

**Aug. 18, 2017
Issue #61**

IN THIS ISSUE:

Page 8: Lawmakers Negotiate Park and Water Bond
League-Sponsored Bond Agency Issues \$162.5 Million in Tax-Exempt Bonds for Student Housing in Irvine and
New Markets Tax Credit Financing for Affordable Food Manufacturing Facilities in Los Angeles

Updated Priority Bill List

The following list reflects the current standing of bills for which the League has a position heading into the final month of the session. *For more, see Page 2.*



Bills in Committee Aug. 21 – 28

Monday marks the start of the final four weeks of the 2017 legislative session when legislators return from their month-long summer recess. The Capitol will be buzzing with activity to finish work before it adjourns on Sept. 15. Gov. Jerry Brown and legislative leaders announced before the break that housing would be one of the first issues they would address post-recess. The Legislature will also take up funding for parks and water projects. *For more, see Page 5.*



Housing Legislation Tops Agenda for Final Month of 2017 Legislative Session

When the Legislature reconvenes Monday after its month-long break, it is expected to take up and pass a package of housing bills before adjourning Sept. 15. Housing is one of the League's strategic priorities this year and advocacy efforts have focused on bills that create more incentives to build housing and funding to support affordable housing as well as opposing legislation that streamline by eliminating public input, review and discretion. Bills that are expected to comprise the final housing package would streamline housing approvals, reduce regulatory barriers and provide new funding for affordable housing. *For more, see Page 6.*

Additional information on bills and sample letters that cities can use can be found at www.cacities.org/billsearch.

HOT AB 18 (Garcia, Eduardo) California Clean Water, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

Status: Senate Desk
League Position: Support

AB 22 (Bonta) Secretary of State: storing and recording electronic media.

Status: Senate Floor
League Position: Support (Sponsor)

AB 45 (Thurmond) California School Employee Housing Assistance Grant Program.

Status: Senate Appropriations Committee
League Position: Support

AB 56 (Holden) California Infrastructure and Economic Development Bank: housing.

Status: Senate Floor
League Position: Support

AB 64 (Bonta) Cannabis; licensure and regulation.

Status: Senate Appropriations Committee
League Position: Oppose

AB 72 (Santiago) Housing.

Status: Senate Floor
League Position: Oppose Unless Amended

AB 73 (Chiu) Streamline Housing Approvals.

Status: Senate Floor
League Position: Watch

AB 74 (Chiu) Housing.

Status: Senate Appropriations Committee
League Position: Support

AB 76 (Chau) Adult-use marijuana: marketing.

Status: Senate Appropriations Committee
League Position: Support

AB 175 (Chau) Adult-use marijuana: marketing: packaging and labeling.

Status: Senate Appropriations Committee
League Position: Support

AB 345 (Ridley-Thomas) Municipal code violations.

Status: Senate Floor
League Position: Support

AB 420 (Wood) Marijuana and medical cannabis: advertisements: license number disclosure.

Status: Senate Appropriations Committee
League Position: Support

AB 503 (Lackey) Vehicles: parking violations: registration or driver's license renewal.

Location: Senate Appropriations Committee
League Position: Oppose Unless Amended

AB 525 (Aguiar-Curry) State Board of Equalization: offer in compromise: extension.

Status: Senate Floor

League Position: Support

AB 570 (Gonzalez Fletcher) Workers' compensation: permanent disability apportionment.

Status: Senate Appropriations Committee

League Position: Oppose

AB 678 (Bocanegra) Housing Accountability Act.

Status: Senate Floor

League Position: Oppose

HOT AB 748 (Ting) Peace Officers: video and audio recording recordings: disclosure.

Status: Senate Rules Committee

League Position: Oppose

AB 765 (Low) Local initiative measures: submission to the voters.

Status: Senate Floor

League Position: Support

AB 879 (Grayson) Planning and zoning: housing element.

Status: Senate Floor

League Position: Support

AB 943 (Santiago) Land use regulations: local initiatives: voter approval.

Status: Senate Appropriations Committee

League Position: Oppose Unless Amended

AB 1002 (Cooley) Center for Cannabis Research.

