
Providing Homes to Protect Californians



HOUSING
CALIFORNIA

California leaders have pledged to protect our state's values of inclusion, equity and opportunity as the nation ushers in a new political era. Nothing embodies these principles more than ensuring that all Californians have a safe place to live - a sanctuary, where access to employment, health care and education is not impeded.

But without affordable homes, no city can be a sanctuary. With no place to get ready for work or school, to recover from illness or to age in place, this important pledge of protection cannot reach its full potential.

Californians today pay more for a place to live than at any other point in history, forcing many to live in unsafe housing or on the streets. When the cost of housing eats up too much of a family's income, it's more difficult to afford items necessary to their well-being like healthy food, reliable transportation, and health care. California has the highest level of poverty in the nation because of the impact of housing on our cost of living.

Our leaders have proposals in front of them right now to fix the following bad policies that created this situation:

- We spend \$300 million every year to subsidize purchases of vacation homes for 195,000 households when more than 3 million families struggle to keep a roof over their head at all. State investment needs to be better targeted to the people struggling to stay afloat, not the wealthy few.
- A predictable, ongoing funding source no longer exists to make housing developments that target Californians at the lowest income levels viable. A new report from the state's Department of Housing and Community Development finds "unstable funding for affordable-home development is impeding our ability to meet California's housing needs, particularly for lower-income households."

"Unstable funding for affordable-home development is impeding our ability to meet California's housing needs, particularly for lower-income households." - HCD

AB 71 and SB 2 address the lack of affordable homes, reverse bad policies and provide sustainable revenue streams for California's future:

- **AB 71: Bring California Home Act (Chiu)** - to eliminate the vacation home mortgage interest deduction and use the \$300 million savings to the state to develop and preserve homes for tens of millions of Californians.
- **SB 2: Homes and Jobs Act (Atkins)** - to provide predictable, ongoing funding into proven, highly utilized state affordable home programs that boost the economy and move toward a California where your housing costs don't leave you without money for food, health care or transportation.

See reverse for more information on these bills.

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SB 2: Building Homes and Jobs Act

Author: Senator Toni Atkins

AB 71: Bring California Home Act

Author: Assemblymember David Chiu

These two pieces of legislation come at a crucial time for California, when state housing investment has plummeted by 69% in the last decade, worsening the unprecedented housing affordability crisis in our state. Today, more than 1.7 million Californians are paying more than half their income in rent – leaving too few dollars for nutrition, medicine, transportation and other fundamentals.

SB 2 creates an ongoing funding source that helps the state live within its means. By instating a modest \$75 document recording fee on real estate transactions, excluding property sales and capped at \$225, SB 2 would increase California's supply of affordable homes, create jobs, and spur economic growth without incurring additional debt.

SB 2 will:

- Generate hundreds of millions of dollars and leverage significant federal, local, and private investment.
- Create an estimated 29,000 jobs annually for every \$500 million spent, primarily in construction
- Deploy these dollars throughout California using a successful public/private model, generating revenue for local governments.
- Build safe and affordable apartments and single-family homes for struggling Californians, including families, seniors, veterans, people with disabilities, and people experiencing homelessness.
- Help businesses attract and retain the talent that fuels California's economy.
- Allocate 20% of overall funds generated to affordable homeownership opportunities for a growing workforce and 10% to meet the housing needs of agricultural workers and their families.

AB 71 is an ongoing funding source created by saving an unjustifiable \$300 million state tax subsidy for vacation homes to expand rental opportunities for the most vulnerable Californians.

AB 71 will:

- Expand the successful state Low-Income Housing Tax Credit Program (LIHTC) by \$300 million annually, leveraging an additional \$600 million in federal funds to build more than 3,000 affordable homes each year.
- Build on the successful track record of the LIHTC program, which has produced or preserved more than 300,000 homes, created 340,000 jobs, and generated \$32 billion in local income and \$12.7 billion in tax revenues in California since 1986.
- Stop the return of hundreds of millions of dollars back to the federal government that could otherwise be used to finance additional affordable developments in California.
- Incentivize private investment and generate up-front dollars needed to get developments off the ground.
- Only impact vacation homes not used as rentals, or vacation homes that are rented out some of the time but the owners stay in the home for 14 days or more than 10% of the number of days of the home is rented out. Properties used as rentals may continue to deduct mortgage interest from the rental income as a rental expense.
- Not impact Californians' ability to claim a mortgage interest deduction for a vacation home on their federal taxes.

Co-Sponsors: Housing California and California Housing Consortium

