



HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT POLICY COMMITTEE
Thursday, June 3, 2021
9:00 am – 12:00 pm

Register for this meeting:

<https://zoom.us/join/zoom/register/tJ0tcO-rqjwuGNakbync8l1owltBQRnbnpNZ>

Immediately after registering, you will receive a link and confirmation email to join the meeting.



AGENDA

- I. Welcome and Introductions**
- II. General Briefing** *Handout*
- III. Legislative Agenda (Attachment A)** *Action*
Speaker: Jason Rhine, Assistant Legislative Director, Cal Cities
 - **ACA 7 (Muratsuchi)** Local Government: Police Power: Municipal Affairs: Land Use and Zoning.
- IV. Economic Development – COVID-19 Recovery** *Informational*
Speaker: Gurbax Sahota, President & Chief Executive Officer, CALED and Executive Director, CA Academy for Economic Development
- V. Legislative and Budget Update (Attachment B)** *Informational*
Speakers: Jason Rhine, Assistant Legislative Director, Cal Cities
Johannie Pina, Legislative Analyst, Cal Cities
 - SB 9 (Atkins) Housing Development Approvals
 - AB 215 (Chiu) Prohousing Designations
 - AB 989 (Gabriel) Housing Appeals Committee
 - Other Bills of Interest
 - Budget Highlights – May Revise
- VI. American Rescue Plan Act of 2021 Update** *Informational*
Speaker: Jason Rhine, Assistant Legislative Director, Cal Cities
- VII. [State Minimum Fire Safe Regulations, 2021](#) Update** *Informational*
Speaker: Jason Rhine, Assistant Legislative Director, Cal Cities
- VIII. Public Comment**
- IX. Adjourn**

Next Meeting: *Staff will notify committee members after July 24 if the policy committee will be meeting in September*

Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

- 1. Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or*
- 2. A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.*

A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at Cal Cities meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.

HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT
Legislative Agenda
June 3, 2021

Staff: Jason Rhine, Assistant Legislative Director (916) 658-8264
Johnnie Pina, Legislative Analyst (916) 658-8214

1. **ACA 7 (Muratsuchi) Local Government Police Power. Municipal Affairs. Land Use and Zoning. (Full Text)**

Bill Summary:

This measure would provide that with regard to the zoning or use of land within the boundaries of a county or city, local ordinances, regulations, or charter provisions, would prevail over state law if a conflict exists.

Bill Description:

ACA 7 is an Assembly Constitutional Amendment that, if approved by the voters, would provide the following:

- A county or city ordinance or regulation enacted under the police power that regulates the zoning or use of land within the boundaries of the county or city would prevail over conflicting general laws, with specified exceptions; and
- A city charter provision, or an ordinance or regulation adopted pursuant to a city charter, that regulates the zoning or use of land within the boundaries of the city is deemed to address a municipal affair and would prevail over a conflicting state statute, with specified exceptions.

Specified exceptions are as follows:

- The California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code), or a successor statute;
- The siting of a power generating facility capable of generating more than 50 megawatts of electricity; and
- The development or construction of a water or transportation infrastructure project for which the Legislature has declared in statute the reasons why the project addresses a matter of statewide concern and is in the best interests of the state. For purposes of this paragraph, a transportation infrastructure project does not include a transit-oriented development project, whether residential, commercial, or mixed use.

Background:

There are two types of cities, charter cities and general law cities. Of California's 482 cities, 108 of them are charter cities. The Constitution grants both types of cities the power to adopt ordinances to protect the public's health, safety and welfare. This grant is called the "police power." The Constitution grants charter cities the additional power to adopt ordinances affecting "municipal affairs." This power, commonly referred to as "home rule" is based on the principle that a city, rather than the state, is in the best position to identify and satisfy the needs of the local community.

An ordinance adopted under the police power cannot be enforced if it "conflicts" with state law. State law is said to "preempt" the local ordinance. An ordinance adopted under the municipal affairs power cannot be enforced if it affects a "matter of statewide concern." The subjects that have been "preempted" and the subjects that have been identified as "matters of statewide concern" have changed over the years with changing economic, social, and political circumstances.

Since the 1960s, the state has enacted laws that have restricted local land use and zoning. These laws include the Fair Employment and Housing Act (FEHA), Housing Element, Housing Accountability Act (HAA), density bonus, Permit Streamlining Act, Accessory Dwelling Units, California Environmental Quality Act (CEQA) and many more.

Fiscal Impact:

There would be no direct fiscal impact to cities.

