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MCCMC LEGISLATIVE COMMITTEE MEETING
MONDAY, MARCH 26, 2018, 8:00 A.M.
SAN RAFAEL CITY HALL – 3RD FLOOR CONFERENCE ROOM
1400 FIFTH AVENUE, SAN RAFAEL, CA 94901

AGENDA

A. WELCOME/INTRODUCTIONS

B. **REPORTS**
David Jones/Kyra Ross – Emanuels Jones, Sacramento
Carole Mills, District Representative – report from Senator Mike McGuire
Melissa Apuya, District Representative – report from Assembly member Marc Levine
Nancy Hall Bennett - League of California Cities

C. UPDATES
Status of Updated MCCMC Legislative Committee Draft Report: Increasing Housing Availability

D. **COMMITTEE BUSINESS**

1. Action Items

a. AB 1775 (Muratsuchi) and SB 834 (Jackson) State lands: Leasing: Oil and Gas
b. AB 2268 (Reyes) Local Government Finance: Property Tax Revenue Allocations: Vehicle License Fee Adjustments
c. AB 3162 (Friedman) Alcoholism or Drug Abuse Recovery or Treatment Facilities
d. SB 828 (Wiener) Planning and Zoning: Transit-rich Housing Bonus
e. AB 1759 (McCarty) General Plans: Housing Element: Production Report: Withholding of Transportation Funds
f. AB 1912 (Rodriguez) Joint Powers Agreements: Liability for Retirement Obligations

2. Watch Items

a. AB 1771 (Bloom) Planning and Zoning: Regional Housing Needs Assessment
b. SB 912 (Beall) Housing: Homelessness Programs and Affordable Housing
c. AB 2851 (Grayson) Regional Transportation Plans: Traffic Signal Optimization Plans
d. AB 2491 (Cooley) Local Government Finance: Vehicle License Fee Adjustment Amounts
e. AB 3037 (Chiu) Community Redevelopment Law of 2018

E. **CHAIRS REPORT**
General Committee Update: Chair

F. **CALENDAR**
Upcoming General MCCMC Meetings:

- Wednesday, March 28, 2018, at 6 P.M. – Hosted by Fairfax
- Wednesday, April 25, 2018, at 6 P.M. – Hosted by Larkspur

Upcoming MCCMC Legislative Committee Meetings:

- Monday, April 23, 2018, at 8 A.M.
- Monday, May 28, 2018 – Memorial Day Holiday
- Monday, June 25, 2018, at 8 A.M.

G. ADJOURN

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ACTION ITEMS

AB 1775, as amended, Muratsuchi. State lands: leasing: oil and gas.

Existing law vests exclusive jurisdiction over ungranted tidelands and submerged lands owned by the state to the State Lands Commission. Existing law confers the powers of the commission as to leasing or granting of rights or privileges to lands owned by the state upon a local trustee of granted public trust lands to which those lands have been granted. Existing law authorizes the commission to let leases for the extraction of oil and gas from coastal tidelands or submerged lands in state waters and beds of navigable rivers and lakes within the state in accordance with specified provisions of law.

Existing law, notwithstanding those provisions or any other provision of law, prohibits a state agency or state officer from entering into any new lease for the extraction of oil or gas from the California Coastal Sanctuary, which includes certain state waters subject to tidal influence, unless either (1) the President of the United States has found a severe energy supply interruption and has ordered distribution of the Strategic Petroleum Reserve, the Governor finds that the energy resources of the sanctuary will contribute significantly to the alleviation of that interruption, and the Legislature subsequently acts to amend the law to allow the extraction, or (2) the commission determines that the oil or gas deposits are being drained by means of producing wells upon adjacent federal lands and the lease is in the best interest of the state.

