

TO: SCCBC Government Affairs and Infrastructure Committees

FROM: SCCBC Staff

RE: Policy Briefing and Update on Housing in California

---

Background:

The two major goals for the California State legislature this year were to create an additional and permanent source of funding for transportation, and to address the State's housing crisis. After the passage of SB1 - the gas tax increase to fund transportation, the legislature was charged squarely with addressing housing.

With over 120 bills introduced in some form or another early in the term, there has undoubtedly been a lot of consolidation. Now in August after the recess it appears as if 3 housing bills, all of which originated in the State Senate, will be combined (or at least marketed as a package), to serve as the primary legislative action on this issue.

The bills are SB2, SB3, and SB35.

SB2 creates a permanent funding source for affordable housing at the state level by levying a recording tax on all non-transactional related real estate documents of \$75 per document, at a cap of \$225. This is expected to generate close to \$225 Million a year, the majority of which would be allocated to affordable housing programs across the state and to specific needs based projects.<sup>1</sup> Additionally, 20 percent of the funds have been set aside for workforce housing, which

---

<sup>1</sup> a) Development, acquisition, rehabilitation, and preservation of housing affordable to extremely low-, very low, low and moderate-income households including necessary operating subsidies;  
b) Affordable rental and ownership housing that meets the needs of a growing workforce up to 120% of area median income (AMI);  
c) Matching portions of funds placed into local or regional housing trust funds;  
d) Matching portions of funds placed in the Low- and Moderate-Income Housing Asset Funds of former redevelopment agencies retained by successor agencies;  
e) Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Program;  
f) Emergency shelters, transitional housing, and rapid re-housing services;  
g) Accessibility modifications;  
h) Efforts to acquire and rehabilitate foreclosed, vacant, or blighted homes;  
i) Homeownership opportunities, including but not limited to down payment assistance;  
j) Grants to local and regional agencies to assist in the development and updating of planning documents and zoning ordinances in order to accelerate housing production including but not limited to general plans, community plans, specific plans, sustainable communities strategies, and local coastal programs;  
k) Fiscal incentives or matching funds to local agencies that approve new housing for extremely-low, very-low, low- and moderate-income households.

will help with new housing starts, and 10 percent has been set aside to fund farm worker housing.

SB3 would require the legislature to place on the ballot the issuance of \$3 billion in general obligation bonds to fund housing across the following categories:

- a) \$1.5 billion to the existing Multifamily Housing Program (MHP) to assist in the construction, rehabilitation, and preservation of permanent and transitional rental housing for persons with incomes of up to 60% of the area median income;
- b) \$200 million for transit-oriented development, upon appropriation by the Legislature, pursuant to the existing Transit-Oriented Development Implementation Program;
- c) \$300 million to the Regional Planning, Housing, and Infill Incentive Account for infill infrastructure financing grants, upon appropriation by the Legislature, for new construction and rehabilitation of infrastructure that supports high-density affordable and mixed-income housing in locations designated as infill.
- d) \$300 million, continuously appropriated, for farmworker housing pursuant to the existing Joe Serna, Jr. Farmworker Housing Grant Fund;
- e) \$300 million for matching grants to the Local Housing Trust Matching Grant Program, upon appropriation by the Legislature; and
- f) \$300 million deposited into the Self-Help Housing Fund to provide direct, forgivable loans for mortgage assistance of which \$30,000 shall be used to provide grants or forgivable loans to assist in the rehabilitation or replacement of existing mobilehomes.
- g) \$100 million to the Building Equity and Growth in Neighborhood Program (BEGIN) for grants to qualifying cities, counties, or cities and counties for down payment assistance to qualifying first-time home buyers or low- and moderate-income home buyers purchasing newly constructed homes in a BEGIN project.

SB35 creates a streamlined permitting process for local jurisdictions that have not met their Regional Housing Needs Allocation (RHNA) numbers. Essentially project developers would be granted a ministerial approval permit for any new housing project that already complied with local zoning and coastal area planning.<sup>2</sup>

---

<sup>2</sup> <http://sccbusinesscouncil.com/sb-35-and-local-control/>

The purpose of combining these bills is that Democratic party leadership is skeptical of being able to pass these bills individually through the much easier-to-divide Assembly. SB35 in particular has drawn in some controversial opponents, like the California League of Cities. However, when paired with a permanent source of funding, especially one that is endorsed by the Real Estate community (SB2), and the political cover of a ballot measure (SB3), the loss of local control from SB35 might be worth the extra local money.

Discussion:

The Committee shall discuss the update.

Recommendation:

There is no recommended action needed. The Housing update will be passed along to the Board of Directors during their August meeting.