

AMENDED IN ASSEMBLY APRIL 20, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1335

Introduced by Assembly Member Atkins
(Principal coauthors: Assembly Members Chau, Chiu, and Gordon)
(Coauthors: Assembly Members Alejo, Bloom, Bonilla, Bonta,
Cooper, Gonzalez, Lopez, Low, McCarty, Mullin, Rendon,
Santiago, Mark Stone, Ting, and Weber)

February 27, 2015

An act to add Section 27388.1 to the Government Code, and to add Chapter 2.5 (commencing with Section 50470) to Part 2 of Division 31 of the Health and Safety Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1335, as amended, Atkins. Building Homes and Jobs Act.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to

affordable housing development. 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, *per each single transaction per single parcel of real property, not to exceed \$225*. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee, after deduction of any actual and necessary administrative costs incurred by the county recorder, be sent quarterly to the Department of Housing and Community Development for deposit in the Building Homes and Jobs Fund, which the bill would create within the State Treasury. The bill would ~~provide that~~, *upon appropriation by the Legislature, require that 20% of the moneys in the fund be expended for affordable homeownership activities and authorize the remainder of the moneys in the fund may* to be expended for supporting affordable housing, home ownership opportunities, and other housing-related program, as specified. The bill would impose certain auditing and reporting requirements.

This bill would state the intent of the Legislature to enact legislation that would create the Secretary of Housing within state government to oversee all activities related to housing in the state.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known as the Building Homes
- 2 and Jobs Act.
- 3 SEC. 2. (a) The Legislature finds and declares that having a
- 4 healthy housing market that provides an adequate supply of homes
- 5 affordable to Californians at all income levels is critical to the
- 6 economic prosperity and quality of life in the state.

1 (b) The Legislature further finds and declares all of the
2 following:

3 (1) Funding approved by the state’s voters in 2002 and 2006,
4 as of June 2014, has financed the construction, rehabilitation, and
5 preservation of over 14,000 shelter spaces and 149,000 affordable
6 homes. These numbers include thousands of supportive homes for
7 people experiencing homelessness. In addition, these funds have
8 helped tens of thousands of families become or remain
9 homeowners. Nearly all of the voter-approved funding for
10 affordable housing was awarded by the beginning of 2015.

11 (2) The requirement in the Community Redevelopment Law
12 that redevelopment agencies set aside 20 percent of tax increment
13 for affordable housing generated roughly \$1 billion per year. With
14 the elimination of redevelopment agencies, this funding stream
15 has disappeared.

16 (3) In 2014, the Legislature committed 10 percent of ongoing
17 cap-and-trade funds for affordable housing that reduces greenhouse
18 gas emissions and dedicated \$100 million in one-time funding for
19 affordable multifamily and permanent supportive housing. In
20 addition, the people of California thoughtfully approved the
21 repurposing of \$600 million in already committed bond funds for
22 the creation of affordable rental and permanent supportive housing
23 for veterans through the passage of Proposition 41.

24 (4) Despite these investments, the need in the state of California
25 greatly exceeds the available resources, considering 36.2 percent
26 of mortgaged homeowners and 47.7 percent of all renters are
27 spending more than 35 percent of their household incomes on
28 housing.

29 (5) California has 12 percent of the United States population,
30 but 20 percent of its homeless population. California has the highest
31 percentage of unsheltered homeless in the nation, with 63 percent
32 of homeless Californians not having shelter. California has 24
33 percent of the nation’s homeless veterans population and one-third
34 of the nations’ chronically homeless population. California also
35 has the largest populations of unaccompanied homeless children
36 and youth, with 30 percent of the national total.

37 (6) Furthermore, four of the top 10 metropolitan areas in the
38 country ~~for homeless~~ *with the highest rate of homelessness* are in
39 the following metropolitan areas in California: San

1 Jose-Sunnyvale-Santa Clara, Los Angeles-Long Beach-Santa Ana,
2 Fresno, and Stockton.

3 (7) California continues to have the second lowest
4 homeownership rate in the nation, and the Los Angeles
5 metropolitan area is now a majority renter area. In fact, five of the
6 eight lowest homeownership rates are in metropolitan areas in
7 California.

8 (8) Los Angeles and Orange Counties have been identified as
9 the epicenter of overcrowded housing, and numerous studies have
10 shown that children in crowded homes have poorer health, worse
11 scores on mathematics and reading tests, and higher rates of
12 depression and behavioral problems—even when poverty is taken
13 into account.

14 (9) Millions of Californians are affected by the state’s chronic
15 housing shortage, including seniors, veterans, people experiencing
16 chronic homelessness, working families, people with mental,
17 physical, or developmental disabilities, agricultural workers, people
18 exiting jails, prisons, and other state institutions, survivors of
19 domestic violence, and former foster and transition-aged youth.

