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IN THIS ISSUE:

Page 3: Local Governments to Play an Essential Role in Re-launched Energy Upgrade California Program

California Multi-Unit Housing Construction Hits 26-Year High

When it comes to apartment construction, California cities are clearly doing their part according to a new demographic [report](#) by the California Department of Finance (DOF), which indicates that apartment construction in the state is at a 26-year high. *For more, see Page 2.*



Updated Local Streets and Roads Estimates Fact Sheet Now Available

Following Gov. Jerry Brown's signature on SB 1, the Road Repair and Accountability Act last Friday, Michael Coleman, the League's fiscal consultant, has updated the [fact sheet on local Highway Users Tax Account \(HUTA\)](#). The document now includes important detail about the new "Road Maintenance and Repair Account" funds that will begin flowing to city and county gas tax funds next year. *For more, see Page 2.*



League Opposes Effort to Cut CDBG Economic Development Funds for Small Cities

"Non-Entitlement" Cities Should Contact Their Legislators Immediately

The League issued an action alert and an [opposition letter](#) earlier today on proposed [trailer bill language](#) sponsored by the Department of Housing and Community Development (HCD) that proposes major changes to the Community Development Block Grant (CDBG) program, including provisions that would significantly reduce funds available for local economic development. *For more, see Page 3.*

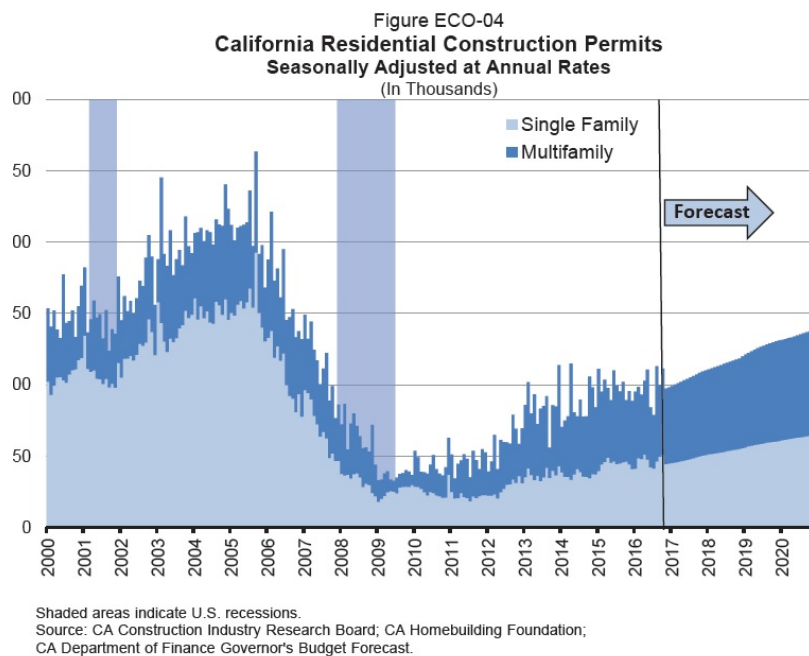
DOF's data appears at odds with a narrative that has been prevalent in recent housing debates in the state Capitol that seek to levy blame on local government for the recent decline in statewide housing production, which has never fully recovered since the last recession. State policy makers should pause and consider this information.

"This year marks the first time since 1991 that a net of over 50,000 multi-family housing units have been added to California's housing stock," states the DOF summary of the report. The report also asserts that overall state net unit growth in completed housing units for 2016 was up over 31 percent from the previous year.

A major factor in the lack of overall statewide housing production problem appears to lie with single-family production, which has lagged severely since the Great Recession. Between 2000 and 2007, California's single-family housing construction ranged between 100,000 to over 150,000 units per year. Single-family construction has not recovered since the depth of the recession in 2009. It is now finally approaching the 50,000 unit range. Potential buyers in this recovery face a number of challenges including difficulties saving for down payments and stiffer mortgage underwriting standards.

Recent press reports have also documented how despite permits being issued, developers — given market conditions — have been slow to respond. An article in the *Sacramento Bee*, "[Natomas loses its housing mojo as developers hesitate to build](#)," is an example.