Existing Cal Cities Policy:

Vision

To be recognized and respected as the leading advocate for the common interests of California's cities.

Mission Statement

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

We Believe

- Local self-governance is the cornerstone of democracy.
- Our strength lies in the unity of our diverse communities of interest.
- In the involvement of all stakeholders in establishing goals and in solving problems.
- In conducting the business of government with transparency, openness, respect, and civility.
- The spirit of honest public service is what builds communities.
- Open decision-making that is of the highest ethical standards honors the public trust.
- Cities are vital to the strength of the California economy.
- The vitality of cities is dependent upon their fiscal stability and local autonomy.
- The active participation of all city officials increases the League's effectiveness.
- Partnerships and collaborations are essential elements of focused advocacy and lobbying.
- Ethical and well-informed city officials are essential for responsive, visionary leadership and effective and efficient city operations.

Zoning

Cal Cities believes local zoning is a primary function of cities and is an essential component of home rule. The process of adoption, implementation and enforcement of zoning ordinances should be open and fair to the public and enhance the responsiveness of local decision-makers. State policy should leave local siting and use decisions to the city and not interfere with local prerogative beyond providing a constitutionally valid procedure for adopting local regulations. State agency siting of facilities, including campuses and office buildings, should be subject to local notice and hearing requirements in order to meet concerns of the local community. Cal Cities opposes legislation that seeks to limit local authority over parking requirements.

Housing Element

Housing issues should be addressed in the general plan as other planning issues are. The housing element should be prepared for the benefit of local governments and should have equal status with the other elements of the general plan.

Subdivision Map Act

Cal Cities supports maximizing local control over subdivisions and public improvement financing. Discretion over the conditions and length of subdivision and parcel maps should be retained by cities.

Annexation and Incorporation

Cal Cities supports strengthening city control over urban boundaries. Sphere of Influence law should be modified to ban county development and to allow cities to annex logical growth. The Revenue and Taxation Code should not allow counties to block annexations in exchange for unreasonable property tax sharing agreements. In addition, cities should have expanded authority over adjacent lands outside of their sphere of influence regardless of jurisdictional lines so long as the land is not within another city's sphere. Cities should not be required to incur costs for planning to meet infrastructure needs of unincorporated areas or leveraged to annex areas which would result in unfunded costs. Cal Cities supports facilitating the incorporation of cities that have met procedural requirements and voter approval. Cal Cities opposes efforts by the Legislature to disincorporate a city for any reason, unless requested by the affected city.

California Environmental Quality Act (CEQA)

Cal Cities has extensive existing policy with regard to CEQA. Most of this policy is highly specific to the implementation of the Act. [Click here](#) to review the full policy.

Comments:

ACA 7 is an Assembly Constitutional Amendment that requires a two-thirds vote in both houses in order to be placed on the ballot for the November 2022 statewide general election. If voters approve the measure, by a simple majority vote, the California State Constitution will be amended.

ACA 7 encompasses a broad swath of state law. The *State Planning and Zoning Law* which stretches from Government Code 65000 - 66301 includes the following state "general laws" relating to "zoning" and "use of land:"

- Prohibition on discrimination (65008): An action taken by a city that denies to any individual or group of individuals..." any land use" is unlawful. [This statute is used to challenge city's land use decisions that do not provide sufficient affordable housing, etc.]
- Mandated elements of general plan (65302): Land use element; circulation; housing; conservation; open-space; noise; safety; environmental justice. Mandated reporting to the Department of Housing and Community Development regarding implementation of plan (65400). Housing element requirements such as affirmatively furthering fair housing (65583(c)(10)); promoting and affirmatively further fair housing opportunities throughout the community (65583(c)(5); conserve and improve the condition of the existing affordable housing stock (65593(c)(4); zone for emergency shelters (65583(d)).
- Housing Accountability Act (65589.5).
- Limitation on inclusionary rental housing ordinance (65850.01).
- ADUs/JADUs (65852.2, 65852.22).
- Requirement to allow rebuilding of multifamily dwelling destroyed by fire (65852.25).
- Requirement to zone sufficient land for housing (65913.1); prohibition on subdivision standards that preclude housing for all economic segments of the community (65913.2).
- SB 35 ministerial approval of housing on certain infill sites (65913.4).
- Density bonus (65915).

Another area of law impacted by ACA 7 is the California Environmental Quality Act (CEQA). While CEQA is not in the code sections listed above, compliance with CEQA is an integral part of "regulating the zoning or use of land."

It is important to note that under ACA 7, a city could not simply ignore these state laws. Rather, ACA 7 would allow a city to adopt ordinances that "conflict" with these laws, thus allowing the ordinances to prevail over state law.