This bill would prohibit the commission or a local trustee, as defined, of granted public trust lands from entering into any new lease or other conveyance or from entering into any lease renewal, extension, or modification that authorizes a lessee to engage in any activity upon tidelands and submerged lands in the California Coastal Sanctuary that would result in the increase of oil or natural gas production from, or facilitate additional development of, or exploration for, oil or natural gas from, federal waters. The bill would provide that these provisions do not prevent specified activities, including, among others, issuance by the commission of leases pursuant to exceptions applicable to the California Coastal Sanctuary described above. The bill would authorize the commission to establish regulations for the implementation of these provisions.

- **League Position**: Support

AB 2268, as introduced, Reyes. Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law

requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. Existing law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Existing law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2014, and on or before January 1, 2012.

This bill, for the 2018–19 fiscal year, would instead require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2004–05 fiscal year, if a specified provision did not apply, and the product of the amount as so described and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2004–05 fiscal year to the 2018–19 fiscal year. This bill, for the 2019–20 fiscal year, and for each fiscal year thereafter, would require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year and the product of the amount as so described and the percentage change from the prior fiscal year in gross taxable assessed valuation within the jurisdiction of the entity.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

- **League Position**: Support

AB 3162, as introduced, Friedman. Alcoholism or drug abuse recovery or treatment facilities.

Existing law provides for the licensure and regulation of alcoholism or drug abuse recovery or treatment facilities serving adults by the State Department of Health Care Services, as prescribed. Existing law makes a violation of these provisions punishable by a civil penalty of not less than $25 or more than $50 per day for each violation, with additional penalties for repeat violations, as specified.

This bill would require, for any licensing application submitted on or after January 1, 2019, the department to deny an application for a new facility license, if the proposed location is in proximity to an existing facility that would result in overconcentration, as defined. The bill would prohibit the expansion or intensification of licensed existing facilities, as defined. The bill would require the department, at least 45 days prior to approving any application for any new facility, to post on its Internet Web site the address of the proposed new facility.

This bill would additionally make initial licenses to providers provisional for one year and revokable for good cause, as defined. The bill would require all programs and medical services offered or provided by a licensed alcoholism or drug abuse recovery or treatment facility to be specified in the license application and provided exclusively within the licensed facility on the licensed property and for the benefit of the residents. The bill would increase the penalties for a violation of the licensing and regulatory provisions to not less than $1,000 or more than $15,000 per day for each violation, and increase the additional penalties for repeat violations, as specified. The bill would prohibit a person or entity found to be in violation of the licensing provisions described above from applying for initial licensure for 2 years, as specified. The bill would require the department to adopt regulations to implement these provisions on or before July 1, 2022, and would authorize the department to issue provider bulletins, written guidelines, or similar instructions until regulations are adopted, as specified.

- **League Position**: Support

SB 828, as amended, Wiener. Land use: housing element.

The Planning and Zoning Law requires a city or county to adopt a comprehensive, long-term general plan for the physical development of the city or county and of any land outside its boundaries that bears relation to its planning. That law also requires the general plan to include a housing element and requires a planning agency to submit a draft of the housing element to the Department of Housing and Community Development for review, as specified.

Existing law requires the housing element to consist of a program that sets forth a schedule of actions that the local government will undertake to implement policies and to achieve the goals and objectives of the housing element. Existing law requires the program to, among other things, if the inventory of land suitable for residential development included in the housing element does not include adequate sites to accommodate the need for groups of all household income levels, to identify actions that will be taken to make sites available including rezoning of those sites, as specified. Existing law requires the program to accommodate 100% of the need for housing for very low and low-income households, allocated, as specified.

This bill would increase the percentage of the need for housing for very low and low-income households that the program is required to accommodate to 200%.

Existing law requires the department, in consultation with each council of governments, to determine each region's existing and projected housing need and for the appropriate council of governments, or for the department, to adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county, as specified.

This bill would require the final regional housing need plan to reflect equitable allocations for housing of all income levels, and not demonstrate disparities that promote racial or wealth disparities throughout a region. The bill would also require the plan, in particular communities, to demonstrate a high rate of new housing production for households of all income levels and that median rent or home prices available for rent or sale that exceed levels affordable to median income households shall be alleviated, as specified.

