

PRIORITY FOCUS



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‘HOUSING BOTTOM LINE’ STUDY MISSES THE POINT

In June, the California Home Building Foundation released “The Housing Bottom Line: The Fiscal Impact of New Home Construction on California Governments.” While the effort was notable, the study sadly misses the point and fails to consider the individual characteristics of California’s 478 cities, according to a critique written by Michael Coleman, the League of California Cities’ fiscal consultant. *For more, see Page 2.*



LEAGUE PARTICIPATES IN PUBLIC SAFETY PRESS CONFERENCE Issues Surrounding Potential Prison Population Cap and Inmate Release Spotlighted

On Monday, Sept. 24, representatives from the League of California Cities participated in a public safety press conference in San Francisco. The event was held before the first hearing of a three-judge panel with authority to determine whether or not to release 40,000 inmates from the state prison system and cap the prison population to reduce overcrowding.

The pre-hearing press event was held at the Phillip Burton United States Courthouse to call attention to the public safety issues related to the potential large-scale inmate release and population cap. *For more, see Page 2.*



GOVERNOR SIGNS SECURE RE-ENTRY FACILITY LEGISLATION

On Wednesday, Sept. 26, Gov. Arnold Schwarzenegger signed SB 943 (Machado), a bill that creates the first secure community re-entry facility in California. Re-entry facilities are designed to provide offenders with intensive rehabilitation, reducing the chances of recidivism. *For more, see Page 3.*

The full critique is available at www.CaliforniaCityFinance.com. A segment of the critique is located below:

"The building industry funded 'Housing Bottom Line' study examines a specific class of new home and attempts to calculate how that home and its occupants use state and local public services and pay taxes. But a substantial portion of Californians do not fall into the study's focus of new home-owners with substantial incomes. Moreover, some methods and assumptions of the study are ill-considered.

*The study examines a **median priced single family home** (in each of several defined regions in California) with residents having **incomes high enough to purchase** that house and therefore **using public services and making tax payments relative to that income level**.*

*The study implicitly assumes that **the home will result in new jobs** for the residents of the home that are 1) **located in the city** where the home is built and 2) **at the income level** needed to purchase the home (i.e. not retail, construction, etc.). The study essentially **credits new residential development with all new business and economic development**, crediting new housing with the tax revenues paid by businesses as well as their costs of public service.*

*The study generally assumes that these new higher income residents **pay for public services** (through state and local taxes) **but don't 'use'** many of them (i.e. prisons, social services, mental health, etc.). They have private health insurance so they don't rely on publicly funded social services and they don't even benefit from their "use" by others. The study implies that the growth in population that comes from new residential development does not increase the demand for publicly funded social services or the prison population.*

*The study implicitly assumes that the **fiscal effects of a new house don't change over time**: once a 'new house,' always a 'new house,' never an 'existing house' even though the study concludes that existing homes cost more in state and local public services than they generate in tax revenues.*

*The study examines only this 'median house' and **does not consider the wide variations over time and place**. Substantial differences in circumstances mean that the example described by the report does not accurately describe any real circumstance.*

*The real problem with the fiscal impacts of residential development in California concerns **affordable housing and infill development**, where higher costs are not matched by sufficient on-going revenues. This study does not address these circumstances."*

'Public Safety Press Conference' Continued from Page 1...

Although the three-judge panel did not issue a decision and elected to set a trial date for sometime in Jan. or Feb. 2008, media interest in the press conference was high. Reporters from a number of Bay Area television stations (including KRON and the local affiliates of NBC, FOX, Univision, ABC and NBC) covered the event. In addition, public radio reporters from KQED and KPCC attended, along with reporters from *World Journal* and the *San Francisco Daily Journal*.

During the conference, La Mesa Council Member Dave Allan, who chairs the League's Public Safety Policy Committee, discussed AB 900, the Public Safety and Offender Rehabilitation Act of 2007, addresses prison overcrowding.

Allan remarked how the legislation adds greater bed capacity to the state prison system, increases rehabilitation services in the system, and funds 16,000 beds in re-entry facilities where offenders will have access to job training, counseling, housing placement and more.

Tehachapi Mayor Ed Grimes, the president the Association of California Cities Allied with Prisons, spoke about the burden California's 478 cities would face if this many inmates are released and the total population is capped.

Background

The League is part of a coalition which includes law enforcement and local government that is supporting intervention in *Coleman, et al. v. Schwarzenegger* and *Plata et al. v. Schwarzenegger*. The two class action lawsuits focus on allegations that conditions in the California prison system violate the federal constitutional rights of inmates. The League joined the coalition because if this action occurs, it will place a significant burden on local governments.

