



*Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Over 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).*

**November 5, 2021**

### **State Investigates Denial of Housing Project in San Francisco**

Eight members of the Board of Supervisors for the City and County of San Francisco recently blocked approval of a 495-unit housing development that would have included nearly 100 affordable units. The development is proposed to be built on an existing parking lot owned by Nordstrom in the City's South of Market neighborhood. Gentrification, soil integrity, and seismic danger were among the reasons cited for the decision made in late October. The controversial vote, which overturned the Planning Commission's project approval, could delay the project by as much as two years, doesn't guarantee future approval, and has set off a domino effect of actions by the State of California and reactions from affordable housing advocates, community groups, and even the League of California Cities.

Shortly after the decision, the California Department of Housing and Community Development (HCD) announced that it would be investigating whether the Board of Supervisors acted improperly. Specifically, HCD is exploring the decision's validity under the Housing Accountability Act, a state law that limits the ability of cities to reject housing that complies with local zoning and the California Environmental Quality Act (CEQA). Then, just this week, California Attorney General Rob Bonta unveiled a new California Department of Justice "strike force" that will collaborate with other government agencies to enforce state housing laws. Additionally, AG Bonta made clear his intention to push for a law establishing a legal right to housing, a move

supported by many in the State Legislature, including Senator Scott Wiener (D-San Francisco), Chair of the Senate Committee on Housing.

Following the AG's announcement, the League of California Cities Executive Director Carolyn Coleman responded with a statement saying that, "The comments made during the Attorney General's press conference today, demonizing all cities for things they do not control, will not put roofs over the heads of Californians. Cities do not build homes, and for years have endured whiplash from the state's scattershot approach to passing housing laws that are often in direct conflict with each other and counterproductive to our shared goals to increase housing supply."

Stay tuned for more on the HCD investigation, the AG's strike force, and other developments around this decision in the coming weeks and months.

### **Senate and Assembly Elections Committees Take a Look at Recall Reforms**

Last week, the Senate and Assembly Elections Committee held an informational hearing about possible reforms to the state recall process in response to concerns that were raised after the recent failed gubernatorial recall. While many potential changes were discussed, legislators have yet to achieve consensus on an approach. Some of the key concerns include:

- **Signature threshold.** California recall law requires a signature threshold of 12 percent of the vote cast in the prior gubernatorial general election and provides 160 days to complete signature gathering, which is both a lower proportion and longer window than most states.
- **Causation.** California voters can, under today's rules, recall a governor for any reason. Some experts suggested following the lead of other states where a recall requires specific acts of malfeasance, violations of the oath of office, or misuse public property or funds.
- **Replacement.** California's current two-question system allows a replacement candidate to become governor with a plurality while the incumbent needs a majority to stay in office, creating a situation in which far fewer people elect a new governor than is required to keep the current one. Some experts suggest allowing the lieutenant governor to replace a recalled governor (although

the current Lt. Gov Eleni Kounalakis suggested that such a provision would create a perverse incentive for lieutenant governors to undermine governors.)

Secretary of State Dr. Shirley Weber has already suggested that a constitutional amendment to reform the recall process could go to voters as soon as November 2022. The Legislature can place a measure on the ballot with a two-thirds vote in the Senate and Assembly.

For background materials from the hearing, visit the Senate Elections and Constitutional Amendments Committee [here](#).

### **LAO Predicts Another Big Budget Surplus in 2022-23**

The Legislative Analyst's Office (LAO) October [Revenue Outlook](#) indicates a possible \$8 to \$30 billion state budget surplus for 2022-23, up from the previous month's estimate of \$5 to \$25 billion. With the standard caveats, the LAO suggests that there is a "good chance" that collections from the state's General Fund revenues will exceed the budget act assumption of \$170 billion in 2021-22 by at least several billion dollars. (Recall that LAO defines "surplus" as revenues beyond constitutionally obligated funding for schools and other purposes.)

### **Governor Declares Statewide Drought Emergency**

Earlier this month, Governor Gavin Newsom [announced](#) that seven additional counties – Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Francisco, and Ventura – would be added to the drought State of Emergency, which officially placed the entire state under drought emergency. The [Emergency Proclamation](#) triggers the authorization of the California Disaster Assistance Act (CDAA) for local agencies to use on temporary emergency supplies, drinking water, or water for sanitation purposes. The proclamation also includes continued voluntary conservation action and coordinated use of all available water supplies, as well as permit streamlining and suspension for such actions and expedites water transfers at the State Water Resources Control Board (State Water Board) including written notices and 30-day comment periods.