Existing law requires, at least 26 months prior to the scheduled revision of the housing element and developing the existing and projected housing need for a region, the department to meet and consult with the council of governments regarding the assumptions and methodology to be used by the department to determine the region's housing needs. Existing law requires the council of governments to provide data assumptions from the council's projections, including, if available, specified data for the region.

This bill would require that data, if available, to include median rent or home prices that exceed median income and the rate of median income growth or decline. The bill would also prohibit the council of governments from considering prior underproduction of housing, as specified, in order to inform housing allocations or to justify a lower allocation for a local jurisdiction.

This bill would also require the department, before the next regional housing needs assessment for each region, to address the historic underproduction of housing in California, particularly in coastal and metropolitan communities, by completing a comprehensive audit of unmet housing needs for each region and to add the results of this audit to the next regional housing allocations after January 1, 2019.

Because the bill would create new duties for local governments it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

- **League Position**: Watch

AB 1759, as introduced, McCarty. General plans: housing element: production report: withholding of transportation funds.

The Planning and Zoning Law requires a city or county to adopt a general plan for land use development within its boundaries that includes, among other things, a housing element. The Planning and Zoning Law requires a planning agency, after a legislative body has adopted all or part of a general plan, to provide an annual report to the legislative body, the Office of Planning and Research, and the Department of Housing and Community Development on the status of the general plan and progress in meeting the community's share of regional housing needs. Existing law requires a planning agency to include in its annual report specified information, known as a production report, regarding units of net new housing, including rental housing and for-sale housing that have been issued a completed entitlement, building permit, or certificate of occupancy.

This bill would require the department, on or before June 30, 2022, and on or before June 30 every year thereafter and until June 30, 2051, to review each production report submitted by a city or county in accordance with the provisions described above to determine whether that city or county has met the applicable minimum production goal for that reporting period. The bill would provide that, if the department determines that a city or county has met its applicable minimum production goal for that reporting period, the department shall, no later than June 30 of that year, submit a certification of that result to the Controller.

Existing law creates the Road Maintenance and Rehabilitation Program and, after certain allocations for the program are made, requires the remaining funds available for the program to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program and 50% for apportionment to cities and counties by the Controller pursuant to a specified formula. Prior to receiving an apportionment of funds under the program from the Controller in a fiscal year, existing law requires an eligible city or county to submit to the California Transportation Commission a list of projects proposed to be funded with these funds. Existing law requires the commission to report to the Controller the cities and counties that have submitted a list of projects and requires the Controller, upon receipt of the report, to apportion funds to eligible cities and counties included in the report, as specified. Existing law requires cities and counties to maintain their existing commitment of local funds for street, road, and highway purposes in order to remain eligible for an allocation or apportionment of these funds.

This bill would, commencing with the 2022–23 fiscal year and through and including the 2051–52 fiscal year, also require cities and counties to be certified in the prior fiscal year by the Department of Housing and Community Development, as described above, in order to remain eligible for an apportionment of these funds. For each city and county that is not in compliance with this requirement, the bill would require the Controller withhold the apportionment of funds that would otherwise be apportioned and distributed to the city or county for the fiscal year and deposit those funds in a separate escrow account for each city or county that is not in compliance. The bill would require the Controller to distribute the funds in the escrow account to the applicable city or county after the city or county is certified to be in compliance and meets other specified requirements. The bill would make other technical and conforming changes.

- **League Position**: Watch

AB 1912 (Rodriguez) Public employees' retirement: joint powers agreements: liability.

(1) Existing law establishes various public agency retirement systems, including, among others, the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937. These systems provide defined pension benefits to public employees based on age, service credit, and amount of final compensation.