20 (10) Eight of the top 10 hardest hit cities by the foreclosure
21 crisis in the nation were in California. They include the Cities of
22 Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced,
23 Bakersfield, and Sacramento.

24 (11) California’s workforce continues to experience longer
25 commute times as persons in the workforce seek affordable housing
26 outside the areas in which they work. If California is unable to
27 support the construction of affordable housing in these areas,
28 congestion problems will strain the state’s transportation system
29 and exacerbate greenhouse gas emissions.

30 (12) Many economists agree that the state’s higher than average
31 unemployment rate is due in large part to massive shrinkage in the
32 construction industry from 2005 to 2009, including losses of nearly
33 700,000 construction-related jobs, a 60-percent decline in
34 construction spending, and an 83-percent reduction in residential
35 permits. Restoration of a healthy construction sector will
36 significantly reduce the state’s unemployment rate.

37 (13) The lack of sufficient housing impedes economic growth
38 and development by making it difficult for California employers
39 to attract and retain employees.

1 (14) To keep pace with continuing demand, the state should
2 identify and establish a permanent, ongoing source or sources of
3 funding dedicated to affordable housing development. Without a
4 reliable source of funding for housing affordable to the state's
5 workforce and most vulnerable residents, the state and its local
6 and private housing development partners will not be able to
7 continue increasing the supply of housing after existing housing
8 bond resources are depleted.

9 (15) The investment will leverage billions of dollars in private
10 investment, lessen demands on law enforcement and dwindling
11 health care resources as fewer people are forced to live on the
12 streets or in dangerous substandard buildings, and increase
13 businesses' ability to attract and retain skilled workers.

14 (16) In order to promote housing and homeownership
15 opportunities, the recording fee imposed by this act shall not be
16 applied to any recording made in connection with a sale of real
17 property. Purchasing a home is likely the largest purchase made
18 by Californians, and it is the intent of this act to not increase
19 transaction costs associated with these transfers.

20 SEC. 3. Section 27388.1 is added to the Government Code, to
21 read:

22 27388.1. (a) (1) Commencing January 1, 2016, and except as
23 provided in ~~paragraphs (2) and (3), paragraph (2)~~, in addition to
24 any other recording fees specified in this code, a fee of seventy-five
25 dollars (\$75) shall be paid at the time of recording of every real
26 estate instrument, paper, or notice required or permitted by law to
27 be recorded, except those expressly exempted from payment of
28 recording fees, *per each single transaction per parcel of real*
29 *property. The fee imposed by this section shall not exceed two*
30 *hundred twenty-five dollars (\$225). "Real estate instrument, paper,*
31 *or notice" means a document relating to real property, including,*
32 ~~but not limited to,~~ *including* the following: deed, grant deed,
33 trustee's deed, deed of trust, reconveyance, quit claim deed,
34 fictitious deed of trust, assignment of deed of trust, request for
35 notice of default, abstract of judgment, subordination agreement,
36 declaration of homestead, abandonment of homestead, notice of
37 default, release or discharge, easement, notice of trustee sale, notice
38 of completion, UCC financing statement, mechanic's lien, maps,
39 and covenants, conditions, and restrictions.

1 (2) The fee described in paragraph (1) shall not be imposed on
 2 any real estate instrument, paper, or notice recorded in connection
 3 with a transfer subject to the imposition of a documentary transfer
 4 tax as defined in Section 11911 of the Revenue and Taxation Code
 5 or on any real estate instrument, paper, or notice recorded in
 6 connection with a transfer of real property that is a residential
 7 dwelling to an owner-occupier.

8 ~~(3) The fee described in paragraph (1) shall be reduced so that~~
 9 ~~the fee, together with any charges or recording fees that are in~~
 10 ~~effect on or before the effective date of the act adding this section,~~
 11 ~~shall not exceed a per parcel maximum charge of two hundred~~
 12 ~~twenty-five dollars (\$225).~~

13 (b) The fees, after deduction of any actual and necessary
 14 administrative costs incurred by the county recorder in carrying
 15 out this section, shall be remitted quarterly, on or before the last
 16 day of the month next succeeding each calendar quarterly period,
 17 to the Department of Housing and Community Development for
 18 deposit in the California Homes and Jobs Trust Fund established
 19 by Section 50470 of the Health and Safety Code, to be expended
 20 for the purposes set forth in that section. In addition, the county
 21 shall pay to the Department of Housing and Community
 22 Development interest, at the legal rate, on any funds not paid to
 23 the Controller before the last day of the month next succeeding
 24 each quarterly period.