Finally, given the broad scope of ACA 7, it is possible that the measure might be a “revision” rather than an “amendment” to the Constitution. Although the voters can amend the Constitution by an initiative, a "revision" of the Constitution may be accomplished only by convening a constitutional convention and then obtaining voter approval of what the convention proposes. The idea is that "comprehensive changes" to the Constitution require more formality, discussion and deliberation than is available in the initiative process [Raven v. Deukmejian (1990) 52 Cal.3d 335].

Support-Opposition: (as of 5/28/2021)

None on file at this time.

Staff Recommendation:

Staff recommends the committee discuss ACA 7 and make a recommendation to the Board.

Committee Recommendation:

Board Action:

Housing, Community and Economic Development
2021 Bills of Note
5/26/2021

Planning and Zoning

AB 215 (Chiu) Housing Element.

This measure would require cities to have a mid-cycle housing element consultation with the Department of Housing and Community Development (HCD) if housing production is below the regional average; require cities to amend their laws so as to attain HCD's "pro-housing designation" if housing production is substantially below the regional average; and allow the Attorney General to enforce violations of the Housing Crisis Act of 2019 (SB 330, Skinner).

AB 500 (Ward) Local Planning. Permitting. Coastal Development.

This measure would broaden the California Coastal Commission's (Commission) authority to include housing policy within the coastal zone. AB 500 disregards the housing element process and instead adds an additional bureaucratic agency to an already complex process involving the Department of Housing and Community Development and local governments.

AB 571 (Mayes) Planning and Zoning. Density Bonuses. Affordable Housing.

This measure would prohibit affordable housing impact fees, including inclusionary zoning fees and in-lieu fees, from being imposed on a housing development's affordable units

AB 989 (Gabriel) Housing Appeals Committee.

This measure would create an appeals board, the Housing Accountability Committee (HAC) at the Department of Housing and Community Development, to receive appeals from developers when a housing development is denied by a local government, and to approve the development if the denial violates the provisions of the Housing Accountability Act.

AB 1322 (Rivas, Robert) Land Use. Charter Cities. Single-Family Homes.

This measure would create a process for the governing body of a city or county to seek judicial validation that a local measure approved by the voters is in conflict with state housing law. Local governments would be able to adopt a resolution declaring that a provision of the charter, general plan, or local ordinance approved by voters conflicts with state law pertaining to housing and therefore the city or county does not have a duty to defend or enforce the measure in whole or in part.

AB 1401 (Friedman) Residential and Commercial Development. Parking Requirements.

This measure would prohibit a local government from imposing a minimum parking requirement, or enforcing a minimum parking requirement, on residential, commercial, or other development if the development is located on a parcel that is within one-half mile walking distance of a high-quality transit corridor or a major transit stop.

AB 1409 (Levine) Planning and Zoning. General Plan. Safety Element.

This measure would require the safety element to be reviewed and updated to identify evacuation locations.

SB 6 (Caballero) Local Planning. Housing in Commercial Zones.

This measure would create the Neighborhood Homes Act, which would require cities to allow housing development projects on lots zoned for office or retail commercial that is not adjacent to an industrial use.

SB 9 (Atkins) Housing Development Approvals.

This measure would require a local government to ministerially approve a housing development containing two residential units in single-family zones. Additionally, this measure would require local governments to ministerially approve urban lot split.

SB 10 (Wiener) Planning and Zoning. Density.

This measure would, notwithstanding any local restrictions on adopting zoning ordinances, authorize a local government to pass an ordinance to zone any parcel for up to 10 units of residential density per parcel, at a height specified in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site.

SB 12 (McGuire) Local Government: Planning and Zoning: Wildfires.

This measure would require the safety element, upon the next revision of the housing element or the hazard mitigation plan, on or after July 1, 2024, whichever occurs first, to be reviewed and updated as necessary to include a comprehensive retrofit strategy to reduce the risk of property loss and damage during wildfires, as specified, and would require the planning agency to submit the adopted strategy to the Office of Planning and Research for inclusion into the above-described clearinghouse.

SB 15 (Portantino) Housing Development. Incentives. Rezoning of Idle Retail Sites.

This measure, upon appropriation by the Legislature in the annual Budget Act or other statute, would require the Department of Housing and Community Development to administer a program to provide incentives in the form of grants allocated to local governments that rezone idle sites used for a big box retailer or a commercial shopping center to instead allow the development of workforce housing.

SB 477 (Wiener) General Plan. Annual Report.

