

April 23, 2025



LEAGUE OF
**CALIFORNIA
CITIES**

Strengthening California Cities
through Advocacy and Education

City Leaders Summit General Session Budget & Advocacy Briefing



Advocacy Priorities for California Cities

California's 483 cities are diverse and unique, but we are united with a clear message to the state: Cities are a smart investment for a strong California.

City officials are focused on ensuring every resident has access to the local services they need and rely upon. But they cannot do it alone. To keep California strong and resilient, the state must partner with cities to support our unhoused residents, increase the supply of housing, fortify our infrastructure, and strengthen climate change resiliency.



HOMELESSNESS AND HOUSING

Cities are supporting unhoused residents, delivering permanent supportive housing, and jumpstarting affordable housing construction. But a lack of ongoing funding and affordable housing coupled with one-size-fits-all state mandates is hindering progress. Join Cal Cities and:

SUPPORT

AB 650 (Papan): Cal Cities-sponsored bill that allows cities to start drafting their housing elements six months earlier and requires the state to improve its housing element review process.

AB 736 (Wicks) & SB 417 (Cabaldon): A \$10 billion housing bond to finance affordable rental housing and homeownership programs.

SB 569 (Blakespear): Cal Cities co-sponsored bill that improves coordination between state agencies and cities when addressing homeless encampments on state properties.

OPPOSE

SB 79 (Wiener): This bill requires cities to approve dense housing — up to seven stories — near public transit stops, regardless of zoning laws. It allows transit agencies full land-use authority on their residential and commercial property, without requiring them to build ANY housing.

SB 634 (Perez): This bill prohibits local governments from adopting any regulation, policy, or guidance that imposes civil or criminal penalties on a person experiencing homelessness.

AB 647 (Gonzalez, Mark): The bill disregards state-mandated local housing plans and forces cities to allow up to eight housing units — only one unit of which must be affordable — on nearly any residential lot with an existing single-family home. AB 647 disregards environmental review and public input, and ignores existing height, density, and parking standards.

2025 Homelessness Survey

Only **1 in 5** cities have access to state funding to address encampments.



Does your city have a policy or ordinance to address encampments?

8 in 10 cities are using General Fund dollars to address encampments in their communities.



Is your city collaborating with neighboring agencies to address regional homelessness challenges?

Cities agree the top two barriers to addressing encampments are:

► Lack of services

► Lack of funding

Nearly 40% of cities also cite coordinating with state agencies as a barrier.

CLIMATE CHANGE

We have all witnessed the devastating impacts that wildfires, flooding, drought, and other extreme weather events have had on our communities. Climate change impacts pose a significant risk for many of our cities, but cities do not have the budgets and resources needed to address the challenges alone. Join Cal Cities and:

SUPPORT

AB 262 (Caloza): Cal Cities-sponsored measure that creates an assistance program under the Office of Emergency Services to support communities impacted by disasters if federal aid is unavailable.

AB 846 (Connolly): Cal Cities-sponsored bill that streamlines the California Department of Fish and Wildlife permitting process for vegetation management projects in fire-prone areas, ensuring cities can more quickly clear flammable vegetation to prevent future wildfires.

CONCERNS, SEEKING AMENDMENTS

AB 735 (Carrillo) & SB 415 (Reyes): Legislation to clean up AB 98 (2024), the warehouse design standards, truck route, and circulation element update bill. These bills must be amended to ensure flexibility for local governments to meet the sweeping circulation element update requirements outlined in AB 98.

FISCAL SUSTAINABILITY

Cities depend on fiscally sound state and federal policies to achieve our shared goals of keeping our communities healthy, safe, and vibrant. The current fiscal uncertainty at the state and federal levels is endangering these shared goals and cities' ability to ensure the delivery of essential services to residents. Join Cal Cities and:

SUPPORT

SB 346 (Durazo): Cal Cities-sponsored bill that makes it easier for cities to enforce ordinances against unlicensed short-term rentals and helps ensure cities receive the correct amount of transient occupancy taxes.

AB 476 (Gonzalez, Mark): Cal Cities-sponsored bill that strengthens theft prevention against copper wire and other metal theft, a costly issue that severely impacts the safety and reliability of essential public infrastructure that residents rely on.

INFRASTRUCTURE

California's complex infrastructure system plays a vital role in the state's economy and residents' quality of life. But critical infrastructure needs have outpaced available revenues and investments for decades. Join Cal Cities and:

SUPPORT

SB 496 (Hurtado): Cal Cities-sponsored bill that makes it easier for cities to comply with the state's extensive Advanced Clean Fleets rule.

