
SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 828 **Hearing Date:** 4/24/2018
Author: Wiener
Version: 4/16/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Erin Riches

SUBJECT: Land use: housing element

DIGEST: This bill makes a number of changes to the regional housing needs allocation (RHNA) process.

ANALYSIS:

Existing law:

Regional transportation plans (RTPs)

- 1) Requires each of California's 18 metropolitan planning organizations (MPOs) and 26 regional transportation planning agencies (RTPAs) to prepare a long-range (20-year) plan. This plan, known as the RTP, identifies the region's vision and goals and how to implement them. The RTP also supports the state's goals for transportation, environmental quality, economic growth, and social equity. An RTP must be adopted every four years (every five years in air quality attainment areas).

Sustainable communities strategies (SCSs)

- 1) Aims, pursuant to SB 375 (Steinberg, Chapter 728, Statutes of 2008), to coordinate transportation and land use planning to help achieve the state's climate goals. SB 375 requires the state Air Resources Board (ARB) to set regional targets for greenhouse gas (GHG) emission reductions from passenger vehicle use. In 2010, ARB established targets for 2020 and 2035 for each region at a percent reduction of passenger vehicle GHG emissions per person, from 2005 levels. ARB is currently updating the SCS guidelines.
- 2) Requires, also pursuant to SB 375, each MPO to prepare an SCS as part of its RTP. The SCS demonstrates how the region will meet its GHG emissions reduction targets through land use, housing, and transportation strategies. ARB must review the adopted SCS to confirm that it will indeed meet the regional

GHG reduction targets. If not, the MPO must prepare an alternative planning strategy, separate from the RTP.

Housing elements and regional housing needs allocations (RHNA's)

- 1) Requires every city and county to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet the housing needs of all income segments of the community, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development.
- 2) Requires local governments located within the territory of a metropolitan planning organization (MPO) to revise their housing elements every eight years following the adoption of every other RTP. Local governments in rural non-MPO regions must revise their housing elements every five years.
- 3) Provides that each community's fair share of housing to be determined through the RHNA process, which is composed of three main stages:
 - a) The Department of Finance and the Department of Housing and Community Development (HCD) develop regional housing needs estimates;
 - b) Councils of government (COGs) allocate housing within each region based on these estimates (where a COG does not exist, HCD makes the determinations); and
 - c) Cities and counties incorporate their allocations into their housing elements.
- 4) Requires COGs to provide specified data assumptions to HCD from each COG's projections, including, among other things, the vacancy rates in existing housing stock and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs.
- 5) Requires the housing element to contain an assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- 6) Requires a locality's inventory of land suitable for residential development, as specified, to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the locality's share of the regional housing need for all income levels. Requires the inventory to provide certain information on each site, such as the general plan designation and zoning of each site and available infrastructure.

- 7) Requires the inventory of land to specify the additional development potential for each non-vacant site within the planning period and an explanation of the methodology used to determine the development potential.
- 8) Requires, where the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, rezoning of those sites to be completed in a specified time period. Requires this rezoning to accommodate 100% of the need for housing for very low and low-income households for which site capacity has not been identified in the inventory of sites on sites that shall be zoned to permit rental multifamily residential housing by right during the planning period.
- 9) Prohibits a local jurisdiction from reducing or permitting the reduction of the residential density, or from allowing development at a lower residential density for any parcel, unless the jurisdiction makes specified written findings.

This bill:

- 1) Requires a city or county, if its inventory of sites suitable and available for residential development is not sufficient to meet its RHNA, to identify zoning and other actions it will take to accommodate 200% of its share of the RHNA for each income level. Requires at least 100% of the city's or county's share of the RHNA to be made available for multifamily housing in developed areas.
- 2) States legislative intent that local and regional governments shall take all reasonable actions to ensure that future housing production meet, at minimum, the regional housing need. Provides that these actions shall include applicable reforms and incentives as specified (density bonuses, accessory dwelling units, etc.)
- 3) Revises the data that COGs must provide to HCD as follows:
 - a) Specifies that the vacancy rate for a healthy housing market shall be considered no less than 6% for both rental and ownership and may be considered higher based on local or regional market conditions.
 - b) Adds the percentage of households paying more than 30% of their income in housing costs.
- 4) Provides that after HCD approves a COG's methodology, HCD shall add, for each income category in each jurisdiction, the difference between the previous cycle's housing allocation and the reported housing production based on the

jurisdiction's annual report. Provides that this housing deficit shall be considered an unappealable obligation.

- 5) Requires HCD, prior to the next RHNA for each region, to complete a comprehensive audit of unmet housing need for each region by January 1, 2020. Requires the results of this audit to be added to the next RHNAs after January 1, 2020.
- 6) Makes a number of revisions to the methodology COGs shall use to distribute the existing and projected regional housing need to cities and counties within each COG, as follows:
 - a) Prohibits COGs from considering prior underproduction of housing in order to inform housing allocations or to justify a lower allocation for a local jurisdiction.
 - b) Requires the final regional housing need plan to reflect equitable allocations for housing of all income levels, and not demonstrate or promote racial or wealth disparities. Requires the final plan to demonstrate efforts to reverse racial and wealth disparities throughout a region, as follows:
 - i) A high housing allocation for households of all income levels, in particular low-income and very low-income households located within communities with high rates of projected income growth to ensure equity and to stabilize home prices and communities.
 - ii) An alleviation of median market rent that exceeds 30% of household median income by rapidly increasing housing supply, particularly housing supply for moderate and above-moderate income households.
 - iii) High housing allocations for all income categories, but particularly low and very-low income households, and in particular the allocation shall be weighted heavily toward local governments that meet both of the following criteria:
 - (1) Are in the top quartile for median income for the region.
 - (2) Contain regional job centers with connectivity to existing or planned high-quality public transportation, such as fixed rail systems, ferry terminals serviced by bus or rail, bus rapid transit, or extensive bus networks with frequent all-day bus service.

COMMENTS

- 1) *Purpose.* The author states that there are several key issues with RHNA. First, the state's population forecasts do not take into account historic underproduction of housing; there is also no rollover mechanism to ensure that communities who underperform in producing housing in one cycle, are held accountable in the next cycle. Second, each COG establishes its own unique methodology for allocating housing obligations to local jurisdictions; the state has very little oversight authority in this process, and there are no transparency requirements. Finally, after localities are assigned their housing obligation, they are expected to zone for precisely 100% of that obligation, an underwhelming requirement that sets up communities for failure since not every newly zoned parcel will have development approved and project constructed to full capacity within that period. This bill tackles these issues with various provisions to strengthen RHNA.

- 2) *Housing elements.* The housing element demonstrates how the community plans to accommodate its "fair share" of its region's existing and projected housing need. HCD estimates the RHNA for each region, distributes these assessments to the COGs, and then the COG determines how to distribute the RHNA among its cities and counties. Existing law requires a COG to consider a number of factors in compiling the RHNA distribution, such as housing opportunities and constraints, high housing cost burdens, market demand for housing, and more. Existing law establishes four overarching objectives for RHNA:
 - a) Increase both the housing supply and the mix of housing types, tenure, and affordability.

 - b) Promote infill development and socioeconomic equity, protect environmental and agricultural resources, and encourage efficient development patterns.

 - c) Promote improved intraregional jobs-housing relationships.

 - d) Balance disproportionate household income distributions.

In order to determine how to meet its fair share of the RHNA, each community establishes an inventory of sites designated for new housing. Communities also identify regulatory barriers to housing development and propose strategies to address those barriers. State law requires cities and counties to update their housing elements every eight years.

Cities and counties enact zoning ordinances to implement their general plans; the zoning determines the type of housing that can be built. Cities and counties do not actually build housing. Instead, they help ensure that sufficient sites are available on which to build enough housing to meet their fair share of the region's existing and projected need.

- 3) *Housing element compliance.* According to HCD, as of April 2, 2018, 468 of the 540 total jurisdictions in California have adopted housing elements that HCD has deemed in compliance with state housing element law — a compliance rate of 87%. Leaving out the elements currently under review, only 21 jurisdictions — 4% — have either adopted a noncompliant housing element or have not yet submitted an adopted housing element to HCD pursuant to the statutory schedule. However, overall compliance may mask more specific noncompliance issues. For example, even if the total RHNA is met, it may not be equitably distributed among the localities within a region. In addition, even though a housing element may plan for the appropriate number of units to meet the need, the units do not always get built.
- 4) *Consequences of a non-compliant housing element.* Until now, communities without an approved housing element have faced limited ramifications. Last year, however, the Legislature passed a comprehensive package of housing bills, which was signed into law by Governor Brown on September 29, 2017. This package included a number of bills aimed at strengthening housing element law (see “Related Legislation” below). Specific efforts to increase compliance include:
 - a) SB 35 (Wiener) effectively requires, in a jurisdiction that has not met its RHNA allocation, that the locality approve a development proposal that meets specified requirements, such as including some level of affordable housing. In other words, if a jurisdiction has not met its RHNA allocation, it has very little power to reject a housing project.
 - b) SB 166 (Skinner) modifies the No Net Loss Zoning Law to require local governments to maintain adequate housing sites at all times throughout the planning period for all levels of income. This is intended to help ensure that a locality continues to maintain a supply of available land to accommodate the remaining unmet housing need throughout the 8-year life of the housing element. For example, as development occurs, local governments need to assess their ability to accommodate new housing on the remaining sites in their inventory and make adjustments to zoning if needed.
 - c) AB 72 (Chiu) authorizes HCD to find a locality's housing element out of substantial compliance if it determines that the locality has acted, or failed to

act, in compliance with its housing element and HCD had previously found the housing element in substantial compliance. Additionally, it permits HCD to refer violations of housing element law to the state Attorney General. According to a recent HCD report, *California's Housing Future: Challenges and Opportunities*, the primary mechanism to enforce state housing law is through the judicial system. It takes a great deal of resources to pursue judicial remedies; moreover, developers are hesitant to antagonize localities where they intend to have future development. AB 72 instead places this judicial enforcement burden on the state.

- 5) *Identifying realistic housing sites.* In addition to the above cited measures, AB 1397 (Low) of 2017 aimed to strengthen housing element law by restricting the types of sites that a local government may identify as suitable for residential development. AB 1397 addressed concerns that the law permitted local governments to designate very small sites that cannot realistically be developed for their intended use, or designate non-vacant sites with an ongoing commercial or residential use, even though the current use is expected to continue indefinitely. Under AB 1397, identified sites must have a sufficient available water, sewer, and dry utilities supply and must be available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan.
- 6) *Breaking it down.* This bill includes numerous provisions intended to further address housing element reform, as follows.
 - a) *Doubling accommodation of need ("This bill," #1).* Existing law requires, where the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, that the locality take actions such as rezoning to accommodate that need (e.g., 100% of that need). This bill would increase that requirement to 200% and require at least 100% of the locality's share of regional housing need to be available for multifamily housing in developed areas. In other words, a jurisdiction would need to rezone to meet twice the housing need. The author states that by requiring localities to zone for 100% of their housing obligation, existing housing element law "sets up communities for failure" since not every newly zoned parcel will have development approved and project constructed to full capacity within that period.

It arguably makes sense to set the target higher than 100%, because some parcels may fall through or take longer to develop than planned. However, requiring a number as high as 200% may also "set up communities for failure" – failure to actually meet their obligation. The American Planning Association, California Chapter (APA), writing in opposition, notes that AB

1397 of 2017 makes it much more difficult to identify sites; in fact, some localities are concerned that they will not even be able to meet the 100% target in existing law, much less the 200% target in this bill. APA notes that under AB 1397, owners of non-vacant, or even vacant, sites can simply say they have no interest in developing multifamily housing within the planning period – thereby disqualifying those sites from the 100% multifamily requirement in this bill. Alternatively, the locality may end up having to rezone sites for housing over the objections of landowners. **The committee may wish to consider lowering the target to 125%.**

The author amended the “100% in developed areas” piece into this bill on April 16th to address concerns that it might foster sprawl. However, it is unclear exactly what this term means. *Moving forward, the author may wish to consider defining “developed areas.”*

- b) *RHNA policy (“This bill,” #2).* Existing law states legislative intent that cities and counties “should undertake all necessary actions” to facilitate the development of housing to accommodate “the regional housing need established for planning purposes.” This bill states that local and regional governments “shall take all reasonable actions” to ensure that future housing production meets, at minimum, the regional housing need, “including embracing and promoting all applicable reforms and incentives” in existing law. It also strikes the “established for planning purposes” language.

This provision raises several questions. Who determines whether a jurisdiction has taken all reasonable actions? What is the consequence if a jurisdiction does not take those actions?

In addition, by removing the “for planning purposes” language, this bill appears to challenge the basic premise of what a housing element is, e.g., a planning document.

It is also important to note that although this language is included in a legislative intent section, it states that local and regional governments “shall” take these actions; this language appears to change the legislative intent to a mandate and potentially opens up localities to legal challenges.

The committee may wish to consider amending this section (Page 29, lines 6-10) as follows:

It is the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, and reasonable actions **shall should**

be taken by local and regional governments to ensure that future housing production meet, at a minimum, the regional housing need **established for planning purposes**. These actions shall include applicable reforms and incentives in Section 65582.1.

- c) *Vacancy rates* (“*This bill,*” #3a). Existing law requires a COG to provide certain data to HCD, including, among other things, the vacancy rates in the jurisdiction’s existing housing stock versus the vacancy rates for a healthy housing market. This bill establishes the vacancy rate for a healthy housing market at no less than 6% for both rental and ownership housing and specifies that it may be considered higher based on local market conditions.

Vacancy rates can be an indicator of the balance between housing supply and demand. A high vacancy rate may indicate an excess supply of units, resulting in lower prices; a low vacancy rate may indicate a shortage of units, driving housing prices upward. A high vacancy rate in combination with a growing population may be an indicator of more people moving in together, e.g., overcrowding. By setting the bar at 6%, this bill aims to drive housing production up to the point that vacancy rates are at least 6%, which could help stabilize or drive down prices in high-cost areas.

- d) *Housing deficit rollover* (“*This bill,*” #4). This bill also provides that after HCD approves the methodology, HCD shall add, for each income category in each jurisdiction, the difference between the previous cycle’s housing allocation and the reported housing production (e.g., the deficit in housing production). This shall be considered an unappealable obligation. (The original version of this bill established the HCD determination of the deficit rollover as a “binding and nonnegotiable obligation;” the author softened the language in the April 16th amendments to help address opposition concerns.)

The author states that as communities stifle housing construction, their population is limited by how many new homes are built, creating the illusion that population growth is slowing or stagnant. The author notes that this creates a perverse incentive for cities to underperform on RHNA; over time, their population growth will slow, their previous obligations will be forgiven, and their allocations will be reduced.

Existing law requires HCD to determine the existing and projected housing need for each region. Therefore, in theory at least, HCD accounts for any past unmet need in the allocation it gives to each RHNA. This raises the question of whether this bill intends for the housing deficit rollover number to be added on top of what HCD has already determined to be the RHNA, which would effectively double-count the unmet need.

Existing law also requires a COG to determine its existing and projected housing need. Again, at least in theory, this should make a rollover requirement moot, as past unmet need should be incorporated into existing need.

It is also unclear whether this rollover provision would be stacked on top of the 200% obligation discussed in (a) above.

Moving forward, the author may wish to consider clarifying the relationship between the deficit rollover and the 200% requirement.

- e) *HCD audit* (“This bill,” #5). This bill requires HCD to complete a comprehensive audit of unmet housing need for each region by January 1, 2020, with the results to be added to subsequent RHNA’s after that date. The author states that this is intended to act as a “re-set” for every part of California to get back on track after decades of underproduction.

The original version of this bill designated January 1, 2019 as the date; the author changed it to 2020 in the April 16th amendments to address concerns about HCD workload. Additionally, the author notes that since not every region has to update its housing element every year, this provision should not place too much of a burden on HCD. It is unclear, however, what this audit would contain. *Moving forward, the author may wish to consider removing this provision.*

- f) *Prior underproduction* (“This bill,” #6a). This bill makes a number of changes in the methodology COGs use to distribute the allocation across its jurisdiction. One provision prohibits COGs from considering prior underproduction of housing in order to inform housing allocations or to justify a lower allocation for a local jurisdiction.

The author states that HCD has very little oversight authority regarding COGs’ methodology for allocating housing obligations to local jurisdictions. The author notes that more often than not, this results in heavily politicized housing allocations, in particular for affordable housing, divorced from the data about true housing demand and fair share principles. For example, in the last RRNA cycle, Redondo Beach was allocated 1,397 units of housing for an eight-year period, while Hermosa Beach and Manhattan Beach – adjacent and demographically similar coastal communities – were allocated 2 and 37 units, respectively. This bill aims to address such inequities.

- g) *Equitable allocation* (“This bill,” #6b). This bill requires the final plan to reflect equitable allocations for housing of all income levels, and to demonstrate efforts to reverse racial and wealth disparities throughout a

region, as specified. These provisions are intended, at least in part, to help ensure that a COG's RHNA is allocated equitably across the COG's entire jurisdiction, rather than some localities carrying much heavier burdens than others.

One provision requires the final allocation plan to demonstrate "an alleviation of median market rent that exceeds 30 percent of household median income by rapidly increasing housing supply, particularly housing supply for moderate and above-moderate income households." This appears to make a definitive policy statement that filtering, colloquially known as "trickle down housing," will lower median market rents, an assertion that is not widely agreed upon. Specifically, some argue that if a substantial number of housing units are built for relatively high income groups, they will gradually become available to lower income groups as they depreciate in quality and price. According to HCD's February 2018 report, *California's Housing Future: Challenges and Opportunities: Final Statewide Housing Assessment 2025*, the state faces a shortfall of 61,000 units at the moderate income level, compared to a 1.5 million unit shortfall at the very low income level. **The committee may wish to consider removing this provision (Page 29, lines 6-10) from this bill.**

Other provisions in this section are not entirely clear; for example, two provisions require "high housing allocations," which is not defined. *Moving forward, the author may wish to consider clarifying this term.*

- 7) *Bottom line.* This bill raises a few key questions the committee may wish to consider.
- a) *Will this bill result in more housing?* APA, writing in opposition, states that the 200% zoning requirement, in combination with escalating RHNA numbers based on unmet units, will leave cities and counties unable to fully comply and possibly leave them open to legal challenge. In addition, localities cannot control many factors related to increasing the housing supply, such as the price of land, legal challenges brought under the California Environmental Quality Act, labor shortages in the construction industry, etc. Finally, APA argues that the dearth of government subsidies for lower- and especially moderate-income housing make it impossible to achieve the ambitious goals of this bill.
 - b) *Is the housing element a planning strategy or a mandate?* This bill revises the existing law policy statement about the legislative intent of RHNA; specifically, it removes "for planning purposes" from the intent statement. This change can arguably be read as an attempt to transform RHNA from a

planning tool – specifically, a strategy to help ensure sufficient housing gets built – into a quota requiring a certain amount of housing to be built. In addition, this bill revises the statement from “should” to “shall,” which appears to make it a mandate rather than a policy statement. Since local governments do not actually build housing, it seems inappropriate to make the housing allocation a mandate.

- c) *Will this bill encourage sprawl?* As noted above, AB 1397 of 2017 imposed stricter requirements on what parcels may be considered reasonable options for housing construction. Opponents state that as a result, this bill could end up pushing development out to suburban areas where it is easier to find eligible parcels, or even to rezone agricultural or open space areas. Building in outer areas could result in increased vehicle miles traveled as more people commute to downtowns, which in turn could hurt greenhouse gas reduction efforts. To try to address these concerns, the author amended this bill on April 16th to require 100% of need to be addressed through multifamily housing in developed areas, though, as noted above, this is not defined in the bill. It is unclear, however, how cities with built-out central areas will respond to the 100% requirement.
- d) *Will this bill hurt GHG reduction efforts?* CalCOG, writing in opposition, notes that the RHNA distribution is a consideration in localities’ sustainable communities strategies. It is conceivable that the most equitable distribution of housing could clash with a region’s ability to achieve maximum reductions in greenhouse gas emissions, leaving COGs caught between HCD and ARB, e.g., between housing goals and air quality goals.
- e) *Does this bill penalize the right parties?* This bill aims to discourage housing deficits by forcing jurisdictions to roll over past housing production shortfalls into the next cycle. Opponents point out that RHNAs are often allocated very unevenly across a COG’s jurisdiction, which can strongly impact whether a locality is successful in meeting its allocation. For example, Town 1 receives an allocation of 10,000 housing units, while Town 2 receives an allocation of 1,000 units. Town 1 falls short, while Town 2 meets its allocation. Is it fair to then penalize Town 1 for failing to meet its obligation? This bill requires HCD to make the housing deficit determination “in each local jurisdiction,” which in theory at least should help address this issue.
- f) *What about the 2017 housing package?* Last year’s housing package included bills that made a number of changes to housing element law, which localities are still in the process of understanding and implementing. This

package provided funding to help build housing, as well as funding for local governments to update planning documents and zoning ordinances in order to streamline housing production. It may be prudent to allow more time for implementation of last year's legislation to take place before imposing new requirements on localities.

RELATED LEGISLATION:

AB 1771 (Bloom, 2018) — makes changes to regional housing needs allocation plan objectives, methodology, and distribution process. *This bill is pending hearing in the Assembly Local Government Committee.*

SB 35 (Wiener, Chapter 366, Statutes of 2017) — creates a streamlined, ministerial approval process for infill developments in localities that have failed to meet their RHNA numbers.

SB 166 (Skinner, Chapter 367, Statutes of 2017) — requires that a local jurisdiction accommodate its remaining unmet need at all times throughout the housing element planning period.

AB 72 (Chiu, Chapter 370, Statutes of 2017) — requires HCD to review any action or inaction by a locality that it determines is inconsistent with an adopted housing element, permits HCD to find a locality's housing element out of substantial compliance, and permits HCD to notify the Attorney General of violations of the law.

AB 1397 (Low, Chapter 375, Statutes of 2017) — makes several changes to state housing element law by revising what may be included in a locality's inventory of land suitable for residential development.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Bay Area Council (co-sponsor)
 Silicon Valley Leadership Group (co-sponsor)
 Bridge Housing
 California Alliance for Retired Americans
 California Apartment Association
 California Asian Pacific Islander Chamber of Commerce

California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Community Builders
California YIMBY
City of Oakland
Fiona Ma, Board of Equalization District 2
Half Moon Bay Brewing Company
Heller Manus Architects
HKS Architects
Inn at Mavericks
Mavericks Event Center
McKinsey & Company
Non Profit Housing Association of Northern California
North Bay Leadership Council
Pacific Standard
Postmates
San Francisco Bay Area Planning and Urban Research Association (SPUR)
San Francisco Housing Action Coalition
San Mateo County Economic Development Association
Sand Hill Property Company
Silicon Valley Community Foundation
Sustainable Silicon Valley
SV Angel
The Two Hundred
TMG Partners

OPPOSITION:

American Planning Association, California Chapter
California Association of Councils of Governments
Citizen Marin
City of San Bernardino
City of Mill Valley
City of Redondo Beach
City of San Marcos
City of San Rafael
Coalition to Preserve L.A.
Cow Hollow Association
Haight Ashbury Neighborhood Council
Livable California
Marin Community Association

Marin County Council of Mayors and Councilmembers

Mission Economic Development Company

SF Ocean Edge

Spaulding Square Neighborhood Association Historic Preservation Overlay Zone

Stand Up for San Francisco

Sunset Residents for Sensible Planning

8 individuals

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 907 **Hearing Date:** 4/24/2018
Author: Cannella
Version: 4/2/2018 Amended
Urgency: No **Fiscal:** No
Consultant: Jeffery Song

SUBJECT: County road commissioner: Merced County

DIGEST: This bill allows Merced County to make the county director of public works responsible for the county road commissioner's duties, regardless of whether the director is a civil engineer.

