

JANUARY 7, 2019

CITY OF SAN LEANDRO, CA CITY COUNCIL MEETING

JEN COVINO, PRESIDENT
SIMON AND COMPANY, INC.

FEDERAL LEGISLATIVE AFFAIRS UPDATE



SAN LEANDRO CITY COUNCIL

Mayor Pauline Russo Cutter

Council Member Deborah Cox, District 1

Council Member Ed Hernandez, District 2

Council Member Victor Aguilar, Jr., District 3

Council Member Benny Lee, District 4

Council Member Corina N. Lopez, District 5

Council Member Pete Ballew, District 6

FEDERAL AFFAIRS

▶ **Legislative Updates**

- ▶ House and Senate Composition after 2018 Midterms
- ▶ Government Shutdown & Appropriations
 - ▶ FY 2019 Spending Bills and FY 2020 Appropriations Requests
- ▶ Agenda for the 116th Congress
 - ▶ Reopening the Government, New House Rules, Oversight
 - ▶ Immigration, Healthcare, Infrastructure
- ▶ Checks and Balances
 - ▶ *Affordable Care Act*, FCC, DOJ Grants
- ▶ Infrastructure Needs and Smart Cities
- ▶ Opportunity Zones and SIPPRA

FEDERAL AFFAIRS

- ▶ **Legislative Updates: House and Senate Composition**
 - ▶ **House Leadership**
 - ▶ 235 Democrats: Speaker Nancy Pelosi, Majority Leader Steny Hoyer, and Majority Whip Jim Clyburn
 - ▶ 199 Republicans: Minority Leader Kevin McCarthy, Minority Whip Steve Scalise, and Conference Chair Liz Cheney
 - ▶ 1 House seat still disputed (NC-09)

FEDERAL AFFAIRS

▶ **Legislative Updates: House and Senate Composition**

▶ **Senate Leadership**

- ▶ 53 Republicans: Majority Leader Mitch McConnell, Majority Whip John Thune, and Conference Chairman John Barrasso
- ▶ 45 Democrats: Minority Leader Chuck Schumer, Minority Whip Dick Durbin, and Assistant Leader Patty Murray
- ▶ 2 Independents (who caucus with the Democrats)

FEDERAL AFFAIRS

▶ Legislative Updates

▶ Government Shutdown and FY 2019 Appropriations

- ▶ The Continuing Resolution that funded nine federal agencies expired this Friday, December 21, 2018
- ▶ Seven spending bills outstanding: **Agriculture; Commerce-Justice-Science; Financial Services; Homeland Security; Interior-Environment; State-Foreign Operations; and Transportation-Housing and Urban Development (T-HUD)**
- ▶ Shutdown will continue until lawmakers reach compromise regarding President Trump's request for DHS border wall funding

FEDERAL AFFAIRS

▶ Legislative Updates

▶ Government Shutdown and FY 2019 Appropriations

- ▶ No clear path forward as negotiations continue between White House and Capitol Hill
- ▶ House passed a \$272.2 billion Omnibus (H.R. 21) to fund eight Cabinet departments through remainder of FY 2019 with a vote of 241-190
- ▶ House passed a short-term Continuing Resolution (H.J. Res 1) to fund DHS through February 8th by vote of 239-192
- ▶ Senate Majority Leader McConnell maintains that there are no votes expected on these bills in the upper chamber
- ▶ Adverse impacts on the federal grant-making & administration for the City as well its community partners like nonprofit organizations

FEDERAL AFFAIRS

▶ **Legislative Updates: Agenda for the 116th Congress**

- ▶ The concept of two federal governments:
 - ▶ 1) White House and political appointees in the Administration
 - ▶ 2) Career civil servants
- ▶ Maintain focus on existing formula and discretionary grant programs to support local projects and initiatives, until we are told otherwise
- ▶ As necessary, pursue judicial review of or legislative remedies to Administration's executive actions, orders, and regulations
- ▶ Anticipate Congressional habit of governing by crisis

FEDERAL AFFAIRS

- ▶ **Legislative Updates: Agenda for the 116th Congress**
 - ▶ **Expired/Expiring Authorizations**
 - ▶ Land and Water Conservation Fund (LWCF)
 - ▶ *Violence Against Women Act (VAWA)*
 - ▶ National Flood Insurance Program (NFIP)

FEDERAL AFFAIRS

- ▶ **Legislative Updates: Agenda for the 116th Congress**
 - ▶ Authorization bills and programs that will expire in 2019-2020
 - ▶ *Fixing America's Surface Transportation Act (FAST Act) of 2015*
 - ▶ *Every Student Succeeds Act of 2015, the reauthorization of the Elementary and Secondary Education Act of 1965*
 - ▶ *Workforce Innovation and Opportunity Act of 2014*

FEDERAL AFFAIRS

▶ **Legislative Updates: Agenda for the 116th Congress**

- ▶ House Democrats are first seeking to reopen the federal government and enact a new rules package to promote transparency, democracy, and fiscal responsibility.
- ▶ The rules package includes provisions that would better enable the House to pursue **tax increases** on the wealthiest Americans following the Tax Cuts and Jobs Act of 2017.
- ▶ We anticipate that the House will investigate activities of the Administration and pursue major overhauls of our national campaign finance, voting, and ethics laws.

