

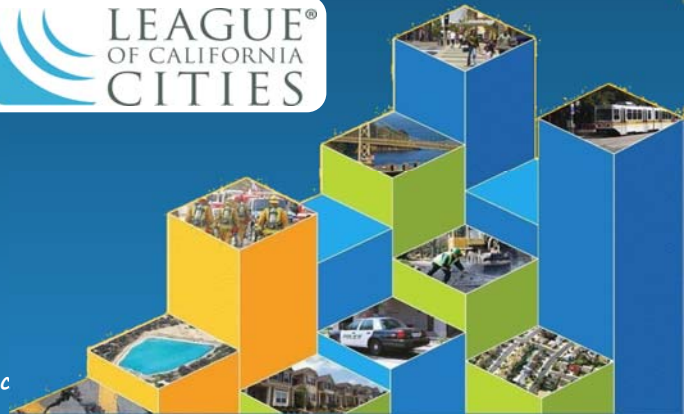
# Local Revenues and Finance: 2020 Legislative Watch

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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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