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power. Under the act, if the agency is not one or more of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, the debts, liabilities, and obligations of the agency are the debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise. Existing law also permits a party to an agreement to separately contract for, or assume responsibilities for, specific debts, liabilities, or obligations of the agency. Existing law, with respect to electrical loads, permits entities authorized to be community choice aggregators to participate as a group through a joint powers agency and to also specify in their joint powers agreement that the debts, liabilities, and obligations of the agency shall not be those of the members of the agency.

This bill would eliminate the above provisions within the Joint Exercise of Powers Act and those related provisions for community choice aggregators that permit an agreement between one or more parties to specify otherwise as to their debts, liabilities, and obligations and that permit a party to separately contract for those debts, liabilities, or obligations.

The bill would additionally specify that if an agency to a joint powers agreement participates in a public retirement system, all parties, both current and former to the agreement, would be jointly and severally liable for all obligations to the retirement system. The bill would also provide that if a judgment is rendered against an agency or a party to the agreement for a breach of its obligations to the retirement system, the time within which a claim for injury may be presented or an action commenced against the other party that is subject to the liability determined by the judgment begins to run when the judgment is rendered. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the joint powers agreement.

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. PERL vests management and control of PERS in its Board of Administration. Under PERL, the board may refuse to contract with, or to agree to an amendment proposed by, any public agency for any benefit provisions that are not specifically authorized by that law and that the board determines would adversely affect the administration of the retirement system.

This bill would prohibit the board from contracting with any public agency formed under the Joint Exercise of Powers Act unless all the parties to that agreement are jointly and severally liable for all of the public agency's obligation to the system. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the agreement. The bill would also require any current agreement that does not meet these requirements to be reopened to include a provision holding all member agencies party to the agreement jointly and severally liable for all of the public agency's obligations to the system.

(3) Existing law authorizes the governing board of a contracting agency to terminate its membership with PERS, subject to specified criteria. Existing law requires the PERS board to enter into a specified agreement with the governing body of a terminating agency, upon request of that agency, to ensure that final compensation is calculated in the same manner as benefits of nonterminating agencies, and that related necessary adjustments in the employer's contribution rate are made and benefits adequately funded, including a lump-sum payment at termination, if agreed to by the terminating agency and the board. Existing law requires a terminating agency to notify the PERS board of its intention to enter into this agreement within a specified period of time. Existing law authorizes the PERS board to choose not to enter into an agreement to terminate if the board determines that it is not in the best interests of PERS. Existing law requires all plan assets and liabilities of a terminating agency to be deposited in a single pooled account, the terminated agency pool subaccount within the Public Employees' Retirement Fund, a continuously appropriated fund.

This bill would also require the PERS board to enter into the above-described agreement upon request of a member agency of a terminating agency formed under the Joint Exercise of Powers Act, and would require a member agency to notify the PERS board of its intention to enter into this agreement within a specified period of time. The bill would authorize the board, if it determines that it is not in the best interests of the retirement system, to choose not to enter into that agreement. To the extent that the bill would increase any lump-sum payments made by a terminating agency and deposited into a subaccount within the Public Employees' Retirement Fund, the bill would make an appropriation. The bill would also provide that if the governing body of a terminating agency or the governing bodies of its member agencies do not enter into an agreement, the member agencies would then assume the retirement obligations for their retirement systems, which the board would be required to apportion equitably among the member agencies.

(4) Existing law makes a terminated agency liable to the system for any deficit in funding for earned benefits, interest, and for reasonable and necessary costs of collection, including attorney's fees. Existing law provides that the board has a lien on the assets of a terminated contracting agency, as specified, and that assets shall also be available to pay actual costs, including attorney's fees necessarily expended for collection on the lien.

This bill would extend that liability and lien to all of the parties of a terminating agency that was formed under the Joint Exercise of Powers Act. The bill would specify that the liability of those parties is joint and several. To the extent that these changes would increase deposits in the Public Employees' Retirement Fund, the bill would make an appropriation.

