

- \$3 million for working drawings for a \$59.2 million project to replace the Growlersburg Conservation Camp (El Dorado County)
- \$789,000 for preliminary plans for a \$12 million project to replace the Higgins Corner Fire Station (Nevada County)
- \$12 million for acquisition phase of a \$53 million project to relocate the Hollister Air Attack Base/Bear Valley Helitack Base (San Benito County)
- \$550,000 million for the acquisition phase of a \$17.9 million project to relocate the Howard Forest Helitack Base (Mendocino County)
- \$1.8 million for the acquisition phase of a \$57.3 million project to relocate the Humboldt-Del Norte Unit Headquarters (Humboldt County)
- \$600,000 for the acquisition phase of a \$73.8 million project to relocate the Intermountain Conservation Camp (Lassen County)
- \$850,000 for the acquisition phase of a \$18.2 million project to relocate the Kneeland Helitack Base (Humboldt County)
- \$796,000 for the acquisition and preliminary plan phase of a \$11.9 million project to relocate the Macdoel Fire Station (Siskiyou County)
- \$975,000 for tank and dozer barn improvements at the Owens Valley Conservation Camp (Inyo County)
- \$1. million to construct apparatus buildings at the West Point (Calaveras County) and La Panza (San Luis Obispo) Fire Stations
- \$4.3 million for preliminary plans for a \$105.8 million project to relocate the Shasta Trinity Unit Headquarters (Shasta County)

Court Facilities:

- \$68 million for the design build phase of a \$73 million project to construct a new courthouse in Lakeport (Lake County)
- \$3.3 million for the performance criteria phase of a \$118.1 million project to construct a new courthouse in Ukiah (Mendocino County)
- \$972,000 for a planning study as part of a \$1.6 million project to consider building a new courthouse in Nevada City (Nevada County)
- \$191,000 for facility improvements at the Criminal Court Building (Napa County)

Department of Parks and Recreation:

- \$1.026 million for construction and equipment to build a lifeguard tower headquarters at Oceano Dunes State Vehicular Recreation Area (San Luis Obispo County)

Department of Veterans Affairs:

- \$296,000 for preliminary plans and working drawings for an expansion at the Northern California Veterans Cemetery (Shasta County)
- \$954,000 for the construction phase of a \$1.5 million water system upgrade project at the Northern California Veterans Cemetery (Shasta County)
- \$2.1 million for water treatment plant renovations at the Rector Reservoir that serves the Veterans Home of California – Yountville, Napa State Hospital, Yountville, and surrounding wineries (Napa County)

Department of Fish and Wildlife. The Governor's 2021-22 proposed Budget continues to fund the Department of Fish and Wildlife's (DFW) implementation of a service-based

budget, which funds DFW annually based on a report of their necessary expenditures. In accordance with the recommendations of the January 2021 DFW final report, the Governor's 2021-22 proposed Budget includes \$45.1 million for investments in equipment, technology, and staffing.

In October 2020, Governor Newsom issued Executive Order N-82-20, which directs state agencies to direct program activities over the next decade to achieve land and marine conservation targets by 2030 ("at least 30 percent of California's land and coastal waters by 2030"). The Governor's 2021-22 proposed Budget identifies the following categories of spending to implement DFW's service-based budget and to meet the goals of the executive order:

Wetlands Management: The Governor's 2021-22 proposed Budget includes \$9.8 million to modernize water conveyance systems to better manage wetlands, buffer against climate change impacts, and reduce staff maintenance costs.

Hatchery Operations: The Governor's 2021-22 proposed Budget includes \$7 million to modernize hatchery facilities to improve operational reliability as well as fish survivability.

Vegetation Mapping: The Governor's 2021-22 proposed Budget includes \$5.5 million to generate a high-resolution vegetation classification map of nearly one million acres of Northern California coast.

Fishing and Hunting Licenses Modernization: The Governor's 2021-22 proposed Budget includes \$750,000 to improve and modernize the state's technology platform, including a mobile phone application for displaying active licenses.

Human Wildlife Conflict Response: The Governor's 2021-22 proposed Budget includes \$7 million to respond to increased human-wildlife conflicts in the state. The funding will primarily go to education programs in local communities, to the purchase of non-lethal traps and other equipment to safely re-locate wildlife, and to other technologies proven to reduce conflicts.