### **Clean California Local Grant Program**

The California Department of Transportation (Caltrans) is developing the Clean California Local Grant Program through which approximately \$296 million in funds will go to local communities to beautify and improve local streets and roads, tribal lands, parks, pathways, and transit centers to clean and enhance public spaces. The purpose of the program is to enhance communities and improve spaces for walking and recreation through a combination of beautification measures and art in public spaces along with the removal of litter and debris.

Caltrans notes that the program is not going to be applied in a one-size-fits-all fashion. The local match component will range from 0% to 50% of the project costs and will be based on the capacity of the community to leverage local capital. Additionally, with an eye on equity, half of the overall program funds will benefit or be in underserved communities. The maximum project amount is \$5 million.

Caltrans anticipates releasing a call for projects in December 2021 with applications due in February 2022 and funding decisions announced in March. You can register for an upcoming Application Workshop taking place on November 18 from 10 am to noon and revisit past guideline related workshops on the Caltrans' Clean California [webpage](#). You can also sign up for the Clean California Local Grant Program [mailing list](#) to stay apprised of announcements, key dates, and other milestones directly.

### **2020 Statewide Local Streets and Roads Needs Assessment Results**

CSAC, the League of California Cities, and California's regional transportation planning agencies released the latest edition of the Statewide Local Streets and Roads Needs Assessment Report. Published every two years since 2008, the 2020 study sought answers to numerous important questions about the condition of city street and county road systems as well as funding requirements to maintain the associated infrastructure in good condition. New to this year's report were questions around the impact of the additional funding available from SB 1 – the Road Repair and Accountability Act of 2017 – on the condition of local streets and roads, bridges, and essential components.

The 2022 Report found that SB 1 has allowed cities and counties to *improve* the pavement condition from 65 to 66 (on a scale of 0 to 100) for the first time since the study effort began. However, the report also warned that it is still

premature to conclude that SB 1 will succeed in its goal of stabilizing the deterioration observed in the previous 10 years. The first two years of SB 1 implementation included an effort to rescind the new revenues through a ballot initiative (Prop 6 in 2018), which resulted in a hesitant industry response to expanding construction capacity. This was coupled with agencies' concerns about over-committing on future project delivery. The lack of construction capacity also had an unintended consequence in that bid prices for street and bridge maintenance and repairs were as much as 23 percent higher than 2018.

Transportation Asset	Needs (\$B)						2020 (\$B)		
	2008	2010	2012	2014	2016	2018	Needs	Funding	Shortfa
Pavement	\$67.6	\$70.5	\$72.4	\$72.7	\$70.0	\$61.7	\$76.0	\$38.4	\$(37.6)
Essential Components	\$32.1	\$29.0	\$30.5	\$31.0	\$32.1	\$34.1	\$35.5	\$13.4	\$(22.1)
Bridges		\$3.3	\$4.3	\$4.3	\$4.6	\$5.5	\$7.2	\$2.9	\$(4.3)
<b>Totals</b>	<b>\$99.7</b>	<b>\$102.8</b>	<b>\$107.2</b>	<b>\$108.0</b>	<b>\$106.7</b>	<b>\$101.3</b>	<b>\$118.7</b>	<b>\$54.7</b>	<b>\$(64.0)</b>

The above chart depicts how the needs for pavements, bridges, and other essential components have changed since the inaugural report. For more details about the condition and funding needs in specific regions and countywide areas, visit the Statewide Local Streets and Roads Needs Assessment Report [website](#).

### **Newsom Administration Health Initiatives Implementation**

The Department of Health Care Services (DHCS) released a [spreadsheet](#) in October detailing all of the initiatives underway at the Department and the implementation dates associated with each. The document underscores the volume of work underway – from CalAIM, to the Children and Youth Behavioral Health initiative, to the Behavioral Health Continuum Infrastructure Program, to the Home and Community Based Services spending plan, to Medi-Cal eligibility and benefits expansions. While implementation dates for specific proposals under each component vary, it is clear that the number and scope of initiatives will make it very challenging to meet all of the deadlines. It is also unclear whether the Department will have sufficient bandwidth to address additional legislative or policy initiatives in the near term.

In related news, the Legislative Analyst's Office released an [overview](#) of California's HCBS spending plan this week.

### **Newsom Administration Appointments**

Melissa Stafford Jones has been appointed Director for the Children and Youth Behavioral Health Initiative at the California Health and Human Services Agency (CHHS Agency). In her most recent role, Stafford Jones has been Executive Director of First 5 Association of California since 2020. Previously, she served as Executive Director of the Dean & Margaret Lesher Foundation and Regional Director for the U.S. Department of Health and Human Services, Region IX. Stafford Jones was President and Chief Executive Officer of the California Association of Public Hospitals and Health Systems from 2005 to 2013, where she also served as Vice President and Director of Policy from 2000 to 2005.

