




AGENDA ITEM NO.  
**C-14**

# COUNTY OF HUMBOLDT

For the meeting of: April 18, 2017

Date: April 6, 2017  
To: Board of Supervisors  
From: John Ford, Director Planning and Building   
Subject: Letter of Support for Senate Bill 3 Affordable Housing Bond Act of 2018

### RECOMMENDATION(S):

That the Board of Supervisors:

1. Support Senate Bill (SB) 3 Affordable Housing Bond Act of 2018; and
2. Authorize the Chair to sign the attached letter of support.

### SOURCE OF FUNDING:

General Fund

### DISCUSSION:

SB 3 Affordable housing Act of 2018 proposes the issuance of a \$3 billion housing bond. Affordable housing in Humboldt County remains a challenge and several recent California bills are directed towards housing in urban areas.

Prepared by Paula Mushrush

CAO Approval 

REVIEW: Auditor \_\_\_\_\_ County Counsel \_\_\_\_\_ Human Resources \_\_\_\_\_ Other \_\_\_\_\_

TYPE OF ITEM:  
 Consent  
 Departmental  
 Public Hearing  
 Other \_\_\_\_\_

### PREVIOUS ACTION/REFERRAL:

Board Order No. \_\_\_\_\_

Meeting of: \_\_\_\_\_

### BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Sundberg* Seconded by Supervisor *Fennell*

Ayes *Sundberg, Fennell, Bass, Bohn*  
Nays \_\_\_\_\_  
Abstain \_\_\_\_\_  
Absent *Wilson*

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *Apr. 18, 2017*  
By:   
Kathy Hayes, Clerk of the Board

Bond funds will be directed to existing grant programs to create administrative efficiencies. Many of the existing grant programs, such as CalHome and Multi-family Housing, are already being accessed by the county.

This bill is timely because ongoing federal support is tenuous. Past years have seen dramatic cuts to those programs and the preliminary federal budget proposes to eliminate the two primary sources of funds that have supported past county affordable housing projects, such as HOME and CDBG. SB 3 could offset some of that loss.

The press has reported that McGuire proposed a \$300 million set-aside for rural counties, but as of the last amendment date, March 28, 2017, new set-aside funding language has not made it into the bill.

The attached letter includes support for the entire bill and encouragement to set-aside some funding for rural areas.

FINANCIAL IMPACT:

There is minimal financial impact, staff time, associated with today's recommendation to support SB 3.

Supporting SB 3 supports the Board's Strategic Framework by seeking funding sources to benefit Humboldt County and protect vulnerable populations.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could not approve the letter of support. This is not recommended as affordable housing remains a need in Humboldt County.

ATTACHMENTS:

SB 3 Letter of Support  
SB 3 Bill Text



**BOARD OF SUPERVISORS**  
**COUNTY OF HUMBOLDT**

825 5th Street, Suite 111, Eureka, CA 95501-1153  
Telephone (707) 476-2390 Fax (707) 445-7299

April 18, 2017

The Honorable Mike McGuire  
State Capital  
1303 10th Street, Room 5064  
Sacramento, CA 95814

Re: Letter of Support for Senate Bill 3 – Affordable Housing Bond Act of 2018

Dear Senator McGuire:

On behalf of the Humboldt County Board of Supervisors, I am writing to offer our support for SB 3 the Affordable Bond Act of 2018 and thank you for your co-authorship of this bill. Currently, there is a shortage of affordable housing and a lack of funding to back-fill and encourage private investment. Additionally, the tenuousness of traditional federal sources make this bill very timely. SB 3 seeks to use money wisely by adding to existing, familiar, state programs.

While the most current iteration of the bill does not include a rural set-aside we encourage you to continue to advocate for a rural set aside. This would ensure that all funding wasn't prioritized for urban areas.

Humboldt County is pleased to support SB 3. Should you have any questions regarding our position or would like additional information, please do not hesitate to contact me.

Sincerely,

*Virginia Bass*

Virginia Bass  
Humboldt County Board of Supervisors, Chair

cc:  
Rural County Representatives of California  
California State Association of Counties

**BILL START**

AMENDED IN SENATE MARCH 28, 2017

AMENDED IN SENATE MARCH 14, 2017

CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

**SENATE BILL**

**No. 3**

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**Introduced by Senator Beall**

**(Coauthors: Senators Allen, Atkins, Cannella, Dodd, Glazer, Hill, Leyva, McGuire, Mendoza, Monning, Roth, Skinner, and Wiener)**

December 05, 2016

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An act to add Part 16 (commencing with Section 54000) to Division 31 of the Health and Safety Code, relating to housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 3, as amended, Beall. Affordable Housing Bond Act of 2018.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Affordable Housing Bond Act of 2018, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided. This bill would provide for submission of the bond act to the voters at the November 6, 2018, statewide general election in accordance with specified law.