Wildlife Areas Access and Facilities: The Governor's 2021-22 proposed Budget includes \$6 million for visitor amenities (restroom facilities and instructional signage), as well as wildlife interpretative signage.

Department of Parks and Recreation. The Governor's 2021-22 proposed Budget includes \$82 million to bolster visitor access to state parks, and to improve state park infrastructure. This includes \$20 million for deferred maintenance at state parks, \$12.7 million to support the Youth Community Access Grant Program, \$6.3 million from the General Fund and \$6.3 million in one-time federal reimbursements to provide state match dollars to leverage increased federal funding from the federal Land and Water Conservation Fund.

Off-Highway Vehicle Local Assistance Grants: The Governor's 2021-22 proposed Budget includes \$29 million for the Department of Parks and Recreation to provide local assistance grants for planning, development, maintenance, operation, and conservation

of trails, trailheads, and other facilities associated with the use of off-highway motor vehicles.

Emergency Preparedness and Response. California once again faced devastating wildfire conditions throughout 2020, underscoring the need to bolster state and local emergency response capabilities. The Governor’s proposed 2021-22 Budget not only makes substantial allocations to state response agencies, but boosts resources available to aid local governments with emergency response.

California Department of Forestry and Fire Protection: The Governor’s proposed 2021-22 Budget includes \$292.1 million for the California Department of Forestry and Fire Protection (CAL FIRE) to continue bolstering wildfire response capabilities. The funding includes a \$143.3 million one-time allocation for the 2021-22 budget year, with \$124.5 million ongoing and \$24.2 million in one-time funding in out-years for capital outlay costs for CAL FIRE, and the California Conservation Corps to support 30 additional fire crews.

California Disaster Assistance Act: The Governor’s proposed 2021-22 Budget includes a substantial \$256.1 million one-time allocation to the California Disaster Assistance Act (CDAA) fund. CDAA funds can be accessed by local governments in the wake of a gubernatorial emergency proclamation after events such as catastrophic wildfires and mudslides to cover associated emergency response costs.

Regional Hazardous Materials Response: The Governor’s proposed 2021-22 Budget allocates \$3.6 million for regional hazardous materials emergency response, including fortifying the state’s 12 Regional Hazardous Materials Response teams.

Protecting Forests in State Parks. Recognizing the need to address forests in the State Parks system, the Governor’s 2021-22 proposed Budget includes \$85 million in one-time funding to increase the pace and scale of forest management and restoration at state parks across California.

Agriculture (COVID-19 response). The Governor’s 2021-22 proposed Budget acknowledges the emergency spending made to local governments, and directly to growers, in order to mitigate the impact of the COVID-19 pandemic on agricultural operations. The Governor’s 2020-21 proposed Budget would compensate growers for food donations made to local food banks, for the provisioning of high-quality masks to agricultural workers to prevent airborne spread of COVID-19, and to safely house agricultural workers who may have been exposed to the virus. RCRC expects continued support by the state in 2021 to assist growers respond to COVID-19-related impacts.

Additionally, the Governor’s 2021-22 proposed Budget includes \$6.7 million to contract with University of California Cooperative Extension to provide direct technical assistance and grants to small, mid-sized, and underserved farms. These funds are intended to help growers with business planning, navigating regulatory compliance, and leveraging state and federal grant and assistance programs.

Sustainable Climate Smart Agriculture: The Governor's proposed 2021-22 Budget includes substantial funding to assist the agricultural industry reduce climate emissions in agricultural production. These funds include:

Funding Agricultural Replacement Measures for Emissions Reductions (FARMER): The Governor's 2021-22 proposed Budget includes \$170 million from the Greenhouse Gas Reduction Fund for California Air Resources Board programs that fund the replacement of agricultural equipment and vehicles with cleaner alternatives.

Healthy Soils Program: The Governor's 2021-22 proposed Budget includes \$30 million to the Department of Food and Agriculture to provide grants for on-farm soil management practices that sequester carbon.

Water. The Governor's 2021-22 proposed Budget proposes several new expenditures to implement the Administration's Water Resilience Portfolio, and to support local agency projects for reliability and resilience. This includes \$30 million in 2021-22 for grants to support local planning and implementation of the Sustainable Groundwater Management Act.

