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

SB 2, as introduced, Atkins. Building Homes and Jobs Act.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership 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 owner-occupied workforce housing and 10% of the moneys for housing purposes related to agricultural workers and their families, and would authorize the remainder of the moneys in the fund to be expended to support affordable housing, homeownership opportunities, and other housing-related programs, as specified. The bill would impose certain auditing and reporting requirements and would establish the Building Homes and Jobs Trust Fund Governing Board that would, among other things, review and approve recommendations made by the Department of Housing and Community Development for the distribution of moneys from the fund.

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.


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

SECTION 1. This act shall be known as the Building Homes and Jobs Act.

SEC. 2. (a) The Legislature finds and declares that 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.
b) The Legislature further finds and declares all of the following:

1. Funding approved by the state’s voters in 2002 and 2006, as of June 2015, has financed the construction, rehabilitation, and preservation of over 14,000 shelter spaces and 245,000 affordable homes. These numbers include thousands of supportive homes for people experiencing homelessness. In addition, these funds have helped tens of thousands of families become or remain homeowners. Nearly all of the voter-approved funding for affordable housing has been awarded.

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

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

4. In 2015, the Legislature approved $2 billion in revenue bonds for the construction and rehabilitation of permanent supportive housing for homeless individuals with mental illness through the “No Place Like Home” initiative and increased funding for the CalWORKs Housing Support Program to $47 million per year. Another $45 million was directed to Emergency Solutions Grants to fund rapid rehousing, outreach, shelters, and homeless prevention and $10 million was provided to reduce homelessness among families who are part of the child welfare system.

5. Despite these investments, the need for affordable housing in the state of California greatly exceeds the available resources, demonstrated by the Public Policy Institute of California finding that, as of January 2016, 31.5 percent of mortgaged homeowners and 47 percent of all renters are spending more than 35 percent of their household incomes on housing.

6. California has 12 percent of the United States population, but 20 percent of its homeless population. California has the highest
percentage of unsheltered homeless in the nation, with 64 percent of homeless Californians not having shelter. California has 24 percent of the nation’s homeless veterans population and one-third of the nation’s chronically homeless population. California also has the largest populations of unaccompanied homeless children and youth, with 28 percent of the national total. Furthermore, four of the top 10 metropolitan areas in the country with the highest rate of homelessness are in the following metropolitan areas in California: San Jose-Sunnyvale-Santa Clara, Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton. (7) California continues to have the second lowest homeownership rate in the nation, and the Los Angeles metropolitan area is now a majority renter area. In fact, five of the eight lowest homeownership rates are in metropolitan areas in California. (8) Los Angeles and Orange Counties have been identified as the epicenter of overcrowded housing, and numerous studies have shown that children in crowded homes have poorer health, worse scores on mathematics and reading tests, and higher rates of depression and behavioral problems—even when poverty is taken into account. (9) Millions of Californians are 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. (10) Eight of the top 10 hardest hit cities by the foreclosure crisis in the nation were in California. They include the Cities of Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced, Bakersfield, and Sacramento. (11) California’s workforce continues to experience longer commute times as persons in the workforce seek affordable housing outside the areas in which they work. If California is unable to support the construction of affordable housing in these areas, congestion problems will strain the state’s transportation system and exacerbate greenhouse gas emissions. (12) Many economists agree that the state’s higher than average unemployment rate is due in large part to massive shrinkage in the construction industry from 2005 to 2009, including losses of nearly
700,000 construction-related jobs, a 60-percent decline in
construction spending, and an 83-percent reduction in residential
permits. Restoration of a healthy construction sector will
significantly reduce the state’s unemployment rate.

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

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

(16) The 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.