As developments in the coalition intervention occur, updates will be issued through *Priority Focus* and the League of California Cities' Web site, www.cacities.org.

'Re-Entry Facility Legislation' Continued from Page 1...

Re-Entry Facility Workshops

The League of California Cities – along with the California State Association of Counties, California State Sheriffs' Association, Chief Probation Officers Association, California Mental Health Directors Association, County Alcohol & Drug Program Administrators Association of California and the Association of California Cities Allied with Prisons – has partnered with the California Department of Corrections and Rehabilitation for a series of 10 informational regional summits on re-entry facilities throughout the state.

The purpose of these workshops is to offer a forum for exchanging information and presenting perspectives on what roles and responsibilities the state, counties and cities will assume in bringing re-entry facilities online in California's communities. The final workshops in the series will be held in October for Los Angeles, Santa Barbara, and Ventura counties.

For more information on the workshops, contact League Legislative Analyst Dorothy Johnson at djohnson@cacities.org.

New Issue of *Focus on Housing* Published

Eminent Domain Reform Measures, 'Green' Affordable Housing Examined



The October 2007 edition of *Focus on Housing*, the League of California Cities' affordable housing electronic newsletter, published earlier this week.

Among the news this month, League Executive Director Chris McKenzie calls out the Jarvis eminent domain 'reform' measure as an attack on tenant rights; while Solara, a new community in Poway, is highlighted for its "green" features.

In addition, the issue features a summary of affordable housing news from around California and details on the CRA/Cal-ALHFA Affordable Housing Conference coming up in late October.

To sign up for the free subscription and to read the current issue, visit www.imakenews.com/focusonhousing. *Focus on Housing* is published by the League of California Cities in support of the League goal of working to expand the supply and affordability of housing, and to engage the League membership in discussion and debate on housing policy issues.

For more information on how you can contribute your affordable housing stories to the newsletter, contact League Communications Specialist Brian Heaton at bheaton@cacities.org.

Schedule of HCD Prop. 1C Funding Stakeholder Meetings Now Available

The California Department of Housing and Community Development (HCD) has updated its list for workshops and stakeholder meetings regarding Proposition 1C funding. To access the schedule, visit www.hcd.ca.gov/fa/bonds.html.

Of particular note to cities are meetings on the Infill Incentive Grant Program. The first meeting for that program is scheduled for Oct. 18, in Fresno.

In addition, work on revised draft guidelines for transit-oriented development funding is underway. HCD will issue the revised draft in early October and will allow an additional round of public comment through mid-October. The first Notice of Funding Availability (NOFA) for transit-oriented development funds is scheduled for early November.

For further information, contact HCD Director of Legislation Jolena Voorhis at (916) 323-0169.

California Public Utilities Commission Rule 20A Reallocation Order Vacated

On Sept. 20, the California Public Utilities Commission (CPUC) granted the League of California Cities' application requesting that CPUC rehear its prior decision regarding the reallocation of Rule 20A funds – money that is available to finance electrical utility undergrounding projects.

The ruling means that reallocating funds from inactive cities is on hold, ensuring that cities will be given notice and have an opportunity to comment on how inactive status should be determined. CPUC remanded the matter to the Commission's Energy Division for further proceedings.

Background

In July, Southern California Edison was ordered to take Rule 20A money from cities and counties deemed to have inactive undergrounding programs and transfer some of the funds to the city of La Habra for an undergrounding project.

CPUC identified cities and counties as inactive using two criteria:

1. The city had not completed an undergrounding project since 1999
2. The city had not formed a utility district which is a prerequisite for accessing Rule 20A funds

What's Next

The League expects CPUC to make a decision and issue a new order within the next six months. As information becomes available, updates will be made through the League's Web site and *Priority Focus*.

California Traffic Control Devices Committee to Hold Special Workshop on Oct. 10

The California Traffic Control Devices Committee (CTCDC), the official advisory body to the Director of the State Department of Transportation, will host a special workshop in Sacramento on Wednesday, Oct. 10. The workshop is being held to discuss changes to the California Traffic Manual that could affect local speed limits in all California cities.

CTCDC is requesting feedback from cities on Section 2B.13 in the California Manual on Uniform Traffic Control Devices (MUTCD), which addresses speed limits on local streets and roads.

Current state law requires that cities set their arterial speed limits based on the results of a speed survey. The speed limit is set at the 85th percentile speed, or the speed that 85 percent of surveyed motorists are driving at or below.

As of Sept. 2006, new language in Section 2B.13 changed the interpretation of how speed limits are set.