FEDERAL AFFAIRS

▶ **Legislative Updates: Agenda for the 116th Congress**

- ▶ The lower chamber majority plans to pursue domestic policy changes on **health care, immigration, gun control, minimum wage, and infrastructure.**
- ▶ The House established a 15 member Select Committee on **Climate Crisis** this week. It will make policy recommendations to other committees to achieve significant carbon emissions reductions, invest in green infrastructure, and promote resilience in vulnerable areas like the shoreline.
- ▶ Many of these legislative objectives are well-aligned with the **City of San Leandro's Draft Federal Affairs Platform for 2019.**

FEDERAL AFFAIRS

▶ Legislative Updates: Agenda for the 116th Congress

- ▶ Under Majority Leader Mitch McConnell, Senate Republicans will prioritize **judicial confirmations** and bills on **health care**, **prescription drug prices**, **immigration**, and other issues.
- ▶ Many foresee **infrastructure** as a promising area for potential compromise between House Democrats and their Republican counterparts in the Senate and Administration. President Trump and his Cabinet members, including Transportation Secretary Elaine Chao, have recently echoed those sentiments.
- ▶ **Immigration** and **healthcare** are top priorities and concerns of both parties; however, progress is only possible if Congressional leaders are willing to compromise.

FEDERAL AFFAIRS

▶ **Checks & Balances: Eye on the Courts**

▶ ***Affordable Care Act***

- ▶ 16 states have appealed a U.S. Judge Reed O'Connor's (TX) ruling seeking to invalidate the *Affordable Care Act* following Congressional repeal of tax penalty associated with the individual mandate
- ▶ Ruling opens next phase of legal proceedings in Fifth U.S. Circuit Court
- ▶ ACA will remain in effect during appeals process of at least a year and drag into 2020 election cycle
- ▶ U.S. House of Representatives seeks to hire General Counsel Douglas Letter to defend ACA

FEDERAL AFFAIRS

▶ **Checks & Balances: Eye on the Courts**

▶ **FCC and Local Preemption**

- ▶ Two Petitions for Review filed by more than twenty western U.S. cities led by San Jose and Los Angeles County in the Ninth Circuit Court of Appeals
- ▶ Challenging the constitutionality and legality of a recent FCC Order entitled “Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment”
- ▶ Preempts local government authority over the deployment of small cells in communities’ rights-of-way and sets a cost based cap for rent
- ▶ FCC imposed deadline of January 14, 2019 for the siting of small cells within local rights-of-way
- ▶ USCM joined with other groups to formally request the FCC to stay the effective date of this order, which the agency predictably denied
- ▶ USCM petition to the court of appeals to stay the January 14 effective date is being acted upon by the 10th Circuit and we expect the court to rule on or before that deadline

FEDERAL AFFAIRS

▶ **Checks & Balances: Eye on the Courts**

▶ **US Department of Justice (DOJ)**

- ▶ The opening of three grant solicitations are on hold due to the issuance of a nationwide injunction by a U.S. District Court on April 12, 2018, regarding immigration policy provisions. DOJ has appealed this decision and the programs will remain on hold until further notice. The three conditions were:
 - ▶ Complete a certification of compliance with 8 U.S.C. § 1373 ("Compliance Condition");
 - ▶ Allow ICE access to jails and detention facilities ("Access Condition"); and
 - ▶ Provide ICE with a 48-hour notice before a detainee is released ("Notice Condition").

FEDERAL AFFAIRS

▶ **Checks & Balances: Eye on the Courts**

▶ **US Department of Justice (DOJ)**

▶ Bureau of Justice Assistance (BJA)

▶ Byrne Justice Assistance Grant (Byrne JAG)

▶ Office of Community Oriented Policing Services (COPS)

▶ COPS Hiring Program (CHP) Grants and Community Policing Development (CPD) Program Microgrants

FEDERAL AFFAIRS: INFRASTRUCTURE NEEDS

- ▶ **US Department of Transportation (US DOT)**
 - ▶ BUILD Transportation Discretionary Grant Program
 - ▶ INFRA Discretionary Grant Program
- ▶ **Federal Railroad Administration (FRA)**
 - ▶ Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program and the Restoration and Enhancement Grant Program