This bill would declare that it is to take effect immediately as an urgency statute.

**DIGEST KEY**

Vote: 2/3 Appropriation: NO Fiscal Committee: YES Local Program: NO

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**BILL TEXT**

# THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

## SECTION 1.

The Legislature finds and declares all of the following:

- (a) California is experiencing an extreme housing shortage with 2.2 million extremely low income and very low income renter households competing for only 664,000 affordable rental homes. This leaves more than 1.54 million of California's lowest income households without access to affordable housing.
- (b) While homelessness across the United States is in an overall decline, homelessness in California is rising. In 2015, California had 115,738 homeless people, which accounted for 21 percent of the nation's homeless population. This is an increase of 1.6 percent from the prior year. California also had the highest rate of unsheltered people, at 64 percent or 73,699 people; the largest numbers of unaccompanied homeless children and youth, at 10,416 people or 28 percent of the national total; the largest number of veterans experiencing homelessness, at 11,311 or 24 percent of the national homeless veteran population; and the second largest number of people in families with chronic patterns of homelessness, at 22,582 or 11 percent of the state's homeless family population.
- (c) California is home to 21 of the 30 most expensive rental housing markets in the country, which has had a disproportionate impact on the middle class and the working poor. California requires the third highest wage in the country to afford housing, behind Hawaii and Washington, D.C. The fair market rent, which indicates the amount of money that a given property would require if it were open for leasing, for a two-bedroom apartment is \$1,386. To afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn an hourly "housing wage" of \$26.65 per hour. This means that a person earning minimum wage must work an average of three jobs to pay the rent for a two-bedroom unit. In some areas of the state, these numbers are even higher.
- (d) Low-income families are forced to spend more and more of their income on rent, which leaves little else for other basic necessities. Many renters must postpone or forgo home ownership, live in more crowded housing, commute further to work, or, in some cases, choose to live and work elsewhere.
- (e) California has seen a significant reduction of state funding in recent years. The funds from Proposition 46 of 2002 and Proposition 1C of 2006, totaling nearly \$5 billion for a variety of affordable housing programs, have been expended. Combined with the loss of redevelopment funds, \$1.5 billion of annual state investment dedicated to housing has been lost, leaving several critical housing programs unfunded.
- (f) High housing costs and the shortage of housing stock in California directly affect the future health of California's economy and, given the staggering numbers indicated above, bold action is necessary. Investment in existing and successful housing programs to expand the state's housing stock should benefit California's homeless and low-income earners, as well as some of the state's most vulnerable populations, including foster and at-risk youth, persons with developmental and physical disabilities, farmworkers, the elderly, single parents with children, and survivors of domestic violence. Investments should also be made in housing for Medi-Cal recipients served through a county's Section 1115 Waiver Whole Person Care Pilot program and family day care providers.
- (g) Investment in housing creates jobs and provides local benefits. The estimated one-year impacts of building 100 rental apartments in a typical local area include \$11.7 million in local income, \$2.2 million in taxes and other revenue for local governments, and 161 local jobs or 1.62 jobs per apartment. The additional annually recurring impacts of building 100 rental apartments in a typical local area include \$2.6 million in local income, \$503,000 in taxes and other revenue for local governments, and 44 local jobs or .44 jobs per apartment.
- (h) California has 109 federally recognized tribes and 723,000 residents with Native American ancestry, the largest number of tribes and residents in the United States. Due to historic dislocation and lack of housing choices, most do not live on tribal lands and those who do live in severely substandard, overcrowded homes lacking quality water and sewer services at rates greater than the general population.

## SEC. 2.

Part 16 (commencing with Section 54000) is added to Division 31 of the Health and Safety Code, to read:

### PART 16. Affordable Housing Bond Act of 2018

#### CHAPTER 1. General Provisions

##### 54000.

This part shall be known, and may be cited, as the Affordable Housing Bond Act of 2018.

##### 54002.

As used in this part, the following terms have the following meanings:

- (a) "Board" means the Department of Housing and Community Development for programs administered by the department, and the California Housing Finance Agency for programs administered by the agency.
- (b) "Committee" means the Housing Finance Committee created pursuant to Section 53524 and continued in existence pursuant to Sections 53548 and 54014.
- (c) "Fund" means the Affordable Housing Bond Act Trust Fund of 2018 created pursuant to Section 54006.

##### 54004.

This part shall only become operative upon adoption by the voters at the November 6, 2018, statewide general election.