(5) Existing law authorizes the board of PERS to elect not to impose a reduction, or to impose a lesser reduction, on a terminated plan if the board has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan and the board finds that not reducing the benefits, or imposing a lesser reduction, will not impact the actuarial soundness of the terminated agency pool.

This bill would eliminate that provision. The bill would require the board to bring a civil action against any member agencies to a terminated agency formed by an agreement under the Joint Exercise of Powers Act to compel payment of the terminated public agency's pension obligations. The bill would also specify that the board is entitled to reasonable attorney's fees in addition to other costs. The bill would also set forth related legislative findings.

- **League Position**: Watch

WATCH ITEMS

AB 1771, as amended, Bloom. Planning and zoning: Regional Housing Needs Assessment.

(1) The Planning and Zoning Law requires counties and cities to adopt a comprehensive, long-term plan for the physical development of the county or city and certain land outside its boundaries that includes, among other specified mandatory elements, a housing element. That law, for the fourth and subsequent revisions of the housing element, requires the Department of Housing and Community Development to determine the existing and projected need for housing for each region in accordance with specified requirements. That law requires the appropriate council of governments, or, for cities and counties without a council of governments, the department, to adopt a final regional housing need allocation plan that allocates a share of the regional housing need to each city, county, or city and county and is consistent with specified objectives, including that the plan increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner.

This bill would revise the objectives required to be addressed in the regional housing needs allocation plan and additionally require the plan to include an objective to increase access to areas of high opportunity for lower-income residents, while avoiding displacement and affirmatively furthering fair housing.

(2) Existing law requires actions by local agencies related to the regional housing needs allocation plan to be consistent with those specified objectives.

The bill would instead require various actions by local agencies related to the regional housing needs allocation plan to further, and not undermine, the intent of the objectives required to be addressed by the plan.

(3) Existing law requires the council of governments, or delegate subregion as applicable, to develop a proposed methodology for distributing the existing and projected regional housing need to cities, counties, and cities and counties within the region or subregion, as applicable, that is consistent with specified objectives. Existing law requires the council of governments, or delegate subregion, as applicable, to conduct at least one public hearing on the proposed methodology. Existing law requires the council of governments or delegate subregion as applicable, to provide the proposed methodology, along with any relevant underlying data and assumptions, an explanation of how information about local government conditions gathered has been used to develop the proposed methodology, and how each of the factors required to be addressed by the regional housing needs allocation plan is incorporated into the methodology, to all cities, counties, any subregions, and members of the public who have made a written request for the proposed methodology.

This bill would require the council of governments or delegate subregion as applicable, to hold at least two public hearings. The bill would also require the council of governments or delegate subregion as applicable, to additionally provide, along with the proposed methodology, an explanation of how the proposed methodology furthers, and does not undermine, the intent of the objectives required to be addressed by the regional housing needs allocation plan. The bill would eliminate the requirement that members of the public make a written request for the proposed methodology and accompanying materials.

(4) Existing law requires each council of governments or delegate subregion as applicable, to include specified factors to develop the methodology that allocates regional housing needs, including, among others, each member jurisdiction's

existing and projected jobs and housing relationship, the market demand for housing, and high housing cost burdens, as specified.

This bill would revise these factors, and additionally require the council of governments or delegate subregion, as applicable, to consider the rate of overcrowding, the existing and projected demand for housing at various income levels, and the percentage of existing households at each specified income levels that are paying more than 30% and more than 50% of their income in rent.

(5) Existing law requires the council of governments, or delegate subregions, as applicable, to identify any existing local, regional, or state incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation, as specified.

This bill would repeal this provision.

(6) Existing law requires the council of governments, or delegate subregion, as applicable, following the 60-day public comment period, to adopt a final regional, or subregional, housing need allocation methodology and provide notice of the adoption of the methodology to the jurisdictions within the region, or delegate subregions, as applicable, and to the department.

