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## **League and CSAC Seek SB 1 Clean-Up Legislation to Expedite Transportation Projects**

The League of California Cities® and the California State Association of Counties (CSAC) are pursuing clean-up language to help cities expedite transportation projects funded by the new revenues generated by [SB 1 \(Beall\)](#). SB 1 will generate over \$5 billion dollars annually for local streets and roads maintenance and rehabilitation projects. *For more, see Page 2.*



## **HCD Announces 2017 NOFA for CDBG Funding**

*Applications due by Dec. 1*

The Department of Housing and Economic Development (HCD) has released its [2017 Notice of Funding Availability](#) (NOFA) for non-entitlement cities and counties to assist community and economic development activities. *For more, see Page 2.*



## **League-Sponsored Bond Agency Issues \$100 Million in Tax-Exempt Bonds for Senior Housing Communities in Southern California**

Some of the most significant benefits of League membership for cities since 1988 have flowed from the League's co-sponsorship of the [California Statewide Communities Development Authority](#) (CSCDA). *For more, see Page 3.*

In recent months, cities and counties have noted the challenges associated with the fast-approaching Oct. 16 deadline to submit project lists to the California Transportation Commission (CTC) and the ambiguity over their cash management abilities.

A budget trailer bill, [SB 112](#), is the vehicle for the League and CSAC's new language. If passed, this bill will help cities address the following four key issues with SB 1 funding:

- **Allow Reimbursement to Expedite Project Delivery** — Cities and counties are anxious to begin road maintenance, rehabilitation and safety projects with revenue from SB 1. Given the collection and verification process the State Controller's Office (SCO) has to undertake in order to apportion SB 1 funds, January 2018 is the earliest cities and counties will receive SB 1 funding. Cities and counties would like to begin preparing projects for the 2018 construction season or even start construction on SB 1 projects now. However, existing law is unclear as to whether local agencies can spend other funds now and reimburse themselves once SB 1 funds start to flow. SB 112 makes clear that cities and counties can fast track SB 1 projects now.
- **Flexibility in Project List Adoption** — SB 1 requires cities and counties to annually adopt project lists within a city or county budget and submit adopted projects lists to CTC to establish eligibility for local streets and roads funding. Rather, this bill would allow cities and counties to adopt a project list at a regularly scheduled public hearing. This has a two-fold benefit. First, project lists can be adopted by resolution and are afforded individual attention at a council or board meeting. Second, adoption by resolution allows cities and counties to adopt project lists earlier in the year and to establish eligibility with the CTC outside of the more prescriptive local budget process.
- **Establish a Grace Period** — Unforeseen and/or unavoidable circumstances can occur that may lead a city or county to miss a deadline in a given year. SCO has unofficially opined that it will allocate monthly apportionments to all eligible recipients but will not hold funds for cities and counties that have yet to submit an approved project list. It is important that taxpayers in every jurisdiction in the state receive the benefit of SB 1 funds. SB 112 provides for a three-month grace period in order to ensure all cities and counties are eligible.
- **Have Complete Fiscal Year Expenditure Reporting** — SB 1 requires cities and counties to submit reports to CTC on completed projects at the end of each fiscal year. However, cities and counties may invest SB 1 funds into multi-year projects that are not clearly required to be reported under existing statute. In order to demonstrate to the public, elected officials, and other interested stakeholders the broad benefits of SB 1, cities and counties should report on the expenditure of all SB 1 local streets and roads funds in a given fiscal year.

If signed into law, this trailer bill would take effect immediately and give cities immediate clarification on these issues.

The Assembly Budget Committee will hear SB 112 on Monday, Sept. 11 at 10 a.m. The League and CSAC will continue to monitor the status of this budget trailer bill and inform members about any new developments.

This NOFA includes \$10.5 million specifically for economic development activities and \$22.9 million for community development activities.

Applications must be received in requested format no later than Dec. 1 at 5 p.m.

The 2017 NOFA includes several changes that, according to HCD, allow the department to manage the program within current resources. Notably, HCD has decreased the number of

activities per application from three to two per application while increasing the maximum application limit from \$2 million to \$5 million.

In addition to changes made to the application submittal process, applicants will now be able to request waivers from HCD to the 50 percent expenditure rule. Currently, applicants are ineligible to receive additional CDBG funds unless they have expended at least 50 percent of previously awarded funds. For more info on the waiver process, see page 16 of the [NOFA document](#).

In a shift of policy, applicants will now be allowed to propose one CDBG eligible activity as a Supplemental Activity providing a more flexible tool for expending available program income. The 2017 NOFA will apply priority state objective “points” to applications proposing disaster resiliency long term planning and activities that promote civic engagement in all segments of the community.

### **Technical Assistance**

HCD scheduled application training workshops for non-entitlement applicants in September and October 2017. The League will notify members of the workshop schedule when it becomes available.

Please send questions regarding this NOFA to [CDBGNOFA@hcd.ca.gov](mailto:CDBGNOFA@hcd.ca.gov).

### **HCD at the League’s Annual Conference & Expo in Sacramento**

Visit the HCD at booth #1222 next week at the League’s Annual Conference & Expo to learn more about the department’s work and CDBG program.

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### **‘CSCDA’ Continued from Page 1...**

This program provides a variety of public agencies and developers access to low-cost, tax-exempt financing and economic development tools. CSCDA recently issued a total of \$100,040,000 in tax-exempt bonds for Front Porch Communities and Services.

### **About Front Porch**

Front Porch Communities and Services is a premier nonprofit developer, owner and operator of senior housing communities, primarily in the Southern California area. Its continuing care retirement communities serve approximately 3,000 residents with a variety of income levels by providing a warm and friendly place to live along with personal care in its independent living, assisted living, memory care and care center accommodations.

CSCDA partnered with Bank of America Merrill Lynch and Orrick, Herrington & Sutcliffe, LLP to provide the \$100,040,000 in tax-exempt bonds. The bonds will fund a variety of capital expenditures as well as refund prior bonds originally issued by CSCDA for the construction and equipping of senior living facilities located throughout Southern California. The refinancing is expected to produce net present value savings of more than \$7 million.

### **Background**

CSCDA is a joint powers authority created in 1988 and is sponsored by the League of California Cities® and the California State Association of Counties. It was created by cities and counties for cities and counties. More than 500 cities, counties and special districts are program participants in CSCDA, which serves as their conduit issuer and provides access to efficiently finance locally-approved projects. CSCDA has issued more than \$50 billion in tax exempt bonds for projects that provide a public benefit by creating jobs, affordable housing, healthcare, infrastructure, schools and other fundamental services. Visit [CSCDA’s website](#) for additional information on the ways in which CSCDA can help your city.

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