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LEGISLATIVE REVIEW COMMITTEE STAFF REPORT

Meeting: July 23, 2019

Subject

Legislative Update

Recommended Action

Receive legislative update and provide input

Summary

In Sacramento, the Legislature was very active leading up to the Second House Policy Committee deadline on July 12th. Any bill that failed to pass out of policy committee in the Second House is now a two-year bill and, unless rule waivers are secured, will not be eligible for consideration until January 2020. Over 1,700 bills are still moving through the Second House, and once the Legislature returns from Summer Recess, measures will need to go through fiscal committees and floor votes prior to the Legislature adjourning session on September 13th.

The remainder of the Legislative Calendar is as follows:

Legislative Calendar

Below are key upcoming dates on the legislative calendar.

- July 12th – Last day for Second House policy committees to pass bills
- July 12th – Legislative Summer Recess begins
- August 12th – Legislature reconvenes from Summer Recess
- August 30th – Last day for fiscal committees to pass bills
- September 13th – Last day to pass bills, Interim Recess begins upon adjournment
- October 13th – Last day for the Governor to act on bills

Fiscal Year 2019-2020 Budget

In addition to policy committee activity, the Legislature spent most of June, and the beginning of July, focused on passing the FY 2019-20 State Budget and the associated trailer bills. The Legislature fulfilled its constitutional obligation by passing a Budget bill

ahead of the June 15th constitutional deadline, but most of the budget trailer bills were not approved until later in the month.

On the evening of June 27th, Governor Newsom signed AB 74, the State Budget for FY 2019-20. The final budget contains a record \$214.8 billion in state general fund and special fund expenditures, and includes many of the Governor's priorities, such as healthcare for undocumented immigrants between the ages of 19-25, homelessness funding, and some of the highest education funding levels in California's history. The Budget package also assumes an estimated \$19.4 billion in reserves, including \$16.5 billion in the Proposition 2 mandated "rainy day fund", continuing the priority of the Brown Administration of saving money in anticipation of an economic downturn.

Below are key highlights in the FY 2019-20 State Budget:

Housing & Homelessness

- \$650 million in one-time funds to help local agencies address the homeless crisis;
- \$500 million in one-time funds for housing related infrastructure to help boost needed construction;
- \$500 million in one-time funds for a mixed income loan program through CalHFA;
- \$500 million in one-time funds to expand the Low-Income Housing Tax Credit;
- \$250 million for planning grants to help local jurisdictions work through the Regional Housing Needs Assessment.

Education

The Budget provides \$81.1 billion in state and local funds to public schools and community colleges in FY 2019-2020, equal to over \$12,000 per student, including;

- \$3.15 billion to moderate school districts' future pension cost increases;
- Additional funding for special education in preschool and K-12;
- Funds 15,000 new slots for undergraduates at UC and CSU;
- \$119.8 million ongoing General Fund appropriation to support operational cost increases in the UC system;
- \$147.8 million ongoing General Fund to support compensation increases at the Cal State University System;
- \$40 million in funding to support a second year of the California Community College Promise Program, providing a up to two full years of tuition-free college for first-time, full-time students.

Health Care

The Budget package continues California's progress toward expanding access to affordable health care for all. Specifically, the Budget accomplished the following:

- Bolstered Covered California plans, and included \$450 million in additional subsidies to help low-income and middle-income Californians purchase affordable health care coverage;

- Expanded Medi-Cal to more aged, blind, and disabled seniors, as well as eligible residents who need post-partum mental health services;
- Approved Governor Newsom's proposal to expand Medi-Cal in order to increase health care access for young adults ages 19-25, regardless of immigration status.

Safe & Affordable Drinking Water

- Authorized a \$130 million per year continuous appropriation to provide communities with the resources to deliver clean drinking water, funded from a long-term commitment of Greenhouse Gas Reduction Funds through Cap and Trade revenues.

Natural Resources

- Appropriated \$1 billion across multiple departments to continue development and implementation of Proposition 68 bond programs;
- Provided \$45 million in one-time funding for multiple agencies including the Department of Parks and Recreation, the Department of Forestry and Fire Protection, the California Conservation Corps, and the California Tahoe Conservancy to address their most critical deferred maintenance needs;
- Included \$92 million to implement multi-benefit flood improvement projects;
- Approved trailer bill language to extend the sunset of the Habitat Conservation Fund competitive grant program by 10 years, to January 1, 2030.

