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IN THIS ISSUE:

- Page 3: Assembly Bill Strengthening Cities Ability to Use Inclusionary Housing Tool for Rental Units Moves to Senate
- Page 4: Senate Energy, Utilities and Communications Committee Holds Hearing on 100 Percent Clean Energy Bill
2018 City Managers Department Meeting Call for Proposals Open
- Page 5: League-Sponsored Bond Agency Issues \$66.1 Million in Tax-Exempt Bonds for Affordable Housing in
Roseville, Los Angeles and Hospital in Montebello

Governor Signs Legislation Restoring Funding to California’s Four Most Recently Incorporated Cities

Affected Cities are Eastvale, Wildomar, Menifee and Jurupa Valley

Jurupa Valley, one of the four cities affected when the state swept the remaining shares of the city vehicle license fee (VLF) funds, was the site of Gov. Jerry Brown’s signing ceremony this morning for SB 130 (Committee on Budget and Fiscal Review). Sen. Richard Roth (D-Riverside) and Assembly Member Sabrina Cervantes (D-Corona) championed this measure because their districts are home to California’s most recently incorporated cities that lost crucial VLF funds in 2011. *For more, see Page 2.*



Bills in Committee May 15 – 22

May 26 is the last day for fiscal policy committees to send bills to the floor and a week later is the June 2 House of Origin deadline. Expect policy committees to continue and budget hearings to begin now that Gov. Jerry Brown released his May Budget Revise. *For more, see Page 2.*



League Opposes Uber/Lyft Bill Restricting Application of Business Licenses to Drivers

Proposed Licensing Scheme “Is Not Cooked”

After some exploratory discussions with representatives of Uber and Lyft, sponsors of [SB 182](#) (Bradford), the League ultimately opposed the measure. This opposition is based on recent amendments that prohibit local agencies from requiring drivers associated with transportation network companies (TNCs) to obtain a business license to operate unless it is the location where they live. On May 9, SB 182 passed the Senate Judiciary Committee, over the objections of its Chair, Sen. Hannah Beth Jackson (D-Santa Barbara), who maintained that the bill “*is not cooked.*” The senator is correct; it’s not. *For more, see Page 2.*

'VLF' Continued from Page 1...

Although all cities were affected by the loss of city shares of VLF, these four cities were hit hardest because they were much more reliant on VLF than the other 478 California cities. This is due to prior legislative tinkering with local revenue sources.

League-supported SB 130, is similar to this year's SB 37 (Roth), and allows the four cities to receive allocations of property tax as VLF adjustment amounts that all other cities receive.

For more on SB 130 and the history of the VLF swap, please see "[Budget Trailer Bill SB 130 Contains Long-Sought Fix for Struggling Newly-Incorporated Cities](#)," *CA Cities Advocate*, April 25, 2017.

The League thanks the Governor for signing this important measure.

'Bills in Committee' Continued from Page 1...

The League continues to track numerous bills affecting cities. Some hearings, if not all, will be televised. The [Senate](#) and [Assembly](#) publish weekly television schedules, but audio is always available online. In addition, many hearings are also webcast via the [California Channel](#).

Additional information about the important bills the League is tracking is available in the [2017 Bills of Interest and Hot Bills List](#). Published on April 12, this list will continually be updated throughout the remainder of the Legislative Session. Bill language and the League's position letters and sample letters can be found at www.cacities.org/billsearch by plugging the bill number into the search function.

Here are a number of upcoming hearings and measures of interest to cities:

May 15

Senate Appropriations Committee, 9 a.m., State Capitol, Room 4203

- **SB 17 (Hernandez)** Health care: prescription drug costs. *League position: Support.*
- **SB 78 (Leyva)** After school programs: grant amounts. *League position: Support.*
- **SB 252 (Dodd)** Water wells. *League position: Oppose unless Amended.*
- **HOT SB 540 (Roth)** Workforce Housing Opportunity Zone. *League position: Support.*
- **SB 589 (Hernandez)** Municipal separate storm sewer systems: financial capability analysis: pilot project. *League position: Support.*

Senate Appropriations Special Order, 1 p.m., State Capitol, Room 4203

- **HOT SB 649 (Hueso)** Wireless telecommunications facilities. *League position: Oppose.*