This measure would, commencing January 1, 2023, require a city or county to include in that annual report specified information on costs, standards, and applications for proposed housing development projects and specified information on housing development projects within the jurisdiction.

SB 478 (Wiener) Planning and Zoning Law. Housing Development Projects.

This measure would prohibit a local agency from imposing standards, including a minimum lot size that exceeds an unspecified number of square feet on parcels zoned for at least 2 units, but not more than 4, units or a minimum lot size that exceeds an unspecified number of square feet on parcels zoned for at least 5 units, but not more than 10, units. This measure would also prohibit a city from imposing a floor-to-area ratio standard that is less than 1.5.

SB 581 (Atkins) General plan.

This measure would require a city or county to include in their annual report, required under housing element law, whether the city or county is a party to a court action related to a violation of state housing law, and the disposition of that action.

Accessory Dwelling Units (ADUs)

AB 345 (Quirk-Silva) Accessory Dwelling Units. Separate Conveyance.

This bill would require each local agency to, by ordinance, allow an accessory dwelling unit to be sold or conveyed separately from the primary residence to a qualified buyer if certain conditions are met.

Affordable Housing

AB 950 (Ward) Department of Transportation. Sales of Excess Real Property. Affordable Housing.

This measure would authorize the Department of Transportation to sell its excess real property to the city, county, or city and county where the real property is located if the city, county, or city and county agrees to use the real property for the sole purpose of implementing affordable housing, as specified. This measure would exempt these transfers and sales from the California Environmental Quality Act.

SB 5 (Atkins) Housing Bond.

This measure expresses the intent of the Legislature to authorize the issuance of a bond, of an unspecified amount, to fund housing-related programs.

SCA 2 (Allen) Public Housing Projects.

The California Constitution prohibits the development, construction, or acquisition of a low-rent housing project, as defined, in any manner by any state public body until a majority of the qualified electors of the city, town, or county in which the development, construction, or acquisition of the low-rent housing project is proposed approve the project by voting in favor at an election, as specified. This measure would repeal these provisions.

Tenant Protections

AB 16 (Chiu) Tenancies. COVID-19 Tenant, Small Landlord, and Affordable Housing Provider Stabilization Act of 2021.

Would establish the Tenant, Small Landlord, and Affordable Housing Provider Stabilization Program. The bill would establish in the State Treasury the COVID-19 Tenant, Small Landlord, and Affordable Housing Provider Stabilization Fund, and, upon appropriation by the Legislature, distribute all moneys in the fund to the department to carry out the purposes of the program.

Homelessness

AB 71 (Rivas, Luz) Homelessness Funding. Bring California Home Act.

This measure would result in an estimated General Fund revenue gain of \$310 million in fiscal year (FY) 2021-22, \$950 million in FY 2022-23 and \$950 million in FY 2023-24. These funds will go to local governments to invest in housing solutions that take into account a community's unique needs, whether urban or rural. The measure does so by conforming to federal tax law to close corporate tax loopholes and restoring historic corporate tax rates on corporations with \$5 million or more in profits.

AB 816 (Chiu) State and Local Agencies. Homelessness Plan.

This measure would, on or before January 1, 2023, require each local agency to submit to the Department of Housing and Community Development an actionable county-level plan for meeting specific annual benchmarks, with the goal of reducing homelessness by 90 percent by 2029. Each city in the local agency's jurisdiction shall participate in the county-level plan, and the local agency shall request and actively seek the participation of all homeless continuums of care that serve the local agency's jurisdiction. Additionally, this measure would allow the Inspector General to bring an action against the state, a local agency, or a city to compel compliance with the homelessness action plan.

Mitigation Fees/Development Fees

AB 602 (Grayson) Development Fees.

This measure would require a city to follow specific standards and practices when conducting an impact fee nexus study, including: 1) Identify the existing level of service and the proposed new level of service, and explain why the new level of service is appropriate; and 2) Include information in the nexus study that supports the local agency's actions establishing, increasing, or imposing a fee. Additionally, this measure would require a fee levied or imposed on a housing development project by a local agency be proportionate to the square footage of the proposed unit or units.

Mobilehomes

AB 978 (Quirk-Silva) Mobilehome Parks. Rent Caps.

This measure would, until January 1, 2030, prohibit the management of a mobilehome park from increasing the gross rental rate for a tenancy for a mobilehome space more than 5% plus the percentage change in the cost of living or 10 percent, whichever is lower, of the lowest gross rental rate charged for the immediately preceding 12 months, as specified. The measure would prohibit management of a mobilehome park from increasing the gross rental rate for a tenancy in more than two increments over a 12-month period, after the tenant maintains a tenancy over a 12-month period. This measure would also exempt specified mobilehome spaces from these provisions, including, among others, mobilehome spaces restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable for very low-, low-, or moderate-income persons and families and mobilehome spaces within a resident-owned mobilehome park.