SB 74 (Seyarto): Cal Cities-sponsored bill that creates a "gap fund" grant program. Through this program, state funding may cover up to 20% of the cost of certain critical local infrastructure projects.

SB 454 (McNerney): Cal Cities-sponsored measure that helps fund local water infrastructure efforts to remove PFAS — also known as forever chemicals — from water and wastewater supplies.

**Listen to voters
Fund what matters
PROTECT OUR CITIES**

BUDGET

Cal Cities is laser-focused on ensuring cities have the resources they need to keep delivering essential services to Californians and respond to the will of voters. This year, we are asking lawmakers to join us in ensuring funding for three key areas: Ongoing homelessness funding, Prop. 36 implementation funding, and urging the state to stay true to the funding obligations voters approved with the Prop. 4 climate bond.



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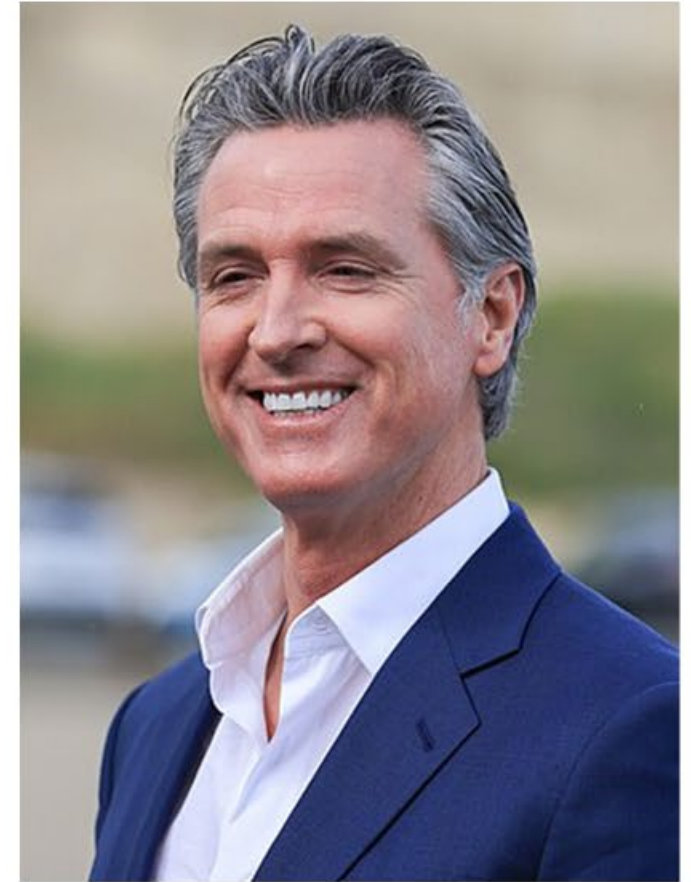
Strengthening California Cities
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Governor Newsom's Proposed FY 2025-26 Budget

A trip down memory lane...

