STAFF REPORT

MEETING DATE:	**December 10, 2019**
SUBJECT:	**Receive Presentation Regarding Establishment of Councils of Government**
AGENDA ITEM:	**10**
STAFF CONTACT:	**Dan Little, Executive Director**

STAFF RECOMMENDATION:

It is recommended that the board of directors receive a presentation from the California Association of Councils of Governments (CalCOG) Executive Director Bill Higgins regarding councils of governments.

DISCUSSION:

SRTA functions much like a council of governments (COG) but is unique in that it lacks an underlying Joint Powers Agreement (JPA) to be recognized officially under California Code as a COG. This has historically been of little consequence because of how well the three cities and the county have cooperated on regional transportation needs.

At the June meeting, staff reported to the board that almost $1 million in housing and homelessness assistance in the governor's budget trailer bill were nearly lost to the region because, in essence, SRTA lacked the JPA to be recognized as a COG. (See attached Assembly Bill (AB) 101 League of Cities analysis and highlighted excerpt.) Through some late negotiations, the funds were directed to the county of Shasta rather than SRTA and were not lost to the region.

Aligning housing and transportation policy has been a reoccurring state theme and it's reasonable to predict that additional financial resources to address issues like housing and homelessness will be directed to COGs. Housing funds are also increasingly predicated on regional transportation efforts and outcomes. It stands to reason that, at a minimum, the board should gather more information about forming a JPA to ensure the region is not left out of state funding programs and distribution formulas.

While a JPA could be structured to simply guide the activities already performed by SRTA, it could have the added utility of using that cooperative arrangement to address any type of regional challenges or opportunities determined of mutual benefit to the cities and the county. Mr. Higgins will discuss why nearly all other California regions—similar in function to SRTA—have approved JPAs and provide examples of what can be accomplished under a JPA. Mr. Higgins has also been at the forefront of the AB 101 discussions and the state trend to better align transportation and housing policy over the past decade.

Taking advantage of Mr. Higgins' expertise, it is recommended that the board deliberate —at a high level— the value of having an underlying JPA and if further consideration is warranted. If so, staff recommends preparing an item for the February board meeting that provides a deeper analysis regarding the technical aspects of developing a JPA.

If, at the February meeting, the board determines that a JPA would be advantageous to the cities and county, staff recommends starting simple by crafting an agreement that reflects SRTA's current activities and organizational structure, but also leaves the door open to pursue any opportunities determined by the board to be a mutual benefit. A JPA could be in place by June prior to adoption of the next state budget and distribution of any additional housing/transportation funds.

Dan Little

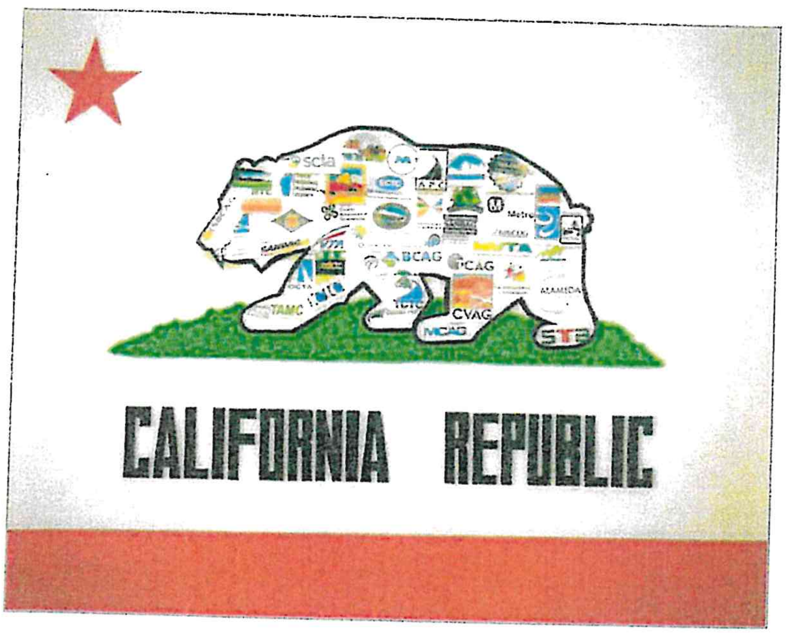
Daniel S. Little, AICP, Executive Director

Attachments:
A: Regional Governance: 9 Takeaways
B: League of Cities AB 101 Analysis

Attachment A

Regional Governance: 9 Takeaways

By: Bill Higgins on Nov 21, 2018



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Sometimes, regional governance provides the most efficient way to address a problem or improve the quality of life across communities. Many think of regional governance in terms of SB 375 and its Sustainable Communities Strategy. Regional governance can do so much more when the circumstances are right.