FEDERAL AFFAIRS: INFRASTRUCTURE NEEDS

▶ **US Department of Transportation**

▶ **BUILD Transportation Discretionary Grant Program**

- ▶ \$1.5 billion for BUILD Transportation grants for road, rail, transit, and port projects that promise to advance national objectives
 - ▶ Maximum grant award: \$25 million for a single project
 - ▶ Minimum grant award: \$5 million for urban projects and \$1 million for rural projects
 - ▶ No more than \$150 million can be awarded to a single state
- ▶ DOT received 851 eligible applications from sponsors requesting nearly \$11 billion in federal assistance across all 50 states
- ▶ We expect another round once FY 2019 T-HUD Appropriations are resolved

FEDERAL AFFAIRS: INFRASTRUCTURE NEEDS

▶ US Department of Transportation

▶ INFRA Discretionary Grant Program

- ▶ The purpose is to support nationally and regionally significant projects that address critical issues on highways and bridges, aligning with the Administration's goals to:
 - ▶ improve the safety, efficiency, and reliability of the movement of freight and people;
 - ▶ generate economic benefits and an increase in global economic competitiveness;
 - ▶ reduce highway congestion and bottlenecks;
 - ▶ improve connectivity between modes of freight transportation;
 - ▶ enhance the resiliency of highway infrastructure and help protect the environment;
 - ▶ improve roadways vital to national energy security; and
 - ▶ address the impact of population growth on the movement of people and freight.

FEDERAL AFFAIRS: INFRASTRUCTURE NEEDS

▶ **US Department of Transportation**

▶ **INFRA Discretionary Grant Program**

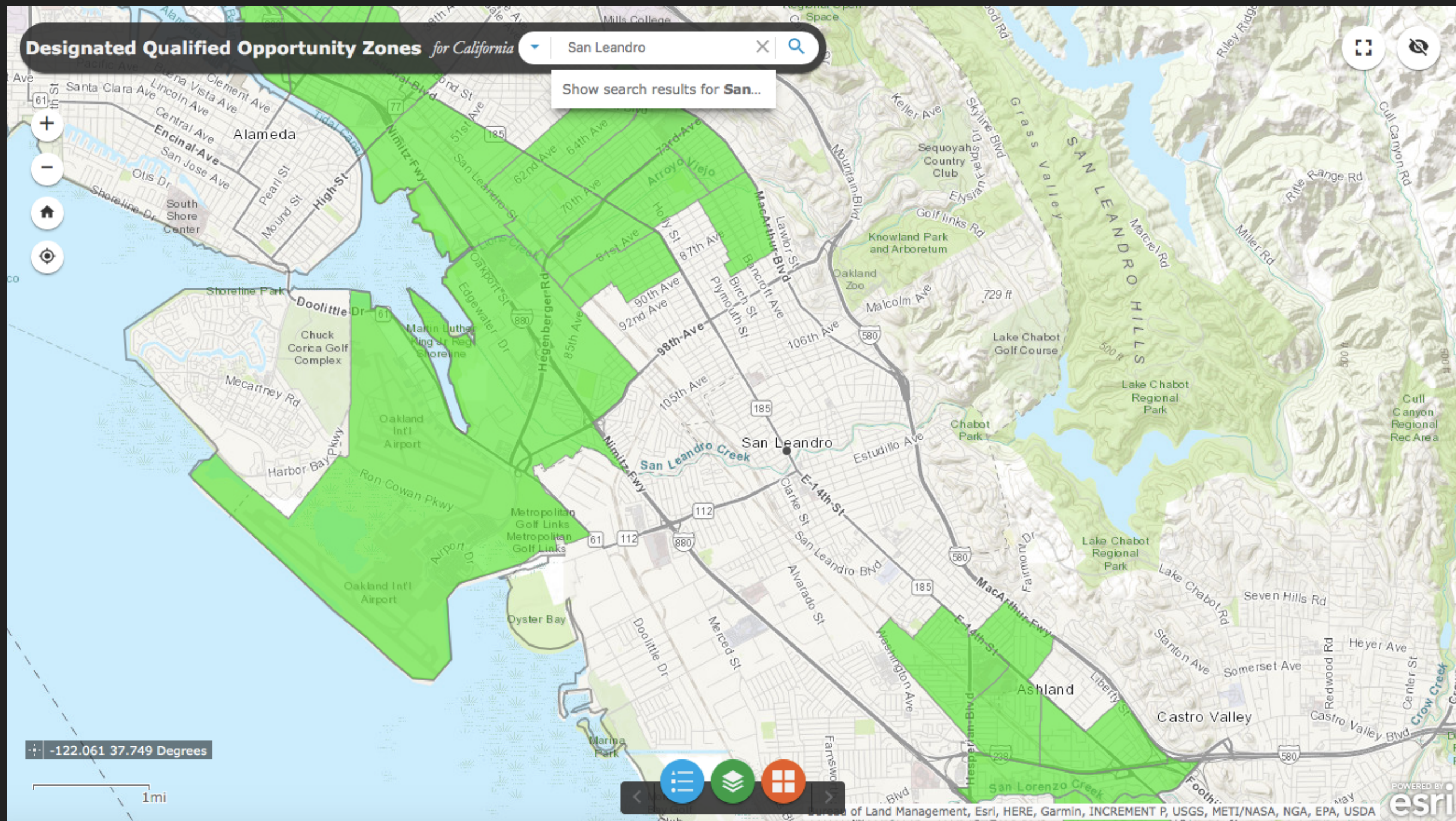
- ▶ Large Project Grants: at least \$25 million for projects with costs greater than \$100 million
- ▶ Small Project Grants: at least \$5 million (at least 10% of INFRA funds)
- ▶ Maximum award totaling 60% of total project costs and maximum federal participation of 80%; however, nonfederal leverage is important
- ▶ \$950 million available in FY 2019
 - ▶ NOFO will be released in months ahead
- ▶ \$1 billion available in FY 2020