This graph from the [Economic Outlook](#) section of Gov. Jerry Brown's FY 2017-18 January budget proposal focuses on the state's economic outlook and reflects the impact that the California recession has had on housing construction trends.



The new fact sheet, titled "Local Streets and Roads Estimates: 2016-17, 2017-18, 2018-19 including Highway Users Tax Account (HUTA) and Road Maintenance and Rehabilitation Account (RMRA)," provides descriptions of revenues, allocations and rules that locals need to know about these state transportation tax revenues that are allocated for local streets and roads needs. The RMRA imposes new reporting and minimum funding requirements of cities and counties in order to be eligible for RMRA funding.

Coleman will continue to update this document as important new information becomes available, including new revenue estimates. A revision should come out after the Governor releases his May Revise proposed FY 2017-18 budget, which will contain updated economic forecasts and statewide revenue estimates.

The [fact sheet](#) contains attachments with the latest city-by-city and county-by-county revenue estimates for HUTA and the RMRA.

[Additional information](#) about transportation funds is also available online.

'CDBG' Continued from Page 1...

These federal CDBG funds are traditionally allocated by HCD to "non-entitlement" cities (under 50,000 population) and counties (under 200,000 population). Many of these communities are in California's rural areas that have been losing population and facing harder times than other regions of the state. These areas depend on these funds to attract and retain business in their communities, operate revolving loan programs to assist local businesses and other activities.

What is particularly surprising is that HCD does not appear to have vetted a proposal of this magnitude with the affected small cities and counties which use these programs. In brief, the proposal would cut the longstanding share of CDGB economic development funds in half (from an existing 30 percent set-aside to 15 percent) and then eliminate it entirely if total funding falls below \$25 million — something highly likely given President Trump's recent proposals.

The League is joined in opposition by the California Association for Local Economic Development (CALED), which also issued an [opposition letter](#).

Such a major proposed change should not be put through as a budget proposal, but rather, given the impacts on many small cities and counties, HCD should be expected to thoroughly vet this proposal with affected cities and counties and propose related changes through the usual policy process.

Cities with populations under 50,000, which are considered federal "non-entitlement" jurisdictions under HUD, should contact their legislators immediately and urge opposition to this proposal.

The League has prepared a [sample letter](#) that can cities can also use.

Local Governments to Play an Essential Role in Re-launched Energy Upgrade California Program

It's Called Do Your Thing

California is famous for its innovative and pioneering spirit. That is one reason why the state is a recognized leader in energy conservation. But it is why it is important for the state to do more to reach and exceed its ambitious energy goals. At the center of this effort is the newly re-launched [Energy Upgrade California program](#). Cities and city leaders are encouraged to join this effort.

Sponsored by the California Public Utilities Commission (CPUC), Energy Upgrade California is a statewide marketing, education and outreach initiative to promote energy management concepts, energy efficiency actions and clean energy opportunities for the state's residents and businesses. The program is part of the greater effort to support California on its quest to double energy efficiency and reduce greenhouse gas emissions by 40 percent before 2030. It may seem like a daunting task, but it starts with the flip of a light switch or the turn of a dial.

Despite being a statewide program, Energy Upgrade California understands that change starts locally. This is why the program will need the leadership of local officials throughout the state — mayors, councilmembers and others — if it is to fundamentally transform the state's energy habits and landscape.

Empowering Californians to do more is what Energy Upgrade California is all about, but the program can't succeed without a strong collective effort that includes California's many diverse cities. Municipalities can get involved with the program in the following ways:

- First, city councils across the state can pass resolutions pledging to support the program and its goals. The League's Sacramento office has draft resolution language.
- Next, demonstrate your city council's support by sharing Energy Upgrade California's [website](#), [Twitter](#), [Facebook](#) and [Instagram](#) pages and content across your own social media channels with the hashtag #DoYourThing.
- Finally, join the movement by "Doing Your Thing"— whether it's upgrading lightbulbs or unplugging appliances when they're not in use — and encourage your residents to do the same.

The Energy Upgrade California introductory [video](#) provides more information in order to "Do Your Thing."
