

HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT POLICY COMMITTEE

Friday, June 8, 2018

Sacramento Convention Center, 1400 J Street, Sacramento

ATTENDANCE

Members: Ed Spriggs (Chair), Stacey Mattina (V. Chair), Samantha Argabrite, Gary Boyer, Robert Combs, Carla Condon, Marilyn Ezzy Ashcraft, Joan Freeman, Juan Garza, Marshall Goodman, Gary Huisingh, Dan Kalb, Lou La Monte, Mina Layba, Leslie Little, Sue Long, Andi Lovano, Yanely Martinez, Scott Nassif, Blanca Pacheco, Peter Pirnejad, Robert Schultz, Cori Schumacher, Cindy Silva, Arne Simonsen, Nancy Smith, Claudette Staton, Randy Stone, Fred Strong, Eric Vail, John Valdivia, Chad Wanke, Dan Wright

League Staff: Jason Rhine, Johnnie Pina

I. State Budget and Issues Briefing

Rich Garbarino, League President and Council Member from the City of South San Francisco, welcomed all the attendees and thanked them for their valuable contributions to the League's policy development process. He then paused and asked the attendees to celebrate the voter's support earlier that week for Proposition 69, which ensured that revenues derived from SB 1 could only be used for transportation purposes. He added that the battle to protect local transportation funds was not over, and the League would be working with our partner organizations in the Fix Our Roads coalition to help voters understand the value of preserving these funds. He also noted that voters had approved two other League-supported measures: Prop. 68, the park bond, and also Prop 72 to give a tax break for rainwater capture.

Next, League Fiscal Policy Consultant, Michael Coleman, gave an in-depth update of the Governor's May budget revise. He discussed the revenues generated by the state and the funding priorities for the administration. Erin Evans-Fudem explained the League's budget asks including wildfire and disaster funding, increasing funding for the Transformative Climate Communities program, and increasing state funding to address organic waste recycling challenges.

League Deputy Executive Director/Legislative Director Dan Carrigg then gave an overview of the primary election results including the high-profile Governor's race in November. He talked about the candidates and highlighted some of the positions the candidates have on issues important to the League, such as housing.

Michael Coleman then provided an update on local ballot measures from the recent election. Dan Carrigg then discussed the challenges the League faces with multiple ballot measures in November. Specifically, Dan discussed the Business Roundtable's initiative. This initiative would significantly hinder a city's ability to raise revenue and fund essential services. Due to its retroactive provision, the initiative would undo 25 local ballot measures passed by the voters at the June election.

Jason Rhine, League's Assistant Legislative Director, then updated the attendees on housing legislation. Jason highlighted several bills including AB 2923 (Chiu), SB 828 (Wiener), SB 831 (Wieckowski), AB 2890 (Ting), AB 3162 (Friedman), and SB 946 (Lara). Jason explained that the budget deal on homelessness has been struck, but he urged everyone to call or visit their legislators to tell them that they support funding for homelessness.

Rony Berdugo, the League's lobbyist on Transportation, Communications and Public Works, was joined by National League of Cities lobbyist, Angelina Panettieri. Rony provided and an overview

of the fight over SB 649 (Hueso) the small-cell bill from last year, and the implementation transportation funding from SB 1 (Beall, 2016), and asked for volunteers to be champions to help defend SB 1. Rony then introduced Angelina, who discussed the National League of Cities perspective on telecom issues and how other states are addressing the issue. She asked for members to speak to their congressional legislators about broadband deployment to make sure that local government perspectives are heard in Washington D.C.

Dane Hutchings, the League's lobbyist on Governance, Transparency and Labor Relations, discussed AB 1912 (Rodriguez) that would apply retroactive liability to each member agency of a joint powers authority. Dane also discussed a recent budget trailer bill affecting contracting for library services that is reminiscent of AB 1250 (Jones-Sawyer) from last year.

Dan Carrigg then introduced the League's newest lobbyist for Public Safety, Charles Harvey. Charles introduced himself and discussed various cannabis and public safety bills. Primarily, Charles discussed SB 1302 (Lara) that would force cities to allow for deliveries in their jurisdictions. He urged the group to call their legislators to let them know that cities do not support SB 1302 or any other measure that removes cities' ability to regulate cannabis deliveries.

Lastly, Dan Carrigg gave a brief overview of the issues related to Revenue and Taxation. He briefly described SCA 20 (Glazer) and efforts to refine a proposed transition to destination allocation of local Bradley-Burns sales taxes as one of the primary topics of ongoing discussion.

II. Public Comment

No public comment.

III. 2018 Legislative Agenda

[AB 1771 \(Bloom\)](#) Planning and Zoning: Regional Housing Needs Assessment (RHNA)
The committee discussed AB 1771 in great detail. Some committee members expressed concerns with the appeals process, and the elimination of the ability of two local governments to work out an alternative distribution of an appealed RHNA. Other committee expressed support for AB 1771. In particular, committee members supported the changes to the allocation methodology.