The Governor's 2021-22 proposed Budget also includes \$20 million to the Department of Food and Agriculture for State Water Efficiency and Enhancement Program grants, to fund grants to local agencies and growers to improve agricultural irrigation efficiency.

Additionally, the Governor's 2021-22 proposed Budget includes \$183 million for flood risk mitigation and infrastructure improvement programs, including in the Delta. The Governor's 2021-22 proposed Budget also includes \$43.7 million for Delta ecosystem and habitat projects.

Finally, the Governor's 2021-22 proposed Budget includes \$75 million in one-time expenditures to address critical levee repair and deferred maintenance.

Groundwater Sustainability: The Governor's 2021-22 proposed Budget includes \$50 million for sustainable groundwater and water efficiency programs. This includes \$30 million to Department of Water Resources (DWR) for local planning grants, including Groundwater Sustainability Plans, and for groundwater implementation projects across critically over-drafted basins.

Flood Management: The Governor's 2021-22 proposed Budget includes \$183 million for flood management and infrastructure improvement. This includes \$81 million from various bond funds for DWR Delta Levees System Integrity Program, \$28.5 million in bond funding to DWR for collaborative flood risk management, and \$6.5 million in bond funding to DWR for emergency flood response in the Delta.

Delta Resilience: The Governor's 2021-22 proposed Budget proposes significant new funding for ecosystem restoration, watershed resilience, and flood management. In addition to funding for mitigating Delta flood risks, the proposed Budget includes \$43.7 million for projects that improve water quality or ecological conditions in the San Joaquin River and within the Delta.

COVID-19 Economic Recovery

Equitable and Broad-Based Recovery. The Governor's 2021-22 proposed Budget includes an economic recovery package to assist businesses and individuals recovering from the pandemic. The package totals \$14 billion, including \$3.5 in immediate relief request to the Legislature.

Golden State Stimulus: Included in the Governor's 2021-22 proposed Budget is immediate relief to low-income households through a Golden State Stimulus tax refund. The stimulus program would refund \$600 to taxpayers who receive a California earned Income Tax Credit in 2020 and 2021 totaling \$2.4 billion.

Small Business Grants: The Governor's 2021-22 proposed Budget includes an additional \$550 million for the California Small Business COVID-19 Relief Grant program. The program offers grants up to \$25,000 to micro and small businesses impacted by the pandemic. In addition, the proposal includes \$25 million for small cultural institutions, such as museums and art galleries.

California Completes Tax Credit (CalCompetes) Investment: The Governor's 2021-22 proposed Budget increases the business tax credits available by \$90 million in both 2020-21 and 2021-22 for a total of \$270 million. The Governor's 2021-22 proposed Budget also includes a \$250 million request to launch a CalCompetes business grant with at least \$50 million earmarked for high-need, high-opportunity areas of the state. The grant program is part of the Administration's early action request to the Legislature.

Main Street Small Business Tax Credit: Senate Bill 1447 (Bradford; 2020) created the Main Street Small Business Tax Credit allowing qualified small business employers to utilize a hiring credit against their state income taxes or sales and use taxes. SB 1447 capped the credit at \$100 million. The Governor's 2021-22 proposed Budget allocates an additional \$100 million for a hiring credit in 2021-22.

IBank Investment: The Governor's 2021-22 proposed Budget includes \$50 million one-time funding to use across IBank's programs aimed at benefiting underserved small businesses. The Governor's 2021-22 proposed Budget also include an additional \$50 million towards IBank loan programs to assist businesses recovering from the COVID-19 Recession.

Fee Waivers: The Governor's 2021-22 proposed Budget includes \$70.6 million for fee waivers to individuals and businesses most impacted by the pandemic such as barbers, cosmetologists, manicurists, bars and restaurants.

Workforce Development: The Governor's 2021-22 proposed Budget includes one-time and ongoing investments totaling \$332.9 million to support California's workers as they adapt to changes in the economy brought about by COVID-19. In addition, the proposed budget includes \$25 million to the California Workforce Development Board for apprenticeship type programs. Included in the proposal is \$8.5 million to expand construction apprenticeships, \$6.5 million for utility tree contractor programs for wildfire prevention, \$4 million to expand health care training to address COVID-19 needs and \$2 million to expand cybersecurity apprenticeships.

