 90 days.
 - If less than 25% oppose, plan may be adopted.
 - Annual report, independent financial audit.

Status: Signed.

Concerns:

- Does not improve access to tax revenue.
- New procedures may impact districts in formation or already formed.



Housing Production, Affordability and Homelessness

ACA 1 (Aguiar-Curry) Reduces local vote threshold for local bonds and taxes for infrastructure and affordable housing from two-thirds to 55%.

Status: failed passage on Assembly floor.



Housing Production, Affordability and Homelessness

SB 330 (Skinner) Freezes development related fees for 2.5 years once developer submits a “preliminary” application.

Signed.

SB 13 (Wieckowski) Prohibits development impact fees on accessory dwelling units (ADUs) less than 750 sq.ft., limits charge on ADUs over 750 sq.ft. to 25% of the fees otherwise charged.

Signed.

AB 1483 (Grayson) Requires public information regarding zoning ordinances, development standards, fees, exactions, and affordability requirements be available on internet website.

Signed.



Disaster Preparedness, Recovery

SB 901 (Dodd) **2018**

- ✓ \$1 billion+ over five years for forest management and fire prevention;
- ✓ Streamlines procedures for forest thinning and fuel reduction;
- ✓ Increases energy production from biomass fuels;
- ✓ Advance placement of firefighters, equipment and fuel reduction;
- ✓ Requires utilities adopt wildfire mitigation plans;
- ✓ Utilities may securitize wildfire debts, recover costs from ratepayers;
- ✓ Establishes the Commission on Wildfire Cost Recovery.

SB 833 (McGuire) **2018** improves emergency notifications, provides \$50 million for pre-positioning emergency equipment.



Disaster Preparedness, Recovery FY 2019-20 Budget

\$300 million:

- ✓ \$75 million for local preparedness for utility public safety power shutdowns
- ✓ \$50 million for upgrades to the state's 9-1-1 system
- ✓ \$30 million to repair, restore, and replace public property damaged or destroyed by a disaster and reimburse local government costs
- ✓ \$25 million to support regional response and readiness, including the repositioning of state & local fire/rescue resources
- ✓ \$20 million for state agencies re responding to declared disasters
- ✓ \$16.3 million to complete the Early Earthquake Warning System
- ✓ \$25 million to communities affected by recent wildfires

Disaster Preparedness, Recovery

AB 836 (Wicks) establishes **Wildfire Smoke Clean Air Centers**. Provides funding to public facilities for smoke-protective filtration systems. *Signed.*

SB 209 (Dodd) requires Cal OES and CAL FIRE to jointly establish the **Wildfire Forecast and Threat Intelligence Integration Center**, the central hub for wildfire forecasting, weather information, and threat intelligence. *Signed.*

- **SB 45 (Allen)**: would create a \$4.1 billion bond to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. *Held in Committee*

Disaster Preparedness, Recovery

AB 1054 (Holden) and AB 111 (Budget)

- ✓ **Utility Cost Recovery Reform.** Codifies “prudent manager” standard, allows cost recovery for electrical corporations if expenses are just and reasonable and related to the ignition of a fire.
- ✓ **CPUC Safety Certification.** Investor-owned utilities covered by new cost recovery standard if they meet certain requirements.
- ✓ **Worker Protection.** Requires investor-owned utility workforce be preserved or increased. Prohibits successor employers, such as cities, from altering negotiated wages, hours, etc. for 2 to 3 years after acquisition.
- ✓ **Liquidity Fund.** Creates a “Wildfire Fund” for liquidity for investor-owned utilities and allows investor-owned utilities to collectively decide to convert the wildfire liquidity fund into an “Insurance Fund.”
- ✓ **Wildfire Safety Advisory Board** created to advise the Wildfire Safety Division.



Safe Drinking Water FY 2019-20 Budget – SB200

\$130 million /yr from **Greenhouse Gas Reduction Fund**
annually from **July 1, 2020** until **June 30, 2030**
to help water systems provide adequate, affordable, safe drinking
water to communities



Pension and Other Benefit Sustainability

- **SB 266 (Leyva)** would have required public agencies to use their general fund to directly pay retirees and/or their beneficiaries, disallowed retirement benefits.

Returned to Senate Floor.



Utility User Tax Collection: Prepaid Phone Cards

SB 344 (McGuire) Extends the Local Mobile Telephony Services Collection Act (Local Prepaid MTS) through 2020 to ensure local agencies continue to collect UUT revenue from prepaid phone cards.

Signed.



Unclaimed Property: Allocation to Governments

AB 1637 (Smith) Unclaimed Property Law.

Authorizes State Controller to allocate unclaimed property to a state or local agency without need for agency to file claim.

Signed.



Public Banking

AB 857 (Chiu) Provides for the establishment of a public bank by a local agency, subject to approval by the Department of Business Oversight (DBO) and Federal Deposit Insurance Corporation (FDIC).

Signed.



Business Licenses. Stormwater Discharge Compliance

SB 205 (Hertzberg) Requires certain regulated businesses to demonstrate enrollment with the National Pollutant Discharge Elimination Systems (NPDES) permit program prior to issuance of a city or county business license.

Signed.



Open Financial Statements: XBRL

SB 558 (Moorlach) Establishes Open Financial Statement Commission and requires report to Legislature re transitioning state and local financial statements to a common machine readable format.

Vetoed.



City Annexations and Incorporations: Property Tax in Lieu of VLF

AB 213 (Reyes) Restores critical funding to cities annexing areas from the Vehicle License Fee by providing Property Tax in Lieu of VLF – just like all cities and counties received in the VLF swap of 2004.
Two year bill.

AB 818 (Cooley / Quirck) Restores critical funding to incorporating cities from the Vehicle License Fee by providing Property Tax in Lieu of VLF – just like all cities and counties received in the VLF swap of 2004. *Two year bill.*



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