Assembly Revenue and Taxation, 2:30 p.m., State Capitol, Room 126

- **AB 9 (Garcia, C)** Sales and use taxes: exemption: sanitary napkins: tampons: menstrual sponges and menstrual cups. *League position: Oppose unless Amended.*

May 17

Assembly Appropriations Committee, 9 a.m., State Capitol, Room 4202

- **AB 56 (Holden)** California Infrastructure and Economic Development Bank: housing. *League position: Support.*
- **AB 76 (Chau)** Adult-use marijuana: marketing. *League position: Support.*
- **AB 503 (Lackey)** Vehicles: parking violations: registration or driver's license renewal. *League position: Oppose unless Amended.*
- **AB 570 (Gonzalez Fletcher)** Workers' compensation: permanent disability apportionment. *League position: Oppose.*
- **AB 663 (Bloom)** Coastal resources: low- and moderate-income housing. *League position: Oppose.*
- **HOT AB 890 (Medina)** Local land use initiatives: environmental review. *League position: Oppose.*

- **AB 943 (Santiago)** Land use regulations: local initiatives: voter approval. *League position: Oppose unless Amended.*
- **AB 1008 (McCarty)** Employment discrimination: prior criminal history. *League position: Oppose.*
- **AB 1120 (Cooper)** Controlled substances: butane. *League position: Support.*
- **AB 1223 (Caballero)** Construction contract payments: Internet Website posting. *League position: Oppose.*
- **AB 1414 (Friedman)** Solar energy systems: permits. *League position: Oppose.*

May 22

Senate Appropriations Committee, 10 a.m., State Capitol, Room 4203

- **HOT SB 35 (Wiener)** Planning and zoning: affordable housing: streamlined approval process. *League position: Oppose.*
- **SB 167 (Skinner)** Housing Accountability Act. *League position: Oppose.*
- **SB 347 (Jackson)** State Remote Piloted Aircraft Act. *League position: Support.*

'SB 182' Continued from Page 1...

The League initially held off in taking a position on SB 182 so that discussions could be held with the sponsors who were seeking additional regulatory clarity for TNC drivers on how to comply with local business license requirements, especially in those locations where a driver may only be operating for a small portion of the time. While no examples have been provided of drivers facing multiple licensing requirements, sponsors communicated their concern that drivers, who are often part-time, could face such requirements in the future. It has become clear given recent amendments that the sponsors' objectives are now at odds with those of local government.

The League's starting point for this discussion is that a local business license must have a nexus with business activity within that jurisdiction. For example, San Francisco has over 20,000 TNC drivers registered for business licenses. If a TNC driver works primarily in San Francisco, they clearly should have a business license in that city. The remaining policy question is to what extent should business licenses be required to reflect activity in surrounding jurisdictions? Since TNC companies have locational data on every pick up and drop off, a system could certainly be devised to clarify this area of law, including the concept of apportioning licensing requirements and revenue based on varied levels of business activity.

As amended, however, the requirements in SB 182 have lost all connection to nexus. It now requires TNC drivers to only be licensed in the city or county where they live. This makes no sense. A driver could happen to live in Vacaville, but work in San Francisco driving 60 hours per week. In this instance Vacaville would have little nexus to levy a local business tax; San Francisco, however, clearly would, but would be prohibited by the bill from doing so.

The League is also concerned about the precedents in the bill and how they could affect other local licensing authority. Legislators should vote "No" on the bill in its current form, so that solutions can be developed that more appropriately balance the challenges of this emerging industry with the authority of local agencies to appropriately license business activity within their jurisdictions. Cities are encouraged to submit letters of opposition.

A copy of the League's letter and a sample letter can be found at www.cacities.org/billsearch by plugging AB 182 into the search function.

Assembly Bill Strengthening Cities Ability to Use Inclusionary Housing Tool for Rental Units Moves to Senate

California cities are on the front lines of the state's housing crisis and need tools to help encourage the development of more affordable units for residents. [AB 1505](#), a bill that clarifies and strengthens cities' authority to use the inclusionary housing program for rental units is on its way to the Senate.

Assembly Member Richard Bloom (D-Santa Monica) is authoring this bill because he believes that local governments need more options to help address the housing crisis. He made this point again in a May 4 [press release](#) following the Assembly's vote on the measure: "Housing costs across the state have increased exponentially and absent corrective action there is no end in sight," said Assembly Member Bloom. "Given our state's severe housing crisis, it is critical that we give local governments every tool to address affordable housing needs. This bill returns one of our most important and effective tools."

