

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

May 21, 2013

Support for Senate Bill 391 (DeSaulnier)

In recent years, funding sources for affordable housing projects throughout California have significantly waned. The State has typically funded housing programs through the issuance of general obligation bonds. Voters approved Proposition 46 in 2002, which provided \$2.1 billion in housing bonds, and Proposition 1C in 2006, which authorized the issuance of an additional \$2.85 billion in general obligation bonds for various housing programs. However, nearly all of the Propositions 46 and 1C bond funds that support affordable housing projects and programs have already been allocated.

In addition to general obligation bonds, tax increment revenues provided pursuant to the Community Redevelopment Law had previously provided a significant source of affordable housing funds. For example, in the 2009-10 fiscal year, \$1.075 billion of redevelopment property tax increment revenues were set aside for affordable housing. However, as part of a General Fund solution in the 2011-12 State budget,

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ABx1 26 (Blumenfield) was enacted to abolish redevelopment agencies, thereby eliminating this significant source of housing funds.

A permanent source of affordable housing funding is needed to offset the elimination of redevelopment tax increment financing and the impending depletion of housing bond funds. Senate Bill 391 – The California Homes and Jobs Act of 2013 (DeSaulnier) would establish a \$75 recordation fee on real estate transactions – excluding home sales - in order to generate approximately \$500 million annually for affordable housing. This revenue is anticipated to leverage approximately \$2.7 billion of federal and local funding and bank loans to build affordable housing.

The business community has largely lent its backing to SB 391 given that the lack of affordable housing options in California is a major factor impeding businesses from attracting and retaining workers. Furthermore, changes in the California and United States economy have resulted in expansion of an increasingly low-wage, low salary workforce that is less able to obtain affordable housing near employment centers.

SB 391 would help California meet their workforce needs by expanding the number of homes with rents and mortgages within reach of working families. Moreover, the bill is estimated to create annually 29,000 construction and permanent jobs.

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SB 391's fee on the recordation of real estate documents creates a sustainable source of funding to develop homes affordable to families, seniors, people with disabilities and the homeless. SB 391 would also ensure that funds are allocated to support foreclosure mitigation, homeownership opportunities, and emergency shelters, in addition to transitional and permanent rental housing.

This bill is scheduled for consideration by the California State Senate Appropriations Committee on May 24, 2013 and therefore action on the bill by the Board of Supervisors is timely and appropriate.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Instruct the County's Legislative Advocates in Sacramento to take all appropriate actions to support the passage of Senate Bill 391 (DeSaulnier).

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