FEDERAL AFFAIRS: INFRASTRUCTURE NEEDS

- ▶ **Federal Railroad Administration (FRA)**
 - ▶ **Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program and Restoration and Enhancement Grant Program**
 - ▶ \$318 million in FY 2018 CRISI funding and additional \$73 million in R&E Grant funding to support projects that strengthen intercity passenger rail, support capital projects, and boost safety initiatives.
 - ▶ Projects may include the implementation of positive train control, improved highway-rail grade crossings, congestion mitigation, repairs or replacement of railroad assets, or enhancement of intercity rail transportation.
 - ▶ Grants expected to leverage private, state and local investments.

FEDERAL AFFAIRS: SMART CITIES

- ▶ **U.S. Networking and Information Technology Research and Development (NITRD)**
 - ▶ **Federal Smart Cities and Communities Program Resources**
 - ▶ Please refer to spreadsheet for selection of more than 30+ federal programs that may be of interest to the City as it seeks Smart City resources
 - ▶ Topics include telecommunications and broadband, energy smart grids, micro-grids, intelligent transportation systems, infrastructure, resiliency across a number of federal agencies



OPPORTUNITY ZONES

FEDERAL AFFAIRS: NEW OPPORTUNITIES

▶ US Department of Treasury

▶ Implementation of the *Tax Cuts and Jobs Act of 2017*

▶ Opportunity Zones

- ▶ An Opportunity Zone is a designated, distressed community where new investments can be eligible for preferential tax treatment to spur economic development by providing tax benefits to investors.
- ▶ Investors can defer tax on prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%.
- ▶ If the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.

FEDERAL AFFAIRS: NEW OPPORTUNITIES

▶ US Department of Treasury

▶ Opportunity Zones

- ▶ In October 2018, the Treasury Department proposed regulations that are favorable to communities implementing the Opportunity Zones program.
- ▶ These regulations:
 - ▶ Do not place restrictions on investing in multifamily housing as an asset class or using other tax incentives, including Low-Income Housing Tax Credits, as part of a development.
 - ▶ Allow Opportunity Funds to use up to 31 months to deploy capital for multifamily investment; and
 - ▶ Allow investors to exclude the value of land in meeting the requirement to double basis as part of a rehabilitation project.

Census Tract 4331.02, Alameda, CA

Census Tract in: [San Leandro, CA](#), [Alameda County, CA](#), [California, United States](#)