Economic Development

AB 106 (Salas) Regions Rise Grant Program.

This measure would establish the Regions Rise Grant Program within the Governor's Office of Business and Economic Development for the purpose of supporting inclusive, cross-jurisdictional, and innovative engagement processes that lead to inclusive strategies to address barriers and challenges confronting communities in creating economic prosperity for all.

AB 464 (Mullin) Enhanced Infrastructure Financing Districts (EIFD). Allowable Facilities, Projects, and Costs.

This measure would make numerous changes to EIFD law, including removing the prohibition on the use of proceeds of bonds issued to finance maintenance, and removing, from the list of facilities and projects the district may fund, the acquisition, construction, or repair of industrial structures for private use.

SB 780 (Cortese) Public Investment Authorities.

This measure would make numerous changes to various statutory provisions governing Enhanced Infrastructure Financing Districts and Community Revitalization and Investment Authorities.

Miscellaneous

ACA 1 (Aguiar-Curry) Local Government Financing. Affordable Housing and Public Infrastructure. Voter Approval.

This measure would reduce the voting threshold to 55 percent for ad valorem taxes to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes.

AB 838 (Friedman) State Housing Law. Enforcement Response to Complaints.

This measure would, beginning July 1, 2022, require a city or county that receives a complaint of a substandard building or a lead hazard violation from a tenant, resident, or occupant, or an agent of a tenant, resident, or occupant, to inspect the building, portion of the building intended for human occupancy, or premises of the building, document the lead hazard violations that would be discovered based upon a reasonably competent and diligent visual inspection of the property and identify any building, portion of a building intended for human occupancy, or premises on which such a building is located that is determined to be substandard.

AB 1029 (Mullin) Housing Elements. Prohousing Local Policies.

This measure would add the preservation of affordable housing units through the extension of existing project-based rental assistance covenants to avoid the displacement of affected tenants and a reduction in available affordable housing units to the list of specified prohousing local policies.

Gov. Gavin Newsom's revised May budget proposal includes big wins for cities and Californians, but the devil will be in the details released later this month

The Governor announced a record-breaking \$267.8 billion revised May budget proposal on Friday, \$40 billion higher than the one he proposed four months ago.

Repeatedly touting the budget as "historic" and "without precedent," Newsom noted, "We are trying to do things the State has talked about but never been able to accomplish because we've never had the resources to do it." The revised budget proposal included a number of one-time investments thanks to a record \$75 billion state surplus, as well as an additional \$26 billion in federal relief from the American Rescue Plan. The historic state budget surplus is driven by robust personal income and corporation and capital gains tax revenues. State sales tax revenues remain strong.

The revised budget plan includes stimulus checks for most Californians, an expansion of small business grants and tax credits, \$20 billion in public education investments, \$11 billion in transportation systems, \$7 billion for broadband deployment, and \$5.1 billion in drought support.

Perhaps most notably, the Governor announced earlier this week the revised budget would include \$12 billion for additional services and support for Californians experiencing homelessness, an announcement the League of California Cities responded to with a [statement](#) by Cal Cities Executive Director and CEO Carolyn Coleman.

Cal Cities has developed an analysis of the Governor's revised 2021-22 State Budget below, highlighting the budget components that most impact cities.

Cal Cities will work with the Administration and the Legislature in the coming weeks on budget trailer bills and the funding distribution details, and will continue to urge the State to prioritize investments that ensure a safe, equitable, and expedited recovery at the local and state level.

Read Executive Director Coleman's [statement](#) in response to the budget proposal.

Housing and Homelessness

The Governor's May Revise contains historic levels of funding to address the housing and homelessness crisis gripping many regions of the state. He has also established a goal of ending family homelessness over the next five years. While these investments are significant and badly needed, the allocation and implementation information is not available at this time. These critical details will be released in the coming weeks, in the form of budget trailer bills. Below is a breakdown of the major allocations.

Housing

- **Rent Relief Program** — \$5.2 billion in federal rental relief aid from the American Rescue Plan Act of 2021 (ARPA) for both state and local entitlement jurisdictions.
- **Expanded Homeowner and Renter Legal Assistance** — \$20 million in ARPA over the next three years (\$60 million total) to the Judicial Council to continue providing legal assistance grants to over 100 legal service and self-help organizations.