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

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

27388.1. (a) (1) Commencing January 1, 2018, and except as
provided in paragraph (2), in addition to any other recording fees
specified in this code, a fee of seventy-five dollars ($75) shall be
paid at the time of recording of every real estate instrument, paper,
or notice required or permitted by law to be recorded, except those
expressly exempted from payment of recording fees, per each
single transaction per parcel of real property. The fee imposed by
this section shall not exceed two hundred twenty-five dollars
($225). “Real estate instrument, paper, or notice” means a
document relating to real property, including, but not limited to,
the following: deed, grant deed, trustee’s deed, deed of trust,
reconveyance, quit claim deed, fictitious deed of trust, assignment
of deed of trust, request for notice of default, abstract of judgment, subordination agreement, declaration of homestead, abandonment of homestead, notice of default, release or discharge, easement, notice of trustee sale, notice of completion, UCC financing statement, mechanic’s lien, maps, and covenants, conditions, and restrictions.

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

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

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

Chapter 2.5. Building Homes and Jobs Act


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

(2) Moneys in the Building Homes and Jobs Trust Fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division
4 of Title 2 of the Government Code, except to the Surplus Money 
Investment Fund. Upon appropriation by the Legislature:
(A) Twenty percent of moneys in the fund shall be expended 
for affordable owner-occupied workforce housing.
(B) Ten percent of the moneys in the fund shall be expended to 
address affordable homeownership and rental housing opportunities 
for agricultural workers and their families.
(C) The remainder of the moneys in the fund may be expended 
for the following purposes:
   (i) The development, acquisition, rehabilitation, and preservation 
of rental housing that is affordable to extremely low, very low, 
low-, and moderate-income households, including necessary 
operating subsidies.
   (ii) Affordable rental and ownership housing that meets the 
needs of a growing workforce earning up to 120 percent of area 
median income.
   (iii) Matching portions of funds placed into local or regional 
housing trust funds.
   (iv) Matching portions of funds available through the Low and 
Moderate Income Housing Asset Fund pursuant to subdivision (d) 
of Section 34176 of the Health and Safety Code.
   (v) Capitalized reserves for services connected to the creation 
of new permanent supportive housing, including, but not limited 
to, developments funded through the Veterans Housing and 
Homelessness Prevention Program.
   (vi) Emergency shelters, transitional housing, and rapid 
rehousing.
   (vii) Accessibility modifications.
   (viii) Efforts to acquire and rehabilitate foreclosed or vacant 
homes.
   (ix) Homeownership opportunities, including, but not limited 
to, down payment assistance.
   (x) Grants to local and regional agencies to assist in the 
development and updating of planning documents and zoning 
ordinances in order to accelerate housing production, including, 
but not limited to, General Plans, community plans, specific plans, 
sustainable communities strategies, and local coastal programs.
   (xi) Fiscal incentives or matching funds to local agencies that 
approve new housing for extremely low, very low, low-, and 
moderate-income households.
A state or local entity that receives an appropriation or allocation pursuant to this chapter shall use no more than 5 percent of that appropriation or allocation for costs related to the administration of the housing program for which the appropriation or allocation was made.

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

1. Any moneys appropriated and made available by the Legislature for purposes of the fund.
2. Any other moneys that may be made available to the department for the purposes of the fund from any other source or sources.

(c) If a local government does not expend the moneys allocated to it, pursuant to this chapter, within five years of that allocation, those moneys shall revert to, and be paid and deposited in, the fund.

50470.5. For purposes of this chapter:

(a) “Department” means the Department of Housing and Community Development.

(b) “Governor” means the Building Homes and Jobs Trust Fund Governing Board.

50470.7. (a) The Building Homes and Jobs Trust Fund Governing Board is hereby established. The governing board shall include one representative from the department, one representative from the California Housing Finance Agency, and one representative from the Office of the Treasurer. The governing board shall consist also include no fewer than two real estate licensees, one from northern California and one from southern California, each with not less than 10 years of real estate experience and membership in a real estate trade organization with not less than 20,000 licensees. The governing board shall include a local government official from northern and southern California, and a representative from the northern and southern California home building industry, all of whom shall be appointed by the Governor.