ANALYSIS:

Existing law:

- 1) Creates the office of road commissioner for each county and, except in San Francisco, requires that every person who is appointed as road commissioner must be a civil engineer. The road commissioner must annually submit to the county board of supervisors a tentative road budget covering all proposed expenditures for county road purposes and manages personnel, equipment and expenditures related to county road work.
- 2) Authorizes any county to abolish the office of road commissioner if the county transfers all of the road commissioner's duties to the county director of transportation. The director is not required to have any special permit, registration, or license and any civil engineering functions required to be performed by the road commissioner must be performed by a registered civil engineer acting under the authority of the director of transportation.
- 3) Authorizes any county to create an office entitled public works director, combining the duties of road commissioner and surveyor and any other compatible duties not legally required to be performed by another county officer.

- 4) Authorizes the Orange County Board of Supervisors to abolish the office of road commissioner if the board transfers all of the commissioner's duties to an environmental management agency.

This bill:

- 1) Allows the Merced County Board of Supervisors to abolish the office of road commissioner if it transfers all of the road commissioner's duties to the county director of the department of public works.
- 2) Provides that the director of the department of public works is not required to have any special permit, registration, or license.
- 3) Requires that any civil engineering functions that are required to be performed by the road commissioner must be performed by a registered civil engineer acting under the authority of the director of the department of public works.

COMMENTS

- 1) *Purpose.* According to the author, Merced County held the authority to transfer the duties of the county road commissioner to the county director of the department of public works until January 1, 2018, due to SB 736 (Cannella, Chapter 378, Statutes of 2012). This bill restores this authority and allows Merced County to consolidate the functions of the county road commissioner and public works department under a public works director who is not a registered civil engineer.
- 2) *Why Merced County?* Historically, Merced County was able to appoint the public works director to the office of road commissioner, because the director was a registered civil engineer. However, when the director retired, the County wanted the flexibility to keep the road commissioner's responsibilities consolidated with the department of public works, regardless of whether the new public works director is a registered civil engineer. SB 736 gave Merced County this authority to transfer the duties of the county road commissioner to the county director of public works, until January 1, 2018. However, the county has yet to use this authority and it has now lapsed. This bill reinstates Merced County's authority with no sunset date.
- 3) *Double referral.* This bill was heard in the Senate Governance and Finance Committee on April 4, 2018, and passed on a 6 – 0 vote.

RELATED LEGISLATION:

SB 736 (Cannella, Chapter 378, Statutes of 2012) — authorized Merced County to transfer the duties of the road commissioner to the director of the department of public works. This law expired on January 1, 2018.

AB 807 (Carpenter, Chapter 426, Statutes of 1975) — authorized Orange County to transfer duties of the road commissioner to the environmental management agency.

AB 247 (Hayden, Chapter 83, Statutes of 1979) — gave counties the authority to abolish the office of road commissioner if the board transfers all of the road commissioner's duties to the county director of transportation.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Merced County (sponsor)

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 912 **Hearing Date:** 4/24/2018
Author: Beall
Version: 4/12/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Erin Riches

SUBJECT: Housing; homelessness programs and affordable housing

DIGEST: This bill appropriates \$2 billion from the General Fund to homelessness programs, as specified.

ANALYSIS:

Existing law:

- 1) Establishes the Multifamily Housing Program under the state Department of Housing and Community Development (HCD) to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households through loans to local governments and non- and for-profit developers. Funds are directed to those with incomes up to 60% of area median income (AMI).
- 2) Establishes the Housing for a Healthy California Program under HCD to fund competitive grants to pay for housing construction or operating costs for chronically homeless Medi-Cal beneficiaries who meet specified criteria, including being eligible for Supplemental Security Income. This program is intended to complement the Whole Person Care Pilot Program under the state Department of Social Services, which incentivizes local governments and agencies to coordinate health, behavioral health, and social services for individuals who have been identified as high users of multiple systems and continue to have poor health outcomes.
- 3) Establishes the California Emergency Solutions Grants (ESG) Program under HCD. This program provides federal funding to engage homeless individuals and families living on the street; improves the number and quality of emergency shelters for homeless individuals and families; helps operate these shelters; provides essential services to shelter residents; rapidly re-houses homeless

individuals and families; and prevents families and individuals from becoming homeless.

- 4) Establishes the No Place Like Home Program under HCD. This program provides funds to counties to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for individuals who are experiencing homelessness, experiencing chronic homelessness, at risk of chronic homelessness, and in need of mental health services. Counties must commit to provide mental health services and help coordinate access to other community-based supportive services.

This bill:

Allocates, upon appropriation in the annual Budget Act, \$2 billion from the state General Fund to HCD as follows:

- 1) \$1 billion to the Multifamily Housing Program to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for individuals with incomes of up to 60% AMI.
- 2) \$1 billion to address homelessness, particularly among members of vulnerable populations, as follows:
 - a) \$700 million for grants to cities and counties that agree to provide matching funds to alleviate chronic homelessness within their jurisdictions, including but not limited to:
 - i) Rental assistance and flexible housing subsidy pool investments.
 - ii) Operating subsidies, including gap financing to make supportive housing projects that offer lower rents financially viable.
 - iii) Capital grants.
 - iv) Interim housing.
 - v) Emergency shelters, navigation centers, and rapid rehousing projects.
 - vi) Construction of affordable housing that includes housing for homeless persons. An unspecified portion shall be set aside for the Multifamily Housing Program, with at least 20% of the units available to chronically homeless persons.
 - b) \$200 million to the Housing for a Healthy California Program.

- c) \$50 million to the ESG Program for the purpose of addressing the specific needs of homeless youth, as follows:
- i) Requires eligible activities to include, in addition to currently eligible activities, family finding services to locate and engage relatives of homeless youth with the goal of connecting homeless youth who wish to be reconnected with family.
 - ii) Requires funded activities to incorporate the Core Components of Housing First as outlined in existing law.
 - iii) Requires providers offering services comprehensive, culturally competent, and trauma-informed services to meet the needs of homeless youth, including the specific needs of lesbian, gay, bisexual, and transgender youth; commercially sexually exploited children and young people; youth of color; and survivors of domestic violence.
- d) \$50 million to the Domestic and Sexual Violence Prevention Complementary Services Fund, upon establishment of that fund, to provide housing and services for survivors of domestic violence.

COMMENTS

- 1) *Purpose.* The author states that in the last two years, the Legislature has taken giant steps to address the state's housing and homelessness crisis by passing the No Place Like Home initiative in 2016 and a comprehensive housing package of 15 funding and reform bills in 2017. Despite these monumental efforts, the California housing shortage will only be exacerbated by the tax plan passed by the federal government, which reduces the value of the low-income housing tax credit (LIHTC). In addition, over the last 10 years, California has experienced a 34% reduction in federal housing funds. This lack of funds has had a direct impact on homelessness, which rose 14% in California from 2016 to 2017. Despite recent efforts, California has been unable to fill the funding gap from the loss of redevelopment funds and statewide housing bonds passed in the 2000s. This bill proposes to invest \$2 billion in one-time funds from the projected \$6 billion state budget surplus into housing for the homeless and for low-income families most at risk of becoming homeless. This bill aims to provide funds directly to cities, counties, and non-profits, get the money out the door quickly by investing in existing affordable housing programs, offset federal funding cuts and the reduced value of the LIHTC, and fund programs that end and prevent homelessness.
- 2) *California's housing crisis.* California is home to 21 of the 30 most expensive rental housing markets in the country, which has had a disproportionate impact

on the middle class and working poor. An individual earning minimum wage must work three jobs, on average, to pay the rent for a two-bedroom unit. Housing units affordable to low-income earners, if available, are often in serious states of disrepair. California also faces a housing shortage. Since the 1980s, the state has failed to produce the estimated 180,000 necessary new housing units per year. According to HCD, California has a 1.5 million unit shortage of housing available to its lowest-income households, who are most at risk of becoming homeless. As a result, low-income families are forced to spend more and more of their income on rent, leaving little else for other basic necessities. High housing costs are a major driver for the increase in homelessness in California. The housing crisis is also impacting middle-income families as housing costs skyrocket and threaten our future and economy. Many young families must postpone or forego homeownership, live in more crowded housing, commute further to work, or, in some cases, choose to live and work elsewhere.

A recent report by HCD highlighted the depths of the state's housing shortage, showing that statewide for very low-, and extremely low- households, California is short about 1.5 million rental units.¹ That same report showed that for moderate and above moderate-income levels, there was a sufficient number of rental housing units, at least on a statewide average basis, indicating that the focus should be on the poorest households.

- 3) *Funding shortfall at every level.* Historically, the state has funded housing programs through the sale of general obligation bonds. Most recently, the voters approved a \$2.1 billion bond through Proposition 46 in 2002 and then a \$2.85 billion bond through Proposition 1C in 2006. These funds financed the construction, rehabilitation, and preservation of 183,000 units, including shelter spaces and permanent supportive housing for the homeless. HCD has awarded almost all of the funds made available under these propositions, particularly in its main programs.

Until 2011, the Community Redevelopment Law required redevelopment agencies to set aside 20% of all property tax increment revenue to increase, improve, and preserve the community's supply of low- and moderate-income housing available at an affordable housing cost. In fiscal year 2009-10, redevelopment agencies deposited \$1.075 billion of property tax increment revenues into their Low- and Moderate-Income Housing Funds. With the elimination of redevelopment agencies, this source of funding for affordable housing is no longer available.

¹ California's Housing Future: Challenges and Opportunities (Public Draft) – op cit. Extremely low income households earn less than 30% of the area median income (AMI); very low income households earn between 30%-50% of AMI.

According to the Department of Finance and the US Department of Housing and Urban Development, California receives about \$627 million/year in funding for three major programs: HOME Investment Partnerships Program (HOME), Emergency Solutions Grants Program, and Community Development Block Grant Program. Over the last ten years, these programs have been reduced by 34%. According to the Department of Finance, the HOME and CDBG programs are most at risk of being cut by 2/3 or cut completely, which means significant cuts in funding for low-income and homeless Californians.

- 4) *Something old, something new.* This bill allocates funding to a variety of existing and new programs:
- a) The Multifamily Housing Program (\$1 billion) is an existing HCD program that is not currently funded, though last year's housing package included allocations that HCD is in the process of implementing. The author notes that the allocation in this bill will help offset the decrease in value of federal tax credits due to federal tax reform and the lowering of the corporate tax rate.
 - b) The Housing for a Healthy California Program (\$200 million) was established under HCD last year (AB 74, Chiu, Chapter 777, Statutes of 2017) and HCD is in the process of implementing it.
 - c) The ESG Program (\$50 million) is an existing federal program that directs funding directly to urban (entitlement) areas and through HCD to rural (non-entitlement) areas. In 2016, California entitlement jurisdictions received \$20.4 million and HCD received \$12 million for non-entitlement jurisdictions.
 - d) The Domestic and Sexual Violence Prevention Complementary Services Fund (\$50 million) does not yet exist, but the author of this bill has submitted a budget request to establish this fund within the state Office of Emergency Services to provide housing and services for domestic violence survivors. Monies would be distributed through a competitive grant process to organizations addressing domestic and sexual violence.
 - e) The bill also allocates \$700 million to HCD (no specific program) for grants to cities and counties to address chronic homelessness. The author intends to provide flexible funds for, among other things, private landlords and housing providers for rental subsidies to encourage the use of housing choice vouchers; gap financing to make supportive housing projects pencil-out due

to lower rents; gap financing for supportive housing projects that are ready to go; affordable housing projects with at least 20% set aside for the chronically homeless, to encourage more deeply targeted projects; creative housing solutions for individuals who are awaiting some form of permanent housing; and shelters, navigation centers, and rapid rehousing. Moving forward, the author may wish to consider adding language to this bill providing such direction, as well as language to ensure transparency and accountability for how these funds are expended.

RELATED LEGISLATION:

AB 3171 (Ting, 2018) — establishes the Local Homelessness Solutions Program, which would provide block grants to local governments to address homelessness, to be funded through an unspecified amount from the General Fund. *This bill is pending hearing in the Assembly Housing Committee.*

SB 2 (Atkins, Chapter 364, Statutes of 2017) — establishes the Building Homes and Jobs Act and imposes a \$75 fee on real estate transaction documents, excluding commercial and residential real estate sales, to provide funding for affordable housing.

SB 3 (Beall, Chapter 365, Statutes of 2017) — enacts the Veterans and Affordable Housing Bond Act of 2018 and authorizes the issuance of \$4 billion in general obligation bonds for affordable housing programs and a veterans' homeownership program, subject to approval by the voters in the November 6, 2018 election.

AB 1618 (Committee on Budget, Chapter 43, Statutes of 2016) — establishes the No Place Like Home Program to further the development of permanent supportive housing for persons who are in need of mental health services and are homeless, chronically homeless, or at risk of homelessness.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Affirmed Housing
American Planning Association, California Chapter
Aspiranet
Association of California Cities – Orange County
Bridge Housing
California Apartment Association
California Housing Consortium
California State Association of Counties
California Welfare Directors Association
City of Berkeley
City of El Cerrito
City of Glendale
City of San Jose
City of San Marcos
Community Home Builders and Associates
Corporation for Supportive Housing
County Behavioral Health Directors Association of California
Housing Authority of the County of Santa Barbara
Life Skills Training and Education Programs, Inc. (LifeSTEPS)
Non-Profit Housing Association of Northern California
Pacific Companies
Paulett Taggart Associates, Inc.
Richmond Neighborhood Housing Services Inc.
Rural County Representatives of California
Sacramento County Board of Supervisors
Santa Clara County
Tenderloin Neighborhood Development Corporation
Urban Counties Caucus of California
Western Community Housing, Inc.

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 918 **Hearing Date:** 4/24/2018
Author: Wiener
Version: 4/12/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Jeffery Song

SUBJECT: Homeless Youth Act of 2018

DIGEST: This bill establishes \$60 million annually in grant funding to create or expand programs that alleviate youth homelessness in California. This bill also creates an Office of Homeless Youth in the Department of Housing and Community Development (HCD) to administer the grants, identify gaps in services statewide, provide data and reports to the Legislature, and participate in the state's Homeless Coordinating and Financing Council.

ANALYSIS:

Existing law:

- 1) Establishes a Homeless Coordinating and Financing Council to oversee and coordinate the implementation of the Housing First guidelines and regulations in California, and identify resources and services that can be accessed to prevent and end homelessness in California, and requires the Governor to appoint up to 15 members to the council, as specified.
- 2) Establishes HCD to administer a variety of programs to meet a large range of housing needs, including emergency shelters and transitional housing, affordable rental housing, and affordable homeownership.
- 3) Establishes four homeless youth emergency pilot projects – in the counties of Los Angeles, San Francisco, San Diego, and Santa Clara – to examine the conditions of and create a profile for homeless youth, in order to locate these youth, provide for their emergency survival needs and to assist them in reunification with their parents in finding a suitable home. Requires the Office of Criminal Justice Planning to issue grants to private, nonprofit agencies with a demonstrated record of success in the delivery of services to homeless youth, as specified.

- 4) Establishes a cultivation tax on all harvested cannabis that enters the California commercial market and sets specified tax rates and establishes methods for collection and remittance of the tax.
- 5) Requires the State Controller to disburse specified funds from the Cannabis Tax Fund to specified entities related to the regulation of cannabis use and sales and the evaluation of its impact on various aspects of society.
- 6) Requires 60% of the remaining funds be deposited into the Youth Education, Prevention, Early Intervention and Treatment Account, and disbursed by the Controller to the State Department of Health Care Services (DHCS) for programs for youth that are designed to educate about and to prevent substance use disorders and to prevent harm from substance use. Requires DHCS to enter into interagency agreements with the State Department of Public Health and the State Department of Education to implement and administer these programs.
- 7) Identifies as a priority funding for grants to programs for outreach, education, and treatment for homeless youth and out-of-school youth with substance use disorders, among others.

This bill:

- 1) Entitles the bill the Homeless Youth Act of 2018 and establishes an Office of Homeless Youth (Office) within HCD which reports directly to the HCD Director.
- 2) Defines the role and responsibilities of the Office to include:
 - a) Setting goals to prevent and end homelessness among California's youth.
 - b) Increasing system integration and coordinating efforts to prevent homelessness among youth who are currently or formerly involved in the child welfare services or the juvenile justice system.
 - c) Leading efforts to coordinate a spectrum of funding, policy, and practice efforts related to young people experiencing homelessness.
 - d) Ensuring homeless minors who have experienced maltreatment and are eligible to be dependent children have timely access to the child welfare system.
- 3) Requires the Office to identify funding, policy, and practice gaps across state systems that serve, or hold the potential to serve, young people experiencing

homelessness and develop specific recommendations and timelines for addressing these gaps.

- a) Defines the services and programs under review to include family support and reunification services, social and emotional wellness and mental health services, street and community outreach programs and drop-in centers, low barrier and diverse housing opportunities, and post-housing and follow-up services.
 - b) Requires these recommendations and timelines to be reported to the Legislature by December 31, 2019 and sunsets the report requirement in 2023.
- 4) Requires the Office to provide technical assistance and program development support to increase capacity among new and existing service providers to best meet statewide needs.
 - 5) Requires the Office to set measurable goals aimed at preventing and ending youth homelessness in the state, as specified.
 - 6) Requires the Office to define outcome measures and collect data related to these goals and submit an annual report to the Legislature by December 31, on these goals, measures and data, starting in 2019, as specified.
 - 7) Requires the Office to coordinate with young people experiencing homelessness, the State Department of Social Services, other appropriate state agencies, and the Homeless Coordinating and Financing Council to inform policy, practices, and programs.
 - 8) Requires the Homeless Coordinating and Financing Council to include one representative from the Office and requires the Office to collaborate with the Homeless Coordinating and Financing Council to adopt guidelines and regulations, as specified.
 - 9) Requires the Office to develop, oversee and administer grant programs to support young people experiencing homelessness, to prevent and end homelessness in California's youth, and to support families and family reunification services, social and emotional wellness and mental health services, street and community outreach programs and drop-in centers, and post-housing and follow-up services.
 - 10) Requires the Office to solicit annual progress reports from each grantee and annually review each program for effectiveness in meeting stated project

outcomes and in engaging in continuous quality improvement activities, and to conduct monitoring visits to each grantee at least once per year in order to provide technical assistance in areas of identified need for improvement. Requires the Office to submit an annual report on the grant programs to the Legislature by December 31, as specified, starting in 2019.

- 11) Establishes that the Office receive grant funds from the Youth Education, Prevention, Early Intervention and Treatment Account, as specified, other funding appropriated by the Legislature, and/or gifts and donations to the office. If the annual amount of this funding is less than \$60 million, the remaining funds are appropriated from the General Fund.
- 12) Requires that the grant funds be awarded in a three-year grant cycle and that they are used to supplement existing levels of service and not to supplant existing local, state, or federal funding. Also, requires that the funds cannot be used for the administrative duties of the Office.
- 13) Defines eligible entities to apply for grant funding to be either:
 - a) A private, nonprofit agency with a demonstrated record of success and experience in the delivery of services to young people experiencing homelessness or at-risk youth. The agency is required to identify whether it participates in the continuum-of-care, if the agency is proposing to serve an area covered by a continuum-of-care.
 - b) A continuum-of-care administrative entity with a demonstrated record of success. The entity may use no more than 5 percent of granted funds for administrative purposes.
- 14) Establishes the following preferences for grantees to receive funding:
 - a) Involvement of a network of youth-servicing agencies in the delivery of services to young people experiencing homelessness.
 - b) Participation in a local continuum of care.
 - c) Utilization of the HMIS.
 - d) Participation in the development of a local, youth-centered coordinated entry system, including diversion.
 - e) An agreement to work together with other entities to develop a local plan to reduce homelessness among homeless youth
- 15) Permits preference to be given to agencies that propose to provide services in geographic areas where similar services are not provided, and there is a demonstrated need for those services.

- 16) Clarifies that a grant applicant that intends to serve minors is required to be a mandated reporter, including an annual training requirement. Requires that each grant applicant demonstrate that services will be provided within the Positive Youth Development framework so that all participants are assured that programs are safe, inclusive and non-stigmatizing by design and in operation.
- 17) Requires that each grant proposal identify how the services to be provided will address substance use disorders or the risk of substance abuse and how it intends to ensure that participating youth receive services that provide education, prevention, early intervention, and timely treatment for youth.
- 18) Requires that the service provider proactively engage homeless youth to offer a wide array of services for each participant and his or her family, if appropriate. These services can include drug abuse education, prevention and treatment services, access to education and employment assistance, counseling and care management services, and others, as specified.
- 19) Prohibits a service provider from preventing a youth from entering housing or discharging a youth from a housing program on the basis of lack of participation in supportive services.
- 20) Requires that a grantee use funds to establish or expand programs that assess the housing and services needs of homeless youth or youth at risk of homelessness, establish a plan to meet those needs in collaboration with the participant and provide evidence-based housing and services models to participants. These programs can include rental assistance, non-time-limited supportive housing, transitional housing, post-transitional housing assistance, rapid rehousing, flexible rental subsidies, host homes, and shelters for homeless minors and homeless youth.
- 21) Requires that a shelter program established under this program shall provide services, as specified, and depending on the needs of the individual, provide drug abuse education, and prevention and treatment services, as appropriate, and to provide outreach to homeless youth to drug abuse treatment programs, as appropriate.
- 22) Limits grantees to use no more than 40% of funds in a given year to establish, expand or operate shelter programs.

COMMENTS

- 1) *Purpose.* According to the author, youth homelessness is a crisis in California. This bill will help get young people off the streets and into housing and services, which will save lives and reduce chronic homelessness in the long-term. This bill directs \$60 million annually in funding to address the alarming rise of youth homelessness in California and establishes an Office of Homeless Youth within HCD to set goals and map progress toward ending youth homelessness.
- 2) *Background.* A homeless youth is defined as a minor younger than 18 or a young adult between 18 and 24 years old who is living individually without shelter. According to the Annual Homeless Assessment Reports to Congress, there were more than 15,000 homeless youth in California in 2017, which is a 26% increase from 2016 and a 32% increase from 2015.¹ HUD and local experts indicate that this number is likely a vast undercount.

The homeless youth population is also disproportionately represented: up to 40% of homeless youth identify as lesbian, gay, bisexual, or transgender (LGBT).² In addition, youth of color, youth who are currently or formerly in the foster care system and youth who have been in the juvenile justice system have higher rates of homelessness.³⁻⁴ Homelessness is also growing among college students. One in 10 California State University system students and one in five students in the Los Angeles Community College District are homeless.

5-6

- 3) *Current Legislative Funding.* Currently, California's largest direct funding stream for homeless youth programs comes through the state's Office of Emergency Services (OES). Prior to 2015, OES provided around \$1 million annually for the Homeless Youth and Exploitation program, which was divided among projects in urban areas to provide crisis intervention and stabilization. In 2016, the Legislature provided \$10 million to fund Homeless Youth Emergency Services Pilot projects in four counties to provide crisis intervention and stabilization services. An additional \$10 million was provided in the 2017 budget to conduct a Homeless Youth Emergency Services and Housing pilot

¹ <https://www.hudexchange.info/resources/documents/2017-AHAR-Part-1.pdf>

² <https://youth.gov/youth-topics/lgbtq-youth/homelessness>

³ Dworsky, Amy, Laura Napolitano, Marc Courtney, "Homelessness During the Transition From Foster Care to Adulthood," *American Journal of Public Health*, December 2013.

⁴ <http://www.csh.org/2017/03/addressing-the-intersections-of-juvenile-justice-involvement-and-youth-homelessness-principles-for-change/>

⁵ <http://www.wihopelab.com/publications/Wisconsin-HOPE-Lab-LA-CC-District-Report-Survey-Student-Needs.pdf>

⁶ <https://presspage-production-content.s3.amazonaws.com/uploads/1487/cohomelessstudy.pdf?10000>

project in four counties, which may include rapid rehousing, rental assistance, transitional housing, and supportive housing.