But let's cut to the chase. Rather than give 400 words on the history of regions (e.g., *"It all started with the Magna Carta . . . ."*), here are 9 quick take-aways:

1. ***Wholly-Owned Subsidiaries.*** Many regional entities in California are joint powers authorities. Others are set up differently. But all are governed by locally elected council members and supervisors. As one executive director of a regional agency recently told her board, regions are "wholly-owned subsidiaries" of their member local governments. About Us

2. ***The "Goldilocks" Metric.*** Some problems cross local boundaries in ways that are too broad to address effectively on a community by community basis, but are nevertheless not well suited for a one-size-fits-all statewide solution. In these cases, the ability of regional governments to build consensus among local governments within a geographic area provides a level of governance that is "just right."

3. ***Essential Tool For Preserving Local Control.*** Perhaps counter-intuitively, regional cooperation is an essential component of effective self governance. There are a number of issues--like transportation planning--that transcend local boundaries. Without a forum for local cooperation, more state regulation and direction would fill the vacuum. So, contrary to those who cast the phrase "another layer" of government too loosely, the forum for regional government has quite the opposite effect. It preserves and enhances the ability of local governments to govern effectively.

4. ***Long on Consensus; Short on Mandates.*** Regional governments must function in a political environment, but often in a non-partisan way. They do not have the direct

authority to impose mandates or dictate terms. And they are sometimes less bold in structure and authority than a region's needs might warrant. They have to rely on communication, data, and consensus to build policy solutions.

5. ***Economies of Scale.*** Why should several local governments develop policies in isolation when it could be done once at the regional level? The answer is often that the local governments want different approaches. But that is not always the case. Sometimes, it just does not make sense to have every local government in a region "reinvent the wheel" when the region can collaborate to make a better wheel once. In these instances, regional governments can offer important economies of scale.

6. ***Flexible and Versatile.*** Regional governments engage in planning and program implementation on a wide variety of issues, including transportation, housing, economic development, energy, and the environment. They are uniquely positioned to build consensus across political boundaries. For example, the Western Riverside Council of Governments initiated a region wide residential energy financing program (AB 811) called HERO that is now financing more than $1 billion worth of energy efficiency projects around the region (and state) and helping California achieve its GHG reduction goals. Talk about innovative! Check out their website at www.wrcog.org

7. ***And SB 375.*** As pointed out by CALCOG's then-president Council Member Julie Pierce (Clayton) in a Western City Magazine article (League of

California Cities), SB 375 preserved regional flexibility. The resulting plans that are emerging reflect regional values and realities – this kind of bottoms-up regionalism is much preferred to a one-size-fits-all state mandate.

8. ***Learn More About Your Region.*** Engage more with your regional government. (I know that there are not enough hours in the day). But it's worth your time. Invite the executive director to lunch. Talk with your representative on the regional board. Spend 30 minutes on their website. Read an agenda. Invite someone to speak. Not sure who your region is? Check out our Member Directory.

9. ***Set A Bigger Table.*** Reach out to your fellow officials and executives at other cities and counties and ask a simple question: *is there something that we should be collaborating on to serve our communities better?* And you just may find that the best way to get that vexing problem off your plate is to invite more people to the table.

That's it. Now back to the Magna Carta.

Housing and Homelessness Budget Trailer Bill Sent to the Governor

July 8, 2019

On the heels of Gov. Gavin Newsom signing the main budget bill on July 5, the Legislature passed AB 101, a budget trailer bill that provides the details of the collaboration and compromise that took place over the last seven months between the Governor, the Legislature, and stakeholders.

The Governor will likely sign AB 101 in the coming days.

AB 101:

- Provides ***$2.5 billion*** in funding to address California's housing and homelessness crisis;
- Establishes ***incentives*** to encourage cities and counties to increase housing production;
- Establishes a process for a ***court*** to determine that a city or county has complied with housing element law; and
- Imposes ***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.