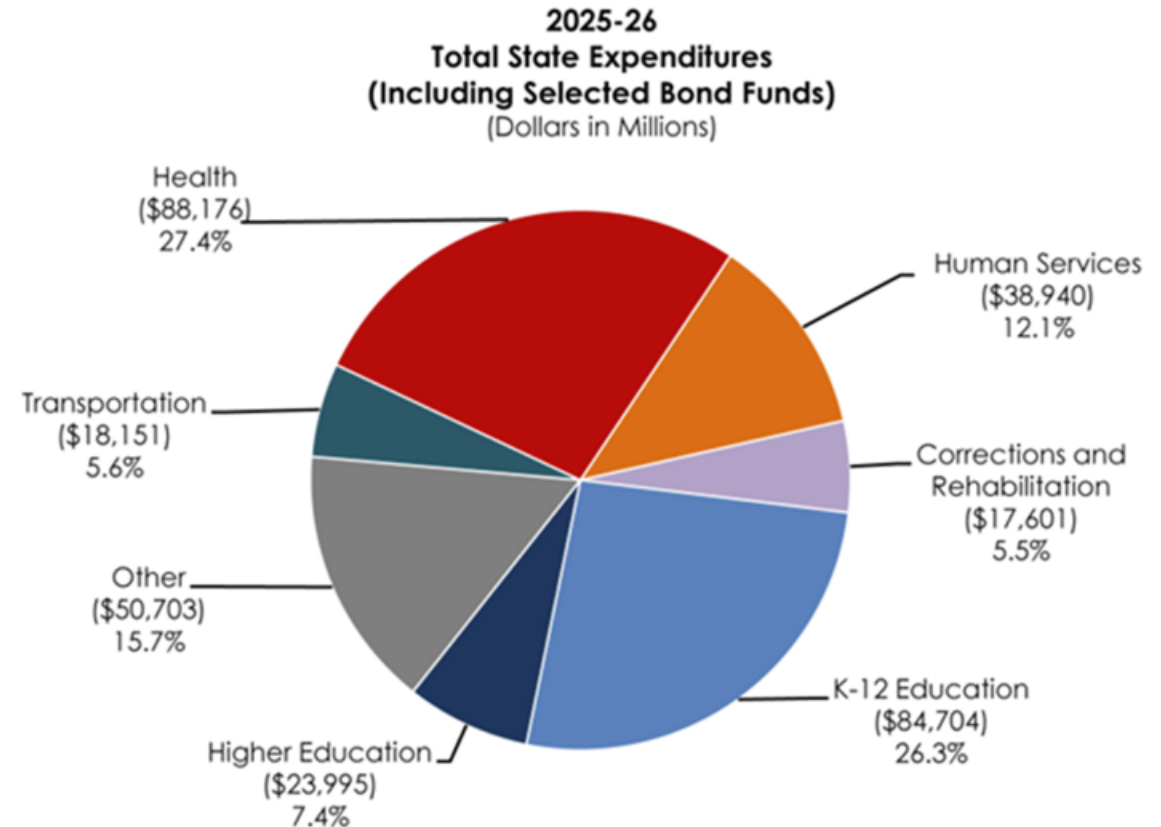
The last few years have been a rollercoaster:

- 2022 – more than a \$90 billion surplus.
- 2023 – approximately \$31 billion deficit.
- 2024 – nearly a \$47 billion deficit.

