CA Cities Advocate
LEAGUE OF CALIFORNIA CITIES
LEGISLATION AND POLICY AFFECTING CALIFORNIA CITIES

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Legislation Threatens Joint Powers Authorities' Local Control

Vote Pending on AB 1217; Call Your Senator Today to Oppose

A bill to codify a rule already enacted by the Orange County Fire Authority to the effect that members of that specific entity cannot appoint alternates, would set a troubling precedent of state interference in the governance of joint power authorities (JPAs) in general. AB 1217 (Daly) represents state micromanagement of a local agency which under existing JPA law has been set up to be self-governing. It also begs the question of why a state law is necessary to implement a change that a JPA has already made on its own. *For more, see Page 2.*

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Legislation Removes Roadblock to Allow CDBG Funds to Flow for Small, Non-Entitlement Cities and Counties

New amendments to AB 723 (Chiu) will make helpful changes to rules governing the allocation of Community Development Block Grant (CDBG) funds to small, "non-entitlement" cities and counties, which receive federal CDBG dollars via the state Department of Housing and Community Development (HCD) rather than directly from the federal government. The amendments, adopted in the Senate Appropriations Committee on Aug. 3, delete a requirement that a recipient jurisdiction spend at least 50 percent of previously awarded funds before receiving another reward. *For more, see Page 2.*

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Local governments throughout California should be concerned about this measure, and strongly consider opposing it. Whatever the motivation for introducing this legislation, it is precedent-setting and inappropriate attempt to intervene in a local matter that is best resolved at the local government level. The measure is now eligible for a vote on the Senate Floor. Cities are urged to call their senators immediately and voice opposition to this measure.

The League has been instrumental in helping coordinate opposition to AB 1217 that has caused the Senate Republican Caucus to switch its vote recommendation from Support to None.

Current Law

Under current law, local public agencies can enter into a JPA at any time to jointly exercise any power common to the contracting parties for a mutually agreed upon purpose. These agreements are purely voluntary. State law has never before reached down to meddle in the governance affairs of a JPA. The governance structure of a JPA is decided upon by the local agency participants at the time the JPA is formed. The very essence of such entities is local control.

If disputes arise about the governance structure or any other aspect of the voluntary agreement that created the JPA, mechanisms are provided under existing law to resolve them at the local level. State legislation is not necessary. Any of the cooperating parties can withdraw from such voluntary agreements if they disagree with the governance or any other aspect of the JPA agreement.

With current law providing a mechanism to make any necessary changes to a JPA's governance or any other aspect of its operations, it begs the question why statewide legislation is necessary — particularly when that legislation is disturbingly precedent-setting in its interference in a matter that clearly falls within the scope of local control.

AB 1217 Undermines Local Control

Under AB 1217, the Orange County Fire Authority board of directors cannot include alternate members. The agency itself, using its authority under current JPA law, in fact had made that determination and there is no need for the state to codify that local JPA's action into state law.

AB 1217 attempts to undermine existing law and unilaterally interfere in a locally agreed upon governance structure that is part of the valid and voluntary formation agreement of a JPA — an entity that by definition has no relation to matters of statewide concern.

Next Steps

Local governments throughout California should be concerned about this measure, and strongly consider opposing it. Whatever the motivation for introducing this legislation, it is an attempt to intervene in a local matter that is best resolved at the local government level.

The League asks all cities to call their senators immediately and voice opposition to AB 1217. The bill can be voted on in the Senate at any time.

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HCD adopted a rule in 2012 prohibiting any city or county from being awarded funds when the jurisdiction has not spent at least 50 percent of an existing award. The delivery of many projects slowed, however, when the recession hit and redevelopment was eliminated. The rule has effectively stopped many new projects from going forward because funds for an existing project cannot be reallocated to a new project. HCD consequently has approximately $100 million in unspent CDBG funds that could be allocated to projects if the rule is deleted.

AB 723 includes an urgency clause, which means the bill would go into effect the day after Gov. Jerry Brown signs it. HCD is expected to release a new Notice of Funding Availability that incorporates the AB 723 changes in the coming months. If cities have been prohibited from

receiving funds due to the 50 percent rule, they should begin to prepare for a new round of funding for which they will be eligible.

A second provision in AB 723 expands eligibility requirements for loans awarded by the California Housing and Finance Agency (CalHFA). Existing law allows CalHFA to offer loans on multi-family rental housing projects that provide at least 20 percent of units for lower income households. The law, however, was used infrequently because the units had to be restricted to very low-income households earning less than 50 percent of area median income (AMI). Developers said they couldn't use the program because the projects could not pencil-out. AB 723 would expand the eligibility to housing projects that provide units for households earning up to 80 percent of AMI. This change will make projects that are more economically feasible, and therefore more attractive to developers, eligible for the loan program.
