



March 7, 2023

The Honorable Toni Atkins
President pro Tempore, State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Brian Jones
Republican Leader, State Senate
1021 O Street, Suite 7640
Sacramento, CA 95814

The Honorable James Gallagher
Republican Leader, State Assembly
1021 O Street, Suite 4740
Sacramento, CA 95814

Dear President pro Tempore Atkins, Speaker Rendon, Senate Republican Leader Jones, and Assembly Republican Leader Gallagher:

In the spirit of a strong state and local government partnership that benefits all Californians, the League of California Cities respectfully calls on the state and lawmakers to take action to bolster local government efforts to support our most vulnerable residents and ensure California's economic strength.

City officials are on the front lines delivering essential services to more than 80% of the state's residents. They rely on collaborative partnerships with the state and other organizations to meet the challenges facing our communities and the state. Every day, local leaders are working to connect individuals experiencing homelessness with wraparound services, deliver permanent supportive housing, and jumpstart the construction of affordable housing in their communities. Clearly there's more work to do and that requires additional resources. While the Governor's proposed 2023-24 budget upholds commitments made in last year's 2022 Budget Act to invest an additional \$1 billion to fund a fifth round of Homeless Housing, Assistance and Prevention grants for fiscal year 2023-24, it does not include any new, ongoing funding for cities to increase the supply of affordable housing and address and prevent homelessness.

As the budget development process moves forward, cities call on the Legislature to make **a permanent funding stream of \$3 billion annually to help cities help more Californians find homes** and prevent more Californians from having to live on the streets, under bridges, or in their cars a priority.

It is also time for the state to finally pay down its growing backlog of unreimbursed claims — **nearly \$1 billion — owed to local governments for state-mandated programs**. The vitality of local governments is dependent upon fiscal stability, and local governments rely on the state to reimburse them in a timely manner for costs related to delivering a wide range of state-mandated programs.



Find a permanent home in the budget for homelessness and affordable housing.

Tougher fiscal times can exacerbate the challenges our communities face by contributing to a downturn in the production of affordable housing, an increase in the struggle for resources for unhoused residents, and ever-increasing economic inequity. In the face of another potential recession, we cannot afford for these gaps to widen.

Real solutions to this state's affordable housing and homelessness challenges require a genuine partnership between all levels of government, as well as a state investment that matches the scale of these crises. While cities appreciate the funding included in previous state budgets, one-time funding with limited access inhibits cities' long-term planning efforts and stifles more ambitious goals.

An ongoing \$3 billion investment from the state can spur much-needed housing production, ensure that thousands more Californians experiencing homelessness get the support they need, and more importantly, prevent thousands more from losing their homes. This funding will further our state-local partnership to advance practical, data-driven, and effective strategies to two of the state's biggest challenges.

Safeguard local revenues and support local governments' fiscal sustainability

Despite the state's economic uncertainty, Cal Cities strongly opposes any action that would reduce or eliminate funding for local governments as a short-term solution to balance the 2023-24 state budget. Diverting funding would only compound cities' financial challenges and jeopardize the delivery of critical resources to our most vulnerable residents.

We look forward to engaging with you to realize an even stronger partnership for the benefit of all Californians.

Sincerely,

A handwritten signature in black ink, reading "Carolyn M. Coleman".

Carolyn M. Coleman
Executive Director and CEO
League of California Cities

Cc: Members of the Senate Budget and Fiscal Review Committee
Members of the Assembly Budget Committee
Elisa Wynne, Staff Director, Senate Budget Committee
Christian Griffith, Chief Consultant, Assembly Budget Committee
Gabriel Petek, Legislative Analyst, Legislative Analyst's Office