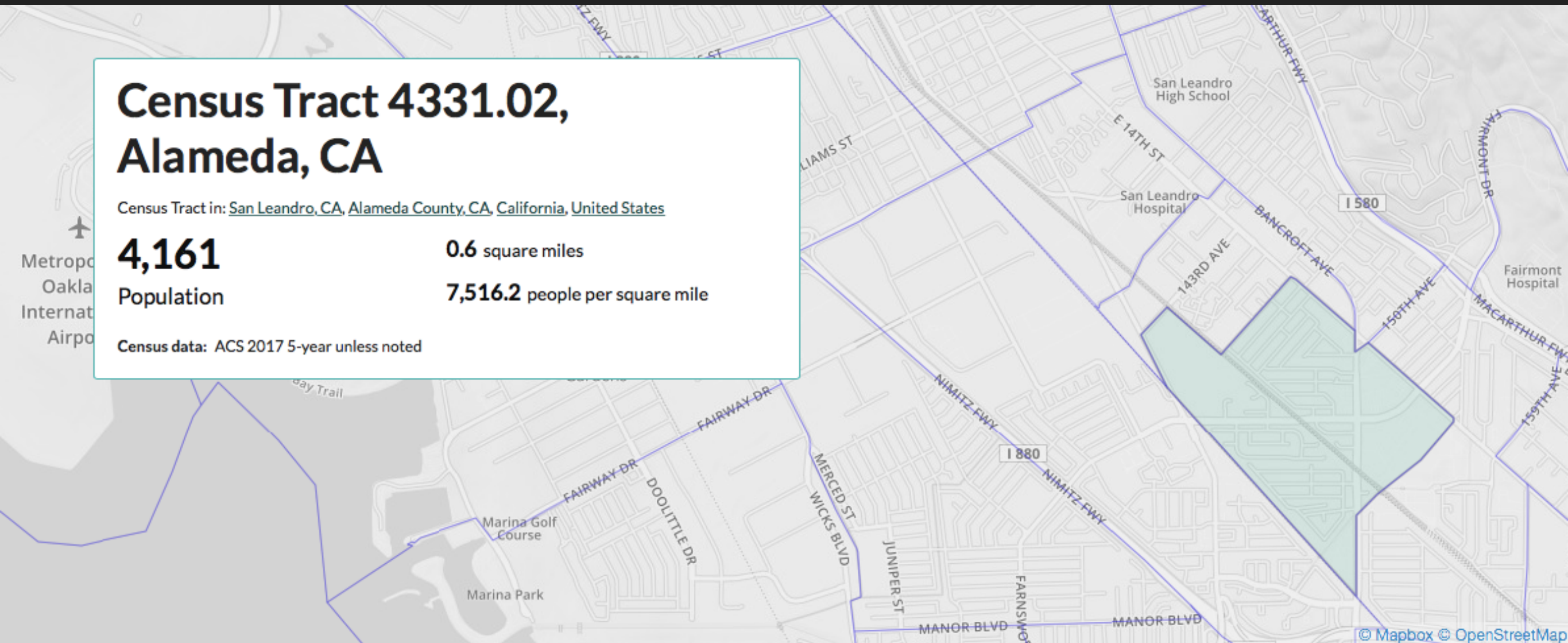
4,161

Population

0.6 square miles

7,516.2 people per square mile

Census data: ACS 2017 5-year unless noted



OPPORTUNITY ZONES

Economics

† Margin of error is at least 10 percent of the total value. Take care with this statistic.

Income

\$29,726

Per capita income

about 90 percent of the amount in San Leandro: \$32,396

about three-quarters of the amount in Alameda County: \$41,363

\$70,521

Median household income

about 10 percent higher than the amount in San Leandro: \$66,178

about 80 percent of the amount in Alameda County: \$85,743

Household income


[Show data / Embed](#)

Poverty

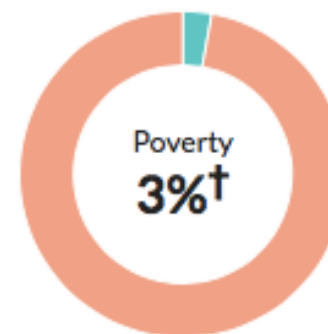
5.4%

Persons below poverty line

about half the rate in San Leandro: 11.1%†

about half the rate in Alameda County: 11.3%

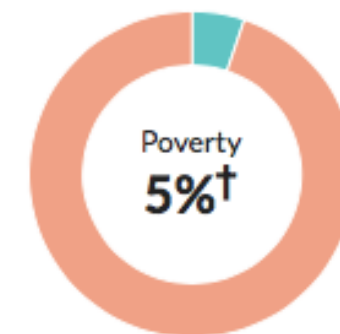
Children (Under 18)



Poverty
Non-poverty

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Seniors (65 and over)



Poverty
Non-poverty

[Show data / Embed](#)

Transportation to work

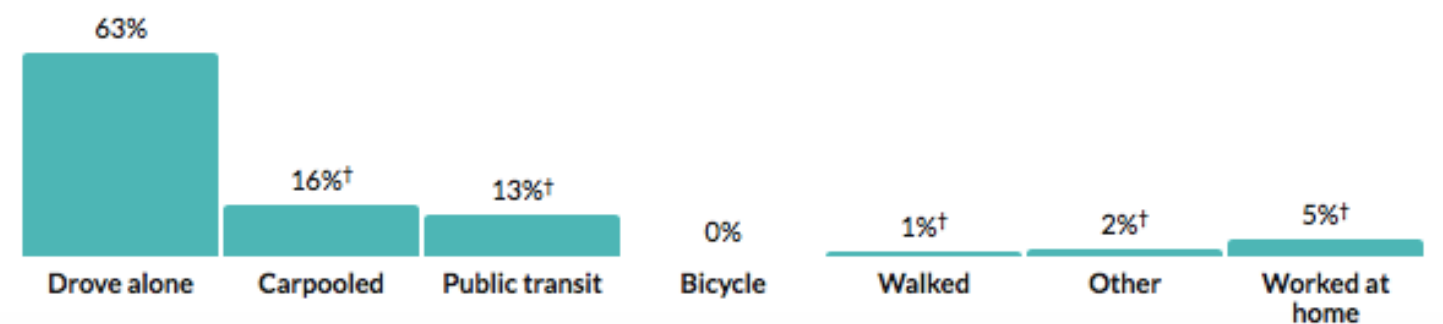
37.9 minutes

Mean travel time to work

about 20 percent higher than the figure in San Leandro: 32.4

about 20 percent higher than the figure in Alameda County: 32.5

Means of transportation to work



* Universe: Workers 16 years and over

[Show data / Embed](#)

† Margin of error is at least 10 percent of the total value. Take care with this statistic.