- 4) *Homeless Youth Have Unique Needs.* According to the HUD annual count, unaccompanied homeless youth are much more likely to be unsheltered (55%) than all people experiencing homelessness (35%).⁷ Youth tend to avoid adult homeless centers because they are often victimized there, and instead choose to live with relatives, strangers, or on the streets in youth encampments where they are difficult to find. On the streets, youth are particularly vulnerable to violence and sexual exploitation. Experiencing homelessness can lead to lifelong trauma and victimization, which can have significant adverse impacts on an adolescent's biological and social development.

A report by Los Angeles Homeless Services Authority found that half of chronically homeless adults were homeless during the ages of 18 to 24. Experts say that this transitional age is a critical window for targeted intervention to help youth become self-sufficient and prevent chronic homelessness. This bill establishes grant funding for housing, supportive services and shelters specifically for homeless youth.

- 5) *Cannabis Tax.* In 2016, California voters approved Proposition 64, which legalized marijuana and imposed taxes on the retail sale of cannabis and cannabis products. The Proposition allocates a certain percentage of the generated funds into a Youth Education, Prevention, Early Intervention and Treatment Account to support youth programs on substance use disorder education, prevention, and treatment, and prioritizes programs directed towards homeless youth and out-of-school youth with substance use disorders. In 2016, LAO estimated that the cannabis tax revenues could range from the high hundreds of million to \$1 billion annually.⁸

Studies indicate 50-84% of homeless youth may be abusing illicit drugs or alcohol.⁹ Also, according to researchers at the National Institute on Drug Abuse, homeless youth who were living on the streets have much higher rates of substance abuse compared with those in shelters or at home.¹⁰ This bill appropriates up to \$60 million from this account annually for grant programs to provide housing and supportive services for homeless youth, and requires

⁷ <https://www.hudexchange.info/resources/documents/2017-AHAR-Part-1.pdf>

⁸ <http://www.lao.ca.gov/BallotAnalysis/Proposition?number=64&year=2016>

⁹ National Clearinghouse on Families and Youth, "What Substance Abuse Treatments Work for Homeless Youth?" Family and Youth Services Bureau, November 2015; "What Can We Do to Reduce Substance Use Among Homeless Youth?" April 2013

¹⁰ <https://archives.drugabuse.gov/news-events/nida-notes/drug-abuse-among-runaway-homeless-youths-calls-focused-outreach-solutions>

services related to outreach, education, and treatment for homeless youth with substance abuse disorders. The approach of this bill is that providing housing and shelter is a necessary precondition for providing education, treatment and drug prevention to homeless youth or youth at risk of homelessness.

- 6) *Housing First*. SB 1380 (Mitchell, Chapter 847, Statutes of 2016) established the Homeless Coordinating and Financing Council to oversee implementation of the Housing First regulations and coordinate resources, benefits, and services to prevent and end homelessness in California. This bill requires that the Office have a designated representative on this council. Housing First is the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and not make housing contingent on participation in services. This bill aligns with the Housing First guidelines required for any state program that provides housing and supportive services to youth experiencing homelessness.
- 7) *Housing and Community Development*. Last year, the Legislature passed and the governor signed a package of 15 housing bills as a comprehensive package. Together, this package provided an ongoing source of funding for affordable housing construction, a \$4 billion housing bond to provide an immediate infusion of funds into housing for veterans, and low- and moderate-income families, as well as several streamlining and land use measures designed to facilitate and foster opportunities for increased housing production. In order to implement that package, the Department of Housing and Community Development is requesting about 81 new staff in this year's budget, as well as 65 additional staff in the next two budget years. Given the workload HCD is already under, the author moving forward may wish to consider whether the roles of the Office of Homeless Youth, as specified, could be served by another agency, department, or the Homeless Coordinating and Financing Council.

RELATED LEGISLATION:

AB 2602 (McCarty, 2018) — establishes an additional homeless youth emergency service project in the County of Sacramento. *This bill is currently in Assembly Appropriations Committee.*

AB 1406 (Gloria, 2017) — would establish the Homeless Youth Housing Program to award grants to up to 10 recipients, as defined, that demonstrate the ability to contract with service providers capable of providing housing assistance and supportive services to homeless youth with the goal of transitioning youth towards

self-sufficiency. *This bill has been held as a two-year bill in Senate Transportation and Housing Committee.*

SB 1380 (Mitchell, Chapter 847, Statutes of 2016) — established the Homeless Coordinating and Financing Council to oversee implementation of the Housing First regulations and identify resources, benefits, and services to prevent and end homelessness in California.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

California Coalition for Youth (co-sponsor)
Corporation for Supportive Housing (co-sponsor)
Equality California (co-sponsor)
Housing California (co-sponsor)
John Burton Advocates for Youth (co-sponsor)
Tipping Point (co-sponsor)
Aspiranet
Barnabas Charity Outreach
Bill Wilson Center
Black Sisters Sharing
California Alliance of Child and Family Services
California Apartment Association
California State Association of Counties
California State University, Bakersfield
Casa de Amparo
Children's Law Center of California
City of Long Beach
City of San Jose
County Behavioral Health Directors Association
County Welfare Directors Association
David & Margaret Youth and Family Services
Doing Good Works
EA Family Services
Fastenau and Associates

First Place for Youth
Foster Care Counts
Fresno Economic Opportunities Commission
Hillsides
Imperial Valley Regional Occupational Program Project ACE
Jovenes, Inc.
Kamali'i Foster Family Agency
Kings/Tulare Homeless Alliance
Larkin Street Youth Services
Learning Rights Law Center
Los Angeles City College
Los Angeles County Office of Education
Los Angeles Dependency Lawyers, Inc.
Los Angeles Homeless Services Authority
Los Angeles LGBT Center
LSS of Northern California
National Association of Social Workers – California Chapter
National Center for Youth Law
National Foster Youth Institute
New Alternatives, Inc.
New Morning Youth & Family Services
Non-Profit Housing Association of Northern California
Oxnard College
PATH
Persistence Plus
Public Counsel
Redwood Community Action Agency's Youth Service Bureau
Riverside City College
Sacramento County Board of Supervisors
Sacramento LGBT Community Center
Safe Place for Youth
San Diego Youth Services
San Francisco LGBT Community Center
Sanctuary of Hope
Santa Rosa Junior College
Social Advocates for Youth
South County CAL-SOAP

Sunny Hills Services
THP Plus
TLC Child & Family Services
Trinity County Office of Education
United Friends of the Children
Unity Care Group, Inc.
University of San Diego
Urban Counties of California
Youth for Change
Youth Policy Institute
1 individual

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No:	SB.936	Hearing Date:	4/24/2018
Author:	Allen		
Version:	4/16/18 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Jeffery Song		

SUBJECT: Office of Planning and Research: Automated Vehicles Smart Planning Task Force

DIGEST: This bill requires the Office of Planning and Research (OPR) to convene an Autonomous Vehicles Smart Planning Task Force. This bill directs the Task Force to recommend policies on the deployment of autonomous vehicles, related to clean air and climate goals, reducing vehicle miles traveled and traffic congestion, shared mobility, integration with other transportation and transit networks, and equity.

ANALYSIS:

Existing law:

- 1) Authorizes the operation of autonomous vehicles on public roads for testing and non-testing purposes under certain circumstances subject to regulations adopted by the Department of Motor Vehicles (DMV), as specified.
- 2) Establishes within the Governor's Office, OPR to serve the Governor and his or her Cabinet as staff for long-range planning and research, and to constitute the comprehensive state planning agency.
- 3) Requires OPR to accept and allocate or expend grants and gifts from any source, public or private, for the purpose of state planning and to undertake other planning and coordinating activities that will implement the policy and intent of the Legislature, as specified.

This bill:

- 1) Requires the Office of Planning and Research to convene an Automated Vehicles Smart Planning Task Force, consisting of representatives from the University of California, local government and metropolitan planning organizations (MPO), transit agencies, automated vehicle and electric vehicle

manufacturers, transportation network companies (TNC), labor organizations, clean transportation organizations, and environmental organizations.

- 2) Specifies that the members of the Task Force should have expertise in automated vehicles, land use planning, traffic congestion, greenhouse gas emissions, air pollution, clean transportation, or other topics to make the specified recommendations.
- 3) Requires the Task Force to submit to the Legislature policy recommendations on or before January 1, 2021 to ensure that deployment of automated light-duty vehicles promotes and does not hinder any of the following:
 - a) Achievement of California's clean air and climate goals.
 - b) Reduction in vehicle miles traveled.
 - c) Reduction in traffic congestion.
 - d) Adoption of electric vehicles and other zero emission vehicles to meet California's goal of five million zero emission vehicles on the road by 2030.
 - e) Increased travel mode share of, and integration with, existing and future public transportation and transit networks.
 - f) Increased travel mode share of bicycling and walking and integration with local, regional, and state policies that support this aim.
 - g) Achievement of sustainable community strategies and priorities, including infill and compact development.
 - h) Shared rather than single passenger mobility.
 - i) Accessibility for persons with disabilities.
 - j) Environmental, economic, and social justice equity, including equitable access to clean transportation and mobility.
- 4) Repeals the requirement on January 1, 2025.

COMMENTS:

- 1) *Purpose.* According to the author, this bill would ensure California plans responsibly for the potential wide-scale introduction of automated vehicles and prevents this innovative new technology from adding to our serious climate, clean air, and traffic challenges. This bill calls on the Office of Planning and Research to convene an Automated Vehicles Smart Planning Task Force to develop recommendations to ensure that the deployment of automated vehicles supports our state's environmental and equity goals.
- 2) *Background.* In 2012, SB 1298 (Padilla) established conditions for the operation of automated vehicles (AV) in California. In 2014, the DMV adopted

regulations for the testing of AVs on public roads requiring a test driver and established an application and approval process for a testing permit. As of April 1, 2018, there are 52 manufacturers that have this permit. In early 2018, the DMV adopted regulations for testing AVs without a driver at the wheel and for deployment of AVs in California. DMV began accepting applications for these permits on April 1, 2018.

- 3) *Uncertainty about AVs.* AVs have the potential to transform every sector of transportation. However, much is uncertain about these impacts. AVs could enhance vehicle safety by removing human error from the driving task and improve access to mobility for many people. On the other hand, AVs could create more congestion and sprawl, as it becomes more convenient to use the “free” time of riding in AVs for other tasks such as work. AVs could replace transit trips, or it could provide better first- and last-mile connectivity to increase transit use. Currently, the Legislature has limited understanding of how to plan for a “driverless” world. This bill directs OPR to convene a wide range of stakeholders and experts to provide the Legislature with policy recommendations on how to guide this burgeoning technology.
- 4) *Policy Coordination Needed.* The UC Davis Institute of Transportation Studies (ITS) recently issued a series of policy briefs characterizing AVs as one of the three “revolutions” in transportation, along with electrification and shared mobility (i.e., the shared use of a vehicle on as-needed basis).¹ According to ITS, these must happen concurrently in order to bring about increased access to mobility, more affordable transportation, and major reductions in greenhouse gas emissions. However, if there is just automation without shared mobility or electrification (e.g., people primarily riding in personal, gas-powered AVs), then CA could end up in a future of more vehicle miles traveled, more vehicles on the road, more sprawl, and more greenhouse gas emissions and energy use. ITS states that achieving all three revolutions together will require unprecedented levels of policy support. This bill provides the Legislature with that policy support to help coordinate how AV technology should be deployed to help improve how all Californians get around and meet the state’s climate goals.
- 5) *Legislation Needed?* This bill may be unnecessary. The Governor could direct OPR to convene a study group to advise policymakers on these issues without authorizing legislation.

¹ <https://3rev.ucdavis.edu/policybriefs/>

- 6) *Task Force Membership*. The task force includes experts and AV stakeholders from many different perspectives, such as environmental groups, labor groups and vehicle manufacturers, to help provide recommendations to the Legislature. However, there are stakeholders currently not included that have a key interest and influence in how AVs will be deployed in California. **The author may wish to consider adding a representative from the insurance industry and a representative from the disability rights organizations to the Task Force.**

RELATED LEGISLATION:

SB 802 (Skinner, 2017) — required OPR to convene an Emerging Vehicle Advisory Study Group to provide recommendations to the Legislature on emerging vehicle technology, including autonomous vehicles. *This bill was held last year in the Assembly Appropriations Committee.*

SB 1298 (Padilla, Chapter 570, Statutes of 2012) — established conditions for the operation of autonomous vehicles upon public roadways.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, 4/18/2018.)

SUPPORT:

CalSTART (sponsor)
Plug In America

OPPOSITION:

American Insurance Association
National Association of Mutual Insurance Companies
Pacific Association of Domestic Insurance Companies
Personal Insurance Federation of California
Property Casualty Insurers Association of California

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 937

Hearing Date: 4/24/2018

Author: Wiener

Version: 1/25/2018

Urgency: No

Fiscal: Yes

Consultant: Randy Chinn

SUBJECT: Lactation accommodation

DIGEST: This bill enacts provisions intended to make it easier for working mothers to express and store breast milk at their place of employment. Specifically, this bill would: (1) direct the creation of new building codes mandating the installation, during new construction or major remodels, of lactation spaces for employees in non-residential buildings over a specified size; (2) require employers to develop and implement lactation accommodation policies with specified characteristics; (3) make explicit reference to the fact that an employer may not discriminate against or retaliate against an employee for exercising rights related to lactation; and (4) create a private right of action to enforce lactation-related workplace rights.

ANALYSIS:

Existing law:

- 1) Requires employers to make reasonable efforts to provide employees with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private.
- 2) The analysis below reflects the amendments agreed to in the Senate Judiciary hearing, which will be incorporated into the bill if it passes this committee.

This bill:

- 1) Requires the California Building Standards Commission (CBSC) to adopt, in the next building standards code adopted after January 1, 2019, mandatory building standards for the installation of lactation space for employees in newly constructed or remodeled nonresidential buildings as follows:

- a) Lactation space shall be required in a building that has at least 15,000 square feet of employee workspace if the project costs more than \$500,000.
 - b) Additional lactation spaces shall be required based upon square footage and occupancy loads.
 - c) The lactation spaces shall be at least 50 square feet, have at least one electrical outlet, have access to a sink with hot and cold running water, and shall be located no more than 500 feet from the farthest employee workspace or within two adjacent floors.
 - d) The lactation room shall not be a bathroom and shall be in close proximity to the employee's work area, shielded from view and free from intrusion.
- 2) Prohibits employers from discriminating against an employee for exercising their right to lactation accommodation.
 - 3) Enables employees who have been denied break time or adequate space to express milk to file a complaint with the Labor Commissioner.
 - 4) Enables employees to bring a civil action for denial of adequate break time or space to express milk. A prevailing employee would be entitled to actual damages, appropriate equitable relief, and reasonable attorney's fees.
 - 5) Increases civil penalties for a violation of lactation accommodation laws from \$100 to \$500.
 - 6) Requires employers to develop and implement a policy regarding lactation accommodation, as specified.
 - 7) Requires the Division of Labor Standards Enforcement to create a model lactation accommodation policy and set of best practices, as specified.

COMMENTS

- 1) *Author's Statement.* "If we're serious about gender equity in the workplace — as we should be — we need to make it much easier for women to return to work after having a child. When mothers are able to return to work and receive reasonable accommodations — such as lactation facilities — they advance and keep pace with their male counterparts. By contrast, when mothers are effectively discouraged from working, they fall behind, and gender inequity is the result. Family-friendly workplaces increase gender equity, improve

families’ health, and are good for business. Inadequate lactation accommodations often lead parents, especially low-income parents, to make the difficult decision to leave their jobs or to pay for expensive formula. Providing a safe and comfortable place for parents to lactate will keep infants and women healthier, and keep more mothers in the workplace.”

- 2) *No Place Like Home.* There appears to be clear evidence that nursing is beneficial: The American Academy of Pediatrics recommends exclusive breastfeeding for the first six months of a child's life and then continued breastfeeding for up to a year after that. Current law requires employers to make reasonable efforts to accommodate nursing mothers. This bill goes farther by requiring specific accommodations, including requiring the creation of lactation rooms of specified character and location.
- 3) *Precedent.* In 2017 the San Francisco Board of Supervisors passed the Lactation in the Workplace Ordinance. Beginning in 2018, all employers, except government entities, that have employees in San Francisco, must provide a location for lactation, other than a bathroom, in close proximity to the employee’s work area that has access to a refrigerator and a sink. An exemption is permitted if the employer can show that compliance would impose an undue hardship, which could include requiring the building of a room, undertaking a construction project, removing seating from a restaurant, or removing retail floor space.

The bill is significantly more stringent than the San Francisco ordinance. The author intends that the bill be consistent with that ordinance. While that won’t remove the opposition, it will make the bill easier to understand and will alleviate at least some of the concerns. Some of the most important instances where the San Francisco ordinance and this bill differ are show in the chart below. (This deals only with the requirements surrounding the lactation room. Other differences regarding the lactation accommodation policy and labor requirements are not addressed as those are the jurisdiction of other committees.) **The author and committee may wish to amend the bill to reflect the San Francisco Ordinance.**

	San Francisco Ordinance	SB 937
Threshold to require lactation room	<ul style="list-style-type: none"> • Interior tenant improvement • Gross square footage of the interior space designated for 	Building has at least 15,000 square feet of employee workspace and project costs more than \$500,000

	<p>employee only use and included in the project is at least 15,000 square feet</p> <ul style="list-style-type: none"> • Estimated cost of project greater than \$1 million 	
Exemptions	<ul style="list-style-type: none"> • Employee occupancy load less than 50 • Undue hardship 	Five employees or less
Responsible party	Employer	Building owner
Additional lactation rooms?	Primarily dependent on number of employees	Required, but unspecified thresholds

4) *Does One Size Fit All?* The bill requires at least one lactation room if the building has at least 15,000 square feet of employee workspace. A 15,000 square feet office building could house about 100 employees. But for most other usages, that amount of space would hold far fewer. Think of a school, warehouse, hardware store, manufacturing plant, restaurant, movie theatre; all of these would have far fewer employees in the same amount of space. Is 15,000 square feet the appropriate threshold for all these different uses? The bill also requires a lactation station within 500 feet, or two floors, from every employee workspace. While this may be reasonable in a high rise office building, does it make sense in a large warehouse or department store? The bill also specifies that lactation rooms must be private, not be bathrooms, and have precedence over all other uses. Again, while this may be reasonable in an office setting, is it reasonable in settings where employee density is lower or floor area more valuable?

5) *Amendments from Prior Hearing.* This bill was heard by the Senate Labor and Industrial Relations Committee on April 11, passing 4-0. The Senate Judiciary Committee heard the bill on April 17, passing it 5-2, with the understanding that the author would accept amendments relating to that committee's jurisdiction in this committee. Those amendments do the following:

- a) clarify what constitutes a violation for purposes of calculating the civil penalties;
- b) untangle denial of rights under the section from the anti-retaliation provision and make it clear that employees can file a complaint for either with the Labor Commission;

- c) retain the existing requirement that the lactation accommodation location must be in “close” proximity to the employee’s work area;
- d) eliminate the proposed requirement that employers with fewer than five employees must apply to the Labor Commission for hardship waivers;
- e) remove the proposed requirement that an employer must respond to an employee’s lactation accommodation request within five days; and
- f) bring California law into harmony with the superseding federal law .

RELATED LEGISLATION:

AB 1976 (Limon, 2018) — provides that the room or other location that employers must make available for lactation purposes cannot be a bathroom; pending assignment in the Senate Rules Committee.

AB 1127 (Calderon, Chapter 755 of 2017) — requires state and local agencies and specified public facilities, including theaters, restaurants and sports arenas, to install and maintain at least one baby diaper changing station if the building or facility is open to the public.

AB 1787 (Lowenthal, Chapter 634 of 2014) — requires airports with more than 1 million enplanements annually to provide a private room in each terminal, behind the airport security screening area and separate from a public restroom, where women can express breast milk.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

ACLU
California Breastfeeding Coalition
City and County of San Francisco, Department on the Status of Women

(The Senate Judiciary Committee listed the following supporters: ACLU of California; Breastfeed LA; California Breastfeeding Coalition; The California Work & Family Coalition; Child Care Law Center; City and County of San Francisco Department on the Status of Women; Common Sense Kids Action; Ryan Coonerty, Third District Supervisor, Santa Cruz County Board of Supervisors; First Five, San Benito; Legal Aid at Work; John Leopold, First District Supervisor,

Santa Cruz County Board of Supervisors; OUR Family Coalition; Mi Familia Vota; Stronger California Network)

OPPOSITION:

None received.

(The Senate Judiciary Committee listed the following opponents: American Insurance Association; Association of California School Administrators; Building Owners and Managers Association; California Ambulance Association; California Association for Health Services at Home; California Association of Joint Powers Authorities; California Bankers Association; California Beer and Beverage Distributors; California Business Properties Association; California Chamber of Commerce; California Farm Bureau Federation; California Hotel and Lodging Association; California Manufactures and Technology Association; California Restaurant Association; California Retailers Association; California State Association of Counties; California Travel Association; Citizens Against Lawsuit Abuse; Civil Justice Association of California; Commercial Real Estate Development Association – NIAOP; International Council of Shopping Centers; League of California Cities)

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 957 **Hearing Date:** 4/24/2018
Author: Lara
Version: 4/17/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Erin Riches

SUBJECT: Vehicles: high-occupancy vehicle lanes

DIGEST: This bill would allow for a new Clean Air Vehicle (CAV) sticker to be issued to a vehicle whose sticker has expired, if the owner meets income qualifications.

ANALYSIS:

Clean Air Vehicle (CAV) program

Existing law exempts certain clean, alternative-fuel vehicles from high-occupancy vehicle (HOV) lane occupancy requirements, so that a single-occupant vehicle may use an HOV lane if it displays a green or white sticker issued by the state Department of Motor Vehicles (DMV) under the CAV program:

- 1) White stickers are issued to pure battery electric vehicles, dedicated compressed natural gas or liquid petroleum gas vehicles, and hydrogen fuel cell electric vehicles, such as the Chevrolet Bolt, Fiat 500e, Honda Clarity Hydrogen Fuel Cell, Nissan Leaf, Tesla Model S and Model X, and Toyota Mirai, among others. State law has never limited the number of white stickers. As of April 3, 2018, DMV had issued 174,249 white stickers.
- 2) Green stickers are issued to plug-in hybrid electric vehicles, including the BMW 530e, Chevrolet Volt, Chrysler Pacifica Hybrid, Ford Fusion Energi, Hyundai Ioniq Plug-In Hybrid, and Toyota Prius Prime, among others. State law has at times placed a cap on the number of green stickers that DMV may issue, but 2016 legislation removed the cap. As of April 3, 2018, DMV had issued 142,354 green stickers.

The CAV program was due to sunset on January 1, 2019, meaning that all green and white stickers would expire on that date. However, under AB 544 (Bloom, Chapter 630, Statutes of 2017), only stickers issued prior to January 1, 2017 will expire on January 1, 2019. AB 544 allows holders of stickers issued in 2017 and

2018 to apply for a new sticker that will be valid until January 1, 2022. The Governor is proposing budget trailer bill language to authorize stickers issued by DMV between March 1, 2018 and January 1, 2019 (red stickers) to be valid until January 1, 2022, to help save DMV workload on reissuing stickers later.

AB 544 also established a new program, effective January 1, 2019, under which stickers will be valid until January 1 of the fourth year after issuance. Under the new program, an individual who has received a rebate under the Clean Vehicle Rebate Project (CVRP) will only be eligible for a sticker if his or her income falls below the following income limits: \$150,000 for single filer, \$204,000 for a head-of-household filer, or \$300,000 for a joint filer. The new CAV program will sunset on September 30, 2025. See the table below for a breakdown of sticker validity.