Prior to the change, cities could set speed limits “within five miles per hour” of the 85th percentile speed. The new language asks cities to set speeds based on “round(ing) to the nearest five miles per hour.” This change in text or “rounding” policy created variances in interpretation, application and in some cases judicial ruling.

CTCDC is revisiting this “rounding up rule” issue by proposing options that would resolve issues resulting from the 2006 policy change.

League Policy Committee and City of Thousand Oaks to Study Options

In response to options proposed by CTCDC, the League of California Cities Transportation Public Works and Communication Policy Committee (TCPW) appointed a special sub-committee in partnership with the city of Thousand Oaks to study the proposed options and their impact on local speed limits. In tackling speed limit issues within their jurisdiction, Thousand Oaks learned of CTCDC and its special workshop, and approached TCPW for its support.

The sub-committee will recommend possible action for TCPW’s consideration and approval during the Jan. 2008 policy committee meeting, which will then be presented at a future CTCDC meeting.

Additional information about the CTCDC and the Oct. 10 special workshop is available online at www.dot.ca.gov.

For information about the TCPW sub-committee, please contact League Legislative Analyst Dorothy Johnson at djohnson@cacities.org or Mina Layba of the city of Thousand Oaks at mlayba@toaks.org.

OPR Seeks Input on Greenhouse Gas Mitigation Guidelines for CEQA

The Governor’s Office of Planning and Research (OPR) is currently developing California Environmental Quality Act (CEQA) guidelines for the mitigation of greenhouse gas emissions. OPR is asking local governments to submit comments and advice regarding the guidelines to CEQA.GHG@opr.ca.gov.

The guidelines are being developed pursuant to SB 97, which requires OPR to “prepare, develop, and transmit” the guidelines to the State Resources Agency on or before July 1, 2009. Updated information on OPR’s progress can be found at www.opr.ca.gov/ceqa/.

Forum on the Socio-Economic Impacts of Indian Gaming Coming in October

The Center for State and Local Taxation at the University of California, Davis, is sponsoring “The Economic and Social Impact of Indian Gaming in the U.S.” The forum will take place on Friday, Oct. 26 from 8 a.m. to 4:30 p.m., in the Activities & Recreation Center at UC Davis. City officials with an interest in this topic may want to consider attending.

Speakers will include a variety of university professors from all over the United States, along with representatives from various institutes and commissions which will examine the growth of Indian gaming in the U.S., as well as its social and economic impacts.

For more information, visit www.iga.ucdavis.edu/Events/indian-gaming.

League Legislative Briefings Scheduled for November

The League of California Cities is hosting two briefing sessions in November. Scheduled for Wednesday, Nov. 28, in Pasadena and Thursday, Nov. 29, in San Jose, these identical briefings will focus on bills of note to city officials that passed in the previous legislative session.

Tentative session topics will include:

- Implementation of the State Infrastructure Bond Package
- The fate of ACA 8 and pending initiatives—What's next on eminent domain and regulatory takings
- Climate Change: ARB Regulations, SB 375 (Steinberg), the attorney general's lawsuits, California Environmental Quality Act (CEQA) Guidelines: Are you ready for this kind of "green heat?"
- Growing Pains: Legislation affecting redevelopment, flood control, environmental issues, housing and land use
- Employee relations and workers compensation
- Sex offender management, gang abatement, and prison overcrowding: local implications

The cost of attendance is \$140, which includes a luncheon. Registration and further information is available at www.cacities.org/events.

Call for Education Session Ideas: 2008 Mayors & Council Members Academy, Executive Forum

Do you have a great idea for a session or speaker for the 2008 Mayors & Council Members Academy Executive Forum in Squaw Valley next year? If so, we want to know about it!

The League's 2008 Mayors and Council Members Executive Forum Planning Committee will be considering session ideas for any topic area. To submit your ideas, a fully-completed proposal form packet is due on or before noon on Monday, Oct. 15.

This packet is available at www.cacities.org/events. Any individual, group, business or organization may submit a proposal suggestion.

Who are the thought leaders that understand municipal government and the issues our cities face on a daily basis? What are the vital issues our membership must learn to succeed beyond 2008? This is an exciting opportunity to share your ideas, knowledge and expertise with local government staff, elected officials and decision makers.

The 2008 Mayors & Council Members Academy Executive Forum will be held at the Squaw Creek Resort in Squaw Valley on June 4-6, 2008.

Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) Web page (www.cacities.org/legresources). You'll find a roster and contact information for the League's legislative staff; the online Bill Search program, background materials on lobbying your legislators, and more.