Families

† Margin of error is at least 10 percent of the total value. Take care with this statistic.

Households

1,348

Number of households

San Leandro: 32,290

Alameda County: 569,070

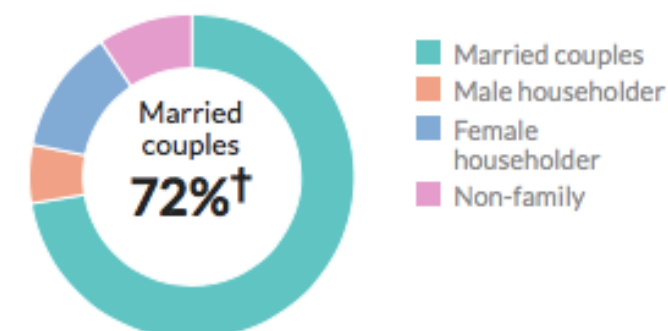
3.1

Persons per household

about 10 percent higher than the figure in San Leandro: 2.8

about 10 percent higher than the figure in Alameda County: 2.8

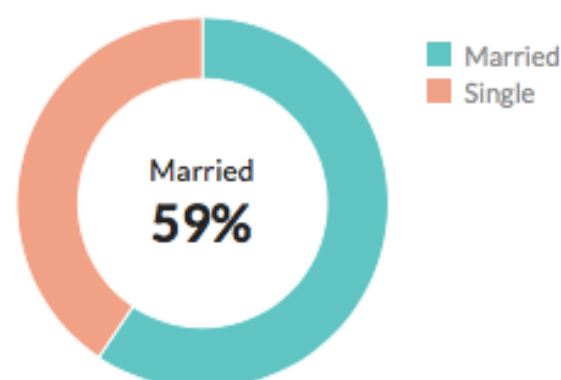
Population by household type



[Show data / Embed](#)

Marital status

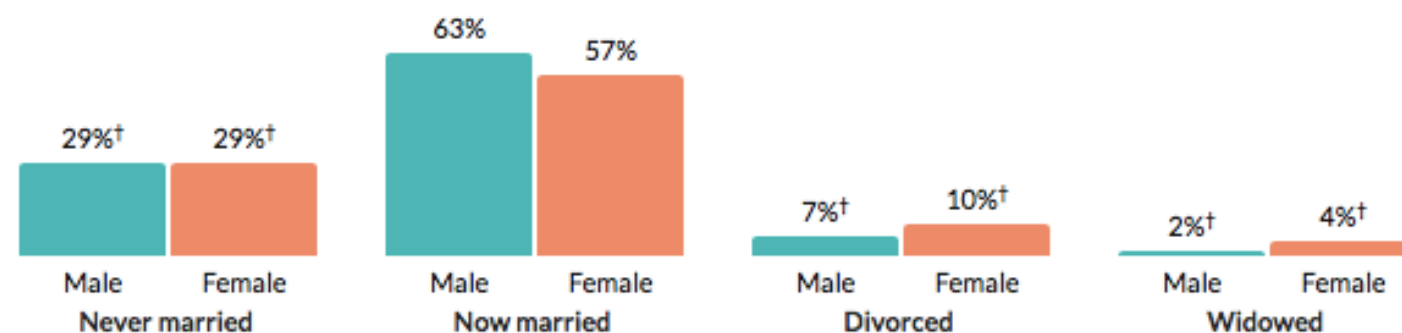
† Margin of error is at least 10 percent of the total value. Take care with this statistic.



* Universe: Population 15 years and over

[Show data / Embed](#)

Marital status, by sex



[Show data / Embed](#)

Fertility

† Margin of error is at least 10 percent of the total value. Take care with this statistic.

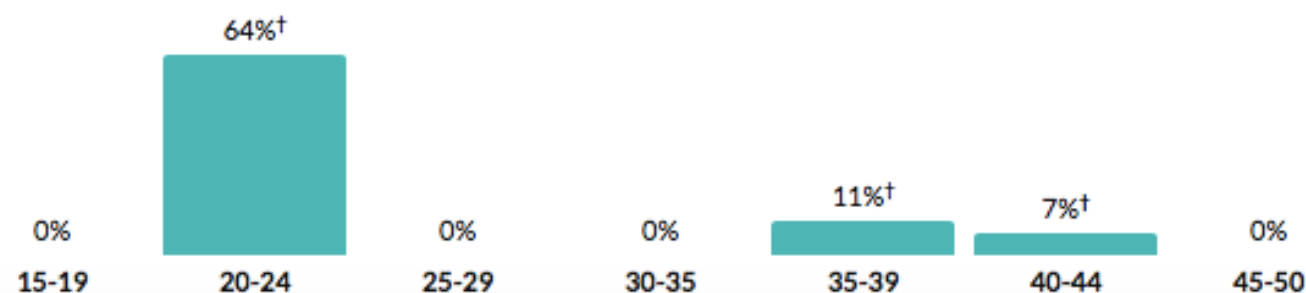
7.8%

Women 15-50 who gave birth during past year

about 1.4 times the rate in San Leandro: 5.6%†

more than 1.5 times the rate in Alameda County: 4.6%

Women who gave birth during past year, by age group



Social

† Margin of error is at least 10 percent of the total value. Take care with this statistic.

