

SB 2 – Building Homes and Jobs Act

IN BRIEF

The Building Homes and Jobs Act establishes a permanent funding source for affordable housing through a \$75 fee on real estate transaction documents. The fee is capped at \$225 on a per parcel, per transaction basis, and exempts commercial and residential real-estate transactions.

SB 2 builds on AB 1335, which then-Assembly Speaker Atkins introduced in 2015, by adding two new allowable uses for the funding: local community plan updates and fiscal incentives for local governments to approve new housing for low-income families.

THE ISSUE

California has a housing affordability crisis.

- According to the Public Policy Institute of California (PPIC), as of February 2015, roughly 36% of mortgaged homeowners and approximately 48% of all renters are spending more than one-third of their household incomes on housing.
- California continues to have the second lowest homeownership rate in the nation and the Los Angeles metropolitan area is now a majority renter region. In fact, five of the eight lowest homeownership rates in the nation are in California metropolitan areas.
- At any given time, 134,000 Californians are homeless. California has 24% of the nation's homeless veterans and one-third of the nations' chronically homeless. The state also has the largest numbers of unaccompanied homeless children and youth, with 30% of the national total.
- For the first time, Standard and Poors Ratings Services cited California's "Persistently high cost of housing" as contributing to a relatively weaker business climate and a credit weakness in the rating of California General Obligation bonds.

BACKGROUND

Increasing the construction, building, and availability of affordable housing is good for the economy, the budget, job creation, and families:

- The Bay Area Council, LA Area Chamber of Commerce, LA Business Council, Orange County Business Council, and Silicon Valley Leadership Group agree that less affordable housing impedes California businesses from attracting and retaining workers.
- On average, a single homeless Californian incurs \$2,897 per month in county costs for emergency room visits and in-patient hospital stays, as well as the costs of arrests and incarceration. Roughly 79% of these costs are cut when that person has an affordable home.
- An estimated 29,000 jobs would be created annually for every \$500 million spent on affordable housing.

THE SOLUTION

Increased and ongoing funding for affordable housing is critical to stabilize the state's housing development and construction marketplace. If developers know that there is a sustainable source of funding, they will take on the risk that comes with development — and create a reliable pipeline of well-paying construction jobs in the process.

The Building Homes and Jobs Act will utilize a pay-as-you-go approach and generate hundreds of millions of dollars annually for affordable housing through a \$75 fee on real estate recorded documents, excluding those documents associated with real estate sales. 50% of collected fees will be distributed directly to local governments to address local needs. The remainder will be allocated by the state on a competitive basis. 20% of overall funds must be allocated to affordable homeownership needs for a growing workforce and 10% of overall funds must be used to meet the affordable housing needs of farmworkers and their families. The funds generated will leverage an additional \$2 to \$3 billion in federal, local, and bank investment.

SUPPORT

Housing California, California Housing Consortium, and California Association of Realtors

FOR MORE INFORMATION

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