Sticker Issuance Date	Sticker Expiration Date
Prior to January 1, 2017	January 1, 2019
January 1, 2017 – February 28, 2018	January 1, 2019*
March 1, 2018 – December 31, 2019	January 1, 2022
January 1, 2019 – December 31, 2019	January 1, 2023
January 1, 2020 – December 31, 2020	January 1, 2024
January 1, 2021 – December 31, 2021	January 1, 2025
January 1, 2022 – December 31, 2022	September 30, 2025
January 1, 2023 – December 31, 2023	September 30, 2025
January 1, 2024 – December 31, 2024	September 30, 2025
January 1, 2025 – September 30, 2025	September 30, 2025

*Must apply for new sticker on or after January 1, 2019, which will be valid until January 1, 2022.

CVRP

CVRP provides rebates to incentivize the purchase or lease of clean vehicles: \$5,000 for a hydrogen fuel cell vehicle; \$2,500 for a battery electric vehicle; \$1,500 for a plug-in hybrid electric vehicle; or \$900 for a zero-emission motorcycle. An individual can apply for a rebate within 18 months of purchase or lease. As of January 1, 2018, if an individual’s gross annual income is above specified limits (\$150,000 for single filers, \$204,000 for head of household filers, or \$300,000 for joint filers), he or she cannot obtain a CVRP rebate, but can obtain a CAV sticker. An individual with income below the specified limits can obtain both a CVRP rebate and a CAV sticker. In addition, individuals with household incomes below 300% of the federal poverty level are eligible for an additional CVRP rebate of \$2,000.

There is no cap on the number of rebates that may be issued, but rebates are subject to funding availability and the program has occasionally been forced to stop issuing rebates and create a wait list due to lack of funds. The program is currently

accepting applications. As of April 11, 2018, CVRP had issued 232,169 rebates (\$514 million), primarily in the Bay Area and South Coast air districts. Of the total rebates issued, 7,117 (\$28.6 million) were increased rebates to low-income applicants, which first became available on March 29, 2016.

Zero-Emission Vehicle (ZEV) goals

Executive Order B-16-12 of 2012 established a goal of 1.5 million ZEVs on California's roads by 2025. SB 1275 (De León, Chapter 530, Statutes of 2014) builds on this goal by establishing the Charge Ahead California Initiative, which aims to place one million electric cars, trucks, and buses on California's roads by 2023. The ZEV regulation, commonly known as the ZEV mandate, sets a goal for ZEVs and near-ZEVs to comprise 15% of new cars sold in California by 2025. If a manufacturer fails to meet its ZEV requirement, it is subject to financial penalties. In addition, Executive Order B-48-18, signed by Governor Brown on January 26, 2018, establishes a new target of five million ZEVs in the state by 2030. The Governor is also proposing a new eight-year, \$2.5 billion budget initiative to continue CVRP rebates and help bring 250,000 vehicle charging stations and 200 hydrogen fueling stations to California by 2025.

This bill:

- 1) Allows a clean vehicle owner to obtain a CAV sticker for a vehicle whose sticker has expired if:
 - a) The owner's household income is at or below 80% of state median income.
 - b) The owner has not previously obtained a CAV sticker for the same vehicle.
- 2) Provides that CAV stickers issued pursuant to this bill shall expire on January 1, 2023.
- 3) Requires DMV to report to the Legislature by June 1, 2023 as to how many owners obtained CAV stickers pursuant to this bill.

COMMENTS

- 1) *Purpose.* The author states that California's progress toward zero-emission transportation is not shared by the average Californian. Low-income commuters are making longer and longer commutes to live in affordable housing that is far from their work. Pew Research has found that the share of Californians who commute 90 minutes or more per day increased 40% between 2010 and 2015. The state needs to give HOV lane access to these

“supercommuters,” many of whom are teachers, janitors, and others who cannot afford to purchase a new ZEV. This bill provides a pathway for low-income households to apply for a sticker on a used car that has already received a sticker, thereby incentivizing a used market for ZEVs. This bill will help build interest in clean technologies among moderate and low-income drivers, who often live in the communities that experience the most adverse effects of vehicle pollution.

- 2) *HOV lane congestion.* Federal law deems that an HOV lane is degraded if vehicles operating in the lane fail to maintain a minimum average operating speed (generally 45 mph) during 90% of the time over a consecutive 180-day period during morning or evening weekday peak-hour periods. If an HOV lane is considered degraded, the state must limit or discontinue the use of the lane by exempted vehicles (e.g., CAVs) or take other actions to bring performance up to the federal standard within 180 days. Caltrans must submit an HOV lane degradation report to the Federal Highway Administration (FHWA) each year. According to Caltrans’ 2016 HOV lane degradation report, submitted to FHWA in October 2017, approximately 65% of HOV lanes in California were degraded during the first half of the year and 68% during the second half of the year – an increase of 3% over the prior year. Caltrans is not considering prohibitions on clean vehicles in HOV lanes because “The connection between exempted vehicles and degradation has yet to be established.” However, one of the strategies proposed by Caltrans in the report is no longer allowing non-HOV vehicles to use HOV lanes.
- 3) *ZEV goals: how are we doing?* The state has set goals of one million ZEVs by 2023 and 1.5 million ZEVs by 2025. The Governor’s January 2018 Executive Order states that there are more than 350,000 ZEVs on California’s roads today. In order to meet the 2023 goals, the state will need to put more than 600,000 additional ZEVs on the road over the next five years. Automakers are working to develop these technologies in response to the federal Corporate Average Fuel Economy (CAFÉ) and greenhouse gas emissions standards, which aim to increase fuel economy to the equivalent of 54.5 miles per gallon for cars and light-duty trucks by 2025. Automakers argue, however, that producing the cars does no good if consumers are not motivated to buy them; the CAV program provides an incentive to do so. A recent UCLA study indicates that 40% of ZEV sales in major urban areas of California are tied to stickers. However, the primary objective of the CAV program, improving air quality, has not been evaluated.
- 4) *More than 300,000 CAVs in HOV lanes.* As of April 3, 2018, DMV had issued a total of 323,346 green, white, and red stickers. Of these, roughly 40% were

issued in the nine-county Bay Area and roughly one-third were issued in Los Angeles County. Clearly, stickers constitute a key incentive in congested urban areas. By the same token, however, stickered vehicles create more congestion in HOV lanes by violating the carpool principle of more than one person per car. In addition, CAV cars are often mistaken by other drivers for “cheaters,” causing additional frustration on congested freeways.

- 5) *Proof of income.* This bill limits eligibility for a “re-sticker” to owners at or below 80% of state median income (\$73,300). CVRP is administered by the Center for Sustainable Energy (CSE), a nonprofit which contracts with the Air Resources Board. CSE requires CVRP applicants to submit a completed and signed IRS Form 4506-T or alternative documentation as specified. This bill would authorize DMV to work with a nonprofit such as CSE to establish a similar process for income verification to implement this bill. The DMV currently charges \$22 for a CAV sticker to cover its administrative costs; the increased workload required for income verification could potentially drive up the sticker cost.
- 6) *Concerns.* The Metropolitan Transportation Commission (MTC) has not yet taken a formal position on this bill, but has opposed past legislation to extend or expand the CAV program. MTC cites a high rate of usage of HOV lanes by unauthorized single occupant vehicles (e.g., cheaters). A June 26, 2017 *San Jose Mercury* article noted that in 2016, the California Highway Patrol issued double the number of tickets to HOV lane cheaters compared to 2010. Many motorists admit that the fine of up to \$500 is worth the risk, particularly on highly congested Bay Area freeways. MTC points to a study finding that reducing the number of vehicles in HOV lanes by just 5-10% can significantly increase the speed of these lanes. MTC removed its opposition to AB 544 last year based on the author’s promise to work on revenue solutions for carpool lane enforcement in the 2018-19 budget, as well as the new “rolling” feature of the program beginning in 2019 (see below).
- 7) *Undoing a deal?* AB 544 extended the sunset on the CAV program and instituted significant changes. Pursuant to AB 544, all vehicles with stickers issued prior to 2017 will be forced to exit the HOV lanes on January 1, 2019. From that date forward, new stickers issued will be valid for four years after the date of issuance. These changes address concerns about overly congested HOV lanes by establishing a four-year “rolling” program rather than allowing stickers to be valid for the entire life of the program. For that reason, AB 544 included an explicit prohibition on issuing a sticker to a vehicle whose sticker has expired.

This bill, however, would enable vehicles with expired stickers to obtain a new sticker to get back in the carpool lane; for example, the original owner might sell the vehicle at the end of the three-year lease and/or when the sticker expires, and then a low-income person might purchase it. The author states that the increase in used ZEVs re-entering the carpool lanes pursuant to this bill will be offset by the number of ZEVs leaving carpool lanes as their stickers expire under the current program. However, if every ZEV with an expired sticker gets re-sold to a low-income individual who then applies for a new sticker, there could potentially be little or no offset. In addition, the intent of the CAV program is to incentivize the purchase of ZEVs; issuing a second sticker to someone purchasing a used ZEV would not result in putting any additional ZEVs on the road. To help address these concerns, the author has accepted amendments to limit this bill to owners at or below 80% of state median income, who have not previously obtained a sticker for the same vehicle.

RELATED LEGISLATION:

AB 544 (Bloom, Chapter 630, Statutes of 2017) — modifies the CAV program and creates a new program to take effect when the program sunsets in 2019.

SB 838 (Committee on Budget and Fiscal Review, Chapter 339, Statutes of 2016) — removes the cap on green stickers under the CAV program.

AB 1721 (Linder, Chapter 526, Statutes of 2014) — provides toll-free or reduced-rate passage for single-occupant, low-emission vehicles with a CAV sticker.

AB 193 (Cervantes, 2017) — would have required ARB to establish a Clean Reused Vehicle Rebate Project. *This bill is on the Senate Inactive File.*

AB 904 (Perea, 2015) — would have established a Clean Reused Vehicle Rebate Project. *This bill was held on the suspense file in the Senate Appropriations Committee.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Alliance of Automobile Manufacturers
Asian Pacific Environmental Network

California Electric Transportation Coalition
California Environmental Justice Alliance
Central California Asthma Collaborative
Coalition for Clean Air
Communities for a Better Environment
Greenlining Institute

OPPOSITION:

None received.

-- END --

- 4) Requires the CEC to administer the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) to fund projects that develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate goals. This program has an annual budget of about \$100 million.

This bill:

- 1) Requires the CEC to evaluate the extent to which charging infrastructure is proportionately deployed by population density, geographical area, affluence, or identifiable subgroups served, and upon finding disproportionate deployment, to more proportionately deploy new charging infrastructure.
- 2) Requires the CEC to develop minimum charging speed recommendations for direct current fast charging stations and electric vehicle batteries.
- 3) Requires the CPUC to consider facilitating the development of technologies tracking the use of charging infrastructure and the deployment of sub-metering for chargers.

COMMENTS

- 1) *Author's Statement.* California has ambitious goals to invest in zero emission vehicles and their infrastructure. For Californians to choose electric vehicles, charging has to be convenient and predictable for a wide range of charging needs. SB 1000 promotes the development of fast electric charging infrastructure in places where it does not exist and addresses common barriers to electric charging infrastructure, including pricing, convenience, and speed.
- 2) *Hard Charging.* In January 2018, the Governor signed Executive Order B-48-18, which set a goal of deploying five million zero-emission vehicles (ZEVs) in California by 2030. To ensure that sufficient charging infrastructure exists to support accelerated electric vehicle deployment, the executive order also called for increased infrastructure investments. Specifically, the order establishes a goal of installing 200 hydrogen fueling stations and 250,000 ZEV chargers, including 10,000 direct current fast chargers, by 2025.
- 3) *Focus on Disadvantaged Communities.* California policy has focused on making ZEVs available to disadvantaged communities. The above-referenced executive order directed state agencies to update the 2016 Zero-Emission Vehicle Action Plan to expand private investment in ZEV infrastructure, particularly in low income and disadvantaged communities. The Charge Ahead

California Initiative directed the ARB to deploy charging infrastructure in multiunit dwellings in disadvantaged communities and to provide adequate outreach to disadvantaged, low-income, and moderate-income communities and consumers, including partnering with community-based organizations. And the three largest electric utilities have programs to deploy 12,000 electric vehicle charging stations, with at least 10% located in disadvantaged communities.

- 4) *Coordination.* With several programs run by different agencies supporting the deployment of charging infrastructure and analysis underway at the CEC to determine how to best support ZEV deployment in low and moderate income communities, it will be important for this program to be well coordinated with those efforts to avoid duplication and maximize the value of the public investments.
- 5) *Clarifying Amendments.* The author will accept the following amendments which clarify the EV charging availability analysis required of the CEC:
 - a) Page 3, line 28
Replace “affluence, or identifiable subgroups served” through the end of the sentence with “or income, including low, middle and high. This includes whether direct current fast charging stations are disproportionately distributed and whether access to these stations is disproportionately available.”
 - b) Page 3, line 33
Replace “state moneys” with “funds from the Alternative and Renewable Fuel and Vehicle Technology Program”
- 6) *Double Referral.* This bill was heard by the Senate Energy, Utilities and Communications Committee on April 17, 2018 and passed unanimously.

RELATED LEGISLATION:

SB 350 (De León, Chapter 547, Statutes of 2015) — the Clean Energy and Pollution Reduction Act of 2015 established new clean energy, clean air, and GHG reduction goals. The bill also required utilities to make investments supporting widespread transportation electrification to meet California’s climate goals.

SB 1275 (De Leon, Chapter 530 of 2014) — established the Charge Ahead California Initiative (Initiative) to provide incentives that increase the availability of zero-emission vehicles (ZEV) and near-zero-emission vehicles (NZEV) vehicles, particularly in disadvantaged and low-and-moderate-income communities.

AB 8 (Perea, Chapter 401, Statutes of 2013) — extended the ARFVTP until January 1, 2024, and requires the CEC to allocate \$20 million of the ARFVTP's annual funding to support the construction of hydrogen fueling stations until 100 publicly available stations exist in California.

AB 118 (Núñez, Chapter 750, Statutes of 2007) — established the ARFVTP at the CEC to develop and deploy innovative technologies that transform California's fuel and vehicle types to support the state's climate change policies. The ARFVTP is funded through an increase in smog abatement fees.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1014 **Hearing Date:** 4/24/2018
Author: Skinner
Version: 4/19/18 Amended
Urgency: No **Fiscal:** Yes
Consultant: Randy Chinn

SUBJECT: Zero-emission vehicles

DIGEST: This bill requires the California Public Utilities Commission (CPUC), in consultation with the California Air Resources Board (ARB), to establish minimum vehicle miles traveled by zero-emission vehicles (ZEVs) on behalf of a Transportation Network Company (TNC).

ANALYSIS:

Existing law:

- 1) Authorizes the CPUC to regulate TNCs.
- 2) Designates ARB as the state agency charged with monitoring and regulating sources of emissions of greenhouse gas (GHG).
- 3) Establishes many programs to support the purchase of electric vehicles (EVs) and promote the deployment of associated charging infrastructure, such as the Clean Vehicle Rebate Program.

This bill:

- 1) Requires the CPUC, in consultation with the ARB, to establish the California Clean Miles Standard and Incentive Program (CCMSIP) to increase the number of ZEV vehicle miles traveled (VMT) on behalf of a TNC.
- 2) Establishes that the goal of the CCMSIP is to increase the percentage of passenger miles provided by ZEVs used on behalf of TNCs so that 100% of the passenger miles are provided by ZEVs by December 31, 2028.

- 3) Requires the CPUC to establish quarterly targets for the portion of VMT by ZEVs on behalf of a TNC, and requires that not less than the following percentages of vehicle miles traveled be provided by ZEVs:
 - a) 20% by December 31, 2020.
 - b) 50% by December 31, 2023.
- 4) Requires that 100% of VMT be ZEV for vehicles owned and operated by a TNC beginning in 2030.

COMMENTS

- 1) *Author's Statement.* "As more and more Californians rely on TNCs to get around town, it makes sense that these vehicles be green. Electrifying rideshare vehicles cleans the air and protects our climate."
- 2) *What's a TNC?* Similar to taxis, TNCs, such as Lyft and Uber, provide rides for a fee. Unlike taxis, TNCs are regulated by the CPUC, not local governments. TNCs consider their drivers to be independent contractors; they drive with their personal vehicles. Most TNC drivers work part time.
- 3) *ZEV Programs.* Virtually all ZEVs are powered exclusively by electricity; they have no tailpipe emissions. California has many programs and policies to support ZEVs. Executive Order B-16-12 of 2012 established a goal of 1.5 million ZEVs on California's roads by 2025. SB 1275 (De León, Chapter 530, Statutes of 2014) builds on this goal by establishing the Charge Ahead California Initiative, which aims to place one million electric cars, trucks, and buses on California's roads by 2023. The ZEV regulation, commonly known as the ZEV mandate, sets a goal for ZEVs and near-ZEVs to comprise 15% of new cars sold in California by 2025. If a manufacturer fails to meet its ZEV requirement, it is subject to financial penalties. In addition, Executive Order B-48-18, signed by Governor Brown on January 26, 2018, establishes a new target of five million ZEVs in the state by 2030. The Governor is also proposing a new eight-year, \$2.5 billion budget initiative to continue the Clean Vehicle Rebate Program, which subsidizes the purchase of EVs, and help bring 250,000 vehicle charging stations and 200 hydrogen fueling stations to California by 2025. Several other programs support the deployment of EV charging infrastructure.
- 4) *How Far.* This bill is intended to encourage increased use of electric vehicles (EV) by TNCs and their drivers. Progress is measured by the percentage of

miles traveled by the vehicles on the TNC platform that are zero emission. It isn't clear whether this only includes miles for which a passenger is paying (e.g. revenue miles) or total miles traveled by the TNC driver, including when they are seeking a fare. Either way, tracking this metric will require the cooperation of the TNCs, who don't report this information today.

- 5) *Can This Work?* There are practical reasons that will limit EV deployment in a TNC setting, such as their relatively high cost, long recharging times, and limited range. EV manufacturers are making progress at overcoming these barriers, but it's difficult to see enough progress being made for the TNCs to meet the first EV VMT target, which is currently only two and a half years away. In the last hearing on this bill the author committed to extending the time for meeting the 20% and 50% targets. *The author may wish to consider* extended the 20% and 50% timelines by three years, to 2023 and 2026 respectively, to provide time for the EV industry, both vehicle manufacturers and charging infrastructure companies, to develop new offerings which make EVs a more economic choice for more people.

Another concern is that most TNC drivers are part-time, using the TNC gig as a way to supplement their income. Their TNC car is likely their only car, which is not the ideal target market for EVs. Some may be renters, or living in multi-family dwellings, which limits access to charging stations. Some may be moderate- or lower-income, making it hard to afford the currently more-costly EVs. Some may commute into urban areas to pick up rides, making the limited range of EVs problematic. The practical barriers to EVs for lower-income drivers will hopefully be resolved as California's supportive EV policies take effect and manufacturers continue improving their EV products. Extending the target dates by three years, as suggested above, will help. But at least in the near term it is likely that requiring EVs may make the TNC gig uneconomic for some drivers.

- 6) *An Alternative.* There are alternative mechanisms for encouraging EV use by TNC drivers. The CPUC could create an incentive program to pay EV TNC drivers a higher rate to compensate for the additional cost. Creative minds might unearth suitable funding sources. There may be alternative market-based mechanisms, such as allowing TNC customers to request EV rides. Determining the mechanics and details of such appropriate programs will require data, analysis and study. The author may wish to consider having the CPUC, or some other appropriate agency, convene stakeholders to think through and recommend such a program.

- 7) *Conforming amendment.* The 100% goal applies to miles traveled by vehicles owned or operated by the TNC, not to miles driven by TNC drivers using their own vehicles. This is inconsistent with the goal of the program established in the bill (Section 5450(a)). The author may wish to harmonize those provisions.
- 8) *Double Referral.* This bill passed the Senate Energy, Utilities and Communications Committee on April 17, 2018 on a 7-3 vote.

RELATED LEGISLATION:

SB 1275 (De León, Chapter 530, Statutes of 2014) — established the Charge Ahead California Initiative to be administered by the state board. Establishes goals to place in service at least 1,000,000 ZEVs and NZEVs by January 1, 2023, and to increase access for disadvantaged, low-income, and moderate-income communities and consumers to ZEVs and NZEVs.

SB 350 (De León, Chapter 547, Statutes of 2015) — supported electrification of the transportation system and established requirements of the CPUC in adopting electric vehicle charging proposals from the electric utilities.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

CALSTART
Electric Vehicle Charging Association
IBEW Local Union 11

(The Senate Energy, Utilities and Communications Committee lists the following support: American Lung Association in California, Electric Vehicle Charging Association, Marin Clean Energy, Plug In America)

OPPOSITION:

Lyft

(The Senate Energy, Utilities and Communications Committee lists the following support: California Labor Federation, California Teamsters, Internet Association, Lyft, Silicon Valley Leadership Group, TechNet)

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1078 **Hearing Date:** 4/24/2018
Author: Committee on Transportation and Housing
Version: 4/12/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Jeffery Song

SUBJECT: Housing

DIGEST: This bill makes non-controversial changes to sections of law relating to housing.

ANALYSIS:

According to the Legislative Analyst's Office, the cost of producing a bill in 2001-2002 was \$17,890. By combining multiple matters into one bill, the Legislature can make minor changes to law in the most cost-effective manner.

Proposals included in this housing omnibus bill must abide by the Committee policy on omnibus bills. The proposals have to be non-controversial and non-policy changes to various committee-related statutes. The proponent of an item submits proposed language and provides background materials to the committee for the item to be described to legislative staff and stakeholders. Committee staff provides a summary of the items and the proposed statutory changes to all majority and minority consultants in both the Senate and Assembly, as well as all known or presumed interested parties. If an item encounters any opposition and the proponent cannot work out a solution with the opposition, the item is omitted from or amended out of the bill. Proposals in the bill must reflect a consensus and be without opposition from legislative members, agencies, and other stakeholders.

This bill makes non-controversial and non-policy changes to sections of law relating to housing. Specifically, the bill includes the following provision, with the proponent of each provision noted in brackets.