General Government

Cannabis Regulatory Structure. In November 2016, California voters approved Proposition 64, which sanctioned the adult-use of cannabis, and put forth a regulatory scheme similar to one created for medicinal-use. Proposition 64 outlined a number of tax levies that took effect once the licensing system was launched. Proceeds from these state taxes are required to be allocated in a variety of prescriptive ways.

Last year, the Governor proposed restructuring the state regulatory functions for commercial cannabis but was interrupted by the COVID-19 pandemic and placed on hold until 2021. The Governor's 2021-22 proposed Budget includes \$153.8 million from the Cannabis Control Fund for implementation of the consolidation into a new stand-alone Department of Cannabis Control within the Business, Consumer Services, and Housing Agency on July 1, 2021. Currently, there are three main licensing agencies: Department of Consumer Affairs (Bureau of Cannabis Control), the Department of Food and Agriculture (CalCannabis), and the Department of Public Health (Manufactured Cannabis Safety Branch). This move is expected to create a single point of contact for licensees and counties/cities, which are required to sanction cannabis activities. The Newsom Administration is expected to propose statutory changes to consolidate the agencies and make related improvements.

Cannabis Tax. Inflation adjustments for the cannabis excise taxes slated for 2021 were paused last year in order to provide tax relief to the cannabis industry. The Governor's 2021-22 proposed Budget updates cannabis excise tax projections. The cannabis excise taxes generated \$491 million in 2019-20 and are expected to generate \$544 million in 2020-21 and \$658 million in 2021-22. In addition, the Governor's 2021-22 proposed Budget estimates \$443.1 million in cannabis excise taxes will be available in 2021-22 for youth education, prevention and treatment (\$265.9 million); clean-up, remediation and enforcement of environmental impacts created by illegal cannabis cultivation (\$88.6 million); and public safety-related activities (\$88.6 million).

Fairs. The Governor's 2021-22 proposed Budget contains a number of items to help financially support the network of the state's 79 fairs, which include county fairs, citrus fruit fairs, District Agricultural Associations, and the California State Fair.

First, the Governor's 2021-22 proposed Budget includes \$10 million in one-time support for deferred maintenance with a focus on assisting fairgrounds that support emergency operations. Second, the Governor's 2021-22 proposed Budget includes an additional \$50 million in one-time support for the operational costs of fairs while the Newsom Administration evaluates a number of alternative business and governance models. Finally, the Governor's 2021-22 proposed Budget would allow unused monies from last year's State Budget that were dedicated to address employee lay-offs at fairgrounds, estimated to exceed no more than \$20 million, to be used to support operational costs.

RCRC continues to work with stakeholders to ensure the long-term viability of fairs - from a governance standpoint as well as funding in light of the pandemic. Without an infusion of monies and a new governance structure(s), many small- and medium-sized fairs are in jeopardy of closure.

Sustainable Groundwater. The Governor’s 2021-22 proposed Budget includes \$50 million for sustainable groundwater and water efficiency programs. This includes \$30 million to Department of Water Resources for local planning grants, including Groundwater Sustainability Plans, and for groundwater implementation projects across critically over-drafted basins. The Governor’s 2021-22 proposed Budget includes \$20 million to the Department of Food and Agriculture for State Water Efficiency and Enhancement Program grants.

Pesticide Fees and Pest Management. The Governor’s 2021-22 proposed Budget attempts to shift away from the use of harmful pesticides through a multi-tiered approach. Central to that approach, the Governor’s 2021-22 proposed Budget contemplates replacing the existing mill assessment on pesticide sales with a new risk-based tiered fee structure under which more toxic pesticides will be subject to a higher mill assessment.

The Governor’s 2021-22 proposed Budget also includes: \$20 million to expand integrated pest management practices that promote the use of safer alternatives to high-risk pesticides; \$16.5 million for additional enforcement of pesticide laws to protect worker and community safety (including additional support for local County Agricultural Commissioners); and \$1.5 million to increase community engagement on the transition to safer pest management practices.