The Budget Process

FY 2019–20 budget negotiations began in January when the Governor held a press conference unveiling his first budget proposal where he outlined his proposals related to housing and homelessness.

The January Budget was a mixed bag for local government in regards to housing. While historic levels of new funding was proposed to help address homelessness and affordable housing needs, the budget also included possible statutory changes that would undermine local land use authority, limit the ability to impose impact fees and jeopardize local transportation revenues. As part of the proposal, cities would receive additional housing-related investments, including $500 million to build homeless shelters, $500 million for affordable housing tax credits and $500 million for moderate housing production; however, the policy proposal would empower the California Department of Housing and Community Development (HCD) with top-down authority to dictate local land use policies and penalize local communities if new state quotas are not met by stripping local transportation dollars and other vital revenue was of paramount concern for cities.

The Governor's May Revise was largely consistent with his January budget in respect to housing and homelessness; additionally it did contain some minor increases in funding to assist renters and repurposed housing production incentives grants to provide infill infrastructure funding for housing projects. It also included an additional $150 million for homelessness services and resources, increasing the state's homelessness funding to $1 billion. Unfortunately, the May Revise maintained the Governor's commitment to link SB 1 transportation funding to compliance with housing element law, zoning and entitlements to meet the state's housing goals.

After months of negotiations, the Governor signed FY 2019–20 State Budget, which allocates more than $2.4 billion, a historic level of new funding, to help address homelessness and affordable housing needs throughout the state. The final budget did not link SB 1 transportation funding to compliance with housing element law, zoning and entitlements to meet the state's housing goals.

A Brief Summary of AB 101

Housing Element

AB 101 requires HCD to publish an annual list of cities that have failed to adopt a HCD certified housing element. If HCD puts a city on the list, the city has an opportunity for two meetings to discuss its housing element and HCD must provide city written findings supporting its determination. A city may also request de novo review of its last element. HCD must issue written findings in response to the de novo review. A city may challenge HCD's findings in a court to determine whether a city's housing element substantially complies with the law and that determination carries the same weight as HCD certification.

If the Attorney General sues a city, a court finds that its housing element does not substantially comply with state law, and the city fails to bring the housing element into compliance, a court may impose fines ranging from $10,000 to $600,000 per month with the generated revenue deposited into the Building Homes and Jobs Trust Fund. The State Controller may intercept state and local funds if the fines are not paid. Additionally, extra points and other preferences will be awarded for certain state funding programs for cities that have adopted undetermined "pro-housing" policies.

Local Government Planning Support Grants Program

AB 101 makes available $250 million to regions, cities and counties for planning activities to accelerate housing production and facilitate implementation of Regional Housing Needs Allocation (RHNA). $125 million will be available to councils of governments and other regional entities, with the remaining $125 million available to cities and counties. These dollars may be used for:

- Rezoning and updating planning documents;
- Completing environmental clearance to eliminate need for project-specific review;
- Infrastructure planning; and
- Developing or improving accessory dwelling unit ordinance.

Infill Infrastructure Grant Program of 2019

AB 101 makes available $500 million for competitive funding for a "qualifying infill project" or "qualifying infill area." A qualifying infill project is a residential or mixed-use project located in an urbanized area in a city with an HCD-compliant housing element. Grant funds can be used for "capital improvement projects" to facilitate the development of a qualifying infill project or area such as:

- Water, sewer, or other utility improvements;
- Streets, roads, transit;
- Project site preparation; and
- Sidewalk or streetscape improvement.

Homelessness: Funding and Programs

AB 101 makes $650 million available for one-time grants to cities, counties, and continuums of care to support regional coordination, expand or develop local capacity, and address immediate homelessness challenges. All awards will be based on the applicant's proportionate share of the state's total homeless population.

- $275 million will be available to cities or a city and county that has a population of more than 300,000.

- $175 million will be available to counties.
- $190 million will be available to continuums of care.

Low Barrier Navigation Centers

AB 101 would require a low barrier navigation center be permitted as a "use by right" if it meets specified requirements. Within 30 days of receiving an application for a center, a city must notify the applicant whether the application is complete. Within 60 days of a completed application, the city must act on the application.

State Low Income Housing Tax Credit

AB 101 also increases the state low income housing tax credit to $500 million for the 2020 calendar year.

Additional Resources

AB 101 Bill Text
AB 101 Full League Summary