- 1) *Enhanced Infrastructure Financing Districts*: This proposal corrects EIFD law by deleting an extra, erroneous word. [Anya Lawler, Western Center on Law and Poverty, alawler@wclp.org]

SB 1078 (Committee on Transportation and Housing)

- 2) *Regional Housing Needs Allocation*. AB 1086 (Daly, Chapter 206, Statutes of 2017) requires a council of governments (COG) to provide the Department of Housing and Community Development (HCD) with data regarding overcrowding, in order to develop the regional housing needs allocation. This bill provides that the overcrowding data pertains to both renter and owner-occupied households by striking the reference to renters [Jeffery Song, Senate Transportation and Housing Committee, jeffery.song@sen.ca.gov]
- 3) *Clarifying Definition of Planning Period*. SB 375 (Steinberg, Chapter 728, Statutes of 2008) added a penalty for local governments who do not adopt their housing element within 120-days of the statutory due date for revisions. It also added definitions of “planning period” and “projection period”. However, the statute is not clear from which due date of housing elements the “planning period” time frames refer. This proposal clarifies the definition of planning period to cross reference the appropriate statutory references. [Jeffery Song, Senate Transportation and Housing Committee, jeffery.song@sen.ca.gov]
- 4) *Changing the Name of the Mobilehome Ombudsman*. The Department of Housing and Community Development has internally changed the name of the Mobilehome Ombudsman to the Mobilehome Assistance Center and has made changes to outreach documents and posters. This proposal would make these changes in the statute to match. [Catherine Borg, Western Manufactured Housing Communities Association, catherine@wma.org]
- 5) *California Housing Finance Agency*. This proposal changes the annual reporting deadline from November 1 to December 31 for California Housing Finance Agency to make the reporting deadline consistent with other state agencies [Melissa Flores, California Housing Finance Agency, MFlores@CalHFA.ca.gov]
- 6) *Swimming Pool Safety Act*. Health and Safety Code Section 115927, which is located within the Swimming Pool Safety Act (Act), contains two erroneous statutory references to other provisions within the Act. Specifically, the references to “subdivision (e) of Section 115922” and “subdivision (c) of Section 115924” are incorrect because the locations do not exist within current Health and Safety Code. Because the California Building Standards Commission (Commission) is required by Health and Safety Code Section 18942(b) to publish the text of the Act within the California Residential Code (Cal. Code Regs., Title 24, Part 2.5), the erroneous statutory references cause additional inaccuracies within regulation. This bill corrects two erroneous

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references within the Swimming Pool Safety Act. [Corrina Roy, Department of General Services, corrina.roy@dgs.ca.gov]

COMMENTS

- 1) *Purpose.* The purpose of omnibus bills is to include technical and non-controversial changes to various committee-related statutes into one bill. This allows the legislature to make multiple, minor changes to statutes in one bill in a cost-effective manner. The Senate Committee on Transportation and Housing insists that its transportation omnibus bill be a consensus measure. If there is no consensus on a particular item, it cannot be included. There is no known opposition to any item in this bill.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --

sponsoring state agency to expend exclusively on projects and programs that promote the state agency's official policy, mission, or work.

- 3) Establishes the Veterans Housing and Homelessness Prevention Program (VHHP) and the No Place Like Home Program (NPLH) within the Department of Housing and Community Development (HCD). The purpose of the VHHP program is to obtain affordable multifamily housing for veterans and their families to allow veterans to access and maintain housing stability. The NPLH program provides funds to counties to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for individuals who are experiencing homelessness, experiencing chronic homelessness, at risk of chronic homelessness, and in need of mental health services.

This bill requires HCD to apply to the DMV to sponsor a housing supportive services specialized license plate program, with the fees going to support the VHHP and NPLH programs. This specialized plate will be distinguished by the insertion of hashtag (#) at any position in the alpha-numeric sequence on the plate.

COMMENTS

- 1) *Purpose.* The author notes that California accounts for 30% of the nation's homeless veteran population. This bill empowers California drivers to help address this crisis by creating a funding stream for transitional and supportive services through the purchase of specialized license plates.
- 2) *History of special-interest license plates.* The DMV is required to issue, upon legislative authorization, a special-interest license plate bearing a distinctive design or decal of a sponsoring organization to any vehicle owner that paid specified fees, provided that the sponsoring organization met certain conditions. These conditions included that the sponsor of a special-interest license plate had to collect 7,500 applications and fees for a special license plate in order to pay DMV's costs of creating a new plate, which are approximately \$375,000 or 7,500 applications times the \$50 fee.
- 3) *No Duplicates.* The bill provides that the hashtag be read as a blank for purposes of the alpha-numeric sequence on the license plate. This means that, for example, the following license plate sequences would be identical for DMV registration purposes: ABC1234 #ABC1234 ABC#1234. Only one of these three license plate sequences would be allowed.

- 4) *I See.* If this bill is enacted, the California Highway Patrol will determine whether the hashtag impermissibly impairs the readability of the license plate. License plates need to be readable during all hours of the day and under all lighting conditions.
- 5) *A Better Fit?* The VHHP and NPLH programs are funded by bonds and pay for new facilities, not supportive services. There are other programs which provide supportive services to the homeless, such as the recently established Housing for a Healthy California program under HCD, which may be a better fit for the goals of this bill.
- 6) *One More.* California currently offers 14 specialty license plates: Breast Cancer Awareness, California Agriculture, Arts Council, California Museums, Collegiate, Environmental, Help Our Kids, Lake Tahoe Conservancy, Memorial, Pet Lovers, Veterans Organizations, Whale Tail (Coastal Commission), Yosemite Conservancy, and 60's Legacy.
- 7) *Outlook is poor.* The track record of specialty license plates reaching the 7,500 threshold is poor. Of the 12 legislatively sponsored plates approved in the last two decades, only two have met the threshold (60's Legacy, Breast Cancer Awareness).

RELATED LEGISLATION:

SB 1189 (Newman, 2018) — Establishes a professional sports team license plate; pending in the Senate Transportation and Housing Committee.

SB 1357 (Gaines, 2018) — Establishes a veterans license plate; pending in the Senate Transportation and Housing Committee.

SB 1455 (Stern, 2018) — Establishes a surfing license plate; pending in the Senate Transportation and Housing Committee.

SB 309 (Jackson, 2017) — Establishes a reproductive freedom fund license plate; held in the Assembly Appropriations committee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

American Legion-Department of California
California Apartment Association
Sacramento Stand Down Association

OPPOSITION:

None received.

-- END --

- 2) Requires that the NEV transportation plan include, but not necessarily be limited to the following elements:
 - a) Finding routes that accommodate NEVs without an adverse impact on traffic safety while considering the travel needs of other users.
 - b) Coordinating with other modes of transportation.
 - c) Providing for NEV-related facilities including special access points, turnouts, and crossings.
 - d) Providing for parking facilities at destination locations.
 - e) Providing for special paving, road markings, and signage.
 - f) Providing for electrical charging stations.
 - g) Community involvement in planning.
 - h) Coordinating with long-range transportation planning.
 - i) A map showing the NEV lane network and classifying the NEV lanes.
- 3) Requires any jurisdiction that adopts a NEV transportation plan to do the following:
 - a) Establish minimum design criteria for the development of separated NEV lanes.
 - b) Establish uniform specification and symbols for signs, markers and traffic control devices to control NEV traffic, to designate the right of way, and to warn pedestrians, bicyclists, and motorists of the presence of NEV traffic.
- 4) Requires any jurisdiction that adopts a NEV transportation to adopt the following, as part of the plan:
 - a) NEVs eligible to use NEV lanes shall meet the safety requirements for low-speed vehicles as set forth in federal statutes.
 - b) Minimum safety criteria for NEV operators, including any requirements relating to NEV maintenance and safety, requirement to possess a valid California driver's license and to comply with state financial and responsibility requirements.
 - c) Restrictions limiting the operation of NEVs to NEV routes identified in the NEV transportation plan and allowing only those NEVs that meet safety requirements to operate on those routes.
- 5) Requires that the county or city, if it adopts a NEV plan, to submit a report to the Legislature within two years of the date of NEV plan adoption, in consultation with SANDAG, Department of Transportation (Caltrans), California Highway Patrol (CHP) and local law enforcement agencies:

- a) A description of the NEV transportation plan including any use of shared fleets, any charging, parking or Americans with Disabilities Act elements.
 - b) An evaluation of the effectiveness of the NEV transportation plan that may include its impact on traffic flows, vehicle miles traveled, greenhouse gas emission reductions, and safety.
 - c) A recommendation as to whether this article should be terminated, continued in effect, or expanded statewide.
- 6) Sunsets the authorization on January 1, 2029.

COMMENTS

- 1) *Purpose.* According to the author, this bill would authorize the County of San Diego, and any city therein, to establish Neighborhood Electric Vehicle (NEV) Transportation Plans. This would enable the county to utilize NEVs to serve the mobility needs of their communities and further the county's vision of supporting a sustainable and healthy region, vibrant economy, and outstanding quality of life for all.
- 2) *NEV Background.* NEVs are small electric vehicles designed for low-speed neighborhood use, akin to a larger golf cart. According to the DMV, NEVs are differentiated from golf carts by their faster speed (can reach 20 to 25 mph within a mile), heavier weight (up to 3,000 pounds) and larger size (can be more than 2 seats). Unlike golf carts, NEVs require a valid California driver's license, vehicle registration and insurance to operate.

NEVs lack many of the safety features of typical cars (e.g., doors, airbags) and are prohibited from being used on any road with a speed limit greater than 35 mph, unless a NEV transportation plan has been adopted for that roadway. They can cost anywhere from \$7,000 to \$20,000, depending on the model and number of seats, and have a range of 30 to 60 miles. These vehicles are typically used for short personal trips and micro-transit service.

- 3) *NEV History.* Since 2004, the Legislature has passed many similar bills with widespread bipartisan support authorizing NEV transportation plans to be adopted in jurisdictions throughout California, including the cities of Fresno, Jackson, Lincoln, Rocklin, and Sutter Creek, the counties of Amador and Riverside, and a planned community in Orange County. However, only the City of Lincoln has actually implemented a plan. The City of Lincoln reported

that its plan has “generally been successful” and recommended state-wide authorization.¹

- 4) *Why San Diego?* San Diego County has experience planning for NEVs throughout its diverse region:
- a) Free Ride San Diego (FRED) provides free on-demand rides using a fleet of six-passenger NEV shuttles within a set operating area in downtown San Diego.
 - b) Large employers in Carlsbad utilize NEV shuttles for transportation on their private campuses.
 - c) The Otay Ranch master planned community in Chula Vista was designed with an extensive “Village Pathway” network that is intended to accommodate NEVs.

Due to existing law, the use of NEVs in San Diego County is limited to private roads and low speed areas. This bill would give the county the opportunity to expand the use of NEVs in more locations within the San Diego region. SANDAG has identified NEVs in their Regional Transportation Plan as an option for providing emission-free travel options, supporting the region’s transportation and sustainability goals, and improving connections between communities.

- 5) *Public Safety Issues.* The main concern with NEV transportation plans is safety. In its report, the City of Lincoln raised several public safety concerns, such as conflict with bicycles, conflict with motorists in shared lanes, and the difficulty of an NEV crossing traffic from the dedicated right lane to the left lane to make a left turn on a street with a speed limit in excess of 35 mph. In recognition of these unresolved safety concerns, prior legislative authority all had sunset dates. This bill includes a sunset date of January 1, 2029 for the same reason.
- 6) *More Evaluation Needed.* While the Legislature has authorized several jurisdictions to adopt NEV transportation plans as pilot projects, only the City of Lincoln has implemented and formally reported to the Legislature on a NEV plan. The state has limited experience and needs more examples of NEV plans, to better develop policies related to NEVs. This bill provides San Diego County and any city therein 10 years to adopt plans, and requires each jurisdiction that adopts a plan to submit a report after 2 years of adoption on their NEV plan.

¹ <http://www.dot.ca.gov/trafficops/ctcdc/docs/Lincoln-RocklinNEVEvaluationReport1-1-2011.pdf>

The author may wish to amend the bill to ensure that the two-year reporting deadline applies to jurisdictions that adopt a NEV plan within the final two years of the bill's authorization.

RELATED LEGISLATION:

SB 241 (Bates, Chapter 156, Statutes of 2015) — extended authorization of NEV Transportation Plan in Ranch Plan Planned Community in Orange County to 2022.

SB 290 (Correa, Chapter 150, Statutes of 2011) — extended authorization for NEV Transportation Plan in Ranch Plan Planned Community in Orange County to 2017.

AB 61 (Jeffries, Chapter 170, Statutes of 2011) — authorized NEV Transportation Plan in Riverside County.

AB 1781 (Villines, Chapter 452, Statutes of 2010) — authorized NEV Transportation Plan in City of Fresno.

AB 584 (Huber, Chapter 437, Statutes of 2010) — authorized NEV Transportation Plan in Amador County and cities of Jackson, Sutter Creek and Amador City.

AB 2963 (Gaines, Chapter 199, Statutes of 2008) — extended authorization for NEV Transportation Plan in cities of Lincoln and Rocklin to 2012.

SB 956 (Correa, Chapter 422, Statutes of 2007) — authorized NEV Transportation Plan in Ranch Plan Planned Community in Orange County until 2013.

AB 2353 (Leslie, Chapter 422, Statutes of 2004) — authorized NEV Transportation plans in cities of Lincoln and Rocklin until 2009.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018)

SUPPORT:

San Diego Association of Governments (Sponsor)

Carlsbad Chamber of Commerce
Carlsbad Village Association
Chestnut Properties
Chula Vista Chamber of Commerce
City of Carlsbad
City of Chula Vista
City of Oceanside
City of Santee
Cleantech San Diego
Electric Vehicle Association of San Diego
Healthy Chula Vista
Mayor Mark Arapostathis, City of La Mesa
Meridian Development
RIDA Chula Vista, LLC
San Diego Gas & Electric Company
Supervisor Bill Horn, County of San Diego
Supervisor Ron Roberts, County of San Diego
The Free Ride

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1184 **Hearing Date:** 4/24/2018
Author: Pan
Version: 3/22/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Jeffery Song

SUBJECT: Vehicles: City of Sacramento shared autonomous vehicle pilot project

DIGEST: This bill authorizes the City of Sacramento to conduct a shared autonomous vehicle (SAV) pilot project. This bill requires the manufacturer participating in the pilot program to possess a testing or deployment permit from the DMV, but exempts the manufacturer from the prohibition on receiving compensation when testing AVs.

ANALYSIS:

Existing law: Authorizes the operation of autonomous vehicles on public roads for testing and non-testing purposes under certain circumstances subject to regulations adopted by the Department of Motor Vehicles (DMV), as specified.

This bill:

- 1) Authorizes the City of Sacramento to conduct a shared autonomous vehicle (SAV) pilot project for the testing of autonomous vehicles that do not have a driver seated in the driver's seat and are not equipped with a steering wheel, a brake pedal, or an accelerator, under specific requirements.
- 2) Requires the testing shall be conducted only within the City of Sacramento, and a vehicle may traverse roads and be open to use of the public only within the area of the pilot project.
- 3) Requires the autonomous vehicle operate at speeds of less than 35 miles per hour.
- 4) Requires the vehicle manufacturer participating in the pilot program to possess a Manufacturer's Testing Permit – Driverless Vehicles or a Permit to Deploy Autonomous Vehicles on Public Roads.

- 5) Exempts the manufacturer participating in the pilot program and the City of Sacramento from the provision in the regulations that prohibits a manufacturer from receiving compensation for allowing a member of the public to ride as a passenger in an autonomous vehicle.
- 6) Makes the authorization inoperative on June 1, 2020 and repeals the bill on January 1, 2021.

COMMENTS

- 1) *Purpose.* According to the author, autonomous vehicles are the future of transportation and Sacramento wants to make sure it is not left behind. This bill allows the City of Sacramento to conduct a shared autonomous vehicle pilot project at Sacramento State University (CSUS). The project will give the City of Sacramento the opportunity to conduct the necessary testing to determine the condition needed for these vehicles to safely operate.
- 2) *Background.* In 2012, SB 1298 (Padilla) established conditions for the operation of autonomous vehicles (AV) in California. In 2014, the DMV adopted regulations for the testing of AVs on public roads with a test driver and establishing an application and approval permit for a Manufacturer's Testing Permit. As of April 1, 2018, there are 52 manufacturers that have this permit. In early 2018, the DMV adopted regulations for testing AVs without a test driver at the wheel and/or without a steering wheel (Manufacturer's Testing Permit – Driverless Vehicles) and for deployment of AVs in California (Permit to Deploy Autonomous Vehicles on Public Roads). DMV began accepting applications for these permits on April 1, 2018. To date, only one manufacturer has submitted an application for a testing permit to operate driverless vehicles.¹
- 3) *Requirements under the Permits.* To apply for the Manufacturer's Testing Permit — Driverless Vehicles, manufacturers are required to maintain \$5 million in insurance coverage, report any accidents to the DMV within 10 days, annually report the number and circumstance of any disengagement of the autonomous system, provide written notification to local authorities in the testing vicinity, and provide a law enforcement interaction plan to law enforcement agencies and other first responders in the testing vicinity. Under testing permits, manufacturers are also prohibited from charging the public a fee or receiving compensation for providing a ride in the vehicle.

¹ <https://sf.curbed.com/2018/4/3/17193730/driverless-car-autonomous-permits-california-uber-dmv>

To apply for the Permit to Deploy Autonomous Vehicles on Public Roads, manufacturers must comply with a series of additional requirements: (1) maintain insurance on the vehicle; (2) provide DMV with the specific operational design domain (ODD) of the AV (i.e., the road and environmental conditions in which the AV is designed to operate); (3) equip the vehicle with an autonomous technology data recorder that will capture all vehicle functions at least 30 seconds before a collision in a readable format; (4) comply with federal and state motor vehicle standards and safety guidelines on AVs; (5) meet current industry standards on defending against cyber-attacks; (6) provide a law-enforcement interaction plan; (7) provide a summary of the testing results; and (8) provide a written disclosure to the consumer that describes any personal information that will be collected, or anonymize that information. All AVs tested or deployed in California are prohibited from weighing more than 10,000 pounds.

- 4) *Similar SAV Pilot Programs.* In the last two years, while the DMV was still in the process of adopting regulations for the testing of AVs without a driver, the Legislature authorized two pilot programs similar to this bill permitting the testing of AVs without a driver and/or without a steering wheel by Contra Costa Transportation Authority on public roads at a privately-owned business park and at the GoMentum Station in Contra Costa, and by Livermore Amador Valley Transit Authority within the City of Dublin. Both of these pilot programs will become inoperative this year, since the DMV regulations have now been adopted and the manufacturers can now obtain a testing permit.

This bill requires manufacturers to possess a testing or deployment permit from the DMV to participate in this pilot project, but exempts the manufacturer from the provision prohibiting receiving compensation for testing AVs.

- 5) *No Compensation for Testing.* DMV has stated that the reason for prohibiting manufacturers from receiving compensation is that testing with the public as passengers should be done with safety in mind.² Manufacturers are able to receive compensation for providing rides in AVs or by selling or leasing AVs (with or without a driver) once they obtain a deployment permit.

² https://www.dmv.ca.gov/portal/wcm/connect/e11d4dd0-e5ec-453f-8861-41bf8656a69c/DriverlessAV_Final_Statement_of_Reasons.pdf?MOD=AJPERES

However, as pointed out by the author, there is an issue where a third-party organization, like the City of Sacramento, interested in testing AVs and providing the service for free to the public is unable to pay the manufacturer for providing the vehicle, until the manufacturer gets a deployment permit. It is unclear how quickly DMV will approve a deployment permit to manufacturers without a substantial track record of performance under a testing permit. This bill would provide an exemption to the provision prohibiting manufacturers from receiving compensation under a testing permit, so that the City can pay the manufacturer for the vehicle. There is a question of whether it is sound policy for the committee to provide an exemption to the AV regulations that were just adopted.

- 6) *Proposed Pilot Project.* For this proposed pilot project, the City of Sacramento plans to test a small, low-speed, driverless shuttle. These types of AV shuttles have room for 10-12 people sitting and standing and have been tested in other pilot projects in California and throughout the country. The bill specifies that the vehicle cannot travel faster than 35 mph in the pilot program. The proposed route for this pilot project is to operate this shuttle between the University/65th Street Light Rail Station and the CSUS campus for faculty, students, and campus staff to use. The distance between the light rail station and the campus is roughly a mile and highly congested. The hope is that the pilot project will encourage more transit use and reduce parking congestion, and engage students with the opportunity to witness an AV project. The project is planned to deploy as early as 2019.
- 7) *Safety Concerns.* This past March, the first fatality in the United States caused by an AV collision occurred in Arizona, when a vehicle operating in autonomous mode with a test driver in the seat collided with a woman crossing the street. Though it will take some time for the courts and the National Highway Traffic Safety Authority (NHTSA) to determine who was at fault for this specific collision, the question arises as to the safety of testing AVs on public roads, especially those without a test driver.

This bill requires the manufacturer participating in the pilot program to obtain a driverless testing permit or deployment permit and does not exempt the manufacturer from any of the safety requirements under the permits. The DMV has ongoing latitude to issue testing and deployment permits as appropriate, including the ones for this pilot project.

- 8) *Opposition.* Opponents of the bill are concerned about the safety of AVs and the future automation of driving jobs. Though this bill does not allow for the testing of large commercial vehicles, which is prohibited, the bill does facilitate the testing of AVs to provide micro-transit service. The opponents recommend that instead of hurrying to progress AV technology, more thought and planning is needed to determine how we can use this technology to make workers' lives better, rather than to replace them.
- 9) *Exemption for Sacramento.* In 2017, Sacramento Mayor Steinberg launched the Autonomous Transportation Open Standards Lab to position Sacramento as a leader in AV technology. The City of Sacramento wants to take a proactive approach to maximize safety by making its infrastructure AV-ready through testing and pilot projects.

In order for the bill to provide the one exemption from the regulations needed to move the pilot project forward, **the author may wish to consider amending the bill to do the following:**

- 1) **Limiting the allowable area of the pilot project to the proposed plan.**
- 2) **Requiring additional safety precautions, such as obtaining approval from local authorities.**
- 3) **Specifying that no member of the public will be directly charged a fee for riding an autonomous vehicle under this pilot project.**

RELATED LEGISLATION:

AB 1444 (Baker, Chapter 719, Statutes of 2017) — authorized testing of a shared autonomous vehicle that does not have a driver seated in the driver's seat and are not equipped with a steering wheel, a brake pedal, or an accelerator by Livermore Amador Valley Transit Authority within the City of Dublin.

AB 1592 (Bonilla, Chapter 814, Statutes of 2016) — authorized testing of autonomous vehicles that do not have a driver seated in the driver's seat and are not equipped with a steering wheel, a brake pedal, or an accelerator at a privately-owned business park and at the GoMentum Station in Contra Costa.

SB 1298 (Padilla, Chapter 570, Statutes of 2012) — established conditions for the operation of autonomous vehicles upon public roadways.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday,
4/18/2018.)

SUPPORT:

City of Sacramento

OPPOSITION:

CA Conference Board of the Amalgamated Transit Union

CA Conference of Machinists

California Labor Federation

California Teamsters

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1189

Hearing Date: 4/24/2018

Author: Newman

Version: 4/2/2018

Urgency: No

Fiscal: Yes

Consultant: Randy Chinn

SUBJECT: Specialized license plates

DIGEST: This bill requires the Department of Parks and Recreation (DPR) to apply to the Department of Motor Vehicles (DMV) to sponsor a professional sports franchise license plate.

ANALYSIS:

Existing law:

- 1) Provides for a specialized license plate program, under which the DMV may issue new special-interest license plates. Special-interest license plates may only be issued on behalf of state agencies and only provided that:
 - a) The license plate has “a design or contains a message that publicizes or promotes a state agency, or the official policy, mission, or work of a state agency.” The design shall also be confined to the left of and below the numerical series (i.e., no full-plate designs allowed).
 - b) The state agency submits 7,500 applications and accompanying fees to DMV for the license plate. The state agency has 12 months to collect these applications and fees, but it can extend that to a maximum of 24 months if it notifies and offers to refund fees to those who applied during the first 12 months. Once a plate is issued, DMV stops issuing that plate for the agency if the number of plates drops below 7,500.
- 2) Authorizes DMV to charge, in addition to the usual registration and license fees, the following additional fees for specialized license plates: \$50 for the initial issuance, \$40 for annual renewal, and \$98 to personalize. DMV deducts its administrative costs from the revenues generated. The net revenues derived from a specialized license plate are then available upon appropriation for the

sponsoring state agency to expend exclusively on projects and programs that promote the state agency's official policy, mission, or work.

This bill:

- 1) Requires the DPR to apply to the DMV to sponsor a professional sports franchise license plate.
- 2) Requires the DPR to negotiate agreements with California professional sports franchises for use of their licensed logos, which will be used on the license plates.
- 3) Provides that funds raised from these license plates shall go to the DPR's Office of Grants and Local Services for funding the operations and maintenance of state parks and recreation areas.