(b) (1) The governing board also shall include six public members. Two of the public members must be representative of nonprofit affordable housing development, one appointed by the Speaker of the Assembly and one appointed by the Senate Rules Committee. Two of the public members must be representative of for-profit affordable housing development, one appointed by the
Speaker of the Assembly and one appointed by the Senate Rules Committee. The Speaker of the Assembly and the Senate Rules Committee shall each appoint one additional public member who shall be representative of, or have experience in, one or more of the following areas:

(A) Private sector lending.
(B) For-profit affordable housing development.
(C) Nonprofit affordable housing development.
(D) Working with special needs populations, including persons experiencing homelessness.
(E) Architecture.
(F) Housing development consultation.
(G) Academia related to housing issues.

(2) Overall public membership shall contribute to a balance among geographic areas and between rural and urban interests.

50471. (a) In order to maximize efficiency and address comprehensive needs, the department, in consultation with the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee, shall develop and submit to the Legislature, at the time of the Department of Finance’s adjustments to the proposed 2018–19 fiscal year budget pursuant to subdivision (e) of Section 13308 of the Government Code, the Building Homes and Jobs Investment Strategy. Notwithstanding Section 10231.5 of the Government Code, commencing with the 2023–24 fiscal year, and every five years thereafter, concurrent with the release of the Governor’s proposed budget, the department shall update the investment strategy and submit it to the Legislature. The governing board shall review and advise the department regarding the investment strategy prior to its submission to the Legislature. The investment strategy shall do all of the following:

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

(2) Meet the following minimum objectives:

(A) Encourage economic development and job creation by helping to meet the housing needs of a growing workforce earning up to 120 percent of area median income.
(B) Identify opportunities for coordination among state
departments and agencies to achieve greater efficiencies, increase
the amount of federal investment in production, services, and
operating costs of housing, and promote energy efficiency in
housing produced.
(C) Incentivize the use and coordination of nontraditional
funding sources including philanthropic funds, local realignment
funds, nonhousing tax increment, the federal Patient Protection
and Affordable Care Act, and other resources.
(D) Incentivize innovative approaches that produce cost savings
to local and state services by reducing the instability of housing
for frequent, high-cost users of hospitals, jails, detoxification
facilities, psychiatric hospitals, and emergency shelters.
(3) Provide for a geographically balanced distribution of funds,
including a 50 percent direct allocation of funds to local
governments.
(4) In order to receive an allocation a local government shall:
(A) Submit a plan to the department detailing how allocated
funds will be used by the local government in manner consistent
with paragraph (2) of subdivision (a) of Section 50470.
(B) Have a compliant housing element with the state, submit
annual reports pursuant to Section 65400 of the Government Code,
and submit an annual report to the department that provides
ongoing tracking of the uses and expenditures of any allocated
funds.
(C) Emphasize investments that serve households that are at or
below 60 percent of area median income.
(b) Before submitting the Building Homes and Jobs Investment
Strategy to the Legislature, the department shall hold at least four
public workshops in different regions of the state to further inform
the development of the investment strategy.
(c) Expenditure requests contained in the Governor’s proposed
budget shall be consistent with the Building Homes and Jobs
Investment Strategy developed and submitted pursuant to this part.
Moneys in the Building Homes and Jobs Trust Fund shall be
appropriated through the annual Budget Act.
(d) The Building Homes and Jobs Investment Strategy and
updates required by this section shall be submitted pursuant to
Section 9795 of the Government Code.
(e) The governing board shall have the authority to review and approve department recommendations for all funds distributed from the Building Homes and Jobs Trust Fund.

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) The need for housing is something every Californian encounters.
   (2) Adequate and stable housing is a crucial component of all Californians’ quality of life.
   (3) The expenditure for housing is one of the largest expenses all Californians undertake in their day-to-day lives.
   (4) Housing and housing-related activities are of such significant importance to the state that it warrants a clear and unified voice in state government.
(c) It is the intent of the Legislature to enact legislation that would create a Secretary of Housing within state government to oversee all activities related to housing in the state. In creating this position, it is the intent of the Legislature that all professional entities that play a role in the housing market would be authorized to be incorporated in order to have a clearer and more unified approach to housing in California.
SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.
SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:
In order to provide affordable housing opportunities at the earliest possible time, it is necessary for this act to take effect immediately.