### CITY COUNCIL ACTION REQUEST

**Department(s):** Housing  
**Date:** 12/21/2016  
**Coordination:** City Attorney’s Office, City Manager’s Office  
**Dept. Approval:** /s/ Jacky Morales-Ferrand  
**CMO Approval:** [Signature]

**SUBJECT:** SB 2 (Atkins) - Building Homes and Jobs Act  
**RECOMMENDED POSITION:** Support  
**RECOMMENDED ACTION:** Support

1. Adopt a position of support for SB 2 (Atkins) - Building Homes and Jobs Act.

2. Recommend a one-week turnaround, to the January 10, 2017 City Council Meeting, so that the City’s Legislative Advocates in Sacramento can indicate a support position for SB 2 (Atkins).

**BILL SYNOPSIS:**

SB 2 is a reintroduction of AB 1335, which was introduced and supported by the City Council in 2015. SB 2 creates a permanent source of funding for the creation of affordable housing for low and moderate-income Californians. If enacted, the bill would impose a fee, except as provided, of $75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded. The bill is very similar to SB 391, which the Council supported in 2013 but failed due to insufficient votes in the Assembly. A key difference between the two pieces of legislation is that SB 2 proposes to cap the cost per transaction at $225; the fee cap was not present in SB 391. SB 2 has significant early support among Legislators, with 10 Senate co-authors in addition to the two Assembly co-authors. Local Bay Area co-authors include Senators Beall, Skinner, and Wieckowski, as well as Assemblymembers Bonta and Thurmond.

The bill would require that funds be used to support the development, acquisition, rehabilitation, and preservation of affordable homes, including transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. It is estimated that this fee will generate approximately $500 million each year to support affordable housing in California. Since the proposed fee is considered a tax under State law, it will require a 2/3 vote of the Legislature.

**IMPACTS TO CITY OF SAN JOSE:**

If created, SB 2 would provide much-needed funding to finance and build affordable homes in San José. This bill would help fill the funding void left following the dissolution of the State’s redevelopment agencies. Funding is critically needed to increase, preserve, and improve the City’s affordable housing stock for the City’s workforce and to end homelessness. While the bill does not include an allocation method for distributing these funds or the scope of eligible uses at this time, it represents a critical first step in identifying a permanent source of funding. If approved, California would join 38 other states that already have housing trust funds with permanent ongoing revenues, including five (Missouri, Ohio, Oregon, Pennsylvania, and Washington) that have dedicated ongoing revenues generated by document recording fees.
**POLICY ALIGNMENT:**

This bill aligns with the Council-approved 2016 and proposed 2017 Legislative Guiding Principles and Priorities to:
- Support the creation of permanent, dedicated funding for affordable housing.

**SUPPORTERS/OPPONENTS:**

Support: SB 2 does not yet have listed supporters.

Opposition: SB 2 does not yet have listed opponents.

**STATUS OF BILL:**

SB 2 was introduced on December 5, 2016 and is awaiting Committee referral. The bill, a fiscal bill, requires a two-thirds majority vote and must pass out of the Senate by June 2. September 15 is the last day for bills to pass out of both Houses for consideration by the Governor.

**FOR QUESTIONS CONTACT:**  Jacky Morales-Ferrand, Housing Director, 408-535-3851