SUMMARY

This bill imposes a $75 fee on the recordation of each real-estate document in order to permanently fund the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund that will support the development, acquisition, rehabilitation, and preservation of homes affordable to low- and moderate-income households, including emergency shelters, transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities.

It is estimated that this level of fee will generate an average of $700 million per year for the HOMeS Trust Fund, ranging from $400 million per year in a down housing market to $1 billion per year in a heated housing market.

BACKGROUND

Having a healthy housing market that provides an adequate supply of homes affordable to Californians at all income levels is critical to the economic prosperity and quality of life in the state of California. The decline in housing production has played a significant role in creating and prolonging the Great Recession. The lack of sufficient, affordable homes near jobs impedes economic growth and development by making it difficult for California employers to attract and retain employees. And continued affordability gaps mean that California has the second lowest homeownership rate in the nation, that minimum wage earners have to work 120 hours per week to afford the average two bedroom rental apartment, and that California has the largest population of homeless persons in the nation.

In the face of these critical needs, California’s investment in affordable housing is declining dramatically. In 2000 and 2006, voters approved roughly $5 billion in housing bonds. These funds have financed the construction, rehabilitation and preservation of over 11,600 shelter spaces and 57,220 affordable apartments, including 2,500 supportive homes for people experiencing homelessness. In addition, these funds have helped 57,290 families become or remain homeowners. Nearly all of the voter-approved funding for affordable housing has now been awarded, and no more bond funds are available.

In addition, California’s redevelopment agencies used to generate $1 billion per year for affordable homes as a result of the requirement that they set aside 20% of tax increment for affordable housing. With the elimination of redevelopment agencies, this funding stream has disappeared completely.

The loss of these precious funds means that millions of Californians affected by the state’s chronic housing shortage, including seniors, veterans, people experiencing chronic homelessness, working families, people with mental, physical, or developmental disabilities, agricultural workers, people exiting jails, prisons, and other state institutions, survivors of domestic violence, and former foster and transition-aged youth, will remain unhoused or living in substandard and unaffordable conditions.

California desperately needs a permanent, ongoing source or sources of funding dedicated to affordable housing development. Such investment will leverage billions of dollars in private investment, lessen demands on law enforcement and dwindling health care resources as fewer people are forced to live on the streets or in dangerous substandard buildings, and increase businesses’ ability to attract and retain skilled workers.
STATUS

Referred to the Transportation and Housing Committee and the Governance and Finance Committee

SUPPORT

California Housing Consortium (sponsor)
Housing California (sponsor)
AARP
Affirmed Housing Group
Affordable Housing Associates
Alameda County Developmental Disability Council
Cabrillo Economic Development Corporation
California Association of Housing Authorities
California Association of Local Housing Finance Agencies
California Coalition for Rural Housing
California Housing Partnership Corporation
Century Housing
Community Economics
Community Housing Opportunities Corporation
Community Housing Works
County of Marin
Dahlin Group Architecture Planning
EAH Housing
East Bay Housing Organizations
Eden Housing
Equity Community Builders
Goldfarb Lipman Attorneys
Habitat for Humanity California
Housing Consortium of the East Bay
Jacobs Center for Neighborhood Innovation
Jamboree Housing Corporation
LifeSTEPS
Marin Partnership to End Homelessness
Mercy Housing
MidPen Housing
Napa Valley Community Housing
Non-Profit Housing Association of Northern California
Orange County Business Council
Public Advocates
Sacramento Housing Alliance
San Diego Housing Federation
San Luis Obispo County Housing Trust Fund
Shelter, Inc.
Silicon Valley Leadership Group

OPPOSITION

California Taxpayers Association

FOR MORE INFORMATION

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