Public Safety

- \$34.9 million to restore funding levels and provide training for law enforcement officers;
- \$152.3 million to improve the state's emergency response and preparedness capabilities;
- \$30.4 million for 25 additional superior court judgeships by late 2019;
- \$41.9 million to improve access to justice and modernize court operations.

Transportation

- Appropriated an additional \$2 billion for Road Maintenance and Rehabilitation Account (RMRA) for local and capital funding programs under SB 1.

Cap and Trade

Invested \$1.4 billion in discretionary Greenhouse Gas Reduction Funds (GGRF) in 2019-20. Specifically, the Cap and Trade expenditure plan included the following spending programs and activities:

- \$245 million for implementation of AB 617 (Garcia, 2018) - Community Air Protection & Local Programs to Reduce Air Pollution;
- \$238 million for the Clean Vehicle Rebate Project;
- \$182 million for clean trucks, buses, and off-road freight equipment including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project and

- advanced technology freight demonstration and pilot commercial deployment projects;
- \$165 million for Healthy & Resilient Forests to reduce the risk of wildfire;
 - \$100 million for safe drinking water programs;
 - \$60 million for the Transformative Climate Communities program;
 - \$30 million for the Urban Greening Program.

Other Items

- The Budget also provided tens of millions of dollars more for 2020 Census outreach, extending California's historic investment to help ensure a complete count;
- Included over \$300 million for disaster preparedness, including communications infrastructure, and new funding to help communities affected by disasters;
- Authorized up to \$15 million for cannabis equity programs to prevent illegal operations;
- The Budget also temporarily suspends the sales tax on diapers and menstrual products.

Priority Legislation

Below are updates on the legislation on which the City has adopted a position.

AB 68 (Ting) – Accessory Dwelling Units

Oppose

This measure expands to the types of ADUs that must be permitted, regardless of local regulations, and makes numerous other changes to ADU law. **AB 68 was approved by the Senate Environmental Quality Committee (4-1) and the Senate Governance and Finance Committee (6-0). The measure is currently scheduled to be considered in the Senate Appropriations Committee on August 12th.**

AB 516 (Chiu) – Authority to Remove Vehicles

Oppose

AB 516 modifies existing law that authorizes peace officers to tow vehicles that have been left parked for 72 hours or more. The bill requires officers to first place a notice on the vehicle for a minimum of 5 days prior to being towed and disallows officers from towing a vehicle that has five or more unpaid parking tickets. **AB 516 was approved by the Senate Public Safety Committee (4-2). The measure is currently in the Senate Appropriations Committee awaiting hearing.** On July 2nd, the measure was amended to reduce the amount of time that a notice must be on a vehicle, from 10 days to 5, prior to towing the vehicle, as well as requiring information to be included on alternative safe parking options within the jurisdiction for persons experiencing homelessness.

AB 881 (Bloom) – Accessory Dwelling Units

Oppose

This measure expands the types of ADUs that a local government must permit and, until January 1, 2025, prohibits local agencies from requiring owner occupancy of ADUs, among other changes. **AB 881 was approved by the Senate Governance and Finance Committee (7-0). The measure is currently scheduled to be considered in the Senate Appropriations Committee on August 12th.** On July 8th, the measure was amended to include, among other provisions, that ministerial approval applies for only one ADU that has sufficient setbacks for fire safety.

SB 5 (Beall) – Affordable Housing and Community Development Investment Program

Support

This measure creates the Affordable Housing and Community Development Investment program for local agencies to use existing local property taxes for affordable housing and housing related projects. **SB 5 was approved by the Assembly Local Government Committee (6-0). The measure is currently in the Assembly Appropriations Committee awaiting hearing.**

SB 12 (Beall) – Youth Mental Health Services

Support

This measure requires the Mental Health Services Oversight and Accountability Commission to administer a program to award grants to local governments to establish mental health drop-in centers for youth. **SB 12 is currently in the Assembly Appropriations Committee and has been referred to the Suspense File. The Suspense File will be considered on August 29th.**

SB 13 (Wieckowski) – Accessory Dwelling Units

Oppose

This measure expands to the types of ADUs that must be permitted, regardless of local regulations, and makes numerous other changes to ADU law. **SB 13 was approved by the Assembly Local Government Committee (8-0). The measure is currently in the Assembly Appropriations Committee awaiting hearing.** During the Assembly Local Government Committee hearing, the author committed to amending his bill to align the owner-occupancy provisions with AB 881, include a five-year sunset on the bills' provisions, and modifying the impact fees for ADUs over 750 square feet so that they are proportionate to the square footage of the primary residence.