COMMENTS

- 1) *Author's Statement.* California's state parks are the state's most valued natural, cultural, educational and historic resource. California's 270 state parks faced deep cuts during the recession and still have not fully recovered. Allowing California drivers the option to pay additional fees for a Specialized Sports License plate could be the solution to finding a sustainable funding source for our parks.
- 2) *History of special-interest license plates.* The DMV is required to issue, upon legislative authorization, a special-interest license plate bearing a distinctive design or decal of a sponsoring organization to any vehicle owner that paid specified fees, provided that the sponsoring organization met certain conditions. These conditions included that the sponsor of a special-interest license plate had to collect 7,500 applications and fees for a special license plate in order to pay DMV's costs of creating a new plate, which are approximately \$375,000 or 7,500 applications times the \$50 fee.
- 3) *Secret to Success.* California has many professional sports teams and as written this bill would require each plate for each team to meet the 7,500 threshold, a difficult threshold to meet (see below). Success may come easier if this plate were modeled on the Veterans' Organizations license plate. This single plate contains a blank space in which a decal for the specific veterans' organization is placed, accommodating multiple veterans' organizations.

- 4) *One More*. California currently offers 14 specialty license plates: Breast Cancer Awareness, California Agriculture, Arts Council, California Museums, Collegiate, Environmental, Help Our Kids, Lake Tahoe Conservancy, Memorial, Pet Lovers, Veterans' Organizations, Whale Tail (Coastal Commission), Yosemite Conservancy, and 60's Legacy.
- 5) *Outlook is poor*. The track record of specialty license plates reaching the 7,500 threshold is poor. Of the 12 legislatively sponsored plates approved in the last two decades, only two have met the threshold (60's Legacy, Breast Cancer Awareness).

RELATED LEGISLATION:

SB 1112 (Roth, 2018) — Establishes a supportive services license plate; pending in the Senate Transportation and Housing Committee.

SB 1357 (Gaines, 2018) — Establishes a veterans license plate; pending in the Senate Transportation and Housing Committee.

SB 1455 (Stern, 2018) — Establishes a surfing license plate; pending in the Senate Transportation and Housing Committee.

SB 309 (Jackson, 2017) — Establishes a reproductive freedom fund license plate; held in the Assembly Appropriations committee.

AB 932 (Daly, 2016) — Establishes a professional sports license plate; held in the Senate Appropriations committee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

None received.

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No:	SB 1227	Hearing Date:	4/24/2018
Author:	Skinner		
Version:	4/16/2018 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Alison Hughes		

SUBJECT: Density bonuses

DIGEST: This bill requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least 20% of the total units for lower-income students in a student housing development, as specified.

ANALYSIS:

Existing law:

- 1) Requires all cities and counties to adopt an ordinance that specifies how they will implement state density bonus law.
- 2) Requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least any one of the following:
 - a) 10% of the total units of a housing development for lower income households
 - b) 5% of the total units of a housing development for very low-income households
 - c) A senior citizen housing development or mobile home park
 - d) 10% of the units in a common interest development (CID) for moderate-income households
 - e) 10% of the total units for transitional foster youth, disabled veterans, or homeless persons.
- 3) Requires the city or county to allow an increase in density of 20% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan for low-income, very low-income, or senior housing, and by 5% for moderate-income housing in a CID.

- 4) Provides that, upon the developer's request, the local government may not require parking standards greater than the following (the developer may, however, request additional parking incentives or concessions):
 - a) Zero to one bedrooms: one onsite parking space;
 - b) Two to three bedrooms: two onsite parking spaces; and
 - c) Four or more bedrooms: two and one-half parking spaces.
- 5) Provides that if a rental development is 100% affordable to lower income families then, upon the request of a developer, a city, county, or city and county, the following parking ratios shall apply for the development:
 - a) If the development is located within one-half mile of a "major transit stop" and there is unobstructed access to the major transit stop from the development, the ratio shall not exceed 0.5 spaces per unit.
 - b) If the development is a for-rent housing development for individuals who are 62 years of age or older, the ratio shall not exceed 0.5 spaces per unit.
 - c) If the development is a special needs housing development, the ratio shall not exceed 0.3 spaces per unit.
- 6) Requires applicants to receive the following number of incentives or concessions:
 - a) One incentive or concession for projects that include at least 10% of the total units for lower income households;
 - b) Two incentives or concessions for projects that include at least 20% of the total units for lower income households;
 - c) Three incentives or concessions for projects that include at least 30% of the total units for lower income households.
- 7) Permits an applicant to submit to a local government a proposal for the specific incentives or concessions that the applicant requests, as specified, and allows the applicant to request a meeting with the local government. Defines "concession or incentive" as:
 - a) A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceed the minimum building standards including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that results in identifiable and actual cost reductions, to provide for affordable housing costs;

- b) Approval of mixed-use zoning in conjunction with the housing project, as specified.
- c) Other regulatory incentives or concessions proposed by the developer or the local government that results in identifiable and actual cost reductions to provide for affordable housing.

This bill:

- 1) Requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least 20% of the total units for lower income students in a student housing development that meets the following requirements:
 - a) All units in the student housing development will be used exclusively for undergraduate, graduate, or professional students enrolled full time at an institution of higher education accredited by the Western Association of Schools and Colleges or the Accrediting Commission for Community and Junior Colleges.
 - b) The applicable 20% units will be used for lower income students, as defined. The eligibility of a student under this clause shall be verified by one of the following methods:
 - i) An affidavit provided by the institution of higher education in which the student is enrolled that the student receives financial aid from the university.
 - ii) Any other proof of family income.
 - c) For purposes of calculating density, the term “unity” means one rental bed and it’s pro rata share of associated common area facilities. The units shall be subject to a recorded affordability restriction of 55 years.
- 2) Requires housing developments meeting the criteria of (1) above to be granted a 35% density bonus. The units that are granted a bonus shall not be subject to any minimum residential unit size, occupant density, or dwelling units per acre requirements that are otherwise imposed by the local government.
- 3) Prohibits a local government from imposing a parking ratio on a development consisting of solely student units and granted a bonus under this bill that is located within one mile of the higher education institution.

COMMENTS

- 1) *Purpose*. According to the author, this bill “increases the production of affordable student housing for our college students exclusively enrolled in a Western Association of Schools and Colleges accredited college or university. Existing law does not distinguish between student and non-student housing. These projects are subject to local control, require unnecessary costs that are normally meant for non-student housing, unaffordable to a typical struggling college student and therefore, contributes to California’s already existing housing crisis.”
- 2) *Density bonus law*. Given California’s high land and construction costs for housing, it is extremely difficult for the private market to provide housing units that are affordable to low- and even moderate-income households. Public subsidy is often required to fill the financial gap on affordable units. Density bonus law allows public entities to reduce or even eliminate subsidies for a particular project by allowing a developer to include more total units in a project than would otherwise be allowed by the local zoning in exchange for affordable units. Allowing more total units permits the developer to spread the cost of the affordable units more broadly over the market-rate units. The idea of density bonus law is to cover at least some of the financing gap of affordable housing with regulatory incentives, rather than additional subsidy.

Under existing law, if a developer proposes to construct a housing development with a specified percentage of affordable units, the city or county must provide all of the following benefits: a density bonus, incentives, or concessions (hereafter referred to as incentives); waiver of any development standards that prevent the developer from utilizing the density bonus or incentives; and reduced parking standards.

- 3) *Projects eligible for density bonus*. To qualify for the benefits of density bonus law, a proposed housing development must meet one of the following criteria:
 - a) Include at least 5% of the units affordable to very low-income households
 - b) Include at least 10% of the units affordable to low-income households
 - c) Include at least 10% of the units in a for-sale CID affordable to moderate-income households
 - d) Be a senior housing development. Units affordable to lower income households must remain affordable for 30 years, and for-sale units affordable to moderate-income households must be subject to an equity sharing agreement that returns a proportionate share of appreciation to the local governments upon resale of the home.

- e) Include at least 10% of the total units for transitional foster youth, disabled veterans, or homeless persons.

If one of these five options is met, a developer is entitled to a base increase in density for the project as a whole (referred to as a density bonus) and one regulatory incentive. At higher levels of affordability, the developer is entitled to a sliding scale of density bonuses, up to a maximum of 35% of the maximum zoning density and up to three incentives. For 20% lower income units, a developer is entitled to a 35% density bonus and at two incentives or concessions; at 30% lower income units, the developer is entitled to three incentives or concessions. As identified in (4) and (5) of the existing law section, developers are also entitled to reduced parking ratios, including more substantial reductions for 100% affordable housing projects.

This bill provides, in exchange for 20% units dedicated to lower-income units, a 35% density bonus. It exempts the development from minimum residential unit size, occupant density, or units per acre requirements imposed by a city. Further, there shall be no parking requirements imposed on developments within a one-mile radius of a higher institution.

Under existing law a developer can submit for incentives and concessions to reduce the cost of housing to create affordable housing units without the additional benefits allotted in this bill (specifically, minimum residential unit size, occupant density, units per acre requirements, and elimination of parking requirements). *The author has agreed to remove the additional benefits awarded under this bill to align with existing law.*

- 4) *Homeless College Students.* According to studies by the Association of Community College Trustees¹, California State University², and University of California³, it is estimated that 762,585 California college students experience housing insecurity or homelessness, including 693,000 (1-in-3) students in California's community college system; 57,000 (1-in-10) students in the California State University system, and 12,585 (1-in-20) students in the University of California system. About one-third of community college students experiencing housing or food insecurity were both working and receiving financial aid, but were not matched by additional support. Homeless

¹ Association of Community College Trustees, *Hungry and Homeless in College*, March 2017, available at: <http://www.wihopelab.com/publications/Hungry-and-Homeless-in-College-Report.pdf>

² California State University, Long Beach, *Serving Displaced and Food Insecure Students in the CSU*, January 2016, available at: <https://presspage-production-content.s3.amazonaws.com/uploads/1487/cohomelessstudy.pdf>

³ University of California, *Global Food Initiative: Food and Housing Insecurity at the University of California*, December 2017, available at: https://www.ucop.edu/global-food-initiative/_files/food-housing-security.pdf

community college students were more likely to work low-wage, low-quality jobs, and get less sleep.

Given the needs for homeless students, the author has agreed to provide a priority for students who are experiencing homelessness to access units affordable to lower-income students.

- 5) *Determining eligibility for affordable units.* Unlike traditional affordable housing, identifying lower-income students eligible for student housing as permitted under this bill is trickier to calculate. Many students will not be working full-time jobs, so on paper, most students will appear to be lower-income. One solution, in order to verify a student's eligibility for lower-income housing, is to demonstrate a student's eligibility to receive a Cal Grant. The Cal Grant program identifies income ceilings in statute based upon a student's household income, both for new and renewing participants. To qualify, you must apply for the Free Application for Federal Student Aid or California Dream Act Application and meet the eligibility and financial requirements as well as any minimum GPA requirements. Cal Grants can be used at any University of California, California State University or California Community College, as well as qualifying independent and career colleges or technical schools in California.

The author has agreed to amend the bill to state:

(II) The applicable 20 percent units will be used for lower income students. For purposes of this clause, ~~“lower income students” means students whose income does not exceed the limit described in Section 50079.5 of the Health and Safety Code.~~ “lower income students” means a student who has a household income and asset level that does not exceed the level for Cal Grant A or B recipients as set forth in Education Code Section 69432.7k(1).

The eligibility of a student under this clause shall be verified by one of the following methods:

(ia) An affidavit, award letter, or letter of eligibility provided by the institution of higher education that the student is enrolled in or California Student Aid Commission, as described in clause (i), that the student receives or is eligible for financial aid from the university or California Student Aid Commission shall be sufficient to satisfy this sub-clause.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Bay Area Council (sponsor)
Bridge Housing
California Building Industry Association
California Community Builders
California Forward Action Fund
California YIMBY
Half Moon Bay Brewing Co.
Heller Manus Architects
Inn at Mavericks
Los Angeles Area Chamber of Commerce
Los Angeles County Economic Development Corporation
North Bay Leadership Council
Pacific Standard
Postmates
McKinsey and Company
San Francisco Chamber of Commerce
San Francisco Housing Action Coalition
San Mateo County Economic Development Association
SV Angel
TMG Partners
The Two Hundred

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No:	SB 1262	Hearing Date:	4/24/2018
Author:	Newman		
Version:	4/10/2018 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Manny Leon		

SUBJECT: Construction Manager/General Contractor project delivery method:
Department of Transportation

DIGEST: This bill makes various changes to Construction Manager/General Contractor (CM/GC) requirements administered by the State Department of Transportation (Caltrans) for state highway projects.

ANALYSIS:

Traditionally, state and local entities develop and construct transportation projects with a process known as the design-bid-build (DBB) delivery method. This method requires the public agency to fully design a project and then ask general contractors to bid on the construction contract based on the agency's design. For decades, state and local agencies have used the DBB procurement method for transportation projects.

DBB reduces the risk for the construction contractor because the state or local agency has a completed design, procured right-of-way, and achieved environmental clearance before letting the contract. Under DBB, the project designer (whether consultants or employees of a public entity) has sole ownership of the project design and does not have the benefit of consultation with the contractor that will ultimately be responsible for construction of the project. Thus, there may be significant construction issues that the designer does not anticipate which can result in change orders later in the process. This can drive up the project cost and shift all the risk to the agency commissioning the project. Moreover, because all design, permits, right-of-way acquisition, etc., must occur prior to contract award under DBB, the opportunity to save time by fast-tracking certain elements of a project while work continues on other elements is lost.

The CM/GC project-delivery method, on the other hand, allows an agency to engage a construction manager during the design process to provide assistance to the design team, which can ultimately lead to a more constructible project. When

the design is nearly complete, the agency and the construction manager negotiate a guaranteed maximum price for the construction of the project based on the defined scope and schedule. If this price is acceptable to both parties, they execute a contract for construction services, and the construction manager becomes the general contractor. Studies have suggested CM/GC often leads to less costly or more expediently delivered projects because of the construction manager's involvement in the design process.

The CM/GC process is meant to provide continuity and collaboration between the design and construction phases of the project. Construction managers have an incentive to provide input during the design phase that will enhance constructability of the project later, because they know that they will have the opportunity to become the general contractor for the project. Furthermore, CM/GC promises to save project delivery time, provide earlier cost certainty, transfer some risks from the public agency to the contractor, and ensure project constructability. Finally, CM/GC allows each agency to design the project to complement the general contractor's strengths and capabilities, thereby providing maximum competitiveness in a low-bid procurement.

Existing law:

- 1) Authorizes Caltrans to use CM/GC for highway, bridge, or tunnel projects as specified.
- 2) Authorizes Caltrans to use CM/GC on up to 24 projects with at least 10 of the 24 projects having a cost greater than \$10 million.
- 3) Requires that on at least 16 of the 24 CM/GC projects, Caltrans must use department employees or consultants under contract with Caltrans to perform all project design and engineering services related to the project.
- 4) Requires all CM/GC projects administered by Caltrans to use department employees or consultants under contract with Caltrans to perform all construction inspection services, as specified.
- 5) Requires Caltrans to prepare and submit to the Legislature an annual report related to CM/GC project delivery.
- 6) Sets forth provisions governing the process for procuring CM/GC services and requires Caltrans and CM/GC applicants to follow specific requirements.

This bill:

- 1) Removes the cap on the number of CM/GC projects currently authorized in existing law.
- 2) Further eliminates the abovementioned project cost threshold requirements for CM/GC projects.
- 3) Requires Caltrans to use department employees or consultants under contract with Caltrans to perform project design and engineering services on two-thirds of the CM/GC projects approved by Caltrans.
- 4) Requires Caltrans to submit a report to the Legislature no later than July 1, 2022 that identifies all the approved CM/GC projects and provides an overall assessment of project cost and time savings.
- 5) Makes necessary conforming changes.

COMMENTS

- 1) *Purpose.* According to the author, “Last year the Legislature took a pragmatic and common sense approach to invest in the state’s infrastructure needs through the Road Repair and Accountability Act of 2017 [Senate Bill (SB) 1 Beall]. As the State begins to deliver projects with SB 1 funds, it makes sense to utilize every available tool to cut costs and expedite completion of projects. Roads and bridges across the state are in disrepair because of a massive backlog on infrastructure projects estimated to be upwards of \$130 billion. It is important that the state is granted maximum flexibility to achieve savings on some of California’s largest infrastructure projects. SB 1262 offers such flexibility to Caltrans, by granting the permanent authority to use the construction manager/general contractor (CM/GC) project delivery method which has been proven to save money and shorten project timelines, meaning taxpayer dollars can go further and Californians are able to utilize infrastructure repairs more quickly. Given the demonstrated efficiencies offered by the CM/GC approach, the Legislature would be well served in granting Caltrans expanded authority to utilize the CM/GC project delivery model. Conversely, particularly in light of the rising workload that the implementation of SB 1 will entail, failure to grant this authority would represent a failure of legislative stewardship of literally billions of dollars of taxpayer dollars over the course of the coming decade.”

- 2) *Prior authorization.* AB 2498 (Gordon, Chapter 752, Statutes of 2012) authorized Caltrans to use CM/GC on no more than six projects, at least five of which must have construction costs greater than \$10 million. At that time, the author introduced AB 2498 to authorize Caltrans to use CM/GC to start evaluating the effectiveness of this emerging project-delivery method that combined the best of both design-bid-build and design-build. To date, all six authorized slots have been granted and the projects are moving forward to completion.

AB 2126 (Mullin, Chapter 750, Statutes of 2016) subsequently doubled the number of CM/GC projects Caltrans was authorized to carry out while preserving all the design, engineering, inspection, and reporting requirements established in AB 2498. Additionally, last year the Legislature passed and the Governor signed AB 115 (Committee on Budget, Chapter 20, Statutes of 2017) which authorized Caltrans to execute an additional 12 CM/GC projects.

- 3) *Current CM/GC Projects.* According to Caltrans' most recent Annual CM/GC Progress Report (July 2017), it noted that by the end of 2017, all the available CM/GC slots would be filled with candidate projects. The report further noted that nine projects are now moving forward through the project delivery phase with two having advanced through the completion of their initial construction contracts (Fresno 99 Realignment project and Ferguson Slide Restoration project). As a result, both projects were completed on time and under construction budget allocations. Furthermore, the report highlighted that Caltrans experienced reductions in the amount of unanticipated change orders for the two projects. There were several minor challenges associated with the projects related to administrative processes, however, nothing relative to actual project delivery.

The Federal Highway administration identifies approximately 20 states that currently allow full or partial CM/GC authority for highway projects. With Caltrans' report clearly indicating the demand for CM/GC eligible projects is evident and the potential for continued project cost and time savings, this bill provides the state with the opportunity to continue to lead the way in offering innovative cost-saving tools aimed to improve California's transportation system.

RELATED LEGISLATION:

AB 115 (Committee on Budget, Chapter 20, Statutes of 2017) — authorized Caltrans to execute an additional 12 CM/GC projects, as specified.

AB 2126 (Mullin, Chapter 750, Statutes of 2016) — authorized six more CM/GC projects for Caltrans with similar provisions as specified in AB 2498 (see below).

AB 2498 (Gordon, Chapter 752, Statutes of 2012) — authorized Caltrans to use CM/GC on no more than six projects, at least five of which must have construction costs greater than \$10 million, as specified.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2017.)

SUPPORT:

Caltrans (sponsor)
AAA Northern California, Nevada, and Utah
Automobile Club of Southern California
San Bernardino County Transportation Authority

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1307 **Hearing Date:** 4/24/2018
Author: Galgiani
Version: 3/22/2018
Urgency: No **Fiscal:** Yes
Consultant: Manny Leon

SUBJECT: High-Speed Rail Authority: property acquisition: capital outlays: public contracts: county assessor's records

DIGEST: This bill permits the High-Speed Rail Authority (HSRA) to carry out a variety of procedures related to property acquisition.

ANALYSIS:

HSRA was established by legislation in 1996 (SB 1420, Kopp, Chapter 796) to direct the development and implementation of an intercity high-speed rail service that is fully coordinated with other public transportation services. In 2008, California voters approved Proposition 1A, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Prop. 1A), which authorized \$9 billion in general obligation bonds for the high-speed rail project. Prop. 1A included a number of requirements the state must meet to access the bond funding for capital construction, including the identification of matching funds, the completion of a funding plan, and approval of required environmental clearance documents.

In 2009, the federal government augmented Prop. 1A bond funding with roughly \$3.3 billion in funding from the American Recovery and Reinvestment Act and other federal funding programs. HSRA committed to match these federal funds with approximately \$2.3 billion in state funding. In 2014, the Legislature approved the allocation of Cap and Trade revenues, which provide approximately \$500 million annually to be used on the project.

In early 2015, construction on the high-speed rail project commenced in the Central Valley. The 119 mile Central Valley segment, otherwise known as the Initial Construction Segment (ICS), is broken down into four design-build construction packages (CP 1, 2-3, and 4). Since 2015, construction has started on all four construction packages with Fresno County experiencing the most construction activity to date.

The recently released HSRA 2018 draft Business Plan provides an overview of the current status of the project, details how HSRA intends to develop the project moving forward, and further highlights a number of project challenges that have caused delays in the project's delivery schedule including delays in right-of-way (ROW) acquisition due to a number of factors.

Existing law:

- 1) Establishes the HSRA and vests with it the responsibility to develop and implement a high-speed rail system in California.
- 2) Authorizes the sale of \$9 billion in general obligation bonds to partially fund the development and construction of California's high-speed rail system.
- 3) Provides HSRA with the powers and duties related to acquisition of ROW through purchase and eminent domain.
- 4) Requires various procedures relating to eminent domain, acquisition of personal or real property, and state contracting to be reviewed and/or approved by the State Public Works Board (SPWB), Department of Finance (DOF), or the Department of General Services (DGS), as specified.
- 5) Provides that specific departments such as, the State Department of Transportation, Department of Water Resources, and University of California System are exempt from receiving approval from the abovementioned State Departments for purposes of personal or real property acquisition or state contracts.
- 6) Requires DGS to develop an inventory of state property. Excludes from that inventory the Legislature, the University of California, the State Lands Commission, and Caltrans. Requires these entities, with the exception of the Legislature, to provide a separate submittal to DGS.
- 7) Requires state agencies to get approvals of DOF or SPWB when expending funds appropriated for capital outlay purposes, with the exceptions for Caltrans and the California Exposition and State Fair.
- 8) Requires any acquisition of land or other real property authorized in any appropriation, except an appropriation from the California Water Fund or to Caltrans, to be subject to the provisions of the Property Acquisition Law.

This bill:

- 1) Transfers to HSRA the authority to administer and carry out a variety of functions pertaining to the acquisition of personal and real property and use of eminent domain.
- 2) Expands existing authority to HSRA to allow a County Assessor disclose property information, furnish abstracts, or permit access to records upon request by HSRA and requires HSRA to reimburse the Assessor for any costs associated with the request.
- 3) Makes a number of technical conforming changes.

COMMENTS

- 1) *Purpose.* According to the author, “as the Author of Proposition 1A, the High-Speed Passenger Train Bond Act of 2008, I feel that SB 1307 is vital to the completion of the high-speed rail system. I am extremely concerned with the property acquisition process discrepancies between the High-Speed Rail Authority and other state entities such as the UC system and Caltrans.

Having a completed high-speed rail system brings so many benefits for the people of California and will strengthen the state’s efforts to reduce emissions. This multi-step process for acquiring property can cause months of delays just for purchasing one property. Without a legislative solution, it is likely that the authority will continue to experience mounting delays in property acquisition, which will in turn continue to incur significant costs in both time and state resources. There should be parity in the process equitable to other large multi-parcel projects in the state. The HSRA has done a lot of work to try to address some of these issues through administrative processes; however, this change is long overdue and makes sense, and will help create a more efficient pathway forward.”