A motion was made to Oppose Unless Amended. The motion carried 25-7. The amendments are as follows:

- Strike the section that disallows two local governments to agree to an alternative distribution of appealed housing allocations between the affected local governments.
- Add language to clarify that cities will not incur new costs associated with collecting additional data.
- Define "low wage job."
- Clearly define what an "improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers" means.

IV. November Ballot Measures

["The Affordable Housing Act"](#) – Rental Control
Sponsored by AIDS Healthcare Foundation

Proponents stated that housing is a public health issue and this initiative is a local control issue. Representatives from The Alliance of Californians for Community Empowerment (ACCE) stated that displacement has a deep impact on communities and that simply building more homes does not solve the displacement issues surrounding the housing crisis. Proponents went on to give some

background on Costa Hawkins and explained how local policy can construct a solution that is best for their unique communities.

A representative from the California for Responsible Housing Campaign offered statements in opposition to the initiative. The opposition described this initiative as permanent and too blunt of an instrument. They say it creates uncertainty for those who rent out their property and for local governments. Lastly, they stated that this initiative can result in instability for CalPERS. They argue that this can potentially reduce the return on investment for CalPERS because CalPERS is heavily invested in real estate.

The committee engaged in a thoughtful discussion that focused on how this initiative will give local governments back a power they once had. There was some discussion of the merits of rent control. However; the conversation was mainly focused on local control. Some committee members voiced their concern over the potential of a local initiative creating a rent control law in the city. Other committee members thought that this measure was much more palatable than potentially having a statewide initiative forcing once type of rent control over the entire state.

A motion was made to support. The motion carried 25-7.

[“People’s Initiative to Protect Proposition 13 Savings”](#) – Transfer of Property Tax Base to Replacement Property
Sponsored by the California Association of Realtors

Proponents opened their presentation by stating that 75% of seniors have not moved since 2000 and that currently 11 counties, 10 after El Dorado disallows it later this year, allows seniors to take their proposition 13 property value with them to a new home of equal or lesser value. They say that they want to remove the moving penalty and remove an obstacle of relocating.

The proponents have hired the Berkeley Research Center to do their own independent analysis because they believe that the LAO analysis is not accurate. They do not believe that local governments will be impacted as greatly as the LAO states. They think that it will be an economic wash for local governments. The proponents say that it is predicted that this initiative will result in 43,000 additional transactions.

Opponents from the California State Association of Counties (CSAC) stated that this initiative will create winners and losers when it comes to local governments and predicts that it will do very little to provide new housing. CSAC notes that although the state’s budget is growing; local government budgets are not growing at the same rate. Opponents add that this is not a wash for local governments and that this will have a significant impact on city and county finance. CSAC believes that this initiative will hurt economic development and that realtors have nothing to lose if this initiative becomes law.

The committee engaged in a thoughtful discussion with the proponents and opponents asking some clarifying questions. They asked why the qualifying age is 55 when most people don’t retire until after 62. Some committee members noted that this would hit local governments hard and that local governments may have to seek other sources of revenue to make up for the property take loss. Other committee members mention that they are skeptical as to whether or not this initiative would actually encourage people to move and increase the number of homes that are built.

A motion was made to take no position. The motion carried 20-13.

V. Implementation of the Adult Use Marijuana

Speaker: Joe Devlin, City of Sacramento

Joe Devlin, City of Sacramento, briefed the committee on regulated marijuana in Sacramento. There are currently 30 storefronts and a handful of manufactures in the city generating \$5 million annually. Mr. Devlin stated that in California we produce more than we consume and that we are exporting a large amount of marijuana. Mr. Devlin states that he is pro-regulated cannabis and says that even if you do not want marijuana in your community that there is already an illegal unregulated cannabis market right now.

According to a 2015 Sacramento crime study, having a dispensary in a community does not attract crime. In fact, due to the increase in security around dispensaries, crimes rates fell. Mr. Devlin gave an example of a dispensary getting a letter of support from a local preschool because of how helpful the security guards have been. This came as quite a surprise to some of the committee members.

[The PowerPoint presentation can be found here.](#)

VI. Legislative Update

League staff highlighted several bills of interest that the League is actively working.

VII. FY 2018-19 State Budget Update – Homelessness Funding

League staff gave an update on the state budget. While the committee was meeting, the Senate Budget committee was also meeting to consider a proposal to provide \$500 million in onetime funding to cities and counties for emergency homelessness activities.

VIII. SB 3 (Beall) [Veterans and Affordable Housing Bond Update](#)

League staff updated the committee on the status of the initiative. There may be as many as four housing related measures on the November ballot with a dozen initiatives in total. The League encouraged committee members to support the initiative.

Next Meeting (tent.): Annual Conference, Long Beach, September 12

League staff will notify committee members after July 21 if the policy committee will meet in September.