



APRIL 2015 LAC, CSC & BOARD OF DIRECTORS MEETING SUMMARY

Legislative Action Committee (LAC) Meeting

- Per review, the Legislative Action Committee unanimously recommended support of the following bills:
 - SB 3 (Leno) Minimum Wage – proposes to increase the minimum wage in California to 11\$ per hour beginning in January 2016 and \$13 per hour in July 2017. Beginning in January 2019, the statewide minimum wage would be increased annually based on the rate of inflation.
 - AB 1335 (Atkins) Building Homes and Job Act – establishes a permanent funding source for affordable housing through a 75\$ recording fee on real estate transaction documents, excluding home sales.
 - AB 35 (Chiu & Atkins) Low Income Housing Tax Credit – would increase the aggregate housing state credit dollar amount that may be allocated among low-income housing developments by \$300 million and allow the state to more effectively leverage federal tax-exempt bond financing and 4% credits.
- Per review, the Legislative Action Committee unanimously recommended to not take a position and to continue to watch the following bills:
 - AB 1056 (Atkins) Second Chance Program for Community Re-entry
 - AB 313 (Atkins) Enhanced Infrastructure Finance Districts
 - SB 9 (Beall) Transit and Intercity Rail capital Program
- Member Comments and recommendations: pursue and support legislation that would provide CEQA exemption to ground water recharge, a technique used to address concerns about water resources; review AB 327 (Gordon).

City Selection Committee Meeting

- Jim Davis of Sunnyvale was unanimously appointed to the Association of Bay Area Governments (ABAG) Hazardous Waste Management Facility Allocation Committee to fulfill an ongoing term.

Board of Directors Meeting

- **Joshua Abrams of Baird and Driskall Community Planning presented an overview of a proposed nexus study on housing impact and commercial linkage fees available to jurisdictions within Santa Clara County to join.**

- The nexus study will be co-sponsored by Silicon Valley Community Foundation and is modeled after the nexus study of San Mateo County titled “21 Elements. “
- Overview included a summary of trends and the need for affordable housing, impact fee basics, and a review of the proposed nexus study.
- Some of the current housing trends include:
 - Loss of middle income jobs
 - Loss of affordability, e.g. in 2015 a homeowner(s) needs to have an income of over \$219,000 in order to purchase a home for \$995,000. In 1992, an income level of \$94,500 could qualify a homeowner for a home of \$410,700.
 - Due to the loss of redevelopment funding, there is a significant funding need for affordable housing. According to the Housing Trust Silicon Valley, \$120 million dollars of new funding can help make up for the loss of redevelopment funding in Santa Clara County.
- A housing impact fee is a “charge imposed by a local government on new development projects that are used to reduce the impacts of that development or provide infrastructure associated with the new development.”
- A nexus study is required in order to determine the impact that residential development has on the need for affordable housing.
- There has been a growth in adoption of housing impact fees within jurisdictions (e.g. Mountain View, San Jose, Sunnyvale) due to challenges with rental inclusionary, concerns about inclusionary and courts, loss of affordable housing funding due to the loss of redevelopment, and prop 13 limits on taxes.
- A nexus study is legally required and provides maximum permitted fees; a feasibility study provides appropriate fee levels but is usually lower than the nexus study’s fees and is not required but is recommended.
- Nexus study considers expected development, disposal income of residents or employees and the cost to build new housing.
- The nexus study in San Mateo County, known as 21 Elements, is co-sponsored and coordinated by Cities/County Association of Governments (CCAG) and the county’s Department of Housing.
- The jurisdictions have used the collaboration as an opportunity to share best practices, coordinate countywide data, coordinate policies, and complete housing elements.
- Fourteen jurisdictions plus Palo Alto are included; it costs \$15,000 per jurisdiction. All jurisdictions are receiving a feasibility and nexus study in June.
- Funding has been received from HUD, MTC and Enterprise Community Partners.
- Advantages of coordinating a nexus study include savings in cost, better policy, stronger legal grounds, level playing field for all parties, and safety in numbers.
- Positive results of a nexus study include more funding for affordable housing and predictability and consistency make for a better development climate.
- Every city will get their own study with local data.

- Impact fees are significant strategies for cities to consider when addressing the challenge and need for affordable housing as a result of current market trends.
- The goal is to make a nexus study work for Santa Clara County regardless of how many jurisdictions participate.
- The Board unanimously supported cities' consideration of participation in the nexus study if interested in pursuing impact fees as an affordable housing funding strategy.
- For more information contact Joshua Abrams at abrams@bdplanning.com or Vu-Bang Nguyen at vnguyen@siliconvalleycf.org.

