



Housing Advisory Commission

CONSENT CALENDAR
May 16, 2017

To: Honorable Mayor and Members of the City Council
 From: Housing Advisory Commission
 Submitted by: Igor Tregub, Chairperson, Housing Advisory Commission
 Subject: Endorse Senate Bill 2 (Atkins), Recordation Fee

RECOMMENDATION

Endorse Senate Bill (SB) 2, a bill to impose a modest recordation fee on certain real estate transactions.

FISCAL IMPACTS OF RECOMMENDATION

None.

CURRENT SITUATION AND ITS EFFECTS

At its March 2, 2017 meeting, the Housing Advisory Commission approved this recommendation: M/S/C (Wolfe/Johnson) to recommend to Council the endorsement of SB2. Vote: Ayes: Crandall, Harrison, Johnson, Lord, Martinucci, Slaughter, Tregub, and Wolfe. Noes: None. Abstain: None. Absent: None.

BACKGROUND

SB 2 (Atkins) would create an enduring funding source that allows the state to live within its means while creating additional housing opportunities. By creating a modest \$75 document recording fee on real estate transactions – excluding property sales and capped at \$225 – SB 2 would increase the supply of affordable homes, create jobs, and promote economic growth without incurring additional debt. The HAC previously recommended for endorsement and the City Council endorsed a predecessor bill to SB 2, which did not pass the legislature. Since then, to facilitate its passage, the author has responded to prior criticisms by the California Association of Realtors by excluding property sales from incurring a recording fee and by instituting a cap of \$225. This bill was introduced by Senator Atkins and is coauthored by Bay Area Senators Skinner, Wieckowski, and Weiner and Assembly Members Bonta and Thurmond. More information is available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB2 .

ENVIRONMENTAL SUSTAINABILITY

Investment in affordable housing opportunities, when coupled with viable transit options, has been found to contribute to reductions in vehicle miles traveled and greenhouse gas emission reductions.

RATIONALE FOR RECOMMENDATION

The HAC supports various statewide efforts to invest in affordable housing, including at the state level. Support of this bill is consistent with prior support of the HAC and the City Council, respectively, of its predecessor. On April 28, 2015, the City Council endorsed AB 1335, a prior version of this bill. The HAC also recommended to the City Council an endorsement of a different version of this bill in 2013, which was subsequently approved by the Berkeley City Council.

ALTERNATIVE ACTIONS CONSIDERED

In addition to voting on SB 2, the HAC also voted on but did not pass a motion to recommend Assembly Bill (AB) 71 to the Berkeley City Council for its endorsement. M/S/F (Wolfe/Johnson) to recommend to Council the endorsement of AB71.
Vote: Ayes: Harrison, Johnson, Tregub, and Wolfe. Noes: Crandall, Lord, and Martinucci. Abstain: Slaughter. Absent: None.

AB 71 is an enduring funding source to expand rental housing opportunities for California's most cost-burdened residents by, beginning in Calendar Year 2018, increasing the total amount of California Low Income Housing Tax Credit dollars available to low-income housing projects to \$300 Million, with \$500,000 per year of that amount set aside to finance farmworker housing projects. Revenues to cover this would be raised by disallowing a deduction for mortgage interest from the expenses used in calculating taxable income from a taxpayer's second residence (commonly known as vacation homes). This bill was introduced by Bay Area Assembly Member Chiu and is coauthored by Bay Area Assembly Members Bonta, Kalra, and Ting. More information is available at

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB71

CITY MANAGER

The City Manager takes no position the content and recommendations of the Commission's Report.

CONTACT PERSON

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