This League-supported bill gives cities more opportunities to increase their affordable housing stock. The measure clarifies that under the law, cities have the option to impose inclusionary housing programs for both for sale and rental housing developments.

These programs would help meet the affordability needs of residents despite developer resistance. This measure would also complement the additional pending bills that seek to bring much needed financial resources to affordable housing programs.

Background

In the California Court of Appeals decision in *Palmer/Sixth Street Properties L.P. v. City of Los Angeles*, 175 Cal. App. 4th 1396 (2009), the court took a very broad interpretation of the Costa-Hawkins Act and its application on inclusionary housing ordinances, opining that inclusionary housing ordinances with regards to rental housing conflicted with and were pre-empted by the Costa-Hawkins Act. Costa-Hawkins was intended to restrict systems of rent control, not preclude rent restrictions on inclusionary housing.

Next Steps

June 2 is the Legislature's House of Origin deadline. After that date, bills that have moved to their second house will be scheduled for committee hearings. Expect those hearings to ramp up in early to mid-June. The League will keep cities notified of AB 1505's hearing schedule.

Senate Energy, Utilities and Communications Committee Holds Hearing on 100 Percent Clean Energy Bill

SB 100 Sets State Target for Renewable Energy to 100 Percent by 2045

Senate President pro Tem Kevin de León's (D-Los Angeles) proposal to have California reliant on 100 percent clean energy by 2045 cleared its first policy committee hearing a week after being introduced. [SB 100](#), according to the Senate President pro Tem, sets the most ambitious renewable energy target in the world. The committee on May 9 passed SB 100, sending it to the Senate Appropriations Committee.

During the hearing committee members and stakeholders engaged in a lengthy discussion on the legislation and its impacts on the state, jobs, utilities and industry. Wind energy, the solar industry and employee unions led the charge in support of the measure, while investor owned utilities voiced concerns. Committee members and stakeholder groups alike seek consideration of additional energy sources, such as geothermal, biomass, and renewable gas. Conversations will continue as this bill moves through the Legislature.

[Announced on May 2](#) during a [press conference](#) featuring Sen. de León along with Sens. Hannah-Beth Jackson (D-Santa Barbara), Scott Weiner (D-San Francisco), Henry Stern (D-Agora Hills) and William Monning (D-Carmel), SB 100 is being touted as a measure that addresses climate change, while also supporting California's economy and job creation. Sen. de León promised that Californians can expect savings on their utility bills when SB 100 is implemented.

SB 100 expands the existing Renewable Portfolio Standard (RPS) and directs three state agencies, the Public Utilities Commission, the Energy Commission and Air Resources Board, to adopt policies and regulations to meet the new goals. It also applies to both retail sellers and publically owned utilities.

The Legislature in 2015 passed SB 350 (de León), which set a 50 percent clean energy standard by 2030. Last year's SB 32 (Paveley) requires the state to reduce its overall Greenhouse Gas Emissions by 40 percent by 2030.

Under SB 100, the current 50 percent RPS target will be accelerated with the following further targets established:

- 50 percent by 2026;
- 60 percent by 2030; and
- 100 percent by 2045.

In addition, the measure creates new policies related to the capture of uncontrolled methane from sources including dairies, landfills and waste water treatment facilities. The new clean renewable fuels will replace natural gas. The measure seeks to replace dirty diesel fuels by directing investor owned utilities, to invest in cleaner transportation fuels such as hydrogen or waste methane gas from dairy farms.

2018 City Managers Department Meeting Call for Proposals Open

Deadline to Submit Ideas is June 5

The League of California Cities® is taking submissions for session proposals and speakers for the 2018 City Managers Department meeting, which is scheduled for Jan. 31–Feb. 2 at the Newport Beach Marriott Hotel & Spa. The call for proposals offers a chance to share best practices, innovative approaches, as well as research and information with managers at their largest annual gathering in California.

This three-day conference is geared toward California city managers and others in the profession and focuses on current issues and timely topics to assist officials in their daily roles and operations within their city.

