



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: April 27, 2012
BOARD MEETING DATE: May 22, 2012
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
SUBJECT: County Manager's Report #4

A. Senate Bill 1220 (De Saulnier) Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012

RECOMMENDATION:

Adopt a Resolution in support of Senate Bill 1220 (De Saulnier) Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012

BACKGROUND:

The California Constitution prohibits transaction taxes or sales taxes on transfers of real property. In 1967, legislation was enacted that authorized counties to approve an ordinance to impose a documentary transfer tax, which applies to deeds of transfer or realty within the jurisdiction, and is based on the value of the transfer.

In 2006, voters enacted the Housing and Emergency Shelter Trust Fund Act that authorized the sale of \$2.85 billion in general obligation bonds for various housing projects (Proposition 1C), in addition to \$2.1 billion in general obligation bond approved in 2002 (Proposition 46). Bond funding has also funded a number of programs at the Department of Housing and Community Development (HCD) and the California Housing Finance Agency to make housing more affordable for lower income families.

Until 2011, the Community Redevelopment Law required redevelopment agencies to set aside 20 percent of all tax increment revenue to increase, improve, and preserve the community's supply of low- and moderate-income housing. With the elimination of redevelopment agencies, this source of funding (nearly \$1 billion annually) for affordable housing is no longer available.

DISCUSSION:

Senate Bill 1220 (De Saulnier) would impose a fee of \$75 on the recording of each real-estate related document, except on those subject to the documentary transfer tax. These funds would be deposited into the Housing Opportunity and Market Stabilization

(HOMeS) Trust Fund. HOMeS would be used for the development, acquisition, rehabilitation, and preservation of affordable to low- and moderate-income housing, including emergency shelters, transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. Bureau of State Audits would ensure timely yearly allocations to programs and annual reporting by the HCD on the use of the funds.

According to the County's Housing Department and housing advocates, the State needs a permanent, dedicated revenue source for affordable housing development. New revenues generated through the fee will be distributed by HCD in the same way that Proposition 1C and Proposition 46 were distributed for emergency, transitional, permanent rental housing, and homebuyer assistance programs. County housing agencies have successfully used these dollars for pressing housing needs and to fund many projects in the County, including Peninsula Station, Trestle Glen and 2000 S. Delaware. Staff expects new funds raised through this measure would flow to local Housing Trust funds. If so, HEART could use these funds to continue their traditional programs, the Affordable Rental Housing Development Program and Homebuyer Assistance for Moderate-Income Families. The Affordable Rental Housing Development Program has developed 805 affordable housing units countywide and used \$8 million of trust fund dollars to leverage over \$216 million in other funds. The Homebuyer Assistance program has invested \$1.1 million of Housing Endowment and Regional Trust (HEART) loans to leverage an additional \$8 million in mortgage loans and assisted over 20 County families to buy a home.

The County Recorder's Association of California opposes the bill citing increased work without reimbursement. The author is currently working with the Recorder's Association to amend the bill to address their concern.

Approval of this resolution contributes to the Shared Vision of 2025 of a Livable Community by supporting dedicated and reliable state funding for low- and moderate-income housing support programs. The Resolution has been reviewed and approved as to form by County Counsel.

FISCAL IMPACT:

Estimates are the legislation would generate an average of \$525 million per year statewide for the HOMeS Trust Fund. The fiscal impacts to the Assessor, Clerk Recorder's Office for a new duty to collect the fee are unknown at this time. However, in addition to the extra work of collecting the fee, the Department would need to reprogram their computer system to calculate the new fee.

B. Assembly Constitutional Amendment 18, as introduced, Swanson. Taxation: parcel tax

RECOMMENDATION:

Adopt a Resolution in support of Assembly Constitutional Amendment 18, as amended on April 30, 2012, Swanson. Taxation: parcel tax

BACKGROUND:

Under existing law, special taxes must be approved by a 2/3rds super majority of voters in the service area, generally the jurisdictional boundaries of the local government agency that initiates the special tax. Special taxes cannot be imposed on ad valorem (property value) basis and are used to finance various public improvements and services.

DISCUSSION:

Assembly Constitutional Amendment 18, (Swanson), First Responders Initiative, would allow a city, county, or special district to impose, extend, or increase a parcel tax for the purpose of funding the maintenance or improvement of fire protection services and/or police protection services by a majority vote.

According to the sponsor, local governments have struggled to provide the necessary services to protect the safety of their communities since the start of the current economic downturn. In San Mateo County, a parcel tax could support a sinking fund to replace fire engines and equipment and also improvements to the County's two oldest fire stations, Skylonda and Pescadero. The County does not currently have any money set aside for either expense in the structural fire fund. The Five-Year Facilities Capital Plan includes future funding for the Skylonda and Pescadero Fire State Improvements. However, the establishment of a sinking fund through additional revenues could be used to pay for these improvements.

ACA 18 will require a two-thirds vote of both houses of the State Legislature, and then submitted to the State's voters for approval. Implementing legislation would also need to be adopted before the measure could take effect.

Approval of this resolution contributes to the Shared Vision of 2025 of a Collaborative Community by supporting measures that allow local governments to raise much needed revenues to fund public services by a majority vote. The Resolution has been reviewed and approved as to form by County Counsel.

Performance Measure(s):

Measure	FY 2011-12 Actual	FY 2012-13 Projected
Federal/State Measures analyzed and acted on	50	60

FISCAL IMPACT:

Unknown.