Corrin Buchanan has been appointed Deputy Secretary for Policy and Strategic Planning at the CHHS Agency. Previously, she served as Assistant Director of Housing and Homelessness for the California Department of Social Services and held various leadership titles with the Office of Diversion and Reentry with the Los Angeles County Department of Health Services.

Brendan McCarthy has been appointed Deputy Secretary for Program and Fiscal Affairs at the CHHS Agency. McCarthy has been Assistant Secretary for the California Health and Human Services Agency since 2019 and previously served as Chief Consultant for the Assembly Committee on Business and Professions and Principal Consultant for the Senate Appropriations Committee. He also spent five years as Senior Fiscal and Policy Analyst at the Legislative Analyst's Office.

John Ohanian has been appointed Director of the Center for Data Insights and Innovation and Chief Data Officer at the CHHS Agency, where he has served as Interim Director of the Center for Data Insights and Innovation and Chief Data Officer since 2020. Ohanian brings experience from diverse organizations, including 211 San Diego, Community Information Exchange, Strategic Organizational Solutions, the Jewish Community Foundation San Diego, and KPMG.

### **David Chiu Sworn in as SF City Attorney, Creating New Assembly Vacancy**

Earlier this week, former Assembly Member David Chiu was sworn in as the new San Francisco City Attorney. Mr. Chiu replaces Dennis Herrera, who had served as City Attorney in San Francisco for the last 20 years; Mr. Herrera has

been tapped to lead the San Francisco Public Utilities Commission. As an Assembly Member, Mr. Chiu represented a portion of the City and County of San Francisco since 2014 where he distinguished himself for his work in the areas of housing, homelessness, and tenant protections, among others. He chaired the Assembly Housing and Community Development Committee for his last five years in office. A special election will be held to complete the remainder of his term in the Assembly District 17 seat.

### **Legislature Starts Its Move to the “Swing Space”**

After many years of planning, the Governor, all elected members of the Legislature, and their collective staffs will begin a move to new temporary headquarters – called “swing space” – a few blocks southwest of the State Capitol. The move is part of a multi-year [project](#) to rebuild the Capitol Annex (the eastern portion of the Capitol building constructed in early 1950s that now finds itself in a state of critical deterioration). These [slides](#) provide more information on the new building’s features. We anticipate an adjustment period to the new space (for both tenants and visitors – including advocates), particularly once we resume in-person meetings with the Governor’s Office, members of the Legislature, and their staff.

### **Multiple Housing and Homelessness Grant Opportunities**

The Newsom Administration recently released multiple Notices of Funding Availability (NOFA) for grant programs aimed at reducing homelessness and building housing. With increased state investments in housing and homelessness come more overlapping timelines and grant requirements to navigate. The below links include additional details and resources to navigate these complex processes.

- ***Encampment Resolution Grant Program*** – Part of the state’s \$12 billion homelessness budget package, the Encampment Resolution Grant is a new program included in the 2021-22 Budget. The competitive grant program, authorized and outlined in [AB 140](#), makes \$50 million available to counties, cities, and Continuums of Care. The goals of the program are to ensure the safety and wellness of people experiencing homelessness in encampments, to resolve critical encampment concerns and transition individuals into safe and stable housing, and to encourage a data-informed, coordinated approach to address encampment concerns.

Applications are due to the Homeless Coordinating and Financing Counsel by **December 31**. The request for applications can be found [here](#).

- ***No Place Like Home Program Round 4*** – The California Department of Housing and Community Development has released a **NOFA** for round 4 of No Place Like Home. This round of funding includes competitive (\$486 million) and noncompetitive (\$19 million) components aimed at developing permanent supportive housing for homeless individuals or those at risk of homelessness. There will also be a NOFA webinar on November 16 and registration can be completed [here](#). Applications requesting both competitive and noncompetitive funds are due by **January 19**, and applications requesting only noncompetitive funds are due **February 1**.

#### **CDIAC Provides Online Educational Videos for Elected Officials**

The California Debt and Investment Advisory Commission (CDIAC) and the State Treasurer **announced** the launch of new online training videos for local elected officials and members of governing bodies to educate them in the complex process of public debt financing. The first four on-demand educational modules of a three-hour curriculum focused on the issuance and administration of public debt have been released. For a quick tutorial of the educational portal, tune in [here](#).