Submissions, non-commercial in nature, from any individual, group, business or organization, on any topic are welcome. The Program Planning Advisory Committee will consider the educational value of each proposal and the extent to which it presents new and/or significant information.

Sessions may not include sales, commercialism or product promotion of any kind. Ideas need to be fully completed and [submitted through the online proposal form](#) by Monday, June 5 to be considered by the committee.

There is a limit to the amount of words allowed within the title and description of each proposal. We recommend you write your proposal in a word-processing program first, and paste the final version into the online form.

A "Topic Suggestions" has been added to the proposal guidelines which are areas of current interest to this group.

Visit www.cacities.org/citymanagersproposal for additional information and to submit ideas.

If you have any questions please contact [Dayna Casper](#) at (916) 658-8227.

League-Sponsored Bond Agency Issues \$66.1 Million in Tax-Exempt Bonds for Affordable Housing in Roseville, Los Angeles and Hospital in Montebello

Some of the most significant benefits of League membership for cities since 1988 have flowed from the League's co-sponsorship of the [California Statewide Communities Development Authority](#) (CSCDA).

This program provides a variety of public agencies and developers access to low-cost, tax-exempt financing and economic development tools. CSCDA recently issued a total of \$66,153,000 in tax-exempt multi-family affordable housing bonds for Campus Oaks Phase 1

Apartments in Roseville, Boyle & Jewell Terrace Apartments in Los Angeles and tax-exempt bonds for Beverly Hospital located in Montebello.

About Campus Oaks Phase I Apartments

Campus Oaks Phase 1 Apartments is the new construction of 185 mixed income housing units by Scott Canel & Associates (Canel). The units will include:

- 22 percent of the rental housing units will be rent restricted for low-income tenants;
- Income restricted apartments will comprise one- and two-bedroom units; and
- The project includes swimming pools, a fitness center, kitchen and clubhouse.

CSCDA and Canel partnered with Sterling Bank, Southern Bank, and Kutak Rock, LLP to provide the \$37,213,000 in tax-exempt multi-family affordable housing bonds for the project. The financing for the project requires the affordability of units for low-income tenants to be maintained for 55 years.

About Beverly Hospital

Beverly Hospital (Beverly) is a not-for-profit, leading and independent 224-bed acute care facility that is proud of the medical services and comfort provided to patients. From emergency room and hospitalization to outpatient procedures, Beverly offers a full range of services with the latest technology on diagnostic and treatment options. A medical staff of over 350 physicians, representing a wide spectrum of specialties, is supported by experienced and dedicated employees and volunteers, who strive to deliver high-tech, high-touch services, preventive education and patient care.

CSCDA partnered with Wells Fargo Securities and Squire Patton Boggs to provide the \$19,840,000 in tax-exempt bonds for Beverly. The proceeds of the investment grade rated bonds will be used for renovations to Beverly's maternity health department and post-partum rooms, expansion of the emergency room department, installation of a new central plant chiller, and overall facility upgrades.

About Boyle & Jewell Terrace Apartments

Boyle & Jewell Terrace Apartments is an acquisition and rehabilitation of 67 multi-family affordable housing apartments by Boyle Terrace Affordable Apartments, LP. The project sponsor is Intercontinental Affordable Housing (IAHI). Boyle & Jewell Terrace Apartments will continue to be 100 percent affordable and provide apartments to low-income residents in Los Angeles.

CSCDA and IAHI partnered with Jones, Lang LaSalle Multifamily to provide tax-exempt multi-family affordable housing bonds for Boyle & Jewell Terrace Apartments. The project will undergo an extensive interior and exterior renovation ensuring that residents have an updated, safe, and affordable community to call home for years to come. The financing of Boyle & Jewell Terrace Apartments will maintain the affordability of units for low-income tenants for 55 years.

Background

CSCDA is a joint powers authority created in 1988 and is sponsored by the League of California Cities[®] and the California State Association of Counties. It was created by cities and counties for cities and counties. More than 500 cities, counties and special districts are program participants in CSCDA, which serves as their conduit issuer and provides access to efficiently finance locally-approved projects. CSCDA has issued more than \$50 billion in tax exempt bonds for projects that provide a public benefit by creating jobs, affordable housing, healthcare, infrastructure, schools and other fundamental services. Visit [CSCDA's website](#) for additional information on the ways in which CSCDA can help your city.