Status: Senate Appropriations Committee

League Position: Support

AB 1066 (Aguiar-Curry) Public works: definition.

Status: Senate Appropriations Committee

League Position: Oppose

AB 1069 (Low) Local government: taxicab transportation services.

Status: Senate Appropriations Committee

League Position: Oppose Unless Amended

AB 1120 (Cooper) Controlled substances: butane.

Status: Senate Appropriations Committee

League Position: Support

AB 1168 (Gipson) Gambling: local moratorium.

Status: Senate Floor

League Position: Oppose Unless Amended

AB 1397 (Low) Local planning: housing element: inventory of land for residential development.

Status: Senate Floor

League Position: Oppose

HOT AB 1408 (Calderon) Crimes: supervised release.

Status: Senate Appropriations Committee

League Position: Support

AB 1414 (Friedman) Solar energy systems: permits.

Status: Senate Appropriations Committee

League Position: Oppose

AB 1444 (Baker) Livermore Amador Valley Transit Authority: demonstration project.

Status: Senate Floor

League Position: Support

AB 1452 (Muratsuchi) Parking: exclusive electric charging and parking on public streets.

Status: Senate Floor

League Position: Support

HOT AB 1505 (Bloom) Land use: zoning regulations.

Status: Senate Floor

League Position: Support

AB 1625 (Rubio) Inoperable parking meters.

Status: Senate Floor

League Position: Oppose

ACA 11 (Caballero) California Middle Class Affordable Housing and Homeless Shelter: funding.

Status: Assembly Housing and Community Development Committee

League Position: Support

HOT SB 2 (Atkins) Building Homes and Jobs Act.

Status: Assembly Rules Committee

League Position: Support

HOT SB 3 (Beall) Affordable Housing Bond Act of 2018.

Status: Assembly Rules Committee

League Position: Support

SB 5 (De León) California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

Status: Assembly Water, Parks, and Wildlife Committee

League Position: Support if Amended

SB 17 (Hernandez) Health care: prescription drug costs.

Status: Assembly Appropriations Committee

League Position: Support

HOT SB 21 (Hill) Law enforcement agencies: surveillance: policies.

Status: Assembly Appropriations Committee

League Position: Oppose Unless Amended

HOT SB 35 (Wiener) Planning and zoning: affordable housing: streamlined approval process.

Status: Assembly Rules Committee

League Position: Oppose

SB 63 (Jackson) Unlawful employment practice: parental leave.

Status: Assembly Appropriations Committee

League Position: Oppose

SB 162 (Allen) Cannabis: marketing.

Status: Assembly Appropriations Committee

League Position: Support

SB 167 (Skinner) Housing Accountability Act.

Status: Assembly Rules Committee

League Position: Oppose

HOT SB 182 (Bradford) Transportation Network Company: participating drivers: single business license.

Status: Assembly Privacy and Consumer Protection Committee
League Position: Oppose

SB 199 (Hernandez) The California Health Care Cost, Quality, and Equity Atlas.

Status: Assembly Appropriations Committee
League Position: Support

HOT SB 231 (Hertzberg) Local government: fees and charges.

Status: Assembly Floor
League Position: Support

SB 378 (Portantino) Alcoholic beverages: licenses: emergency orders.

Status: Assembly Appropriations Committee
League Position: Support

SB 421 (Wiener) Sex offenders: registration: criminal offender record information systems.

Status: Assembly Appropriations
League Position: Support

HOT SB 540 (Roth) Workforce Housing Opportunity Zone.

Status: Assembly Policy Committee
League Position: Support

HOT SB 649 (Hueso) Wireless telecommunications facilities.

Status: Assembly Appropriations Committee
League Position: Oppose

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

Appropriations committees in the Senate and Assembly will dominate next week. Cities will be especially interested to note that League-opposed SB 649 (Bonta) is on the Assembly Appropriations Committee agenda for Wednesday, Aug. 23.

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](#).