#### CHAPTER 2. Affordable Housing Bond Act Trust Fund of 2018 and Program

##### 54006.

The Affordable Housing Bond Act Trust Fund of 2018 is hereby created within the State Treasury. It is the intent of the Legislature that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(a) One billion five hundred million dollars (\$1,500,000,000) to be deposited in the Multifamily Housing Account, which is hereby created in the fund. Upon appropriation by the Legislature, the moneys in the account may be appropriated for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be expended to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for persons with incomes of up to 60 percent of the area median income (AMI). *These funds may also be used to provide technical assistance pursuant to Section 54007.*

(b) Six hundred million dollars (\$600,000,000) to be deposited in the Transit-Oriented Development and Infill Infrastructure Account, which is hereby created within the fund. The moneys in the account shall be used for the following purposes:

(1) Two hundred million dollars (\$200,000,000) to be deposited into the Transit-Oriented Development Implementation Fund, established pursuant to Section 53561, for expenditure, upon appropriation by the Legislature, pursuant to the Transit-Oriented Development Implementation Program authorized by Part 13 (commencing with Section 53560) to provide local assistance to cities, counties, cities and counties, transit agencies, and developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations that will increase public transit ridership. These funds may also be expended for any authorized purpose of this program.

(2) Three hundred million dollars (\$300,000,000) to be deposited in the Infill Infrastructure Financing Account, which is hereby created within the fund. Moneys in the account shall be available, upon appropriation by the Legislature, pursuant to the Infill Incentive Grant Program of 2007 established by Section 53545.13 for infill incentive grants to assist in the new construction and rehabilitation of infrastructure that supports high-density affordable and mixed-income housing in locations designated as infill, including, but not limited to, any of the following:

- (A) Park creation, development, or rehabilitation to encourage infill development.
- (B) Water, sewer, or other public infrastructure costs associated with infill development.
- (C) Transportation improvements related to infill development projects.
- (D) Traffic mitigation.

These funds may also be expended for any authorized purpose of this program.

(3) One hundred million dollars (\$100,000,000) to be deposited into the Building Equity and Growth in Neighborhoods (BEGIN) Program Fund, established pursuant to Section 50860, for expenditure, upon appropriation by the Legislature, pursuant to the BEGIN Program authorized by Chapter 14.5 (commencing with Section 50860) of Part 2 to make grants to qualifying cities, counties, or cities and counties that shall be used for downpayment assistance to qualifying first-time home buyers or low- and moderate-income buyers purchasing newly constructed homes in a BEGIN project. These funds may also be expended for any authorized purpose of this program.

(c) Six hundred million dollars (\$600,000,000) to be deposited in the Special Populations Housing Account, which is hereby created within the fund. The moneys in the account shall be used for the following purposes:

(1) Three hundred million dollars (\$300,000,000) to be deposited in the Joe Serna, Jr. Farmworker Housing Grant Fund, established pursuant to Section 50517.5, for expenditure, upon appropriation by the Legislature, to fund grants or loans, or both, for local public entities, nonprofit corporations, limited liability companies, and limited partnerships, for the construction or rehabilitation of housing for agricultural employees and their families or for the acquisition of manufactured housing as part of a program to address and remedy the impacts of current and potential displacement of farmworker families from existing labor camps, mobilehome parks, or other housing. These funds may also be expended for any authorized purpose of this program. *These funds may also be used to provide technical assistance pursuant to Section 54007.*

(2) Three hundred million dollars (\$300,000,000) to be deposited in the Local Housing Trust Fund Matching Grant Program Account, which is hereby created within the fund. Moneys in the account shall be available, upon appropriation by the Legislature, pursuant to the Local Housing Trust Fund Matching Grant Program established by Section 50842.2 to fund competitive grants or loans to local housing trust funds that develop, own, lend, or invest in affordable housing and used to create pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing. Local housing trust funds shall be derived on an ongoing basis from private contribution or governmental sources that are not otherwise restricted in use for housing programs. These funds may also be expended for any authorized purpose of this program.

(d) Three hundred million dollars (\$300,000,000) to be deposited in the Home Ownership Development Account, which is hereby created within the fund. The moneys in the account shall be, upon appropriation by the Legislature, available for the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, to provide direct, forgivable loans to assist development projects involving multiple home ownership units, including single-family subdivisions, for self-help mortgage assistance programs, and for manufactured homes. These funds may also be expended for any authorized purpose of this program. *These funds may also be used to provide technical assistance pursuant to Section 54007.*

#### **54007.**

(a) (1) *Notwithstanding any other provision of this part, the Department of Housing and Community Development may provide technical assistance to eligible counties and eligible cities, or developers of affordable housing within eligible counties and eligible cities, to facilitate the construction of housing for the target populations for the following programs funded pursuant to this part:*

- (A) *The Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).*
- (B) *The Joe Serna, Jr. Farmworker Housing Grant Program (Chapter 3.2 (commencing with Section 50515.2) of Part 2).*
- (C) *The CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).*