Margaret Abe-Koga, former Mountain View Council Member, and Alison Hicks and Meghan Fraley of Raise the Minimum Wage Coalition presented on working regionally to raise the minimum wage.

- Raise the Minimum Wage Coalition is a growing coalition of faith, labor, community, and non-profit organizations.
- Data and research shows that we are long overdue in raising the minimum wage:
 - March 2012 study by Center for Economic and Policy Research states that the minimum wage should have reached \$21.72 if it kept up with increases in worker productivity.
 - Low Wage workers are actually older than you think; the average age is 35 years old, 88% are at least 20 years old and 35.5% are at least 40 years old.
 - 3 out of 5 small business owners support increasing the minimum wage and 85% of small business owners already pay all of their employees more than the minimum wage.
 - Low wage work is growing and will play a role in shaping our economy.
 - US Department of Labor reviewed 64 studies and found no discernable impact of increased minimum wage on employment.
 - Homelessness, housing, displacement, and cost of living in the bay area are all factors causing cities to consider increasing minimum wage.
 - Poverty rates are near record levels in Bay Area despite the hot economy; this means there is a widening income gap.
 - US Conference of Mayors' endorsed higher city minimum wages as key tools for fighting income inequality at the local level.
- Proposed regional approach: match San Jose's ordinance and adopt a minimum wage ordinance of \$10.30 indexed to CPI as Sunnyvale and Mountain View adopted.
- Mountain View and Sunnyvale have set a path to increase minimum wage to \$15 by 2018.
- If cities adopt similar ordinances, there can be regional enforcement and clarity for businesses in different locations and across the region.
- Board Member/Mayor John McAlister of Mountain View commented on Mountain View's recent actions and work plan. Council supports \$10.30 as a regional approach and is considering increasing minimum wage to \$15 by

2018 but has asked staff to provide more research and data, e.g. what if there is an economic down turn? Will benefits be reduced for an increase in wage? Can increasing the wage too much increase the cost of living?

- Alison and Meghan offered to connect Board Members with Ken Jacobs, Chair of the Labor Center at UC Berkeley to discuss minimum wage and provide more data and research results.

Jim Griffith provided update on Community Choice Energy.

- A letter was sent to mayors and city managers of eligible cities (9) regarding next steps in setting up community choice energy (CCE) for jurisdictions in Santa Clara County.
- Sunnyvale will be requesting load data from PG&E for all cities interested in considering participation in CCE. There is no additional cost to request data.
- If cities are interested, they need to pass a resolution or authorize the City Manager or Mayor to let Sunnyvale know by April 30th.
- Data discussed and shared at taskforce meeting to be sent to Board of Directors.

LAC Report: LAC Chair Rod Sinks reviewed recommendation (see LAC meeting summary above). The Board unanimously supported the recommendation.

CSC Appointee Report: Rod Sinks of Cupertino provided update on Bay Area Quality Management District activities, which included a review of the recent Spare the Air campaign and the proposed new regulation to limit wood smoke, odor investigation in Milpitas area, proposed new regulation on petroleum emissions, and a new receptor (human respiratory) model just released by California Office of Environmental Health Hazard Assessment (OEHHA)

- The health impact of wood smoke is in comparison to cigarette smoking; proposed rules would require upgrade of wood burning devices.
- Odor in Milpitas has been aggravated by the drought; the odor is coming from a variety of sources: landfill, zero waste facility, composting plant, and natural sources. Investigation is ongoing.
- New proposal to decrease petroleum refinery emissions would improve monitoring; how best to regulate refinery GHG's is being debated.
- California OEHHA just released a new model that shows higher health impact from many airborne toxins; this will affect many of BAAQMD's future regulations.

City Managers' Association Report: City Manager Mark Linder's report included an update from the City of Santa Clara on Super Bowl 50 with a focus on security and cities' public safety departments' collaboration efforts. The Cities Association General Membership meeting will also focus on Super Bowl 50 but will include a presentation from the NFL Host Committee and marketing opportunities for cities so that they can benefit economically from the event.

Legislation Report: Betsy Shotwell reported that 500 bills were introduced this legislative session and it's the first year of the two-year session. Transportation funding proposals are forthcoming from Assembly Speaker Toni Atkins and Senator Jim Beall. The Governor's May Revise will be released in mid-May.

Joys and Challenges:

- Members discussed minimum wage, the use of CDBG funds, the recent Stand Up for Transportation events, and the pilot bike share programs in review by MTC.