This bill would instead require the council of governments, or delegate subregion, as applicable, following the public comment period, to submit the draft allocation methodology to the department. The bill would require the department to determine whether the methodology furthers, and does not undermine the objectives described above. The bill would require the council of governments, or delegate subregion, as applicable, following the receipt of the department's determination, to make any necessary changes and adopt the final regional, or subregional, housing need allocation methodology, as specified.

(7) Existing law requires each council of governments or delegate subregion, as applicable, to distribute a draft allocation of regional housing needs to each local government within the region or subregion, as provided, at least 1.5 years prior to the scheduled revision of its housing element. Existing law authorizes a local government to request from the council of governments or delegate subregion, as applicable, a revision of its share of the regional housing need, in accordance with specified factors, within 60 days following receipt of the draft allocation. Under existing law, if the council of governments or delegate subregion, as applicable, does not accept the proposed revised share or modify the revised share to the satisfaction of the requesting party, the local government may appeal its draft allocation based on specified criteria.

This bill would additionally authorize a housing organization, as defined, to request from the council of governments or the delegate subregion, as applicable, a revision of the share of the regional housing need allocated to one or more local government. This bill would authorize the local government or the housing organization, if the council of governments or delegate subregion, as applicable, does not accept the proposed revised share or modify the revised share to the satisfaction of the requesting party, to appeal the draft allocation to the Department of Housing and Community Development, as specified.

(8) By adding to the duties of councils of governments and delegate subregions with respect to the distribution of regional housing need, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

- **League Position**: Watch

SB 912, as amended, Beall. Housing: Homelessness Programs and Affordable Housing.

Existing law establishes the Department of Housing and Community Development in the Business, Consumer Services, and Housing Agency and makes the department responsible for administering various housing programs throughout the state, including, among others, the Multifamily Housing Program.

This bill, upon appropriation in the annual Budget Act, would require that the sum of $2,000,000,000 be allocated from the General Fund to the Department of Housing and Community Development. The bill would require that $1,000,000,000 of that money be transferred to the Housing Rehabilitation Loan Fund and expended to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for persons with incomes of up to 60% of the area median income. The bill would require that the remaining $1,000,000,000 be used to address homelessness, particularly homelessness among members of vulnerable populations, and provide for the allocation of that money for grants to cities and counties for specified related purposes, grants under the Housing for a Healthy California Program, funding for a specified homeless youth program, and assistance for housing and services for survivors of domestic violence, as provided. The bill would also include legislative findings as to the necessity to provide additional funding for housing.

- **League Position**: Watch

AB 2851, as amended, Grayson. Regional transportation plans: traffic signal optimization plans.

Existing law requires designated transportation planning agencies to, among other things, prepare and adopt a regional transportation plan. Existing law requires a regional transportation plan to include a policy element, an action element, a financial element, and, if the transportation planning agency is also a metropolitan planning organization, a sustainable communities strategy. Existing law requires each transportation planning agency to consider and incorporate into its regional transportation plan the transportation plans of cities, counties, districts, private organizations, and state and federal agencies, as appropriate.

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund.

This bill would require each city located within the jurisdiction of a metropolitan planning organization to develop and implement a traffic signal optimization plan, as prescribed, and would require each metropolitan planning organization to consider and incorporate those plans developed by cities located within its jurisdiction into its regional transportation plan. The bill would create the Traffic Signal Optimization Fund and would require the Department of Transportation, upon appropriation by the Legislature, to award grants from moneys deposited in the fund on a competitive basis to cities that can deliver the greatest per capita reduction in emissions of greenhouse gases through the implementation of their traffic signal optimization plans and that provide matching funds. The bill would appropriate $2 million from the Greenhouse Gas Reduction Fund for the 2019–20 fiscal year for deposit in the Traffic Signal Optimization Fund.

Because the bill would impose additional duties on local agencies, it would impose a state-mandated local program.
The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.
This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

- **League Position**: Watch

AB 2491, as introduced, Cooley. Local government finance: vehicle license fee adjustment amounts.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing property tax law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. Existing property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Existing law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012.