Educational attainment

84.3%

High school grad or higher

a little higher than the rate in San Leandro: 82.2%

a little less than the rate in Alameda County: 87.5%

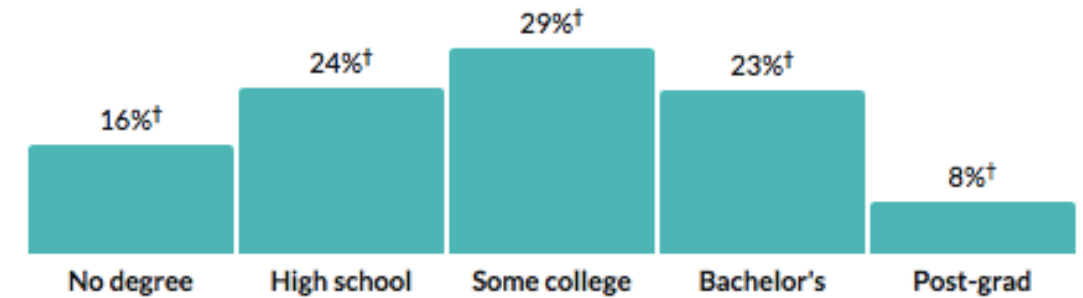
31%

Bachelor's degree or higher

a little higher than the rate in San Leandro: 29.8%

about two-thirds of the rate in Alameda County: 44.7%

Population by minimum level of education



* Universe: Population 25 years and over

[Show data / Embed](#)

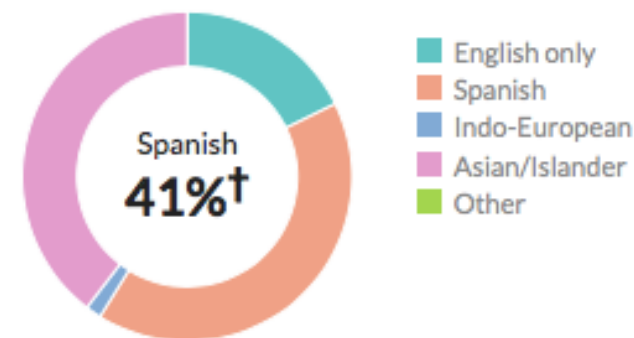
† Margin of error is at least 10 percent of the total value. Take care with this statistic.

Language

N/A

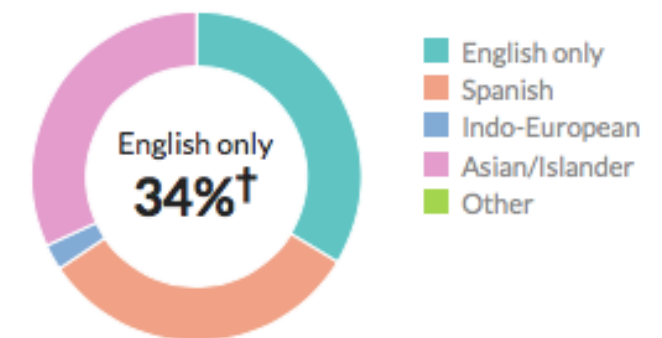
Persons with language other than English spoken at home

Language at home, children 5-17



[Show data / Embed](#)

Language at home, adults 18+



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† Margin of error is at least 10 percent of the total value. Take care with this statistic.

Place of birth

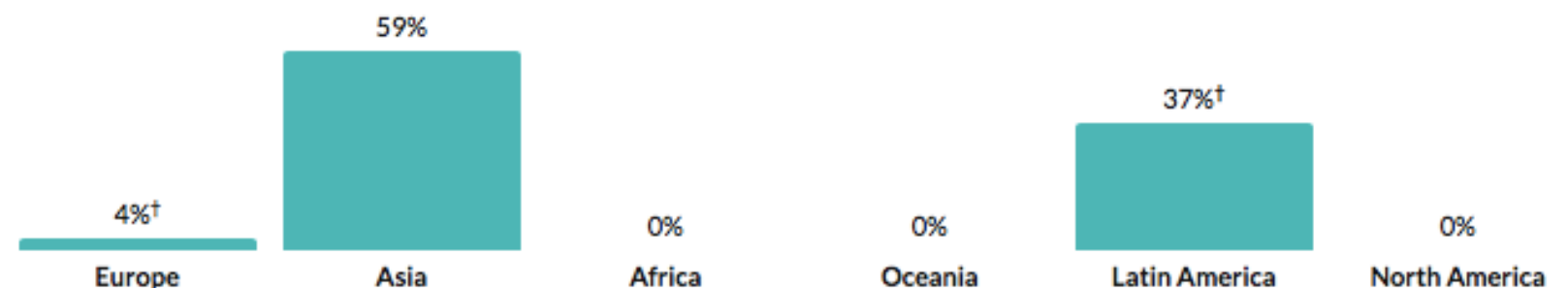
45.5%

Foreign-born population

about 25 percent higher than the rate in San Leandro: 37%

about 1.4 times the rate in Alameda County: 32.1%

Place of birth for foreign-born population



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FEDERAL AFFAIRS: NEW OPPORTUNITIES

