



THE HOUSING CRISIS ISN'T OVER – IN FACT IT'S GOTTEN WORSE

The bursting of the housing bubble and the ensuing foreclosure crisis flooded the market with renters, driving up rents by over 20% from 2000 to 2012, making already high rents even more inaccessible to California's low-income households. Meanwhile, the \$1.5 billion in annual state investment for affordable homes has been lost now that funds from the successful Prop 46 and Prop 1C housing bonds are exhausted and redevelopment eliminated.

PUBLIC-PRIVATE PARTNERSHIPS CREATE JOBS

Strong public-private partnerships enable California to create jobs and build homes Californians need. State funding is a small piece of the overall housing financing puzzle, but, without it, we can't unlock the federal, local, and private funding for affordable home development. Without state investment, more businesses will struggle to attract workers and remain competitive, tens of thousands of families will be left without an affordable place to call home, and tens of thousands of well-paying construction jobs would disappear.

CREATE A PERMANENT SOURCE OF FUNDING FOR AFFORDABLE HOME DEVELOPMENT

CHC is a co-sponsor of SB 391 (DeSaulnier), the California Homes and Jobs Act, which will create jobs and build affordable homes for Californians in need. This bill creates a stable source of investment in housing without new taxes or state-financed bonds. Instead, the bill levies a modest \$75 fee on the recordation of real estate documents – excluding sales – to create a stable source of funding for the development, acquisition, rehabilitation, and preservation of homes affordable to low- and moderate-income households. The bill would create 29,000 jobs annually and has the support of a broad-based coalition of over 700 organizations, ranging from business and labor to veterans, public safety, health, environment, and transportation!

Recognizing the crucial role that affordable homes near transit and job centers can play in helping California meet its GHG reduction targets, the legislature should also invest a significant portion of Cap-and-Trade auction revenues into HCD's Transit-Oriented Development Housing Program.

PROTECT THE WELFARE EXEMPTION FOR AFFORDABLE HOMES

In order to assist in the construction of affordable homes, in 1988 the legislature established a property tax exemption for units that are deed-restricted to affordable levels. Despite this exemption, some cities and counties require a payment of part or all of the taxes they would have received (referred to as a PILOT agreement). Recently, some county assessors are arguing that the developments making these payments should not receive the welfare exemption and therefore pay back taxes (or escape assessments). Other county assessors are arguing that developments should pay property taxes on the common spaces of the developments, where social services, after-school programs, and senior services are provided. **AB 1760 (Chau)** and **SB 1203 (Jackson)** preserve the welfare exemption by protecting developments from paying escape assessments and banning PILOT agreements after January 1, 2015.

MAKE HOUSING A PRIORITY IN ANY NEW TAX INCREMENT FINANCE TOOL

Any of the proposed tax increment finance tools would create only a fraction of the revenue that went to redevelopment areas. However, housing should be a priority in whatever mechanism becomes law. This can include: creating a 25% set-aside for housing, lowering the voter threshold from two-thirds to 25% or eliminating it altogether, increasing the maximum term from 30 years to 45 years, and creating incentives for county participation.