This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, and for a qualified city, as defined, incorporating after January 1, 2012, would establish an additional separate vehicle license fee adjustment amount.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

- **League Position**: Support

AB 3037 (Chiu) Community Redevelopment Law of 2018

(1) The California Constitution, with respect to any taxes levied on taxable property in a redevelopment project established under the Community Redevelopment Law, as it then read or may be amended, authorizes the Legislature to provide for the division of those taxes under a redevelopment plan between the taxing agencies and the redevelopment agency, as provided.

Existing law dissolved redevelopment agencies as of February 1, 2012, and designates successor agencies to act as successor entities to the dissolved redevelopment agencies.

This bill, the Community Redevelopment Law of 2018, would authorize a city or county to propose the formation of a redevelopment housing and infrastructure agency by adoption of a resolution of intention that meets specified requirements, and providing that resolution to each affected taxing entity. The bill would require the city or county that adopted that resolution to hold a public hearing on the proposal to consider all written and oral objections to the formation, as well as any recommendations of the affected taxing entities, and would authorize that city or county to adopt a resolution of formation at the conclusion of that hearing. The bill would then authorize that city or county to submit the resolution of formation (1) to the Strategic Growth Council for a determination as to whether the agency would promote statewide greenhouse gas reduction goals and (2) to the Department of Finance for approval, subject to certain standards, including that the department then determine an affected tax entity equity amount for affected taxing entities that are local agencies, and would impose a statewide cap on the amount of equity received by all local agencies within the state in any fiscal year. The bill would, alternatively, authorize the local agency forming the entity to include a passthrough provision under which the agency would make payments to affected taxing entities in an amount that is equivalent to the affected taxing entity equity amount, and would not be subject to the equity provisions. The bill would require the department to

disapprove the resolution if the department determines that the creation of the agency will result in a state fiscal impact that exceeds a specified amount in any fiscal year. The bill would deem the agency to be in existence as of the date of the department's approval.

The bill would provide for a governing board of the agency consisting of one member appointed by the legislative body that adopted the resolution of intention, one member appointed by each affected taxing entity, and 2 public members. The bill would authorize an agency formed pursuant to these provisions to finance specified infrastructure and housing projects, and to carry out related powers, such as the power to purchase and lease property within the redevelopment project area, that are similar to the powers previously granted to redevelopment agencies. The bill would require an agency to maintain detailed records of every action taken by that agency for a specified period of time, and would provide that any person who violates this requirement be subject to a fine of $10,000 per violation.

The bill would require the agency to submit an annual report, containing specified information, and a final report of any audit undertaken by any other local, state, or federal government entity to its governing body within specified time periods. The bill would also require the agency to submit a copy of the annual report with the Controller and a copy of any audit report with the Department of Housing and Community Development. The bill would establish procedures under which the Controller would identify major audit violations and the Attorney General would bring an action to compel compliance.

The bill would require the governing board of an agency to designate an appropriate official to prepare a proposed redevelopment project plan, in accordance with specified procedures. The bill would require the agency to hold a public hearing on the proposed redevelopment project plan, and would authorize the governing board to either adopt the redevelopment project plan or abandon proceedings, in which case the agency would cease to exist. The bill would authorize the redevelopment project plan to provide for the division of taxes levied upon taxable property, if any, between an affected taxing entity and the agency, as provided. The bill would declare that this authorization fulfills the intent of constitutional redevelopment provisions. The bill would also require that not less than 30% of all taxes allocated to the agency from an affected taxing entity be deposited into a separate fund, established by the agency, and used for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at an affordable housing cost, as provided.