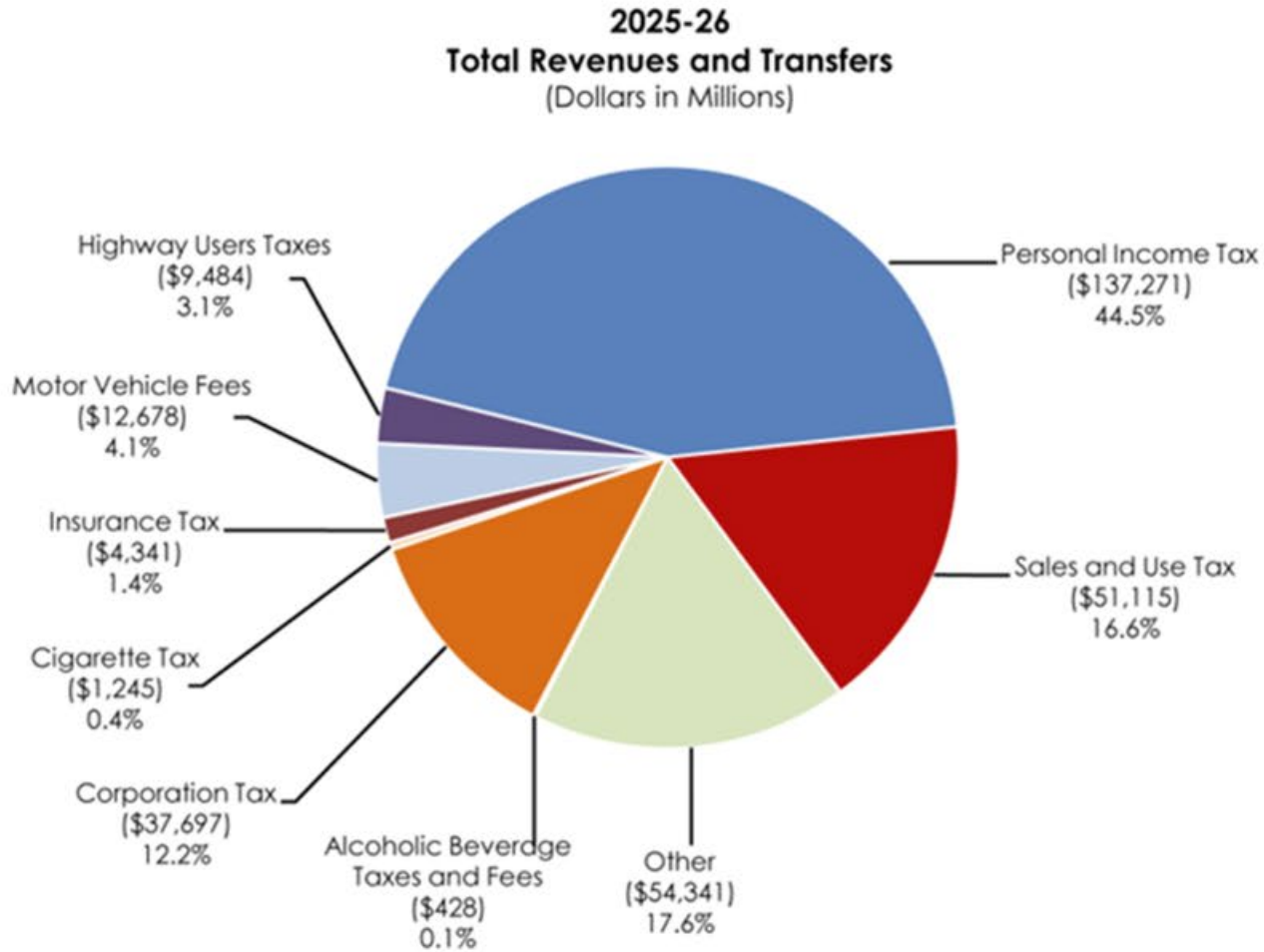


The Governor's FY 2025-26 Proposed Budget

- Governor Newsom unveils his FY 2025-26 spending plan.
- \$322.3 billion balanced budget.
- \$16.9 billion in reserves.
- Modest surplus of \$363 million.



How are we paying for this?



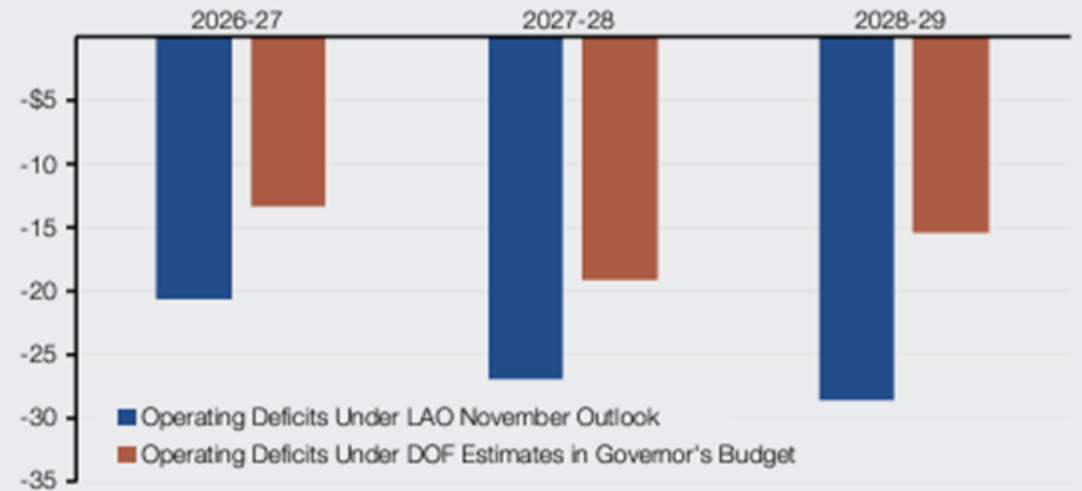
But what does the LAO say?

- The LAO forecasts a \$2 billion deficit for FY 2025-26.
- Largely aligned with the Governor.
- Recommends maintaining momentum on solving deficits.
- No capacity to expand existing programs.

Figure 2

Multiyear Deficits Persist

LAO and DOF Estimates of Multiyear Budget Condition (In Billions)



DOF = Department of Finance.

LAO

Early action taken by the big three.

- Governor and legislative leadership pass a “budget bill jr.”
- Begins Prop. 4 appropriations.
- Temporary property tax backfills for Eaton and Palisades Fires.
- Keeps Medi-Cal solvent.



What's on the horizon?

- Potential trade wars.
- Wildfire recovery uncertainty.
- Heightened chance of a recession.
- Volatile stock market.
- Declines in state revenues.



QUESTIONS?



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