Williamson Act. The Governor’s 2021-22 proposed Budget does not provide adequate funding for the Open Space Subvention Program; however, it is anticipated that the final 2021-22 State Budget Package will include \$1,000 for the program. This is the lowest possible dollar figure that allows the program to remain in the State Budget.

Given the ongoing reluctance of the Legislature and several Administrations to fund Williamson Act subventions, discussions relative to changes to the Williamson Act continue. RCRC remains committed to working with agricultural, environmental, and local governmental organizations to explore sources of sustainable funding, as well as potential changes to the program itself.

Health and Human Services

COVID-19 continues to have a significant impact on programs under the Health and Human Services Agency. The Governor’s 2021-22 proposed Budget assumes that the pandemic emergency response will continue through the end of the calendar year. The Governor’s 2021-22 proposed Budget includes \$195.1 billion (\$64.3 General Fund and \$130.8 other funds) for all health and human services programs (not all COVID-19 pandemic response cost are included in these numbers).

COVID-19 Response.

Direct COVID-19 Emergency Response Expenditures: California’s approximate COVID-19 emergency response cost totals \$13 billion. This represents costs incurred in the prior fiscal year as well as projected costs in fiscal years 2020-21 and 2021-22. It is important to note the Department of Finance regularly updates these estimates.

Vaccine Distribution: The Governor's 2021-22 proposed Budget includes an initial estimate for vaccine distribution totaling \$300 million, including a public awareness campaign to increase vaccine adoption. The state has formed a Drafting Guidelines Working Group and Community Vaccine Advisory Committee to assist in vaccine allocation and distribution frameworks.

Coronavirus Relief Funds (CRF): The 2020 Budget Act established the CRF to allocate the \$9.5 billion provided in the federal Coronavirus Aid, Relief, and Economic Security Act. Based on data through September 30, 2020, the state has obligated or spent nearly \$8.7 billion of the \$9.5 billion. These funds have helped to mitigate impacts of COVID-19 including nearly \$1.3 billion to counties to support local priorities. The deadline to spend the CRF was extended through December 31, 2021. The state is working on finalizing the allocation of the remaining \$800 million in funds to pay for additional emergency response costs, public health expenses, and public safety payroll cost.

Federal Relief: In late December 2020, Congress passed a fifth COVID-19 relief bill, the Coronavirus Response and Relief Supplemental Appropriation Act, totaling \$900 billion, with approximately \$100 billion directed to California. Key provisions of the bill focus on unemployment insurance benefits and economic impact payments.

Analysis of COVID-19 Impacts: The Governor's 2021-22 proposed Budget includes \$1.7 million in General Funds and \$154,000 General Fund in 2022-23 for the Health and Human Services Agency to conduct an analysis of COVID-19 impacts on health disparities and equity to inform future pandemic response.

Behavioral Health.

Mental Health Services Act (MHSA): In direct response to increased demand for behavioral health services due to the COVID-19 pandemic, the Governor's 2021-22 proposed Budget proposes to extend statutory changes that allow county spending flexibilities with local MHSA funds that was previously allowed in the 2020 State Budget. The statutory changes authorize counties to spend down their local MHSA prudent reserves, as opposed to requesting county-by-county authority from the state. In addition, the changes authorize counties to spend funds within Community Services and Support programs component regardless of category restrictions to meet local needs. Lastly counties can use their currently approved spending plans, if new plans are delayed due to COVID-19.

Behavioral Health Facilities Grants: The Governor's 2021-22 proposed Budget includes \$750 million for competitive grants to counties to acquire and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources. These community resources are a part of the Governor's overarching framework to address homelessness.

In-Home Supportive Services. The Governor's 2021-22 proposed Budget includes a 10 percent increase in costs in 2021-22 over the 2020-21 revised level for a total program cost estimated at \$16.5 billion. Average monthly caseload is projected to be 593,000 recipients in 2021-22.

IHSS Service Hours Restoration: The Governor's 2021-22 proposed Budget includes \$449.8 million in 2021-22 and \$242.6 in 2022-23 to reflect a delay in suspending the 7-percent across-the-board reduction to IHSS service hours. The suspension will be lifted if the Administration through the 2022-23 budget process concludes there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

Minimum Wage: The Governor's 2021-22 proposed Budget includes \$1.2 billion to fund planned minimum wage increases of \$14 per hour on January 1, 2021, and \$15 per hour on January 1, 2022.

