



COUNCIL AGENDA: 4-21-15
ITEM: 2.14

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: 4-17-2015


SUBJECT: AB 1335 (ATKINS; PRINCIPLE CO- AUTHORS: CHAU, CHIU, AND GORDON) – BUILDING HOMES AND JOBS ACT

RECOMMENDATION

As recommended by the Rules and Open Government Committee on April 8, 2015 and outlined in the attached memo previously submitted by the Rules and Open Government Committee, approve a support position for AB 1335 (Atkins) – Building Homes and Jobs Act.



CITY COUNCIL ACTION REQUEST

Department(s): Housing	Date: 4/9/15	Coordination: City Manager's Office City Attorney's Office	Dept. Approval: /s/ Jacky Morales-Ferrand
			CMO Approval: 

SUBJECT: AB 1335 (Atkins; Principle Co-Authors: Chau, Chiu and Gordon) – Building Homes and Jobs Act

RECOMMENDED POSITION: Support

RECOMMENDED ACTION:

1. Pursuant to the City's streamlined bill process for responding quickly to legislative proposals, support AB 1335 (Atkins) – Building Homes and Jobs Act.
2. Recommend a one-week turnaround so that the City's Legislative Advocate in Sacramento can indicate a support position for AB 1335 (Atkins).

BILL SYNOPSIS:

AB 1335 would create the Building Homes and Jobs Fund, a permanent source of funding for the creation of affordable housing for low and moderate-income Californians. If enacted, the bill would impose a fee, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded. The bill is very similar to SB 391, which the Council supported in 2013 but failed to pass the Senate in 2014 due to insufficient votes in the Assembly. A key difference between the two pieces of legislation is that AB 1335 proposes to cap the cost per transaction at \$225; the fee cap was not present in SB 391. AB 1335 has significant early support among Legislators, with 15 co-authors in addition to the three principal co-authors and including Santa Clara County representatives Rich Gordon (AD-24), Evan Low (AD-28), Mark Stone (AD-29) and Luis Alejo (AD-30).

The bill would require that funds be used to support the development, acquisition, rehabilitation and preservation of affordable homes, including transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. It is estimated that this fee will generate approximately \$500 million each year to support affordable housing in California. Since the proposed fee is considered a tax under State law, it will require a 2/3 vote of the Legislature.

IMPACTS TO CITY OF SAN JOSE:

If created, AB 1335 would provide much-needed funding to finance and build affordable homes in San José, which has added importance with the loss of 20% Low and Moderate Income Housing funding as a result of the dissolution of the State's redevelopment agencies. Funding is critically needed to increase, preserve and improve the City's affordable housing stock, creating the homes needed to house the City's workforce as well as to ending homelessness. While the bill does not include an allocation method for distributing these funds or the scope of eligible uses at this time, it represents a critical first step in identifying a permanent source of funding. If approved, California would join 38 other states that already have housing trust funds with permanent ongoing revenues, including five—Missouri, Ohio, Oregon, Pennsylvania, and Washington—that have dedicated ongoing revenues generated by document recording fees.

POLICY ALIGNMENT:

This bill aligns with the Council-approved *2015 Legislative Guiding Principles and Priorities* to support the creation of new permanent sources of funding for affordable housing at the State level.

SUPPORTERS/OPPONENTS:

Support: The bill is supported by Housing California and the California Housing Consortium. In addition to the Bay Area Council, the bill has a growing list of recognized supporters, including the Silicon Valley Leadership Group and the California Building Industry Association.

Opposed: The bill has no registered opposition at this time.

STATUS OF BILL:

The bill was introduced on February 27 and has been referred to the Assembly Housing and Community Development Committee. If passed by the Committee, the bill, a fiscal bill, will then go to Assembly Appropriations Committee before a full vote of the Assembly. Bills must pass out of their House of origin by June 5, which then goes to the second House for consideration. September 11 is the last day for bills pass out of both Houses.

FOR QUESTIONS CONTACT: Jacky Morales-Ferrand, Interim Director of Housing, (408) 535-3851