The League has issued an [update priority bill list](#) for the end of 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 the upcoming appropriations hearings:

Aug. 21

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

- **AB 45 (Thurmond)** California School Employee Housing Assistance Grant Program. *League position: Support.*
- **HOT AB 64 (Bonta)** Cannabis: license and regulation. *League position: Oppose.*
- **AB 76 (Chau)** Adult-use marijuana: marketing. *League position: Support.*
- **AB 175 (Chau)** Cannabis marketing: packaging and labeling. *League position: Support.*
- **AB 420 (Wood)** Personal income tax: deduction: commercial cannabis activity. *League position: Support.*
- **AB 570 (Gonzalez Fletcher)** Workers' compensation: permanent disability apportionment. *League position: Oppose.*
- **AB 943 (Santiago)** Land use regulations: local initiatives: voter approval. *League position: Oppose unless amended.*
- **AB 1002 (Cooley)** Center for Cannabis Research. *League position: Support.*
- **AB 1066 (Aguiar-Curry)** Public works: definition. *League position: Oppose.*

- **Priority AB 1069 (Low)** Local government: taxicab transportation services. *League position: Oppose unless amended.*
- **AB 1120 (Cooper)** Controlled substances: butane. *League position: Support.*
- **AB 1127 (Calderon)** Baby diaper changing stations. *League position: Oppose.*

Aug. 23

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

- **SB 17 (Hernandez)** Health care: prescription drug costs. *League position: Support.*
- **HOT SB 21 (Hill)** Law enforcement agencies: surveillance: policies. *League position: Oppose unless amended.*
- **SB 162 (Allen)** Cannabis: marketing. *League position: support.*
- **SB 188 (Jackson)** State lands: leasing: oil and gas. *League position: Support.*
- **SB 378 (Portantino)** Alcoholic beverages: licenses: emergency orders: *League position: Support.*
- **SB 421 (Wiener)** Sex offenders: registration: criminal offender record information systems. *League position: Support.*
- **SB 541 (Allen)** Water: school facility water capture practices. *League position: Support.*
- **SB 618 (Bradford)** Load-serving entities: integrated resource plans. *League position: Support.*
- **HOT SB 649 (Hueso)** Wireless telecommunications facilities. *League position: Oppose.*

Aug. 28

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

- **AB 503 (Lackey)** Vehicles: parking violations: registration or driver's license renewal. *League position: Oppose unless amended.*
- **AB 1069 (Low)** Local government: taxicab transportation services. *League position: Oppose unless amended.*
- **AB 1158 (Chu)** Carpet recycling. *League position: Support.*

'Housing' Continued from Page 1...

Gov. Jerry Brown and legislative leaders issued a [statement on July 17](#) prior to the recess that they would make this legislation one of the top priorities for the final weeks of session and address the housing supply and affordability crisis gripping many regions of California.

While the actual package of bills that will be included in the housing deal has yet to be formally announced, the Governor and leaders have insisted that new money for affordable housing will only be available if it is paired with streamlined regulations at the local level. There are a number of bills that could be part of this package.

Possible funding proposals include:

- **SB 2 (Atkins):** Imposes a fee of \$75 recordation on specified real estate documents to generate hundreds of millions of dollars per year for affordable housing, supportive housing, emergency shelters, and transitional housing.
- **SB 3 (Beall) Affordable Housing Bond Act of 2018:** Authorizes a \$3 billion general obligation bond to fund affordable housing programs and infill infrastructure projects including multi-family housing, CalHome, Joe Serna Farmworker Housing, Local Housing Trust Fund Matching Grant, BEGIN, and TODs.
- **AB 71 (Chiu):** Eliminates the mortgage interest deduction on second homes, increases the state Low-Income Housing Tax Credit Program by \$300 million.

Possible streamlining/regulatory reform proposals include:

- **SB 35 (Weiner):** Seeks to streamline multi-family housing project approvals by eliminating public input, prohibiting CEQA, and removing local discretion.
- **SB 167 (Skinner)/AB 678 (Bocanegra):** Makes numerous changes to the Housing Accountability Act including, 1) Requires findings to be based on “a preponderance of evidence;” 2) Imposes mandatory fines (\$10,000) on cities that fail to comply with a judge’s order within 60 days; 3) Allows enhanced fines (a factor of five) if a city acts in bad faith.
- **SB 540 (Roth):** Streamlines the housing approval process by having cities and counties identify priority housing areas where enhanced planning, necessary environmental reviews and public engagement would occur at the front-end. These Workforce Housing Opportunity Zones would focus on workforce and affordable housing in areas close to jobs and transit and conform to California’s greenhouse gas reduction laws.
- **AB 72 (Santiago):** Provides the Department of Housing and Community Development broad new authority to review any action by a city or county that it determines is inconsistent with an adopted housing element.
- **AB 73 (Chiu):** Allows a city or county to create a housing sustainability district to complete upfront zoning and environmental review in order to receive incentive payments for development projects that are consistent with the district’s ordinance.
- **AB 879 (Grayson):** Provides the Department of Housing and Community Development new authority to, 1) Complete a study to evaluate the reasonableness of local fees charged to new developments, including new amendments to the Mitigation Fee Act to “substantially reduce fees for residential development;” 2) Requires a city, in their analysis of governmental constraints, to include an analysis of any currently-authorized, locally-adopted ordinances that directly impact the cost and supply of residential development.
- **AB 1397 (Low):** Requires lands in a city’s housing element to include vacant sites and sites that have “realistic and demonstrated potential” for redevelopment to meet a portion of the locality’s housing need for a designated income level.
- **AB 1515 (Daly):** Requires housing projects to be deemed consistent, compliant, and in conformity with an applicable plan, if there is substantial evidence that would allow a reasonable person to conclude that the housing development project or emergency shelter is consistent, compliant, or in conformity.

Timing of Vote on Housing Package Remains Unclear

It is unlikely that legislators will take up housing as early as Monday, Aug. 21 when they return.

The streamlining and regulatory reform proposals likely have the votes, while the funding proposals — SB 2, \$75 recordation fee; and SB 3, \$3 billion bond — appear to lack the two-thirds vote needed to pass. Some legislators have signaled that they are reluctant to vote on proposals that increase fees or straddle the state with additional debt.

Next Steps

The League will continue to work with lawmakers and the Governor on amendments to several bills in the housing package when the Legislature returns.

Cities are encouraged to review the League’s recent housing [action alert](#) and contact their Assembly Member and Senator to convey support for SB 2 and SB 3, while also insisting that lawmakers don’t take a bad deal undermining local land use authority.

The League’s letters, as well as sample letters cities can use, are available at www.cacities.org/billsearch by plugging the bill number into the search function.

Lawmakers Negotiate Park and Water Bond

Cities Urged to Support Per Capita Funding for City Parks

With the Legislature returning from the summer recess, negotiations continue on a bond measure to fund parks and water projects. Several measures are moving through the legislative and initiative processes that would place either a park, water, or combined bond in the June 2018 ballot. Among the key issues for cities is the question of whether the bond will include a per capita allocation for city and county park improvement grants.

The four bond measures are as follows:

- [AB 18](#) (E. Garcia), which the League supports, would provide \$3.105 billion for parks, clean water, climate, and coastal protection. It includes \$425 million in direct funding for park rehabilitation and improvement grants to cities and counties to be distributed on a per capita basis. Cities are slated to receive 60 percent of the \$425 million, with each city receiving a minimum of \$200,000.
- [SB 5](#) (de León), on which the League has taken a support if amended position, is a \$3.832 billion measure containing funding for parks, drought and drinking water projects, and flood protection. This measure includes \$200 million for local park rehabilitation and improvement grants, which would be distributed on a per capita basis. Of this, cities are slated to receive 60 percent, with a minimum allocation of \$125,000. An additional \$15 million would be reserved for grants for cities and parks districts in urbanized counties with populations of fewer than 200,000.
- [The Safe Drinking Water, Water Quality and Supply, Natural Resources Protection and Park Improvement Act of 2018](#) by proponent Joseph Caves, would provide \$7.5 billion to finance safe drinking water and water quality projects, climate resilience projects, and state and local parks improvements. This measure includes \$400 million for local parks to be allocated on a per capita basis with each city receiving a minimum of \$200,000.
- [State Water Supply Infrastructure, Water Storage and Conveyance, Ecosystem and Watershed Protection and Restoration, and Drinking Water Protection Act of 2018](#) by proponent Gerald Meral, would provide \$8.3 billion primarily dedicated to safe drinking water, water recycling and desalination, flood management, and other water projects. This measure does not contain funding for local parks.