25 SEC. 4. Chapter 2.5 (commencing with Section 50470) is added
 26 to Part 2 of Division 31 of the Health and Safety Code, to read:

27
 28 CHAPTER 2.5. BUILDING HOMES AND JOBS ACT

29
 30 Article 1. General Provisions

31
 32 50470. (a) (1) There is hereby created in the State Treasury
 33 the Building Homes and Jobs Trust Fund. All interest or other
 34 increments resulting from the investment of moneys in the fund
 35 shall be deposited in the fund, notwithstanding Section 16305.7
 36 of the Government Code.

37 (2) Moneys in the Building Homes and Jobs Trust Fund shall
 38 not be subject to transfer to any other fund pursuant to any
 39 provision of Part 2 (commencing with Section 16300) of Division
 40 4 of Title 2 of the Government Code, except to the Surplus Money

1 Investment Fund. Upon appropriation by the Legislature, moneys
2 in the fund may be expended for the following purposes:

3 *Legislature:*

4 (A) *Twenty percent of moneys in the fund shall be expended for*
5 *affordable homeownership activities.*

6 (B) *The remainder of the moneys in the fund may be expended*
7 *for the following purposes:*

8 ~~(A)~~

9 (i) The development, acquisition, rehabilitation, and preservation
10 of rental housing that is affordable to extremely low, very low,
11 ~~low-~~ low-, and moderate-income households, including necessary
12 operating subsidies.

13 ~~(B)~~

14 (ii) Affordable rental and ownership housing that meets the
15 needs of a growing workforce up to 120 percent of area median
16 income.

17 ~~(C)~~

18 (iii) Matching portions of funds placed into local or regional
19 housing trust funds.

20 ~~(D)~~

21 (iv) Matching portions of funds available through the Low and
22 Moderate Income Housing Asset Fund pursuant to subdivision (d)
23 of Section 34176 of the Health and Safety Code.

24 ~~(E)~~

25 (v) Capitalized reserves for services connected to the creation
26 of new permanent supportive housing, including, but not limited
27 to, developments funded through the Veterans Housing and
28 Homelessness Prevention Program.

29 ~~(F)~~

30 (vi) Emergency shelters, transitional housing, and rapid
31 rehousing.

32 ~~(G)~~

33 (vii) Accessibility modifications.

34 ~~(H)~~

35 (viii) Efforts to acquire and rehabilitate foreclosed or vacant
36 homes.

37 ~~(I)~~

38 (xi) Homeownership opportunities, including, but not limited
39 to, down payment assistance.

1 (b) Both of the following shall be paid and deposited in the
2 fund:

3 (1) Any moneys appropriated and made available by the
4 Legislature for purposes of the fund.

5 (2) Any other moneys that may be made available to the
6 department for the purposes of the fund from any other source or
7 sources.

8 *50470.5. For purposes of this chapter, “department” means*
9 *the Department of Housing and Community Development.*

10 50471. (a) In order to maximize efficiency and address
11 comprehensive needs, the department, in consultation with the
12 California Housing Finance Agency, the California Tax Credit
13 Allocation Committee, and the California Debt Limit Allocation
14 Committee, shall develop and submit to the Legislature, at the time
15 of the Department of Finance’s adjustments to the proposed
16 2015–16 fiscal year budget pursuant to subdivision (e) of Section
17 13308 of the Government Code, the Building Homes and Jobs
18 Investment Strategy. Notwithstanding Section 10231.5 of the
19 Government Code, commencing with the 2020–21 fiscal year, and
20 every five years thereafter, concurrent with the release of the
21 Governor’s proposed budget, the department shall update the
22 investment strategy and submit it to the Legislature. The investment
23 strategy shall do all of the following:

24 (1) Identify the statewide needs, goals, objectives, and outcomes
25 for housing for a five-year time period. Goals should include targets
26 of the total number of affordable homes created and preserved
27 with the funds.

28 (2) Promote a geographically balanced distribution of funds
29 including consideration of a direct allocation of funds to local
30 governments.

31 (3) Emphasize investments that serve households that are at or
32 below 60 percent of area median income.

33 (4) Meet the following minimum objectives:

34 (A) Encourage economic development and job creation by
35 helping to meet the housing needs of a growing workforce up to
36 120 percent of area median income.

37 (B) Identify opportunities for coordination among state
38 departments and agencies to achieve greater efficiencies, increase
39 the amount of federal investment in production, services, and

1 operating costs of housing, and promote energy efficiency in
2 housing produced.

3 (C) Incentivize the use and coordination of nontraditional
4 funding sources including philanthropic funds, local realignment
5 funds, nonhousing tax increment, *the* federal Patient Protection
6 and Affordable Care Act, and other resources.