SB 330 (Skinner) – Housing Crisis Act of 2019

Oppose

This restricts the actions of cities and counties that would reduce the production of housing until January 1, 2025. This bill requires a city or county to approve a housing development project that complies with the minimum local general plan, zoning standards, and criteria that were in effect at the time the application was deemed to be complete. Cities and counties must approve it on the condition that the project be developed at a lower density, and to base its decision upon written findings supported by substantial evidence on the record that specified conditions exist and places the burden

of proof on the local agency. The act requires a court to impose a fine on a local agency under certain circumstances and requires that the fine be at least \$10,000 per housing unit in the housing development project on the date the application was deemed complete. It would also specify that an application is deemed complete if a preliminary application was submitted. **SB 330 was approved by the Assembly Local Government Committee (7-1). The measure is currently in the Assembly Appropriations Committee awaiting hearing.** On July 1st, the bill was amended to reflect the amendments that were agreed to in the Assembly Housing and Community Development Committee.

SB 592 (Wiener) – Housing Accountability Act

Oppose

This measure extends provisions of the Housing Accountability Act to accessory dwelling units and certain ministerial decisions, as well as adds new provisions related to enforcement of the Act. **SB 592 approved by the Assembly Housing and Community Development (6-0) as well as the Assembly Local Government Committee (8-0). The measure is currently in the Assembly Appropriations Committee awaiting hearing.** On July 3rd, the bill was amended so that it does not apply to a single unit, to remove language pertaining to economic viability, and make technical changes. Additionally, in the Assembly Local Government Committee hearing, the author agreed to remove the provisions allowing for a plaintiff to seek compensatory damages for a violation of the Housing Accountability Act.

Other Priority Legislation

Below are addition measures that we are closely monitoring, though the City has not adopted a formal position on the measures.

AB 849 (Bonta) – Elections, Local Redistricting

This measure revises and standardizes redistricting criteria, procedures, and requirements that counties and cities must follow when the adopt or adjust the boundaries of electoral districts used to elect members of their governing bodies. **AB 849 was approved by the Senate Governance and Finance Committee (5-1). The measure is currently scheduled to be considered in the Senate Appropriations Committee on August 12th.**

AB 1279 (Bloom) – Housing Development, High-Resource Areas

This bill requires certain development sites in high resource areas to allow for more density and height and makes these sites subject to "use by-right" approval. High resource areas would be designated by the Department of Housing and Community Development and would be defined as high opportunity and low residential density areas that are not experiencing gentrification or displacement. **AB 1279 was referred to the Senate Housing Committee, but not heard prior to the policy committee deadline. The measure is now a two-year bill and eligible for consideration in January 2020.**

AB 1487 (Chiu) – Bay Area Housing Development: Financing

This measure creates the Bay Area Housing Finance Authority to raise, administer, and allocate funding and provide technical assistance at a regional level for tenet protection, affordable housing preservation, and new affordable housing production. **AB 1487 was approved by the Senate Governance and Finance Committee (4-1). The measure has been referred to the Senate Appropriations Committee and is awaiting hearing.** During the Senate Governance and Finance Committee, the author agreed to work with Senator McGuire and local stakeholders to ensure that the bills' provisions were supported locally. Specifically, MTC and ABAG have convened an ad hoc committee to work out the provisions of the measure and ensure that they are beneficial to large and small cities alike. Once the ad hoc has developed recommendations, they will be approved by the Boards of MTC and ABAG, after which time the provisions will be amended into AB 1487. Once the new provisions are amended into the bill (after the Legislature returns from Summer Recess), the bill will be referred back to the Senate Governance and Finance Committee, and the Senate Housing Committee, for full committee hearings on the new provisions.

Prepared by: Townsend Public Affairs