

SB 3 (BEALL): VETERANS & AFFORDABLE HOUSING BOND ACT OF 2018

POSITION: The Chamber's Infrastructure, Housing & Land Use Committee voted to SUPPORT this bill on August 15, 2017.

STATUS: SB 3 was introduced by Senator Jim Beall in December of 2016. It has passed out of the Senate and is awaiting final vote in the Assembly.

AT-A-GLANCE

SB 3 would authorize the issuance of \$4 billion in general obligation bonds for affordable housing, pending voter approval in the November 6, 2018 election.

SUMMARY

SB 3 would authorize the issuance of \$4 billion in general obligation (GO) bonds for affordable housing, pending voter approval in the November 6, 2018 election.

Specifically the funds would be disbursed as follows:

- \$3b in GO bonds broken down as:
 - \$1.5b to existing Multifamily Housing Program for individuals up to 60% of area median income (AMI);
 - \$150M for transit oriented development;
 - \$300M to Regional Planning, Housing and Infill Incentive Account to support infill infrastructure;
 - \$140M to the existing Home Purchase Assistance Program to help low and moderate-income buyers to qualify for home purchase;
 - \$300M for farmworker housing;
 - \$300M in matching grants to Local Housing Trust Matching Grant Program;
 - \$300M deposited into Self-Help Housing Fund ;
- \$1B in CalVet Home Loan funds to extend the program set to expire in 2018
- Technical assistance to cities

ANALYSIS

California is currently experiencing a well-documented housing crisis caused by the lack of units. This supply crisis is acutely felt by the population relying on subsidized affordable units, and San Diego is not immune to the problem. In a McKinsey institute brief on San Diego's housing supply recently made available, it was noted that almost 50% of San Diego renters cannot find a unit in San Diego they can comfortably afford. This lack of affordability spurred by the continued lack of building and investment into affordable housing has bubbled up to emerge as a top tier issue for employers looking to hire as potential employees cite the high rent and continually rising purchase prices of homes as a major deterrent to locating their families in the region.

Previously, redevelopment agencies were fundamental in the preservation and creation of affordable housing but were eliminated by Governor Brown in 2012. Since then, affordable housing developers have struggled to identify gap funding to build necessary units to house the most vulnerable of our residents and production remains slow. Furthermore, individuals looking for affordable units are being squeezed out of the market as rent prices continue to rise and make what would be affordable units now at or exceeding market rate. It is important to remember that without redevelopment money, the cost of developing an

affordable unit did not change, and the practical components of building (cost of land, labor, materials, regulatory requirements, etc.) did not become cheaper or quicker, which has steadily worsened.

For perspective, it is estimated that the city needs approximately 64,000 more low-income housing units prior to 2020. The cost of developing those units is typically around \$300,000 per unit.

To build the necessary units for all price points, but particularly for the subsidized low income units, the state must find a way to replace the supportive funding eliminated during the Great Recession and the eradication of redevelopment agencies.

SUPPORT

- California BIA
- California Housing Consortium
- California State Association of Counties
- League of California Cities
- Facebook
- United Ways of California
- Silicon Valley Leadership Group
- Western Center on Law and Poverty
- Others

OPPOSITION

- Howard Jarvis Taxpayers Association