7 (D) Incentivize innovative approaches that produce cost savings
8 to local and state services by reducing the instability of housing
9 for frequent, high-cost users of hospitals, jails, detoxification
10 facilities, psychiatric hospitals, and emergency shelters.

11 (b) Before submitting the Building Homes and Jobs Investment
12 Strategy to the Legislature, the department shall hold at least four
13 public workshops in different regions of the state to further inform
14 the development of the investment strategy.

15 (c) The department shall form an advisory body of experts and
16 stakeholders to help develop the Building Homes and Jobs
17 Investment Strategy, including, but not limited to, representatives
18 from the banking and financial sector, real estate sector, real estate
19 and housing developers, and homeless service providers.

20 (d) Expenditure requests contained in the Governor’s proposed
21 budget shall be consistent with the Building Homes and Jobs
22 Investment Strategy developed and submitted pursuant to this part.
23 Moneys in the Building Homes and Jobs Act Fund shall be
24 appropriated through the annual Budget Act.

25 (e) The Building Homes and Jobs Investment Strategy and
26 updates required by this section shall be submitted pursuant to
27 Section 9795 of the Government Code.

28

29

Article 2. Audits and Reporting

30

31 50475. The California State Auditor’s Office shall conduct
32 periodic audits to ensure that the annual allocation to individual
33 programs is awarded by the department in a timely fashion
34 consistent with the requirements of this chapter. The first audit
35 shall be conducted no later than 24 months from the effective date
36 of this section.

37 50476. (a) In its annual report to the Legislature pursuant to
38 Section 50408, the department shall report how funds that were
39 made available pursuant to this chapter and allocated in the prior
40 year were expended, including efforts to promote a geographically

1 balanced distribution of funds. The report shall also assess the
2 impact of the investment on job creation and the economy. With
3 respect to any awards made specifically to house or support persons
4 who are homeless or at-risk of homelessness, the report shall
5 include an analysis of the effectiveness of the funding in allowing
6 these households to retain permanent housing. The department
7 shall make the report available to the public on its Internet Web
8 site.

9 (b) (1) In the report, the department shall make a determination
10 of whether any of the moneys derived from fees collected pursuant
11 to Section 27388.1 of the Government Code are being allocated
12 by the state for any purpose not authorized by Section 50470 and
13 shall share the information with the county recorders.

14 (2) If the department determines that any moneys derived from
15 fees collected pursuant to Section 27388.1 of the Government
16 Code are being allocated by the state for a purpose not authorized
17 by Section 50470, the county recorders shall, upon notice of the
18 determination, immediately cease collection of the fees imposed
19 by Section 27388.1 of the Government Code, and shall resume
20 collection of those fees only upon notice that the moneys derived
21 from fees collected pursuant to Section 23788.1 of the Government
22 Code are being allocated by the state only for a purpose authorized
23 by Section 50470.

24 *SEC. 5. (a) The Legislature finds and declares that the housing*
25 *market plays a critical role in the functioning of the California*
26 *economy.*

27 *(b) The Legislature further finds and declares all of the*
28 *following:*

29 *(1) The need for housing is something every Californian*
30 *encounters.*

31 *(2) Adequate and stable housing is a crucial component of all*
32 *Californians' quality of life.*

33 *(3) The expenditure for housing is one of the largest expenses*
34 *all Californians undertake in their day-to-day lives.*

35 *(4) Housing and housing-related activities are of such significant*
36 *importance to the state that it warrants a clear and unified voice*
37 *in state government.*

38 *(c) It is the intent of the Legislature to enact legislation that*
39 *would create a Secretary of Housing within state government to*
40 *oversee all activities related to housing in the state. In creating*

1 *this position, it is the intent of the Legislature that all professional*
2 *entities that play a role in the housing market would be authorized*
3 *to be incorporated in order to have a clearer and more unified*
4 *approach to housing in California.*

5 ~~SEC. 5.~~

6 SEC. 6. No reimbursement is required by this act pursuant to
7 Section 6 of Article XIII B of the California Constitution because
8 a local agency or school district has the authority to levy service
9 charges, fees, or assessments sufficient to pay for the program or
10 level of service mandated by this act, within the meaning of Section
11 17556 of the Government Code.

12 ~~SEC. 6.~~

13 SEC. 7. This act is an urgency statute necessary for the
14 immediate preservation of the public peace, health, or safety within
15 the meaning of Article IV of the Constitution and shall go into
16 immediate effect. The facts constituting the necessity are:

17 In order to provide affordable housing opportunities at the earliest
18 possible time, it is necessary for this act to take effect immediately.