IHSS County Administration: The Governor's 2021-22 proposed Budget no longer assumes savings to hold county administration funding at the 2019-20 level, resulting in county administration costs being updated for 2021-22 to include \$17.8 million to reflect caseload and Consumer Price Index adjustments.

IHSS COVID-19 Back-up Provider System: The Governor's 2021-22 proposed Budget includes \$5.3 million one-time funds to extend the back-up provider system and back-up provider wage differential to avoid disruption to caregiving until December 2021. The Administration will reevaluate the need as the state recovers from the COVID-19 pandemic.

Medi-Cal. The Governor's 2021-22 proposed Medi-Cal budget includes \$122.2 billion. The Governor's 2021-22 proposed Budget estimates caseload will increase 11.7 percent from 2020-21 to 2021-2022. Medi-Cal is projected to cover 40 percent of the state's population next fiscal year.

California Advancing and Innovating Medi-Cal: The Governor's 2021-22 proposed Budget includes \$1.1 billion in 2020-21 to implement California Advancing and Innovating Medi-Cal (CalAIM) by January 1, 2022, growing to \$1.5 billion in 2023-24. Beginning in 2024-25, the Administration proposes to phase out infrastructure funding, resulting in ongoing cost of about \$846.4 million per year.

CalAim, builds upon the waiver demonstration programs such as Whole Person Care, the Coordinated Care Initiative, Health Homes, and public hospital system delivery transformation. CalAim proposes to provide a wider array of services and supports for patients with complex and high needs.

COVID-19 Medi-Cal Impacts: The Governor's 2021-22 proposed Budget projects an average monthly caseload of 14 million beneficiaries in 2020-21 and 15.6 million beneficiaries in 2021-22, and includes \$5.4 billion (\$1.7 billion General Fund) in 2020-21 and \$13.5 billion in 2021-22 for increased caseload attributable to the COVID-19 Pandemic. The Governor's 2021-22 proposed Budget includes net costs of \$1.9 billion total funds from COVID-19 impacts, including enhanced Federal Medical Assistance Percentage, vaccine administration costs, and federal waiver flexibilities.

Telehealth Flexibilities in Medi-Cal: The Governor's 2021-22 proposed Budget includes \$94.8 million ongoing to expand and make permanent certain telehealth flexibilities authorized during COVID-19 for Medi-Cal providers, and to add remote patient monitoring as a new covered benefit, effective July 1, 2021.

County Administration: The Governor's 2021-22 proposed Budget includes an increase of \$65.4 million for county Medi-Cal eligibility determinations.

Proposition 56 Supplemental Payment Programs: The Governor's 2021-22 proposed Budget delays the suspension of Proposition 56 programs by 12 months and includes a total of \$3.2 billion for these programs. If the suspension were not delayed the Budget would have otherwise included \$759.9 million savings. The State General Fund partially supports supplemental payment programs now that costs are exceeding the revenue generated by the declining tobacco tax. The Governor's 2021-22 proposed Budget assumes Proposition 56 suspension effective July 1, 2022, except for supplemental payments which will be suspended December 31, 2022.

Food Banks: In light of increased food insecurity due to COVID-19 the Governor's 2021-22 proposed Budget includes \$30 million in one-time funding to the Department of Social Services to fund existing Emergency Food Assistance Program providers, food banks, tribe and tribal organizations.

CalWORKs: The Governor's 2021-22 proposed Budget includes \$7.4 billion for CalWORKs program expenditures and \$1.9 billion in other programs. In addition, the Governor's 2021-22 proposed Budget includes a 1.5 percent increase to CalWORKs Maximum Aid Payment levels effective October 1, 2021, which is estimated to cost \$50.1 million in 2021-22.

Public Health.

COVID-19 Disaster Response: The current State Budget reflects over \$1 billion (through Fall 2020) in state and federal support for COVID-19 emergency response measures including supporting enhanced laboratory capacity and testing, data-driven investigation, response and prevention, coordination with local partners and the Valencia Branch Laboratory. The Governor's 2021-22 proposed Budget builds on that initial funding by including an additional \$820 million for COVID-19 emergency response.