(2) *Technical assistance pursuant to this section shall be provided using the bond proceeds allocated pursuant to Section 54006 to the program for which the technical assistance is provided.*

(3) *The Department of Housing and Community Development shall not provide more than three hundred sixty thousand dollars (\$360,000) total in technical assistance pursuant to this section, and an eligible county or eligible city shall not receive more than thirty thousand dollars (\$30,000) in technical assistance annually.*

(b) *For purposes of this section, the following definitions shall apply:*

- (1) *"Eligible city" means a city that is located within a county with a population of 150,000 residents or fewer.*
- (2) *"Eligible county" means a county with a population of 150,000 residents or fewer.*
- (3) *"Technical assistance" includes engineering assistance and environmental review related to an affordable housing project and reimbursement of administrative costs related to developing a grant proposal.*

#### **54008.**

- (a) The Legislature may, from time to time, amend any law related to programs to which funds are, or have been, allocated pursuant to this chapter for the purposes of improving the efficiency and effectiveness of those programs or to further the goals of those programs.
- (b) The Legislature may amend this chapter to reallocate the proceeds of bonds issued and sold pursuant to this part among the programs to which funds are to be allocated pursuant to this chapter as necessary to effectively promote the development of affordable housing in this state.

**54009.**

Programs funded with bond proceeds shall, when allocating financial support, give preference to projects that are "public-work" works" for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code and other projects on which all construction workers will be paid at least the general prevailing rate of per diem wages as determined by the Director of Industrial Relations.

**CHAPTER 3. Fiscal Provisions**

**54010.**

Bonds in the total amount of three billion dollars (\$3,000,000,000), exclusive of refunding bonds issued pursuant to Section 54026, or so much thereof as is necessary as determined by the committee, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. All bonds herein authorized which have been duly issued, sold, and delivered as provided herein shall constitute valid and binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal of and interest on those bonds when due.

**54012.**

The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except subdivisions (a) and (b) of Section 16727 of the Government Code to the extent that those provisions are inconsistent with this part, and all of the provisions of that law as amended from time to time apply to the bonds and to this part, except as provided in Section 54028, and are hereby incorporated in this part as though set forth in full in this part.

**54014.**

(a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the committee is continued in existence. For the purposes of this part, the Housing Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

(b) The committee may adopt guidelines establishing requirements for administration of its financing programs to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds. The guidelines shall not constitute rules, regulations, orders, or standards of general application and are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) For the purposes of the State General Obligation Bond Law, the Department of Housing and Community Development is designated the "board" for programs administered by the department, and the California Housing Finance Agency is the "board" for programs administered by the agency.

**54016.**

Upon request of the board stating that funds are needed for purposes of this part, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this part in order to carry out the actions specified in Section 54006, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and are not required to be sold at any one time. Bonds may bear interest subject to federal income tax.

**54018.**

There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collections of state revenues to do or perform each and every act which is necessary to collect that additional sum.

**54020.**

Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this part, an amount that will equal the total of both of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out Section 54024, appropriated without regard to fiscal years.

**54022.**

The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54026, for purposes of this part, less any amount withdrawn pursuant to Section 54024. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this part.

**54024.**

For purposes of carrying out this part, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of any amount or amounts not to exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54026, for purposes of this part, less any amount withdrawn pursuant to Section 54022. Any amounts withdrawn shall be deposited in the fund to be allocated in accordance with this part. Any moneys made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from moneys received from the sale of bonds which would otherwise be deposited in that fund.

**54026.**

The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of this act shall constitute approval of any refunding bonds issued to refund bonds issued

pursuant to this part, including any prior issued refunding bonds. Any bond refunded with the proceeds of a refunding bond as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

**54028.**

Notwithstanding any provisions in the State General Obligation Bond Law, the maturity date of any bonds authorized by this part shall not be later than 35 years from the date of each such bond. The maturity of each series shall be calculated from the date of each series.

**54030.**

The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

**54032.**

Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this part that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, may order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of tax-exempt bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

**54034.**

All moneys derived from premiums and accrued interest on bonds sold pursuant to this part shall be transferred to the General Fund as a credit to expenditures for bond interest; provided, however, that amounts derived from premiums may be reserved and used to pay the costs of issuance of the related bonds prior to transfer to the General Fund.

**SEC. 3.**

Section 2 of this act shall become operative upon the adoption by the voters of the Affordable Housing Bond Act of 2018.

**SEC. 4.**

Section 2 of this act shall be submitted by the Secretary of State to the voters at the November 6, 2018, statewide general election.

**SEC. 5.**

This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to maximize the time available for the analysis and preparation of the bond act proposed by Section 2 of this act, it is necessary that this act take effect immediately.