
MEMORANDUM

To: City of Beaumont
From: Townsend Public Affairs
Date: February 28, 2020
Subject: Legislative Report for the City of Beaumont

State Legislative Update

TPA is currently reviewing the bills after the introduction deadline last week and will provide a more comprehensive list in the upcoming weeks. Currently many of the bills introduced are non-substantive and are place holders for a bill that will be amended in the future.

Below is a list of upcoming legislative deadlines:

April 2: Spring Recess begins
April 13: Legislature Reconvenes from Spring Recess

Governor Newsom State of the State

On February 19, Governor Newsom delivered his second annual State of the State Address to a joint session of the Legislature. The beginning of the speech was focused on the opportunity that California has to continue to be a leader in the nation. Governor Newsom stated that California is the rocket fuel powering America's resurgence, and made it clear that he believes that resurgence began under President Obama.

General accomplishments of the State included:

- 118 months on continued job growth and 4 million small businesses in CA
- Nearly half of all US venture capital endeavors flowing through CA
- Over 3.5% GPA growth a year over 5 years
- 1 in 7 new US jobs since 2010 created in CA. Boosting the overall US economy
- Built largest rainy day fund in State's history and highest credit rating in nearly 2 decades
- 18 bills signed in 2019 to boost production, addressing one of the State's most pressing issues

The remainder of the Governor's speech focused on one topic: homelessness. The Governor's remarks highlighted the current and new efforts that his Administration is making to replace the

existing scattered approach to homelessness and mental health with a coordinated crisis level approach. He touched on funding that he announced in his January budget as well as policies included in his January Executive Order to secure temporary trailers and tents for emergency shelters for homeless individuals. Finally, he highlighted new measures that he and his Homeless Task Force would be focused on, including holding local governments accountable to take action and a new “do-it-or-lose-it” policy to hold local governments responsible for results.

The key points included:

- Is making 286 state properties, vacant lots, fairgrounds and armories available now to be used by local governments, for free, for homeless solutions. Lease templates are ready to be executed.
- Focused on working with the Legislature to pass and sign legislation that will expand exemptions to the permitting process for all homeless shelters and supportive housing statewide.
- Will be working on reforming Proposition 63, the Mental Health Services Act. The Governor stated that he was not currently proposing changing the funding programs for how much funding Counties receive, but rather updating the criteria to ensure that the funding can be used on necessary uses, like addiction treatment.
 - The Governor specifically stated that there is \$160 million in unspent Proposition 63 money that counties have not spent, and if those dollars were not spent by June 30, the State would be stepping in to spend the money.
- Lowering the legal bar for providing forced treatment to the mentally ill.
- Committed to working with the Legislature on passing laws that will increase housing production, eliminate red tape, eliminate delays for building affordable, multifamily homes, and focus on building high-density housing near transit. He will focus on increasing density in a way that promotes equity, affordability and inclusion.

Throughout his speech, the Governor highlighted his focus on consequence and accountability. He stated that the State was taking a close look at all of the available resources and monies that local governments have access to, would be conducting comprehensive audits, and that he would be working to ensure that available funding was being spent and was being spent in an effective manner to help solve homelessness.

Impact Fees

The past two weeks have been largely focused on impact fees. On February 24, the week began with a press conference lead by Asm. Grayson, where several measures were announced related to fees and housing production.

AB 1484 (Grayson): This bill from last year provides a comprehensive reform of the nexus standards that cities and counties use to determine their fees.

AB 1924 (Grayson): Requires jurisdictions to assess fees on a per-square-foot basis, giving developers the option to build smaller, more affordable units without being penalized with multiple fees.

AB 3144 (Grayson): Provides state funding to reimburse local governments who waive impact fees on affordable projects.

AB 3145 (Grayson): Establishes a ceiling for development fees based on the median home price in a jurisdiction. Cities and counties that exceed this ceiling will be required to seek approval from the Department of Housing and Community Development and justify the need to do so.

AB 3146 (Bonta): Requires cities and counties to report a wide variety of essential housing data to the Department of Housing and Community Development, including the number of new housing units that have been issued a completed entitlement, a building permit, or a certificate of occupancy.

AB 3147 (Gabriel): Ensures that certain impact fees are payable under protest. This allows for a developer to pay a fee they consider to be unreasonably high so they can continue construction.

AB 3148 (Chui): Reduces the impact fees paid on affordable housing units that are built using the state's density bonus program.

AB 3149 (Gloria): Modernizes the way that local agencies notify interested parties prior to levying a new fee or service charge or prior to approving an increase in an existing fee or service charge.