Homelessness

Project Homekey. The Governor's 2021-22 proposed Budget includes \$750 million one-time funding for continuing competitive grants for local governments to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and convert them into interim or permanent long-term housing. Funding will be distributed through Department of Housing and Community Development programs, including Project Homekey. Additionally, the Governor is requesting early action by the Legislature to approve \$250 million of the proposed funding in 2020-21, to continue funding Project Homekey projects currently in process. The Governor's 2021-22 proposed Budget further specifies the intent of the Administration to maintain streamlining process currently in

effect under Project Homekey, including California Environmental Quality Act (CEQA) exemptions, for all future Project Homekey projects.

Expanded Facilities to Support Housing. The Governor's 2021-22 proposed Budget includes \$250 million one-time funding to the Department of Social Services for counties to acquire or rehabilitate Adult Residential Facilities and Residential Care Facilities for the Elderly in order to preserve and expand housing for low-income seniors.

Housing and Land Use

Local Housing Production Oversight. The Governor's 2021-22 proposed Budget affirms the Administration's intent to further increase pressure on local governments to strengthen housing production within their respective jurisdictions. The Governor's 2021-22 proposed Budget includes \$4.3 million for the Department of Housing and Community Development (HCD) to provide technical assistance to local governments, including providing education about local planning, zoning, and permitting requirements mandated under current law. Additionally, the Governor's 2021-22 proposed Budget expressly states that legal remedies will be pursued under existing law if a local government disregards its housing planning and permitting obligations. The Governor has stated that this increased funding will allow HCD staff to actively monitor County Board of Supervisor and City Council meetings in order to assess progress toward housing production goals.

The Governor's 2021-2022 proposed Budget also reestablishes the Administration's intent to improve the Regional Housing Needs Allocation process and continue its work with local governments to pursue pro-housing policies. Specifically, the Governor's 2021-22 proposed Budget asserts that HCD will promulgate pro-housing regulations early in 2021.

California Environmental Quality Act (CEQA) Streamlining. The Governor's 2021-22 proposed Budget includes language promoting the continued use of targeted CEQA exemptions, similar to those used for projects pursued under the Governor's Homekey Program, in order to increase construction of affordable housing. Details on scope and applicability of a proposed CEQA exemption would need to be established through enabling legislation.

Infill Infrastructure Grant Program. The Governor's 2021-22 proposed Budget includes \$500 million for the Infill Infrastructure Grant (IIG) Program of 2007, which provides funding for local jurisdiction for infrastructure projects designed to increase viability of affordable housing construction. The Administration additionally requested the Legislature take early action in 2020-2021 on \$250 million of proposed IIG program funding.

State Housing Tax Credit Program. The Governor's 2021-22 proposed Budget includes \$500 million to the state's tax credit program, marking the third consecutive year this investment has been made by the Administration. The state's tax credit program, in conjunction with federal tax credits, helps close the gap in available funding for affordable housing developments. The 2019-20 State Budget Package included an appropriation for this program, and authorized the sum annually, upon appropriation through the State Budget.

Rental Assistance. The Governor’s 2021-22 proposed Budget includes a projected \$2.6 billion in Federal funds to implement the Emergency Rental Assistance program approved by Congress in late December 2020. Low-income renter households with financial hardships, such as those on unemployment benefits, and with incomes at or below 80 percent of the area median can receive financial assistance for rent and utility costs to stave off eviction and reduce housing insecurity.

Seven RCRC member counties with populations over 200,000 (Butte, Merced, Monterey, San Luis Obispo, Sonoma, Tulare and Yolo) qualify for direct payments from the U.S. Treasury if the application is received before January 13, 2021. The Governor proposes to split California’s estimated allocation with qualifying cities and counties.

Transportation

Zero Emission Vehicles. The Governor’s 2021-22 proposed Budget includes securitizing approximately \$1 billion of future revenue to increase the pace and scale of electric vehicle and hydrogen fueling to meet the state’s accelerated climate change goals, such as the Executive Order setting a target for 100 percent of in-state sales of new passenger cars and trucks to be zero emission vehicles by 2035. The Governor’s 2021-22 proposed Budget also includes \$465 million in one-time spending from Cap-and-Trade funds for consumer access to these vehicles, including medium- and heavy-duty vehicles, and off-road equipment.