The League urges the authors to maintain the \$425 million per capita allocation to cities and counties that is currently found in AB 18. As all cities would benefit from this level of funding, cities that support parks funding are encouraged to reach out to these legislators. Park bond funding is critical for struggling city parks.

The last true park bond, Proposition 40, passed 15 years ago. Since then parks have suffered through the Great Recession as cities struggled to shore up shrinking budgets. Many parks departments have not recovered and are still weighed down by deferred maintenance.

The potential park and water bond has also been tied to a possible housing bond, which the Legislature continues to negotiate.

League-Sponsored Bond Agency Issues \$162.5 Million in Tax-Exempt Bonds for Student Housing in Irvine and New Markets Tax Credit Financing for Affordable Food Manufacturing Facilities in Los Angeles

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) and [California Statewide Communities Development Corporation \(CSCDC\)](#).

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

\$162,550,000 in tax-exempt revenue bonds for the construction of new student housing facilities located on the University of California, Irvine campus and [New Markets Tax Credit](#) (NMTC) allocation to L.A. Prep Properties II LLC, an affiliate of CED Food II LLC, to finance L.A. Prep South, an approximately 60,000 square foot multi-tenant food production facility located in South Los Angeles.

About CHF-Irvine and the East Campus Apartments

The UC Irvine East Campus Apartments, owned by CHF-Irvine, L.L.C. and operated by American Campus Communities, currently comprise of five, 163 student beds developed in three phases between 2005 and 2010. Collegiate Housing Foundation (CHF), a nonprofit corporation, is the sole member of CHF Irvine. CHF was organized in 1996 exclusively for charitable and educational purposes, including assisting its member colleges and universities in providing housing for their enrolled students and faculty and otherwise assisting its member colleges and universities in furtherance of their educational missions.

The current transaction finances the construction of the new Phase IV-A of the East Campus Apartments, comprised of approximately 410 units and 1,440 total student housing beds for both undergraduate and graduate students. CSCDA and CHF-Irvine partnered with Barclays and Orrick, Herrington & Sutcliffe, LLP to provide the \$148,550,000 in tax-exempt revenue bonds for the Phase IV-A Project.

About L.A. Prep South

L.A. Prep South builds upon the success of CED's original L.A. Prep location, which opened in 2015. L.A. Prep South offers each tenant an exclusive, turnkey food production space along with essential shared amenities including flexible storage, packing areas, office and onsite logistics. The facility helps food companies scale production faster and with lower capital requirements than any other option available to such companies. Facility costs, infrastructure, and permitting are typically significant barriers to entry for small food businesses.

The project is expected to create approximately 40 construction jobs and 260 new permanent jobs. Sixty percent of the permanent tenant jobs are expected to be jobs paying a living wage or higher and 100 percent of the jobs to operate the facility will pay a living wage or higher. Seventy-five percent of the permanent tenant jobs are expected to be filled by residents from low-income communities in and surrounding South Los Angeles.

As conventional financing was not possible based on traditional underwriting standards, CSCDC partnered with Genesis LA, which provided an additional \$10 million in NMTC allocation, as well as JPMorgan Chase which provided \$1 million in NMTC allocation and is the tax credit equity investor, to complete the financing for L.A. Prep South.

The developer collaborated with the L.A. County Department of Public Health (DPH) to create innovative regulations that allowed for an expedited government approval process for small food manufacturers. L.A. Prep South will provide flexible lease rates to 62 small and medium size food businesses and helps them ramp up their production within days and at a substantially lower cost than if they were to rent space on their own and pay for permitting and startup costs, creating a pathway for startups and neighborhood businesses to expand and prosper. Based on its experience at its original L.A. Prep location, the developer anticipates that approximately two-thirds of the tenants at the project will be woman-owned companies and one-third of the tenants will be minority-owned companies.

Background

CSCDC was created as an affiliate community development entity by CSCDA to facilitate investment in low income communities through the use of New Markets Tax Credits. The NMTC program, passed by Congress in 2000, encourages investments in low-income communities by providing a tax incentive for community development lenders and the capital markets to invest in communities that historically have had poor access to capital.

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.