The bill would authorize the agency to issue bonds to finance redevelopment housing or infrastructure projects, in accordance with specified requirements and procedures, including that the resolution proposing the bonds include a description of the facilities or developments to be financed and the estimated cost of those facilities or developments, and that the resolution adopting the bonds provide for specified matters such as the principal amount of bonds. The bill would also authorize a city, county, or special district that contains territory within the boundaries of an agency to loan moneys to the agency to fund activities described in the redevelopment project plan. The bill would require the agency to contract for an independent financial and performance audit every 2 years after the issuance of debt.

(2) Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

This bill would modify these reduction and transfer provisions by requiring the auditor of a county in which a qualified local agency is located to increase the total amount of ad valorem property tax revenue otherwise required to be allocated to the qualified local agency by the affected tax entity equity amount, as defined, and to commensurately reduce the total amount of ad valorem property tax revenue otherwise required to be allocated to school entities in the county, as provided. The bill would define "qualified local agency" to mean an affected tax entity that the Department of Finance determines is to receive an affected tax entity equity amount at the time of the formation of a redevelopment housing and infrastructure

agency, as described above. By imposing new duties in the annual allocation of ad valorem property tax revenue, this bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

- **League position:** Watch

LEGISLATIVE CALENDAR

- March 30, 2018 – Cesar Chavez Day observed
- April 2, 2018 – Legislature reconvenes from Spring Recess
- April 27, 2018 – Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house (J.R. 61(b)(5))
- May 11, 2018 – Last Day for policy committees to hear and report to the floor nonfiscal bills introduced in their house (J.R. 61(b)(6))
- May 18, 2018 – Last day for policy committees to meet prior to June 4 (J.R. 61(b)(7))
- May 25, 2018 – Last day for fiscal committees to hear and report to the floor bills introduced in their house (J.R. 61(b)(8)). Last day for fiscal committees to meet prior to June 4 (J.R. 61(b)(9))
- May 28, 2018 - Memorial Day
- May 29, 2018 – June 1 Floor Session only. No committees, other than conference or Rules committee, may meet for any purpose (J.R. 61 (b)(10))
- June 1, 2018 – Last day for each house to pass bills introduced in that house (J.R. 61(b)(11))
- June 4, 2018 – Committee meetings may resume (J.R. 61(b)(12))
- June 15, 2018 – Budget Bill must be passed by midnight (Art. IV, Sec. 12©(3))
- June 28, 2018 – Last day for a legislative measure to qualify for the November 6, 2018 General Election Ballot (Elections Code Sec. 9040)
- June 29, 2018 – Last day for policy committees to hear and report fiscal bills to fiscal committees (J.R. 61(b)(13)).
- July 4, 2018 – Independence Day
- July 6, 2018 – Last Day for policy committees to meet and report bills (J.R. 61(b)(14)), Summer Recess begins upon adjournment provided Budget Bill has been passed (J.R. 51(b)(2)).
- August 6, 2018 - Legislature Reconvenes (J.R. 51(b)(2)).
- August 17, 2018 – Last Day for fiscal committees to meet and report bills (J.R. 61(b)(15)).
- August 20 – 31, 2018 – Floor Session only. No committees, other than Conference and Rules Committee, may meet for any purpose (J.R. 61(b)(16)).
- August 24, 2018 – Last day to amend on the floor (J.R. 61(b)(17)).
- August 31, 2018 – Last day for each house to pass bills, except bills that take effect immediately or bills in Extraordinary Session (Art.IV, Sec. 10(c), (J.R. 61(b)(18)), Final recess begins upon adjournment (J.R. 51z(b)(3)).

LEAGUE OF CALIFORNIA CITIES CALENDAR

- April 18, 2018 - Legislative Action Day, Sacramento
- May 16, 2018 - City of Vacaville: Topic TBD
- June 27 & 28, 2018 - Mayors and Council Members Executive Forum, Monterey
- June 29, 2018 - Mayors and Council Members Advanced Leadership Workshop, Monterey
- August 19, 2018 - Bocce in Yountville!
- September 12-14, 2018 - Annual Conference, Long Beach