- 2) *Right-of-way delays.* The existing ROW acquisition process can be, many times, a duplicative process that HSRA cannot control. For example, when determining a just compensation for real property, HSRA must receive approval from DGS prior to providing an offer to a property owner. HSRA must further receive DGS approval on the final agreement prior to the agreement being executed between HSRA and the property owner. This process has caused unnecessary delays in many circumstances. Examples provided by HSRA show

ROW delays ranging from 82 days to 122 days for simple and standard acquisitions due to the existing approval requirements.

- 3) *Second time around.* In 2011, AB 615 (Lowenthal) as introduced was a very similar measure that essentially transferred personal and real property acquisition authority to HSRA. The bill was ultimately substantially amended to address another issue, however, at that time, HSRA wrote the following in support of AB 615, "the current process in place is arduous and, if unchanged by legislation, could seriously jeopardize the project's schedule and cost. In order to remain on track and fulfill the promise of high-speed rail to the people of California, it is essential that the process by which the Authority obtains right-of-way be appropriate and in line with the needs of successful project delivery. Treating the Authority similarly to the state Department of Transportation regarding the process of property acquisition is appropriate." Now, seven years later, and with no changes to HSRA's acquisition policies within that period, as reflected in the Draft 2018 Business Plan and also widely reported, ROW acquisition has been one of the root causes of the project cost increases and schedule delays. As the ROW issue continues to plague HSRA, with a megaproject of this magnitude now underway, it seems reasonable to provide HSRA with the same acquisition authority provided to other state entities that construct major infrastructure projects.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1357 **Hearing Date:** 4/24/2018
Author: Gaines
Version: 3/22/2018
Urgency: No **Fiscal:** Yes
Consultant: Erin Riches

SUBJECT: Vehicles: license plates: veterans

DIGEST: This bill requires the California Department of Veterans Affairs (CalVet) to adopt and implement a new “veteran” license plate design.

ANALYSIS:

Existing law:

- 1) Provides for a specialized license plate program, under which the DMV may issue new special-interest license plates. Special-interest license plates may only be issued on behalf of state agencies and only provided that:
 - a) The license plate has “a design or contains a message that publicizes or promotes a state agency, or the official policy, mission, or work of a state agency.” The design shall also be confined to the left of and below the numerical series (i.e., no full-plate designs allowed).
 - b) The state agency submits 7,500 applications and accompanying fees to DMV for the license plate. The state agency has 12 months to collect these applications and fees, but it can extend that to a maximum of 24 months if it notifies and offers to refund fees to those who applied during the first 12 months. Once a plate is issued, DMV stops issuing that plate for the agency if the number of plates drops below 7,500.
- 2) Authorizes DMV to charge, in addition to the usual registration and license fees, the following additional fees for specialized license plates: \$50 for the initial issuance, \$40 for annual renewal, and \$98 to personalize. DMV deducts its administrative costs from the revenues generated. The net revenues derived from a specialized license plate are then available upon appropriation for the sponsoring state agency to expend exclusively on projects and programs that promote the state agency’s official policy, mission, or work.

California currently offers 15 specialty license plates: Breast Cancer Awareness, California Agriculture, Arts Council, California Museums (Snoopy), Collegiate, Environmental, Firefighters, Help Our Kids, Lake Tahoe Conservancy, Memorial, Pet Lovers, Veterans Organizations, Whale Tail (Coastal Commission), Yosemite Conservancy, and 1960's Legacy.

- 3) Allows an applicant for a Veterans Organizations license plate to choose from several dozen decals, each depicting a full-color military or veterans organization logo, to put on his or her license plate.
- 4) Provides for a special recognition license plate program. These plates are issued for no fee and require applicants to submit substantiating documents. This program includes the following plates:
 - a) *Congressional Medal of Honor*: issued to recipients of the Congressional Medal of Honor.
 - b) *Gold Star Family*: issued to qualify family members whose relative lost his or her life in the line of duty while serving in the US Armed Forces.
 - c) *Legion of Valor*: issued to recipients of the Army Medal of Honor, Navy Medal of Honor, Air Force Medal of Honor, Air Force Cross, Navy Cross, or Army Distinguished Service Cross.
 - d) *Pearl Harbor Survivor*: issued to survivors of the attack on Pearl Harbor.
 - e) *Ex-Prisoner of War*: issued to ex-prisoners of war.
 - f) *Purple Heart*: issued to holders of the Purple Heart, a medal awarded to veterans who were wounded in action.
- 5) Provides for a disabled veteran license plate, also issued for no fee.

This bill:

- 1) Requires CalVet to adopt and implement, by July 1, 2019, two descriptive messages as part of the descriptive design for the veterans' special license plate:
 - a) An "Honoring Veterans" message, which may be issued to any applicant.
 - b) A "Veteran" message, which may be issued only to applicants who meet the eligibility standards in existing law for the "VETERAN" designation on a driver's license or identification card.
- 2) Requires DMV, in conjunction with CalVet, to establish a process by which eligible applicants may document their eligibility.

COMMENTS

- 1) *Purpose.* The author states that this bill would broaden the appeal of the veterans' plate to actual veterans, while retaining the ability of non-veterans to show their support to the men and women who have served their country. The anticipated increase in plate registration revenues would provide increased aid to the county veteran service offices.
- 2) *History of special-interest license plates.* Historically, the Vehicle Code required the DMV to issue, upon legislative authorization, a special-interest license plate bearing a distinctive design or decal of a sponsoring organization to any vehicle owner that paid specified fees, provided that the sponsoring organization met certain conditions. These conditions included that the sponsor of a special-interest license plate had to collect 7,500 applications and fees for a special license plate in order to pay DMV's costs of creating a new plate, which are approximately \$375,000 or 7,500 applications times the \$50 fee.

In 2004, a federal court decision, *Women's Resource Network v. Gourley, E.D. Cal 2004, F.Supp.2d, 2004 U.S. Dist.*, invalidated the provisions of the Vehicle Code described above. In the *Gourley* decision, the court declared California's special-interest license plate statutes unconstitutional because they violated the First Amendment right to freedom of speech. The court specifically objected to the Legislature "picking and choosing" special license plates that private organizations propose, in essence promoting the message of some organizations while denying this right to others.

A recent decision by the United States Supreme Court has upended the *Gourley* decision. On June 18, 2015, the Court issued *Walker v. Texas Division, Sons of Confederate Veterans*, which concluded that license plates are government speech, not private speech. Therefore, the Legislature can direct a license plate to be available for any message because license plates are no longer a forum for private speech.

- 3) *History of the veterans' license plate.* Prior to 2010, the DMV offered a specialty license plate only to veterans with the word "Veteran" printed on it. AB 1908 (Cook, Chapter 166, Statutes of 2010) transitioned the old veterans plate into a new "Honoring Veterans" license plate. This change was made to broaden the pool of eligible buyers and boost revenues. The "Honoring Veterans" plate can be purchased by any member of the public who wishes to support veterans. The change had the unintended consequence, however, of denying veterans a license plate that specifically identifies them as veterans.

Veterans and veterans organizations have been asking for re-establishment of a veterans-only plate since AB 1908 took effect. In response to these concerns, AB 244 (Bonilla, Chapter 690, Statutes of 2013) provided for a new veterans' license plate identical to the pre-2010 plate. However, CalVet did not receive the threshold amount of 7,500 names so the plate was never established.

- 4) *Where does the money go?* The fees collected from the "Honoring Veterans" license plate are used by CalVet to benefit participating county veteran service offices and to commemorate veterans' organizations. Fees from the "Veteran" license plate created by this bill would be directed to the same parties.
- 5) *Veteran driver's license and ID cards.* Pursuant to AB 935 (Frazier, Chapter 644, Statutes of 2014), a veteran who provides appropriate documentation can now obtain a driver's license or identification card with the word "VETERAN" on its face. AB 935 required CalVet, in consultation with DMV and the California Association of County Veterans Service Officers, to develop a verification form and required a county veterans' service office to verify the applicant's status as a veteran. This bill would use that existing process to verify veterans' status.
- 6) *New format = new plate.* Existing law does not allow for amendment of special license plate formats once they are established. Thus, this bill will trigger establishment of a new special license plate, which will be subject to the 7,500-prepaid application requirement.
- 7) *Double referral.* This bill was heard in the Veterans Affairs Committee on April 10th, where it was passed on a 7-0 vote.

RELATED LEGISLATION:

SB 1189 (Newman, 2018) — requires the Department of Parks and Recreation to apply to the DMV to sponsor a specialized license plate bearing the officially licensed logo, emblem, or trademark of a California professional sports franchise to fund operations and maintenance of state parks and recreation grant programs. *This bill is being heard in the Senate Transportation and Housing Committee hearing on April 24th.*

SB 1455 (Stern, 2018) — requires the State Coastal Conservancy to apply to the DMV to sponsor an Endless Summer specialized license plate, with a surfer design, to fund a coastal conservancy awareness program. *This bill is being heard in the Senate Transportation and Housing Committee hearing on April 24th.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

California Association of County Veterans Service Officers (sponsor)
American GI Forum of California
American Legion – Department of California
AMVETS – Department of California
California State Commanders Veterans Council
Military Officers Association of America – California Council of Chapters

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1360 **Hearing Date:** 4/24/2018
Author: Portantino
Version: 4/19/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Manny Leon

SUBJECT: Driver's license: driving test: Republic of Korea

DIGEST: This bill allows a person with a driver's license from the Republic of Korea to be exempt from specific testing requirements when applying for California driver's license, as specified.

ANALYSIS:

Currently, a person applying for a driver's license for the first time must undergo and satisfactorily pass a series of examinations prior to receiving a driver's license. These tests include a written examination consisting of 36 questions that tests the applicant's knowledge of general rules of the road, highway and directional signs, and rules governing the operation of a motor vehicle. First-time applicants must also pass a general hearing and eyesight test and a behind-the-wheel examination to demonstrate the ability to exercise reasonable control in operating a motor vehicle.

If an applicant with an out-of-state driver's license demonstrates, and DMV verifies, that the applicant's driving record does not possess any significant penalties, DMV may waive the behind-the-wheel portion of the examination leaving only the written and hearing/visual portions of the examination to be completed.

Additionally, DMV maintains the authority to deny the issuance of a driver's license for a number of reasons such as the applicant not passing the visual examination, the applicant failing to demonstrate the ability to safely operate a motor vehicle, they cannot read and understand the English used in highway traffic and directional signs, or they possess significant penalties on their out-of-state driving record.

This bill intends to afford a similar behind-the-wheel test exemption for a state resident who possesses a driver's license from the Republic of Korea.

Existing law:

- 1) Permits a person over the age of 16 and is a resident of a foreign jurisdiction outside of the United States and possesses a driver's license from that jurisdiction to operate a motor vehicle within California without obtaining a driver's license from the DMV.
- 2) Prohibits a person who is a resident in California from possessing more than one driver's license and further requires a person to surrender their driver's license from a foreign jurisdiction prior to being issued a driver's license from DMV.
- 3) Requires an applicant for an original driver's license to take and pass an examination which tests the applicant's knowledge of California's rules of the road, demonstrate their ability to satisfactorily control and operate a motor vehicle, and pass a visual and hearing exam.
- 4) Allows DMV to waive the behind-the-wheel portion of a driver's license examination if the department verifies the applicant's driving record from another state, territory, or possession of the United States does not have any stops, holds, or other impediments.
- 5) Requires an applicant to provide satisfactory proof of California residency and legal presence in the United States when applying for an original driver's license, as specified.

This bill:

- 1) Makes legislative findings and declarations regarding the necessity for legislation in establishing an agreement with the Republic of Korea.
- 2) Allows DMV to waive the behind-the-wheel portion of a driver's license examination if an applicant with a driver's license from the Republic of Korea provides, and DMV verifies, their Korean-issued driver's license and driving record from the Republic of Korea that is translated in English and notarized by a consulate general in California or a notary public in California.
- 3) Requires an applicant requesting a driver's license with a driver's license from the Republic of Korea that is seeking the abovementioned exemption to meet the following criteria:

- a) Be 18 years of age or older;
- b) Submit satisfactory proof of California residency;
- c) Submit satisfactory proof of legal presence in the United States;
- d) Submit a notarized copy of the Korean-issued driver's license and driving record translated in English and notarized by the Consulate General of the Republic of Korea or notary public within California; and,
- e) The applicant surrenders the Korean-issued driver's license to DMV.

COMMENTS

- 1) *Purpose.* According to the author, "South Korea is interested in partnering with California in a variety of ways. In order to help facilitate that partnership, one of the biggest confusions South Koreans have when coming to California surround the requirements they must meet in order to drive. This is especially true considering that their government has established a substantially similar knowledge and driver skill requirement as California. SB 1360 simply provides clarity. It affords South Koreans the same privilege as a person from another state and allows for an individual to forgo having to retake a driver skills test provides that person can show that they had a clean driver's record while living in South Korea.

I believe SB 1360 will encourage friendship and cooperation, as well as promote investment. Moreover, the bill will reduce time and resources that the DMV has to utilizes as this bill will make the process of applying for a driver license faster and easier."

- 2) *Current Process.* Currently a person who is a non-resident of California with a valid driver's license from a foreign jurisdiction may operate a motor vehicle within this state. For example, a tourist from Germany with a German driver's license has the ability to drive across the Golden Gate Bridge. Only when an individual from a foreign jurisdiction becomes a resident of California are they required to obtain a California driver's license. Similarly, a person from another state is allowed to operate a motor vehicle while visiting this state. If that individual becomes a resident of California, DMV has the authority to waive the behind-the-wheel examination, but not the written examination, if DMV verifies no outstanding issues are tied to the applicant's driving record.
- 3) *Other States.* Presently, approximately 22 other states around the county have already established some form of a driver's license exchange agreement with the Republic of Korea. Several of these states include Texas, Florida, and Oregon. The provision specified in this bill will allow DMV to set up an agreement with

the Republic of Korea to waive certain testing requirements if an applicant with a Korean-issued driver's license meets specified criteria.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

None received.

OPPOSITION:

Noe received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1376
Author: Hill
Version: 3/22/2018
Urgency: No
Consultant: Randy Chinn

Hearing Date: 4/24/2018
Fiscal: Yes

SUBJECT: Transportation network companies: accessibility for persons with disabilities

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to develop regulations by January 1, 2019, relating to accessibility for persons with disabilities who use Transportation Network Company (TNC) services and need an accessible vehicle. This bill also requires the CPUC to consider assessing a fee on TNCs to fund accessible transportation services for persons with disabilities, conduct workshops with stakeholders to determine community need, and develop programs for on-demand services, service alternatives, and partnerships.

ANALYSIS:

Existing law:

- 1) Authorizes the CPUC to regulate TNCs.
- 2) Provides that individuals with disabilities shall be entitled to full and equal access, as other members of the general public, to all common carriers, airplanes, motor vehicles, railroad trains, motorbuses, streetcars, boats, or any other public conveyances or modes of transportation (whether private, public, franchised, licensed, contracted, or otherwise provided), subject only to the conditions and limitations established by law, or state or federal regulation, and applicable alike to all persons.

This bill:

- 1) Requires the CPUC to develop regulations by July 1, 2019, regarding accessibility for persons with disabilities, including wheelchair users, who use TNC services.

- 2) Requires the CPUC to consider assessing a fee on TNCs to support on-demand accessible transportation services for persons with disabilities to ensure TNCs' compliance with existing law guaranteeing persons with disabilities full and equal access to transportation services.
- 3) Requires the CPUC to conduct workshops with stakeholders, including all interested California cities and counties and persons with disabilities, to determine community need and develop programs for on-demand services, alternatives, and partnerships.

COMMENTS

- 1) *Purpose*. According to the author, disability access to TNCs should be of the highest priority. However, throughout the CPUC's four-year long rulemaking on TNCs, disability access has swung on and off their proceeding, and currently has no timetable for consideration. The author notes that he has been contacted by numerous disability advocates about the shortcomings of TNC service, especially for those requiring wheelchair accessible services. The author believes it is time to prioritize equity issues with the TNCs.
- 2) *What's a TNC?* Similar to taxis, TNCs, such as Lyft and Uber, provide rides for a fee. Unlike taxis, TNCs are regulated by the CPUC, not local governments. TNCs consider their drivers to be independent contractors; they drive their personal vehicles. Most TNC drivers work part time. TNCs have been credited by some in the disabled community, particularly those with low vision, with improving transportation service. Those who rely on wheelchair accessible vehicles have been less complimentary.
- 3) *Indecisive*. In 2014 the CPUC declared it would address access to TNCs by the disabled community, but it has so far failed to act. It is unclear why the CPUC has been hesitant to address this issue, especially considering its broad regulatory authority.
- 4) *Better Service, Lower Cost*. Just as TNCs have improved transportation service for the public in general, so too it may help to improve transportation service for the disabled. Paratransit service, which is required by law to be provided by most transit agencies to service people with disabilities who cannot use the standard bus or rail service, is not very user friendly and requires a huge subsidy. Hope for improvement springs from a recent pilot program by the Massachusetts Bay Transportation Authority, which used TNCs to provide on-demand service to the disabled in the Boston area. This pilot found that the cost

of each ride was reduced, though the savings were offset by higher ridership as customers were more satisfied. Other smaller trials are occurring, including in Sacramento. As the CPUC investigates how to improve TNC service to the disabled, it should work with transit agencies to leverage their customers and funding.

5) *Double Referral*. This bill was heard by the Senate Energy, Utilities and Communications Committee on April 17 and approved 10-0.

RELATED LEGISLATION:

SB 1035 (Hueso, 2015) — Articulated specific CPUC authority over TNCs and required the CPUC to study TNC accessibility issues for the disabled. *This bill failed passage in the Senate Transportation and Housing Committee.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Independent Living Resource Center San Francisco
Senior and Disability Action
World Institute on Disability

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1407 **Hearing Date:** 4/24/2018
Author: Newman
Version: 4/16/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Erin Riches

SUBJECT: Driver's licenses: photographs

DIGEST: This bill allows an applicant to choose from multiple photographs for his or her driver's license and authorizes the state Department of Motor Vehicles (DMV) to charge a fee for this service that would be directed toward driver education and training programs.

ANALYSIS:

Existing law:

- 1) Authorizes the DMV to issue driver's licenses to qualified individuals. To apply for an original driver's license, an individual over 18 must go to a DMV office and complete an application, give a thumbprint, have his or her picture taken, pay the fee, provide appropriate documentation, pass a vision test, and pass knowledge and driving tests.
- 2) Requires the DMV to use a process that, to the extent feasible, prohibits the ability to alter or reproduce the driver's license or to superimpose a picture or photograph on the license without ready detection.
- 3) Establishes a provisional driver's license program for individuals between 16 and 18 years of age, with specified requirements including a certain number of hours of driver's education and training courses.
- 4) Authorizes public and private high schools, and driving schools licensed by DMV, to provide driver education and driver training (behind-the-wheel). Requires the state Department of Education to establish curriculum offered by high schools and requires driving schools to obtain DMV approval of their curriculum as a condition of being licensed.

This bill:

- 1) Allows a driver's license applicant to request that up to three photographs be taken onsite at the DMV field office and to select which photograph shall be used on his or her license. Authorizes the DMV to establish a fee of an unspecified amount for each additional photograph requested.
- 2) Requires the DMV to establish guidelines for an applicant to have photographs taken through an offsite vendor and to supply the selected photograph to the DMV for placement on his or her license.
- 3) Requires the DMV, after deducting its administrative costs, to deposit any revenue derived from fees generated by additional photographs into the Motor Vehicle Account, to support driver education and training programs.
- 4) Requires the DMV to adopt regulations to implement these provisions by an unspecified date.

COMMENTS

- 1) *Purpose.* The author states that earning a driver's license affords teenagers the types of experiences that are essential to educational and career progression in today's rapidly evolving economy. As with other critical skills, driver's education should be a funding priority for the state. This bill creates a simple yet effective mechanism for generating revenues to increase access to affordable driver's education. In the era of Facebook and Instagram, where everyone is image-conscious, offering California drivers attractive options for enhancing their driver's license photo will generate revenues to support returning driver's education to California's public high schools in an ideal "win-win" scenario.
- 2) *What about REAL ID?* The federal REAL ID Act of 2005 establishes new standards for driver's licenses and identification (ID) cards and will require a federally compliant license or ID card in order to board an airplane or enter a federal building by October 1, 2020. DMV began offering federally compliant driver's licenses and ID cards on January 22, 2018 to individuals applying for an original or renewal at a DMV field office. There are currently 29.5 million license and ID card holders in the state; DMV estimates 62% of current and new applicants will choose to have a federally compliant card over the next five years. Any outside photos brought to DMV pursuant to this bill would have to meet REAL ID requirements.

3) *Driver training and education programs.* Although Californians used to take driver education and behind-the-wheel training courses for free in high school, most schools have dropped these courses in recent years. Now, young drivers often fulfill provisional driver's license requirements through a state-licensed driving school, for a fee. A quick Google search indicates that online driver education courses can run as little as \$12.95, while driver training courses can cost anywhere from \$99 to over \$500. AB 63 (Frazier, 2017) included a provision requiring driving schools and instructors to offer 12-month, zero-interest payment plans to customers, to help address affordability concerns; however, this bill was vetoed. This bill would create a new revenue source to help fund driver education and training in the form of a fee for driver's license photo retakes.

Because DMV does not actually provide driver training and education, the author may wish to consider, as the bill moves forward, clarifying how these funds will be used. For example, funds might support the California Highway Patrol's "Smart Start" program, which aims to help teenage drivers become more aware of the responsibilities that accompany driving. In addition, the nonprofit Impact Teen Drivers program aims to educate teen drivers as to the dangers of distracted driving.

RELATED LEGISLATION:

SB 179 (Atkins, Chapter 853, Statutes of 2017) — provides for a third gender option on the state driver's license, identification card, and birth certificate; restructures the process for individuals to change their name to conform with their gender identity; and creates a new procedure for an individual to secure a court-ordered change of gender.

AB 63 (Frazier, 2017) — would have extended extends the provisional driver's license program to individuals 21 years of age. *This bill was vetoed by the Governor.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No:	SB 1455	Hearing Date:	4/24/2018
Author:	Stern		
Version:	2/16/18 Introduced		
Urgency:	No	Fiscal:	Yes
Consultant:	Jeffery Song		

SUBJECT: Specialized license plates: Endless Summer

DIGEST: This bill requires the State Coastal Conservancy (SCC) to apply to the Department of Motor Vehicles (DMV) to sponsor an Endless Summer specialized license plate, with a surfer design, to fund a coastal conservancy awareness program.

ANALYSIS:

Existing law:

- 1) Provides for a specialized license plate program, under which the DMV may issue specialized license plates only on behalf of state agencies and provided that:
 - a) The license plate has “a design or contains a message that publicizes or promotes a state agency, or the official policy, mission, or work of a state agency.” The design shall also be not larger than two inches by three inches and confined to the left of and below the numerical series (i.e., no full-plate designs allowed).
 - b) The agency submits a minimum of 7,500 applications and accompanying fees to the DMV for the license plate. The agency has 12 months to collect these applications and fees, but it can extend that to a maximum of 24 months if it notifies and offers to refund fees to those who applied during the first 12 months. Once a plate is issued, DMV stops issuing that plate for the agency if the number of plates drops below 7,500.
- 2) Authorizes DMV to charge, in addition to the usual registration and license fees, the following additional fees for specialized license plates: \$50 for the initial issuance, \$40 for annual renewal, and \$98 to personalize. DMV deducts its administrative costs from the revenues generated. The net revenues derived

from a specialized license plate are then available upon appropriation for the sponsoring state agency to expend exclusively on projects and programs that promote the state agency's official policy, mission, or work.

