

Date of Hearing: May 8, 2019

## ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

### AB 1487

(Chiu) – As Amended April 29, 2019

Policy Committee:	Housing and Community Development	Vote:	5 - 2
	Local Government		5 - 2

Urgency: No      State Mandated Local Program: Yes      Reimbursable: Yes

### SUMMARY:

This bill establishes the San Francisco Bay Area Regional Housing Finance Act and creates the Housing Alliance for the Bay Area, a regional housing agency for the nine-county San Francisco Bay Area. The bill provides for the powers and duties, governance, financing, and elections provisions for a potential regional tax measure and specifies how revenues can be spent.

### FISCAL EFFECT:

State-mandated local costs, likely significant, to the local agency or agencies who undertake the initial governance and duties of the new housing entity. The bill states intent that the entity be staffed by existing staff of the Metropolitan Transportation Commission (MTC), but the bill as written does not specify staffing or other initial governance. These initial costs are potentially reimbursable by the state, depending on a determination by the Commission on State Mandates. Not all local entities, perhaps including MTC, qualify for state reimbursement, but many, including cities and counties, generally do.

### COMMENTS:

1) **Purpose.** According to the author:

AB 1487 empowers the Bay Area to help address its affordable housing needs by enabling the region to raise new revenue and support local jurisdictions, and thereby ensure that the entire Bay Area is on track to end the housing crisis by providing affordable housing efficiently and effectively to all residents.

2) **Background.** Bay Area housing prices are among the highest in the state and the nation. Since 2010, the Bay Area has added seven times as many jobs as housing units. Average rents are \$2,400 (an increase of 60% since 2010) and average home prices are \$790,000 (also an increase of 60% since 2010).

In 2017 and 2018, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) convened a series of structured discussions with local government officials, developers, major employers, labor interests, housing and policy experts, social equity advocates and non-profit housing providers. This group was deemed the Committee to House the Bay Area, and nicknamed CASA. CASA identified, to make housing in the region more affordable, 35,000 new housing units need to be built annually, including 14,000 new subsidized affordable housing units. Additionally, the region has 30,000 units at risk of losing their affordability and 300,000 lower-income households who are paying more than 50% of their income in rent.

The Bay Area has substantial resources to fund the production, preservation and protection of affordable housing; however, CASA's analysis indicates there remains a \$2.5 billion annual funding gap between existing resources and what is needed. CASA proposes to meet \$1.5 billion of this deficit with regional and local self-help measures, with the remainder being funded from additional state and federal sources.

This bill is modeled after several other regional entities, including the San Francisco Bay Restoration Authority (SFBRA), which was created by AB 2954 (Lieber), Chapter 690, Statutes of 2008. SFBRA was charged with raising and allocating resources for the restoration, enhancement, protection and enjoyment of wetlands and wildlife habitat in the San Francisco Bay and along its shoreline. SFBRA's mission was to formulate a strategy for raising local revenues to help restore 36,000 acres of publicly owned Bay shoreline into tidal wetlands. The estimated cost of this effort is about \$1.43 billion over 50 years.

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