- **California Department of Housing and Community Development (HCD)** — \$1.75 billion one-time federal ARPA funds to support HCD affordable housing projects. It is estimated that this will help more than 6,300 units of shovel-ready affordable housing move forward in an expedited manner.
- **Accessory Dwelling Unit Financing** — \$81 million one-time federal ARPA funds to expand California Housing Finance Agency's (CalHFA) accessory dwelling unit (ADU) program; this will inject a total of \$100 million in available financing for ADUs.
- **Housing Development on State Excess Sites** — \$45 million in one-time federal ARPA funds that would assist excess state land development by providing funding for vital infrastructure.
- **Promoting Homeownership** — \$100 million one-time federal ARPA funds to CalHFA to expand its First Time Homebuyer Assistance Program, which helps first-time homebuyers with making a down payment, securing a loan, and paying closing costs on a home.
- **Regional Early Action Planning Program (REAP)** — \$500 million one-time federal ARPA funds for HCD to provide additional planning and implementation grants to regional entities for infill developments, targeted towards the state's climate goals and reducing vehicle miles traveled.
- **Housing Preservation** — \$300 million one-time federal ARPA funds to sustain HCD legacy projects affordability requirements.
- **Construction Apprenticeships** — \$20 million one-time General Fund to connect job seekers to housing apprenticeship opportunities, in partnership with the University of California, California Conservation Corps, state and local workforce development boards, philanthropic organizations, and the building industry.
- **Repairing and Maintaining Seasonal Farmworker Rental Housing** — \$20 million one-time General Fund for critical deferred maintenance needs and improved habitability at the Office of Migrant Services (OMS) centers.

Homelessness

- **Homekey** — \$7 billion over two years to further expand the portfolio of housing, including behavioral health continuum infrastructure and housing for low-income seniors. Of this amount, \$1 billion would specifically target families experiencing homelessness or at risk for being homeless.
- **Challenge Grants and Technical Assistance** — \$40 million one-time General Fund available over five years for the Homeless Coordinating Financing Council to provide grants and technical assistance to local jurisdictions to develop action plans to address family homelessness.
- **Department of Development Services Homelessness Supports** — \$475 million General Fund in both 2021-22 and 2022-23 to expand the existing CalWORKs Housing Support program. This program assists CalWORKs families experiencing homelessness to secure and maintain permanent housing; services include financial assistance and housing-related wrap-around supportive service.
- **Bringing Families Home Program** — \$280 million General Fund in both 2021-22 and 2022-23 to expand the existing Bringing Families Home program. This program provides housing-related supports to eligible families experiencing homelessness in the child welfare system.

- **Project Roomkey** — \$150 million one-time General Fund to support transitioning participants into permanent housing.
- **Regional Center Mobile Crisis Teams** — \$8 million General Fund in 2021-22, increasing to \$11 million General Fund ongoing in 2022-23, for Systemic, Therapeutic, Assessment, Resources, and Treatment (START) teams. The teams provide 24-hour crisis prevention and response services to individuals with intellectual or developmental disabilities.
- **Housing and Disability Advocacy Program** — \$175 million General Fund annually through 2023-24 to assist disabled individuals who are experiencing homelessness.
- **Non-Congregate Shelters** — \$150 million one-time General Fund to support the stability of the state's Federal Emergency Management Agency-funded non-congregate shelter population and transition of individuals from Project Roomkey into permanent housing following the September 2021 sunset of the federal reimbursement availability from the pandemic.
- **Housing and Disability Advocacy Program** — \$175 million General Fund annually through 2023-24 to better reach and house individuals who are eligible for but not currently receiving Supplemental Security Income/State Supplementary Payment through benefits advocacy and housing assistance.
- **Home Safe** — \$100 million General Fund annually through 2022-23 for the Home Safe program to provide access to health, safety, and housing supports for individuals involved in or at risk of involvement in Adult Protective Services.
- **Supportive Services for Formerly Homeless Veterans** — \$25 million one-time General Fund for the California Department of Veterans Affairs to administer a competitive grant program to support aging veterans and veterans with disabilities who have experienced chronic homelessness.
- **Encampment Resolution Grants** — \$50 million one-time General Fund for the Homeless Coordinating and Financing Council (HCFC) to partner with local governments and assist them with resolving critical encampments and transitioning individuals into permanent housing.
- **Caltrans Encampment Coordinators** — \$2.7 million one-time General Fund for Caltrans Encampment Coordinators to mitigate safety risks at encampments on state property and to connect these individuals to services and housing, in coordination with HCFC and local partners.
- **Accountability: Homeless Coordinating and Financing Council** — \$5.6 million one-time General Fund for HCFC to conduct an assessment of local homelessness service providers and state-funded homelessness programs. The assessment will provide a detailed view of the range of services and strategies utilized at the local level and help determine if state investments are aligned with local homelessness response systems.

