

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

August 6, 2019

**Support Senate Bill 5 (Beall) – Affordable Housing and Community Development Investment Program**

Since 2008, cuts in Federal and State funding have reduced investments in affordable housing throughout the State. Most notably, the elimination of redevelopment funds, which required that 20 percent of each agency’s property tax increment be set aside for affordable housing purposes, has translated into a decrease of approximately \$1.0 billion annually throughout the State for affordable housing projects. In addition, the California Housing Partnership reports that Low Income Housing Tax Credit housing production has declined 23 percent since 2016 due to federal tax reform.

Despite the passage of Proposition 1 of 2018 (bonds for housing programs and veterans' home loans), enactment of legislation to create an on ongoing revenue stream to fund affordable housing (SB 2 of 2017), and investments in affordable housing through the annual budget process, State funding for affordable housing remains well below the 2012 levels, undermining progress made by local government in addressing the unaffordability of the housing market, and ultimately, exacerbating the Statewide homeless crisis.

SB 5 (Beall), the Affordable Housing and Community Development Investment Program (Program), seeks to incentivize local governments to create housing and related infrastructure by allowing them to form a new authority (either individually or with other local governments or special districts) to apply for and expend the Educational

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Revenue Augmentation Fund (ERAF) revenue on State-approved affordable housing and related projects, including transit-oriented development, infill development, housing-related infrastructure, neighborhood revitalization, and infrastructure to protect communities from climate change. With 50% of the funds dedicated to supporting affordable housing projects, this provides a means for shared investment and responsibility among the State and local governments to create housing by incentivizing ways for local governments to quickly approve housing and reduce housing costs, while the State General Fund will be used to backfill school entities for the associated loss of property tax revenues as a result of the reduced ERAF payments (collectively, the Program). The Program would be capped at \$200 million in Fiscal Years (FYs) 2021-22 through 2025-26, and \$250 million in FYs 2026-27 through 2029-30.

SB 5 would recreate an additional source of local revenue which would allow local governments to support the development of new affordable housing projects and help meet the housing and infrastructure goals of the County of Los Angeles and the State.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

Instruct the County of Los Angeles' Sacramento advocates to support SB 5, legislation that would create the Affordable Housing and Community Development Investment Program for local agencies to use local property taxes for affordable housing and housing related projects.

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(DW/FR/KK)