▶ **Established Opportunity Zone Funds**

▶ **Arela Opportunity Fund | \$25 - \$100 Million | Nationwide**

- ▶ Affordable housing, Commercial real estate, Community revitalization, Hospitality development, Mixed-use development, Multifamily residential, Single family residential, Small business development, Student housing, Other

▶ **Bay Area Opportunity Fund | \$120 Million | California**

- ▶ Affordable housing, Mixed-use development, Multifamily residential, Workforce housing

▶ **Community Outcome Fund | \$100- \$500 Million | California and other states**

- ▶ Affordable housing, Commercial real estate, Economic development, Infrastructure investment, Mixed-use development, Multifamily residential, Small business development, Student housing, Workforce housing

▶ **Cresset-Diversified QOZ Fund | \$500 Million | Nationwide**

- ▶ Affordable housing, Commercial real estate, Community revitalization, Economic development, Hospitality development, Infrastructure investment, Mixed-use development, Multifamily residential, Renewable energy investment, Student housing, Workforce housing

FEDERAL AFFAIRS: NEW OPPORTUNITIES

▶ **Established Opportunity Zone Funds**

▶ **EquityMultiple Opportunity Zone Fund | \$500 Million | Nationwide**

- ▶ Commercial real estate, Hospitality development, Mixed-use development, Multifamily residential, Student housing, Workforce housing

▶ **Foundation Capital Opportunity Zone Fund | \$100 Million | Nationwide**

- ▶ Commercial real estate, Economic development, Infrastructure investment, Mixed-use development

▶ **Fundrise Opportunity Fund | \$500 Million | Nationwide**

- ▶ Commercial real estate, Mixed-use development, Multifamily residential

▶ **LIHTC Development Group LLC | \$100 Million | Nationwide**

- ▶ Affordable housing, Community revitalization, Economic development, Mixed-use development, Multifamily residential

FEDERAL AFFAIRS: NEW OPPORTUNITIES

▶ **Established Opportunity Zone Funds**

▶ **Obsidian Opportunity Fund | \$100-\$500 Million | Nationwide**

- ▶ Commercial real estate, Community revitalization, Infrastructure investment, Renewable energy investment

▶ **Opportunity Development Group Fund I | \$650 Million | Nationwide**

- ▶ Commercial real estate, Mixed-use development, Multifamily residential

▶ **OPZ Capital Opportunity Zone Fund | \$500 Million | Nationwide**

- ▶ Commercial real estate, Mixed-use development, Multifamily residential

▶ **Sixty West Access Opportunity Fund | \$200 Million | Nationwide**

- ▶ Commercial, Mixed-use development, Multifamily residential

FEDERAL AFFAIRS: NEW OPPORTUNITIES

▶ **Established Opportunity Zone Funds**

▶ **SkyBridge-EJF Opportunity Zone REIT | \$3 Billion | Nationwide**

- ▶ Commercial real estate, Hospitality development, Mixed-use development, Multifamily residential

▶ **Strategic Opportunity Zone Fund | \$500 Million | Nationwide**

- ▶ Commercial real estate, Mixed-use development

▶ **Veterans Investing | \$100 Million | Nationwide**

- ▶ Multifamily residential

▶ **Virtua Opportunity Zone Fund | \$200 Million | Nationwide**

- ▶ Multifamily development

FEDERAL AFFAIRS

- ▶ We will continue to monitor legislative, regulatory, appropriations, and grant opportunities relevant to the City of San Leandro's Federal Legislative Platform for 2019 and provide updates to the Mayor and Council, the City Manager, and City staff.
- ▶ We are available 24/7 to support you or City staff if there is interest in pursuing federal resources or formally responding to legislative or regulatory developments.
- ▶ We look forward to coordinating discussions with your Congressional delegation and the Administration in the weeks and months ahead.
- ▶ Please reach out and let us know how we can support your local efforts.



ANY QUESTIONS OR
RECOMMENDATIONS?

617-869-0193 OR

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MY COLLEAGUES AND I APPRECIATE
HAVING THE OPPORTUNITY TO PROVIDE
FEDERAL LEGISLATIVE ASSISTANCE TO
THE CITY OF SAN LEANDRO

THANK YOU