Environmental Quality

Overall, the May Revision includes \$11.8 billion in investments over multiple years to address and reduce the state's multi-faceted climate risks, ranging from water supplies, wildfires, heat, and sea level rise. Of these funds:

- \$5.1 billion for water infrastructure and drought response spread over multiple years, with \$3.475 billion being allocated in 2021-22.

- \$2 billion to pay down unpaid utility debt, including water and electricity that has accumulated during the pandemic.
- Building on the \$536 million already appropriated earlier this year, an additional \$708 million for a total of \$1.24 billion will go to wildfire and emergency response services over two years.
- \$1.3 billion in targeted investments for communities that are facing the impacts of climate change today.
- \$130 million to support a circular economy by funding the development of infrastructure required to process recyclables and manufacture products from recyclable material.

Revenue and Taxation

State Replenishes Reserves

The May Revision includes \$24.4 billion in reserves, including:

- \$15.9 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies.
- \$450 million in the Safety Net Reserve.
- \$4.6 billion in the Public School System Stabilization Account.
- An estimated \$3.4 billion in the state's operating reserve.

The May Revision continues to pay down the state's long-term retirement liabilities and reflects \$3.4 billion in additional payments required by Proposition 2 in 2021-22, as well as \$7.9 billion in additional payments over the next three years. The improved revenue forecast also allows for the elimination of \$2 billion in proposed program suspensions that were delayed during the State's current budget.

Gann Limit — State Appropriations Limit Requires Rebates and Education Investments

The State Appropriations Limit, or "Gann Limit," caps the amount of revenues from proceeds of taxes that can be appropriated by the state. This constrains state spending and requires revenues over the two-year limit to be allocated evenly between schools and taxpayer refunds. The May Revision projects that the limit for the 2020-21 and 2021-22 fiscal years will be exceeded by \$16.2 billion.

The May Revision allocates \$16.2 billion to comply with the limit, including tax refunds through a Golden State Stimulus, and allocates half of the funds to K-14 schools in 2022-23. Given the uncertainty around the calculation of the limit in future years, the multi-year projections do not assume additional payments.

\$12 Billion for Golden State Stimulus Checks

- \$600 payments to all taxpayers who make up to \$75,000 a year and did not receive the first payment.
- Additional \$500 in direct payments to families with dependents.
- Additional \$500 in direct payments to undocumented families.

Transportation, Communications, and Public Works

The Governor's May Revision budget proposal makes unprecedented investments in broadband deployment to build out the backbone for statewide broadband. These investments will allow local governments to provide service and make broadband more accessible to all Californians. These budget allocations are consistent with Cal Cities' policy and strategic priorities, which seek to close the digital divide by protecting and modernizing critical infrastructure. The May Revision also bolsters the Governor's commitment to reaching zero-emission targets.

Broadband

- \$7 billion over three years to expand broadband infrastructure, increase affordability, and enhance access to broadband for all Californians.
 - \$500 million Loan Loss Reserve Account to assist local governments, tribes, and non-profits to secure private financing for new municipal fiber networks.
 - \$500 million of one-time federal ARPA funds to expand broadband and to promote access to affordable telephone services in rural areas that are costlier to serve.
 - One-time federal ARPA funds within the California Advanced Services Fund to incentivize existing and new providers to fund infrastructure for "last mile" service to the state's remaining unserved households.
 - An increase of \$35 million available to expand broadband access to isolated and under-served communities through a collaborative partnership of local education agencies, regional libraries, and telehealth providers, as well as leverage available federal funds through the E-Rate Program.
 - An increase of \$6 million to support the Broadband Connectivity Initiative through California libraries.

Transportation

- \$11 billion of state investment in the transportation system and related zero-emission vehicle (ZEV) efforts.
 - \$500 million for active transportation to advance projects that increase the proportion of trips accomplished by walking and biking, increase the safety and mobility of non-motorized users, advance efforts of regional agencies to achieve greenhouse gas reduction goals, enhance public health, and benefit many types of users, especially those in disadvantaged communities.
 - \$1 billion General Fund for transit and rail projects statewide that improve rail and transit connectivity between state and regional local services.
 - \$2 billion to support the advancement of priority State Highway Operation and Protection Program (SHOPP) projects, Interregional Transportation Improvement Program (ITIP) projects, and local road and bridge investments.
 - \$407 million to purchase or lease clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies.
 - \$4.2 billion of Proposition 1A to complete high-speed rail construction in the Central Valley.
 - \$500 million to support high priority grade separations and grade crossing improvements.