This bill:

- 1) Requires the SCC to apply to the DMV to sponsor the Endless Summer license plate program.
- 2) Requires the DMV, in consultation with SCC, to design the license plate, including a surfer design, as specified.
- 3) Allocates the net revenue from the Endless Summer license plate to the SCC to fund a coastal conservancy awareness program to accomplish any of the following, in order of priority:
 - a) Educating the public on the history of surfing.
 - b) Providing support for lifeguards at high-risk beaches.
 - c) Providing for operation and maintenance of access ways, educational opportunities, and increasing attendance at beaches.
 - d) Hosting and supporting forums and events to increase coastal conservancy awareness.
 - e) Developing and supporting activities designed to assist in preserving and protecting the shoreline.
 - f) Providing for the maintenance and operation of coastal access infrastructure.
 - g) Providing for the protection, habitat, care, rehabilitation, and reintroduction of California sea lions.

COMMENTS

- 1) *Purpose.* According to the author, the "Endless Summer" license plate in Florida generates \$1.6 million annually in a state with about 50% less vehicles and a significantly lower fee. Given the deep cultural significance of surfing heritage in California, this specialty license plate will not only connect with the values of the people, but provide significant revenues to help bolster our beaches, clean up our coastlines and provide coastal recreational opportunities for undeserved communities.
- 2) *Background on Special Interest License Plates.* Prior to 2007, any new specialized license plate required specific legislative authorization. That practice was held to be unconstitutional by the federal courts, as the Legislature

approved some plates and rejected others, without using any standardized or objective criteria for those decisions.¹

In response to this court decision, AB 84 (Leslie, Chapter 454, Statutes of 2006) established the current specialized license plate program to provide a forum for government speech that promotes California's state policies. AB 84 excluded private organizations from seeking specialized license plates, as a form for private speech. The current specialized license plate program permits a state agency to initiate the development of a specialized plate, thus no additional legislation is required to authorize the creation of a new plate.

Plates created under the current program and the revenue they generate must publicize or promote a state agency, or the official policy, mission, or work of a state agency. Furthermore, the process requires that at least 7,500 paid applications must be received by the state agency prior to notifying DMV, in order to pay DMV's costs of creating a new plate, which are approximately \$375,000 or 7,500 applications times the \$50 fee.

- 3) *Poor Success Rate.* Very few specialized license plate programs reach the 7,500 plate threshold. Of the 12 legislatively sponsored plates approved since 2000, only two have met the threshold.
- 4) *Goals of the SCC.* The SCC was established in 1976 to protect and improve natural lands and waterways, help people access and enjoy the outdoors and sustain local economies. The Conservancy has completed over 2,400 projects along the California coast line and in the San Francisco bay. These projects include preserving almost 20,000 acres of wetlands, dunes, and wildlife habitat, building hundreds of miles of trails along the coast line and assisting in the completion of more than 100 urban waterfront projects. This bill would provide funds to support a coastal conservancy awareness program that SCC would administer.
- 5) *Similar Plate Exists.* The DMV currently offers a specialized license plate with a whale tail, sponsored by the Coastal Commission, which supports some of the coastal conservancy awareness activities described in this bill, such as public education programs and maintaining public beaches.

¹ *Women's Resource Network v. Gourley, E.D. Cal 2004, F.Supp.2d, 2004 U.S. Dist.,*

RELATED LEGISLATION:

SB 1112 (Roth, 2018) — requires the Department of Housing and Community Development to apply to the DMV to sponsor a specialized license plate that includes the hashtag symbol to fund housing supportive services. *This bill is being heard in the Senate Transportation & Housing Committee hearing on April 24th.*

SB 1189 (Newman, 2018) — requires the Department of Parks and Recreation to apply to the DMV to sponsor a specialized license plate bearing the officially licensed logo, emblem or trademark of a California professional sports franchise to fund operations and maintenance of state parks and recreation grant programs. *This bill is being heard in the Senate Transportation & Housing Committee hearing on April 24th.*

SB 1357 (Gaines, 2018) — requires the Department of Motor Vehicles to implement a “Veteran” specialized license plate that can only be issued to veterans. *This bill is being heard in the Senate Transportation & Housing Committee hearing on April 24th.*

AB 1251 (Allen, 2017) — requires the State Coastal Conservancy to apply to the DMV to sponsor an Endless Summer license plate for a coastal conservancy awareness program. *This bill died in Assembly Transportation.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, 4/18/2018.)

SUPPORT:

Surfing Heritage and Culture Center (sponsor)

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

Senator Jim Beall, Chair

2017 - 2018 Regular

Bill No: SB 1469 **Hearing Date:** 4/24/2018
Author: Skinner
Version: 4/16/2018 Amended
Urgency: No **Fiscal:** Yes
Consultant: Alison Hughes

SUBJECT: Land use: accessory dwelling units

DIGEST: This bill makes several changes to the law governing accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

ANALYSIS:

Existing law:

- 1) States that a local government may, by ordinance, provide for the creation of ADUs. State law provides that the ordinance shall contain specified provisions, including, but not limited to, the following:
 - a) The ADU shall not exceed the allowable density for the lot upon which the ADU is located and that ADUs are a residential use that is consistent with the existing general plan and zoning designation for the lot.
 - b) No set-back shall be required for an existing garage that is converted to an ADU.
 - c) When a garage or carport is converted to an ADU and a local government requires that off-street parking spaces be replaced, the replacement spaces may be in any configuration on the same lot as the ADU.
 - d) When a local agency receives its first application for an ADU permit, the application shall be considered ministerially, without discretionary review or a hearing within 120 days after receiving the application.
 - e) A city may require owner occupancy for either the primary or the ADU.
 - f) An ADU shall not be considered by a local agency, special district, or water corporation to be a new residential use for purposes of calculating connection fees or capacity charges for utilities, including water and sewer fees.
 - g) For an ADU contained within the existing space of a single-family residence or accessory structure with an independent exterior access, a local agency, special district, or water corporation shall not require the applicant to install

- a new or separate utility connection directly between the ADU and the utility or impose a related connection fee or capacity charge.
- h) Requires a local agency to submit a copy of the ADU ordinance to the Department of Housing and Community Development (HCD) after 60 days of adoption. HCD may review and comment on the submitted ordinance.
 - i) Prohibits a local agency from imposing parking requirements in any of the following circumstances:
 - i) The ADU is located within a half-mile of public transit.
 - ii) The ADU is located within an architecturally and historically significant historic district.
 - iii) The ADU is part of the proposed or existing primary residence or an accessor structure.
 - iv) When on-street parking permits are required but not offered to the occupant of the ADU.
 - v) When there is a car share vehicle located within one block of the ADU.
 - j) Provides that HCD shall notify a local government and the office of the Attorney General (AG) that the local government is in violation of state law if HCD finds that the housing element, an amendment to the housing element, does not substantially comply with this article, or if the local government has taken an action in violation of specified state housing and land use laws.
 - k) Permits local agencies, by ordinance, to provide for the creation of JADUs in single-family residential zones.

This bill:

- 1) Provides that a local ADU ordinance shall not impose more than those standards specified by the statute and makes the following changes to existing standards:
 - a) Prohibits parking requirements if one or two ADUs are proposed on a lot in any of the circumstances as specified under existing law (see (1)(i) under the "Existing Law" section). This parking may be reduced or eliminated by the local agency.
 - b) Authorizes required parking spaces to be provided as tandem parking, nonconforming parking configurations, within a driveway, or within setback locations without a requirement that any parking space be covered or within a structure. This may be limited by specific findings by the local agency that

tandem parking or other nonconforming parking configurations or parking in setback locations is not feasible based upon specific site or regional topographical or fire and life safety conditions.

- c) Requires the lot where the ADU is located to have a proposed or existing single-family or multifamily primary dwelling structure.
 - d) Requires the ADU to be attached or located within the living area of, attached to or located within, or detached from the proposed or existing single-family or multifamily dwelling structure.
 - e) Limits the total area of floorspace of an ADU and if also on the same lot, a JADU, to not exceed 50% of the proposed or existing living area of the primary dwelling structure or 1,200 square feet, whichever is greater.
 - f) Provides that minimum lot size, total floor area ratio, and lot coverage standards shall not be applied to an ADU in an existing structure or a new construction, single story rear yard ADU, unless the unit exceeds 16 feet or exceeds 4-foot side and rear yard setbacks.
 - g) Provides that no setback shall be required for an existing living area or accessory structure converted to an ADU, and a setback of no more than five feet from the side and rear lot lines shall be required for an ADU that is constructed above or attached to a garage or that is constructed in a rear or side yard area.
- 2) Provides that a local ADU ordinance may do the following:
- a) Designate areas within the jurisdiction of the local agency where ADUs may be excluded only for the purposes of fire and life safety, based on clear findings that are supported by a preponderance of the evidence.
 - b) Require an applicant for an ADU permit to be an owner-occupant. If an owner occupancy restriction exists, it shall not be monitored more frequently than annually, as specified. An owner-occupant includes the following:
 - i) An owner of the lot who occupies either the primary dwelling or the ADU, regardless of whether ownership of the lot is held in trust on behalf of the owner.
 - ii) A trust in which ownership of the lot is evidenced if at least one beneficiary of the trust is an occupant of either the primary dwelling or the ADU.
 - iii) An organization or person that owns the lot and leases the primary dwelling or ADU at a below market rent pursuant to a regulatory agreement with the local agency.
 - c) Require any rental of the property to be for a term longer than 30 days and be subject to additional short-term rental standards.

- d) Limit the height of an ADU only if the ADU is greater than 16 feet.
 - e) Require approval by the local health officer where a private sewage system is being used.
- 3) Requires a local agency to ministerially approve an application for a building permit to create any of the following:
- a) One ADU and one JADU per lot with a single family dwelling if all of the following apply:
 - i) The ADU or JADU is within the existing space of a single-family dwelling or accessory structure.
 - ii) The space has exterior access from the existing single-family dwelling.
 - iii) The side and rear setbacks are sufficient for fire and life safety.
 - b) One new construction single-story ADU of not more than 800 square feet and has a minimum four-foot side and rear yard setback and is no taller than 16 feet.
 - c) Multiple ADUs within the portions of existing multifamily dwelling structures that are not used as a livable space, including but not limited to, a storage room, boiler room, passageway, attic, or garage.
 - d) No more than two ADUs that are located on a lot that has an existing multifamily dwelling, but are detached from that multifamily dwelling and are subject to a height limit of 16 feet and four-foot rear yard and side setbacks.
- 4) Reduces the application approval timeframe from 120 days to 60 days and provides that if a local agency has not acted upon the submitted application within 60 days; the application shall be deemed approved.
- 5) States that this bill establishes the maximum standards that local agencies shall use to evaluate a proposed ADU where a residential dwelling is authorized. No additional standards, other than those provided in this bill shall be utilized or imposed.
- 6) Provides that an ADU, when assessed as new construction, shall not trigger a reassessment of the value of the underlying land or other structures on the property.
- 7) Prohibits an ADU from being considered by a local agency, school district, or water corporation to be a new residential use for the purpose of calculating fees.

An ADU shall not be subject to impact fees, connection fees, capacity charges, or any other fees levied by a local agency, school district, or water corporation.

- 8) Prohibits a local agency from implementing standards for minimum lot size requirements for ADUs and shall allow for the construction of an ADU on any lot that allows for construction of a single-family or multi-family dwelling structure, unless specific findings are made by the local agency that the construction of the unit would adversely impact public safety.
- 9) Provides that HCD may notify the AG if a local government has taken an action in violation of ADU law.
- 10) Permits HCD, after the adoption of an ADU ordinance, to submit findings to the local agency as to whether the ordinance complies with ADU law. If HCD finds that the local agency's ordinance does not substantially comply with ADU law, HCD shall notify the local agency and may notify the AG. The local agency shall consider findings made by HCD and may change the ordinance to comply with ADU law or adopt the ordinance without changes. The local agency shall include findings in its resolution adopting the ordinance that explain the reasons the local agency believes that the ordinance complies with this section despite HCD's findings.
- 11) Permits HCD to review, adopt, amend, or repeal guidelines to implement uniform standards and criteria that supplement or clarify the terms, references, and standards in ADU law.
- 12) Requires HCD to create small home building standards to apply to ADUs, which shall be drafted to achieve the most cost-efficient construction standards possible, similar or more cost-effective than standards in the 2007 edition of the California Building Standards Code. These small building standards shall be submitted to the Building Standards Commission for consideration on or before January 1, 2020.
- 13) Provides that if a local agency has not adopted a local ordinance governing JADUs, the local agency shall apply the state standards under existing law for the approval of a permit for a JADU.
- 14) Provides that a JADU, when assessed as new construction, shall not trigger a reassessment of the value of the underlying land or other structures on that property.

COMMENTS:

- 1) *Purpose.* According to the author, as California's housing crisis continues to worsen, it is essential for the state to create solutions to construction for all incomes. While reducing the cost of large scale housing is crucial to alleviate the demand for more development, few have considered using the existing space in areas zone specifically for single-family homes. This bill will allow for the accelerated construction of Accessory Dwelling Units (ADU's) and Junior Accessory Dwelling Units (JADU's) by removing persistent zoning and code barriers at the state and local level.
- 2) *What are ADUs and JADUs?* ADUs, also known as accessory apartments, accessory dwellings, mother-in-law units, or granny flats, are additional living spaces on single-family lots that have a separate kitchen, bathroom, and exterior access independent of the primary residence. These spaces can either be attached to or detached from the primary residence.

Local governments may also adopt ordinances for JADUs, which are no more than 500 square feet and are bedrooms in a single-family home that have an entrance into the unit from the main home and an entrance to the outside from the JADU. The JADU must have cooking facilities, including a sink and stove, but is not required to have a bathroom.

- 3) *Relaxing ADU requirements.* According to a UC Berkeley study, *Yes in My Backyard: Mobilizing the Market for Secondary Units*, second units are a means to accommodate future growth and encourage infill development in developed neighborhoods. Despite existing state law, which requires each city in the state to have a ministerial process for approving second units, the study found that local regulations often impede development. Easing these burdens to permit more ADUs could permit a family to rent out the unit (about 49% of the units) or provide housing for a family member (about 51% of the units). In fact, the study found that the average second unit was advertised at a rental rate that makes it affordable to a household earning 62% of the area median income. About 30% were affordable to households in the very low-income category, and that 49% were in the low-income category.

The study, which evaluated five adjacent cities in the East Bay, concluded that there is a substantial market of interested homeowners; cities could reduce parking requirements without contributing to parking issues; second units could accommodate future growth and affordable housing; and that scaling up a second unit strategy could mean economic and fiscal benefits for cities.

This bill eases barriers to the construction and permitting of ADUs by making the following changes:

- a) Provides the local agency shall not impose parking requirements if one or two ADUs are proposed on a lot, in specified circumstances, but permits tandem parking and other nonconforming parking configurations within a driveway or within setback locations.
 - b) Eliminates the ability for a locality to impose lot coverage requirements.
 - c) Eliminates setback requirements for a living area or accessory structure converted to an ADU, and reduces the setback requirement to four feet from five feet for a new ADU.
 - d) Permits an ADU on a site with a multi-family residence.
 - e) Eliminates parking replacement requirements for garages, carports, or covered parking structures that are converted into ADUs.
 - f) Reduces the local approval timeframe from 120 days to 60 days. A failure to act within 60 days would result in the approval of the application.
 - g) Prohibits a local agency from implementing standards for minimum lot size requirements for ADUs and allows for the construction of an ADU on any lot that allows for construction of a single-family or multifamily, unless specific findings are made by the local agency.
 - h) Provides that minimum lot size, total floor area ratio, and lot coverage standards shall not be applied to an ADU in an existing structure or a new construction, single story rear yard ADU, unless the unit exceeds 16 feet or exceeds 4-foot side and rear yard setbacks.
- 4) *Housing Costs.* While much has been done legislatively in recent years to reduce barriers to permitting and approving ADUs, the cost of ADUs can still be a barrier to a homeowner. In a recent survey, ADU owners reported spending an average of \$156,000 to build their units, according to the UC Berkeley Turner Center for Housing Innovation. That's much less expensive than building traditional housing, particularly in the Bay Area, where it costs an average of \$591,000 to build one unit of affordable housing in San Francisco.

This bill requires HCD to create small home building standards to apply to ADUs crafted to achieve the most cost-effective construction standards possible and to submit them to the Building Standards Commission by January 1, 2020.

- 5) *ADUs on Multifamily Lots.* According to the author, in San Francisco, in unoccupied parts of multifamily buildings, many ADUs are being added to basements, parking, boiler rooms, etc. As much as 50% of ADUs in San Francisco are now these types of conversions. For example, in a district zoned for no more than two residential units, an owner could not convert the basement

of a two-unit project to an ADU without hitting the density unit maximum of two units.

Under this bill, an ADU homeowner can convert that basement into an ADU bringing unit total to three units legally with a building permit. This cuts down on illegal conversions of this type of space and creates a legal permitted safe unit in what had been unused space. A local agency cannot approve more than two ADUs that are located on a lot that has an existing multifamily dwelling, but are detached from that multifamily dwelling and are subject to height limits and setbacks. These units are subject to the same parking requirements as other ADUs in the bill, and when parking is converted to add a unit, parking does not have to be replaced.

- 6) *HCD oversight.* Current ADU law requires a local agency to submit their ADU ordinances to HCD and permits HCD to review and provide comments on the ordinance. The committee spoke to HCD, who after a brief review, provided examples of calls from constituents:
 - a) Monterey County – No ADU ordinance at this time, but using provisions of the zoning code and general plan that are dated prior to the update of the current ADU statute.
 - b) Downey – Adopted an interim ordinance to create a moratorium for the creation of ADU.
 - c) Artesia – Limited minimum lot size to 10,000 sq. ft., resulting in a potential prohibition of the creation of ADU, as most lot sizes are around 5,000 sq. ft.
 - d) Coronado, La Habra, and Imperial Beach – Require replacement parking structures when an existing garage is converted to an ADU.
 - e) West Covina – Limited minimum lot size to 12,000 sq. ft. and excessive side and rear setbacks.

This bill would strengthen oversight over local ordinances by permitting HCD, after the adoption of an ADU ordinance, to submit findings to the local agency as to whether the ordinance complies with ADU law. If HCD finds that the local agency's ordinance does not substantially comply with ADU law, HCD shall notify the local agency and may notify the AG.

- 7) *Fees.* In 2016, the Legislature again revised the ADU law to reduce duplicative fees and reduce other barriers to the construction and approval of ADUs. As a result, ADU permit applications throughout the state have dramatically increased. A report by UC Berkeley's Terner Center of Housing Innovation recently discovered, however, that development and school fees, as well as lot size requirements and code standards, continue to suppress the construction of

ADUs. ADUs are often charged with the same impact fees that a new home would be subject to. These fees can range anywhere between \$5,000 and \$60,000 and would not be charged to a homeowner for simply building an additional bathroom or bedroom.

The imposition of development fees serves many purposes; cities may charge fees to pay for the services they provide during the development process, as well as to offset the costs of new development incurred by the larger community. These fees, commonly known as impact or mitigation fees, go towards infrastructure development (such as adding lanes to roads or supporting additional traffic) or other public benefits (such as new parks, schools, or affordable housing). Utility impact fees pay for expansions of water, sewer, electricity, and gas infrastructure. In the wake of the passage of Proposition 13 in 1978 and the loss of significant amount of property tax revenue, local governments have also turned to development fees as a means to generate revenue. Given that California cities have tightly restricted funding sources, fees are one of the few ways that cities can pay for the indirect cost of growth.

Last year, as part of the 2017 Housing Package, the Legislature passed AB 879 (Grayson, Chapter 374), which requires HCD to complete a study to evaluate the reasonableness of local fees charged to new developments. The study, which is due to the Legislature by June 30th, 2019, must include findings and recommendations regarding amendments to existing law to substantially reduce fees for residential development.

Current law states that an ADU shall not be considered by a local agency, special district, or water corporation to be a new residential use for the purpose of calculating fees or capacity charges for utilities, including water and sewer fees. An ADU that is contained within an existing structure or living space shall not require an applicant to install a new or separate utility connection and the utility shall not impose a related connection fee or capacity charge. For newly built ADUs, the local agency, special district, or Water Corporation may require a new or separate utility connection. The connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed ADU, either by its size or number of plumbing fixtures upon the water or sewer system. This fee shall not exceed the reasonable costs of providing this service. This bill would exempt an ADU from impact fees, connection fees, capacity charges, or any other fees levied by a local agency, school district, or water corporation. ***Moving forward, the author may wish to consider removing provisions that limit or remove the ability for a local government to impose fees until the study has been completed.***

8) *Seeing double.* Last week, this committee heard and approved SB 831 (Wieckowski). These two bills share several similar policy changes, including:

- a) Eliminates setback requirements for a living area or accessory structure converted to an ADU, and reduces the setback requirement for a new ADU.
- b) Eliminates parking replacement requirements for garages, carports, or covered parking structures that are converted into ADUs.
- c) Reduces the local approval timeframe from 120 days to 60 days. A failure to act within 60 days would result in the approval of the application.
- d) Prohibits a local agency from implementing standards for minimum lot size requirements for ADUs and allows for the construction of an ADU on any lot that allows for construction of a single-family or multifamily, unless specific findings are made by the local agency.
- e) Eliminates fees imposed on ADUs.
- f) Provides greater oversight authority to HCD over local ordinances.

There are also several differences between them. This bill permits multiple ADUs on a parcel, creates new standards for small home buildings, and makes changes to JADU law, while SB 831 (Wieckowski) creates an amnesty program for unpermitted ADUs and provides that the square footage of an ADU shall not be considered when considering floor-to-area ratios for the existing lot. This bill also re-writes the code section with the intention of making the language more readable. One key conflict between the bills is that SB 831 (Wieckowski) prohibits a local agency from imposing an owner-occupier ordinance, while this bill permits them under specified circumstances. ***Moving forward, the two authors may wish to resolve these conflicts and merge the two bills into one.***

9) *Opposition.* The opposition is concerned about the elimination of fees associated with local water and utilities companies because these agencies would no longer be able to recover the costs associated making service connections to new ADUs. The California Constitution permits local agencies to impose fees for water and sewer connections and must ensure that fees do not exceed the reasonable costs of providing these services. The development of new ADUs will require additional connections and impose an increased demand on water and utilities systems. Water and utilities companies should be authorized to assess appropriate connection fees to address this demand. The opposition also raises the concern that this is the third year in a row the legislature has contemplated legislation changing ADU law, which provides uncertainty for locals, as well as pressure to continue updating their local ordinances.

10) *Double-referral*. This bill is double-referred to the Senate Governance and Finance Committee.

RELATED LEGISLATION:

AB 72 (Santiago, Chapter 370, Statutes of 2017) — gave HCD authority to find a city's, county's, or city's and county's housing element out of substantial compliance if it determines that the city, county, or city and county acts or fails to act in compliance with its housing element, and allows HCD to refer violations of law to the AG.

AB 494 (Bloom, Chapter 602, Statutes of 2017) — made technical, clarifying changes to ADU law.

SB 229 (Wieckowski, Chapter 594, Statutes of 2017) — made several changes to ADU law.

AB 2406 (Thurmond, Chapter 755, Statutes of 2016) — allowed a local agency to create an ordinance for junior accessory dwelling units in single-family residential zones.

AB 2299 (Bloom, Chapter 735, Statutes of 2016) — made several changes to the ADU law.

SB 1069 (Wieckowski, chapter 720, Statutes of 2016) — made several changes to ADU law.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, April 18, 2018.)

SUPPORT:

Bay Area Council
Bridge Housing
California Association of Realtors
California Building Industry Association
California Forward Action Fund
Greenbelt Alliance
Non-Profit Housing Association of Northern California
SV@Home

OPPOSITION:

American Planning Association – California Chapter
Association of California Water Agencies
California Municipal Utilities Association
California State Association of Counties
League of California Cities
Rural County Representatives of California
Urban Counties of California

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