

AMENDED IN ASSEMBLY APRIL 30, 2015

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)

(Coauthor: Senator Hill)

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, upon appropriation by the Legislature, require that 20% of the moneys in the fund be expended for affordable ~~homeownership activities~~ *owner-occupied workforce housing* and authorize the remainder of the moneys in the fund to be expended ~~for supporting~~ *to support* affordable housing, home ownership opportunities, and other housing-related ~~program, programs, and administrative costs~~, 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.

1 SEC. 2. (a) The Legislature finds and declares that having a
2 healthy housing market that provides an adequate supply of homes
3 affordable to Californians at all income levels is critical to the
4 economic prosperity and quality of life in the state.

5 (b) The Legislature further finds and declares all of the
6 following:

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

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

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

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

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

1 (6) Furthermore, four of the top 10 metropolitan areas in the
2 country with the highest rate of homelessness are in the following
3 metropolitan areas in California: San Jose-Sunnyvale-Santa Clara,
4 Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton.

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

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

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

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

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

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

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

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

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

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

23 SEC. 3. Section 27388.1 is added to the Government Code, to
24 read:

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

1 financing statement, mechanic's lien, maps, and covenants,
2 conditions, and restrictions.

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

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

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

24
25 CHAPTER 2.5. BUILDING HOMES AND JOBS ACT

26
27 Article 1. General Provisions

28
29 50470. (a) (1) There is hereby created in the State Treasury
30 the Building Homes and Jobs Trust Fund. All interest or other
31 increments resulting from the investment of moneys in the fund
32 shall be deposited in the fund, notwithstanding Section 16305.7
33 of the Government Code.

34 (2) Moneys in the Building Homes and Jobs Trust Fund shall
35 not be subject to transfer to any other fund pursuant to any
36 provision of Part 2 (commencing with Section 16300) of Division
37 4 of Title 2 of the Government Code, except to the Surplus Money
38 Investment Fund. Upon appropriation by the Legislature:

1 (A) Twenty percent of moneys in the fund shall be expended
2 for affordable ~~homeownership activities.~~ *owner-occupied workforce*
3 *housing.*

4 (B) The remainder of the moneys in the fund may be expended
5 for the following purposes:

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

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

13 (iii) Matching portions of funds placed into local or regional
14 housing trust funds.

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

18 (v) Capitalized reserves for services connected to the creation
19 of new permanent supportive housing, including, but not limited
20 to, developments funded through the Veterans Housing and
21 Homelessness Prevention Program.

22 (vi) Emergency shelters, transitional housing, and rapid
23 rehousing.

24 (vii) Accessibility modifications.

25 (viii) Efforts to acquire and rehabilitate foreclosed or vacant
26 homes.

27 (xi) Homeownership opportunities, including, but not limited
28 to, down payment assistance.

29 *(xii) To the department for the administration of housing*
30 *programs that receive an appropriation from the fund. Moneys*
31 *expended for this purpose shall not exceed 5 percent of the moneys*
32 *in the fund.*

33 (b) Both of the following shall be paid and deposited in the
34 fund:

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

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

1 50470.5. For purposes of this chapter, “department” means the
2 Department of Housing and Community Development.

3 50470.7. *The Building Homes and Jobs Trust Fund Governing*
4 *Board is hereby established. The governing board shall consist of*
5 *not less than two real estate licensees, one from northern California*
6 *and one from southern California, each with not less than 10 years*
7 *of real estate experience and membership in a real estate trade*
8 *organization with not less than 20,000 licensees. The governing*
9 *board shall include a local government official from northern and*
10 *southern California, and a representative from the northern and*
11 *southern California home building industry, all of whom shall be*
12 *appointed by the Governor. The governing board shall also include*
13 *two public members each from northern, central, and southern*
14 *California. Three of the public members shall be appointed by the*
15 *Speaker of the Assembly and three shall be appointed by President*
16 *pro Tempore of the Senate.*

17 50471. (a) In order to maximize efficiency and address
18 comprehensive needs, the department, in consultation with the
19 California Housing Finance Agency, the California Tax Credit
20 Allocation Committee, and the California Debt Limit Allocation
21 Committee, shall develop and submit to the Legislature, at the time
22 of the Department of Finance’s adjustments to the proposed
23 2015–16 fiscal year budget pursuant to subdivision (e) of Section
24 13308 of the Government Code, the Building Homes and Jobs
25 Investment Strategy. Notwithstanding Section 10231.5 of the
26 Government Code, commencing with the 2020–21 fiscal year, and
27 every five years thereafter, concurrent with the release of the
28 Governor’s proposed budget, the department shall update the
29 investment strategy and submit it to the Legislature. *The governing*
30 *board established in Section 50470.7 shall review and advise the*
31 *department regarding the investment strategy prior to its*
32 *submission to the Legislature.* The investment strategy shall do
33 all of the following:

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

38 (2) Promote a geographically balanced distribution of funds
39 including consideration of a direct allocation of funds to local
40 governments.

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

3 (4) Meet the following minimum objectives:

4 (A) Encourage economic development and job creation by
5 helping to meet the housing needs of a growing workforce up to
6 120 percent of area median income.

7 (B) Identify opportunities for coordination among state
8 departments and agencies to achieve greater efficiencies, increase
9 the amount of federal investment in production, services, and
10 operating costs of housing, and promote energy efficiency in
11 housing produced.

12 (C) Incentivize the use and coordination of nontraditional
13 funding sources including philanthropic funds, local realignment
14 funds, nonhousing tax increment, the federal Patient Protection
15 and Affordable Care Act, and other resources.

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

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

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

29 (d) Expenditure requests contained in the Governor's proposed
30 budget shall be consistent with the Building Homes and Jobs
31 Investment Strategy developed and submitted pursuant to this part.
32 Moneys in the Building Homes and Jobs Act Fund shall be
33 appropriated through the annual Budget Act.

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

Article 2. Audits and Reporting

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

50476. (a) In its annual report to the Legislature pursuant to Section 50408, the department shall report how funds that were made available pursuant to this chapter and allocated in the prior year were expended, including efforts to promote a geographically balanced distribution of funds. The report shall also assess the impact of the investment on job creation and the economy. With respect to any awards made specifically to house or support persons who are homeless or at-risk of homelessness, the report shall include an analysis of the effectiveness of the funding in allowing these households to retain permanent housing. The department shall make the report available to the public on its Internet Web site.

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

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

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

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

1 (1) The need for housing is something every Californian
2 encounters.

3 (2) Adequate and stable housing is a crucial component of all
4 Californians' quality of life.

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

7 (4) Housing and housing-related activities are of such significant
8 importance to the state that it warrants a clear and unified voice
9 in state government.

10 (c) It is the intent of the Legislature to enact legislation that
11 would create a Secretary of Housing within state government to
12 oversee all activities related to housing in the state. In creating this
13 position, it is the intent of the Legislature that all professional
14 entities that play a role in the housing market would be authorized
15 to be incorporated in order to have a clearer and more unified
16 approach to housing in California.

17 SEC. 6. No reimbursement is required by this act pursuant to
18 Section 6 of Article XIII B of the California Constitution because
19 a local agency or school district has the authority to levy service
20 charges, fees, or assessments sufficient to pay for the program or
21 level of service mandated by this act, within the meaning of Section
22 17556 of the Government Code.

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

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