- \$1.5 billion for a three-year effort to clean up garbage statewide, beautify the state's transportation network, educate the public about the harms of litter, and create long-lasting litter deterrents.

Zero-Emission Vehicles

- \$3.2 billion to build upon the state's zero-emission vehicle goals. This includes funding for clean transportation programs that will improve air quality by expanding zero-emission short-haul trucks, transit buses, and school buses. Funding also supports additional charging and fueling infrastructure to support more clean vehicles.
 - \$1.7 billion for trucks, buses, and supporting infrastructure:
 - 1,150 trucks
 - 1,000 transit buses
 - 1,000 school buses
 - \$800 million Clean Cars for All and ZEV rebates.
 - \$500 million infrastructure.
 - \$250 million ZEV manufacturing grants.

Governance, Transparency, and Labor Relations

- \$550 million increase above the amount included in the Governor's January State Budget proposal for the state's contributions to CalPERS for approximately \$6 billion in total contributions.
- \$1.9 billion in supplemental Proposition 2 debt repayments to reduce the unfunded liabilities of the state CalPERS plans.
- There is no proposal or funding proposed to assist public agencies with their pension or retiree health care costs.

Public Safety

- \$140 million, and \$70 million ongoing, to expand pretrial pilot programs.
- \$13.7 million, and \$3 million ongoing, to expand efforts for a pilot for re-envisioning and transforming the state's correctional system, with the goal of achieving greater success in rehabilitating incarcerated individuals and preparing them for life outside of the institution.
- \$34.8 million additional funding to establish a Youth Rehabilitative Offender Community that focuses on providing enhanced rehabilitative services to youth.
- \$9.6 million to facilitate the realignment of youth offenders from the state to counties. Annual appropriations to be allocated to counties to serve realigned youth, including \$45.7 million in 2021-22, growing to \$211.9 million in 2024-25, and annually thereafter.
- \$3 million over three years to provide support for alternative campus public safety programs.
- \$2.3 million, and \$2.1 million ongoing, to provide supportive services to survivors of those killed in officer-involved shootings.

Disaster Preparedness/Prevention

- \$100 million for the Governor's Office of Emergency Services (Cal OES) to strengthen the state's emergency capacity and capabilities.
- \$250 million for Cal OES to implement an equitable all hazards grant program focused on building resiliency in disadvantaged communities.
- \$133.9 million General Fund for Cal OES for the following investments to enhance state and local emergency preparedness and response.

Cannabis

- \$100 million to establish a local jurisdiction assistance grant program for cannabis.
- \$9 million for the new Sustainable California Grown Cannabis pilot program.
- \$629.1 million in Cannabis Tax Fund revenue to be allocated accordingly:
 - 60 percent (\$377.5 million) to education, prevention, and treatment of youth substance use disorders and school retention.
 - 20 percent (\$125.8 million) to clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation.
 - 20 percent (\$125.8 million) to public safety-related activities.
- The consolidation of the functions and positions to the Department of Cannabis Control will include:
 - Creating a Deputy Director of Equity and Inclusion to further the Department's mission to implement progressive cannabis policies, as well as to license and regulate commercial cannabis activity in a way that best protects public health, safety, the environment, and local communities throughout the state.
 - Extending the Department's ability to issue new provisional cannabis licenses by six months, to July 1, 2022, and require the Department to promulgate regulations identifying steps that must be taken for provisional licensees to show progress toward achieving annual licensure.
- Consideration for long-term licensing and regulations will be negotiated in additional trailer bill language to follow.

Community Services

- \$900 million in 2022-23, ramping up to \$2.7 billion by 2024-25, for the creation of a "14th grade" of Universal Transitional Kindergarten for all school children.
- \$106 million over three years to strengthen older adults' recovery and resilience from isolation and health impacts caused by the pandemic.
- \$3.3 million in ongoing funds to implement the Department of Aging's Master Plan for Aging.
- Adding an additional \$256.2 million to support the 'Parks for All' initiative.
- \$507.3 million for the enhancement and restoration of state park facilities statewide.
- \$91 million to the State Library to fund an equity-focused matching grant program that supports local library infrastructure, expands broadband access to isolated and under-served communities and supports broadband capacity and equipment grants.