AB 831 (Grayson): Department of Housing and Community Development: study: local fees: new developments. This bill is currently non substantive but given the focus on fees TPA will be watching for amendments to this bill.

AB 2722 (McCarty): Development fees and charges: deferral. Prohibits a noncompliant local agency that imposes any fees or charges on a qualified development, from requiring the payment of those fees or charges until 20 years from the date of the final inspection, or the date the certificate of occupancy is issued,

On February 26, a joint informational hearing titled "The Price of Civilization" provided robust discussion about the role that fees play, or don't play, in the production of housing stock and livable communities. Legislators heard from representatives from the Legislative Analyst's Officer, Turner Center, Local Government, Special District's and Developers.

Representatives from Riverside County, Santa Rosa, and Sacramento spoke about the innovative efforts they have taken to increase housing production including deferring fees and basing fees on square footage rather than individual dwelling units. While these jurisdictions are trying creative ways to increase housing there was an acknowledgement that these policies would not work in all jurisdictions.

The hearing allowed special districts to describe in detail how fees allow them to provide the services communities expect such as parks, fire protection, and water and sewer. With no land use authority of their own they rely on Cities and Counties for a portion on fees collected.

The overall takeaway from the hearing is that one size does not fit all and fees are just one small part of the overall housing crisis in California.

Federal Legislative Update

Congress concluded the impeachment trial of President Trump in February. The House voted to send the impeachment articles against the President to the Senate, which heard testimony from House-appointed managers as well as lawyers for President Trump. After nearly two weeks of deliberation from both sides, the Senate voted to acquit President Trump on the two articles of impeachment. The acquittal clears him of charges that he abused his power and also obstructed Congress when he reportedly asked the President of Ukraine for assistance with obtaining negative information on campaign rivals in a July 2019 phone call.

Democrats fell well short of the 67 votes or two-thirds majority required to convict and remove the President from office. The votes were mostly along party-lines, but included Senator Mitt Romney (R-UT) voting to convict the President on abuse of power. Senator Romney's guilty vote marks the first time in history that a Senator voted to remove a President from the same party from office.

The acquittal is the final act in a trial that has spanned nearly four months. The trial originally began back in September when House Speaker Nancy Pelosi announced an impeachment inquiry after lawmakers received an anonymous complaint from a whistleblower. With the end of this segment, Congress returns to regular duties, including the federal appropriations process and a multitude of priorities that may face impending delays in a presidential election year.

Fiscal Year 2021 Appropriations

In February, the Trump Administration released its Fiscal Year (FY) 2021 budget proposal, outlining the President's tax and spending priorities over the next decade. Overall, domestic discretionary spending as a percentage of the U.S. economy would be cut in half over the course of a decade under President Donald Trump's budget proposal, with the Department of Commerce, Environmental Protection Agency and State Department seeing some of the steepest cuts. The Administration estimates that the \$4.8 trillion dollar budget would balance the federal deficit in 15 years and put debt on a downward path after 2022.

It should be noted that the President's budget request is not a piece of legislation and is not typically considered as-is in Congress. Thus, Congress will not adopt the recommended cuts wholesale and will be debating this for months to come.

Water

In February, the Chair of the House Committee on Transportation and Infrastructure Peter DeFazio (D-OR), and Chair of the Subcommittee on Water Resources and Environment Grace F. Napolitano (D-CA) held a Members' Day Hearing to examine Members' priorities in development of the Water Resources Development Act of 2020 (WRDA).

This hearing was an opportunity for all Members of the House of Representatives to highlight issues of importance in their district as it relates to the U.S. Army Corps of Engineers. Testimony from this hearing will inform the Committee in the development of a new WRDA, which the Committee expects to approve this year.

Transportation

This month, Congress continued to make progress on options to pay for their highway bill. Leaders of the Senate Environment and Public Works Committee are considering three options: a tax on electric vehicles, charging trucks more, and indexing the federal motor fuels tax. Panel Chairman John Barrasso (R-WY) did not confirm whether any of these options are on the table, and neither did Finance Chairman Chuck Grassley (R-IA), the leader of the committee charged with crafting a financing plan for the bill. Senator Barrasso has indicated in the past that he wants electric vehicle drivers to contribute in some way to the Highway Trust Fund, which is the primary funding mechanism for federal highway programs. Those drivers aren't contributing heavily right now because the primary funding source for the fund is the federal motor fuels tax.

In the House, Ways and Means Committee Chairman Richard Neal (D-MA) indicated that he is still negotiating with Treasury Secretary Steven Mnuchin about a funding stream for their broader \$760 billion infrastructure package, which covers highways, bridges, transit, rail, water, and broadband. The two have met twice recently on the topic.