

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Deborah S. Traffenstedt, Deputy City Manager *DST*

**DATE:** May 10, 2012 (CC Meeting of 05/1612)

**SUBJECT:** Consider City's Position on Senate Bill (SB) 1220 (DeSaulnier) – Housing Opportunity and Market Stabilization Act

**BACKGROUND AND DISCUSSION**

This bill would enact the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. The bill would impose a fee 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, except those expressly exempted from payment of recording fees. The legislation also includes that the fee shall not be imposed on any real estate instrument, paper, or notice recorded in connection with a transfer subject to the imposition of a documentary transfer tax. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee be sent quarterly to the Department of Housing and Community Development for deposit in the HOMeS Trust Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for the purpose of supporting affordable housing, as specified (including the development, acquisition, rehabilitation, and preservation of housing affordable to low- and moderate-income households, including but not limited to emergency shelters; transitional and permanent rental housing, including necessary service and operating subsidies, foreclosure mitigation; and homeownership opportunities). The bill would impose certain auditing and reporting requirements.

This legislation is intended to establish a permanent, ongoing source of funding dedicated to affordable housing development. Staff will be seeking additional information on the proposed recording fee, and if we are able to locate any additional information on the fee component of this legislation, we will provide this information to Council at or before the May 16 meeting. The League of California Cities has a watch position on this legislation.

If the City Council determines to take a position of this legislation, staff will prepare a letter of support or opposition, or will continue to monitor the League's recommendation.

**FISCAL IMPACT**

The bill would impose a fee 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, except those expressly exempted from payment of recording fees.

**STAFF RECOMMENDATION**

Direct staff as deemed appropriate

Attachments: SB 1220 Status, Summary, and Bill as amended 5/16/12

## CURRENT BILL STATUS

MEASURE : S.B. No. 1220  
AUTHOR(S) : DeSaulnier and Steinberg (Principal coauthor: Assembly  
Member Atkins) (Coauthors: Senators Leno and Rubio).  
TOPIC : Housing Opportunity and Market Stabilization (HOMeS)  
Trust Fund Act of 2012.  
HOUSE LOCATION : SEN  
+LAST AMENDED DATE : 04/16/2012

TYPE OF BILL :  
Active  
Non-Urgency  
Non-Appropriations  
2/3 Vote Required  
State-Mandated Local Program  
Fiscal  
Non-Tax Levy

LAST HIST. ACT. DATE: 05/07/2012  
LAST HIST. ACTION : Placed on APPR. suspense file.  
COMM. LOCATION : SEN APPROPRIATIONS

TITLE : An act to add Section 27388.1 to the Government Code,  
and to add Chapter 2.5 (commencing with Section 50470)  
to Part 2 of Division 31 of the Health and Safety Code,  
relating to housing.

## COMPLETE BILL HISTORY

BILL NUMBER : S.B. No. 1220  
AUTHOR : DeSaulnier  
TOPIC : Housing Opportunity and Market Stabilization (HOMeS) Trust Fund  
Act of 2012.

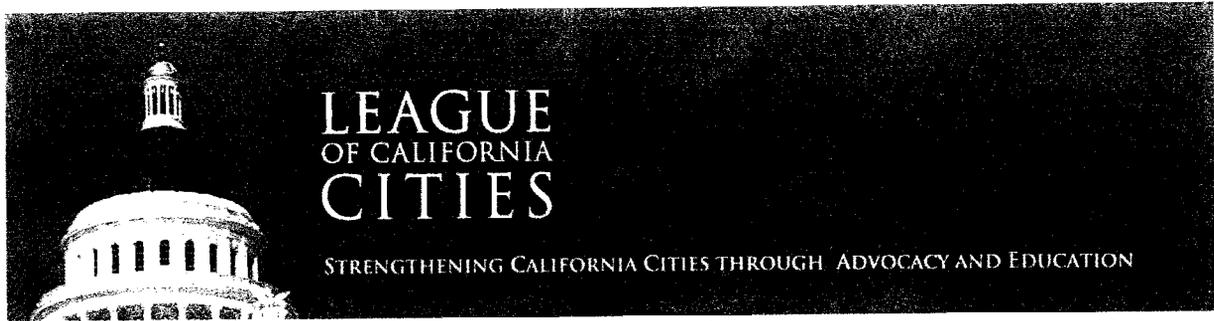
TYPE OF BILL :

- Active
- Non-Urgency
- Non-Appropriations
- 2/3 Vote Required
- State-Mandated Local Program
- Fiscal
- Non-Tax Levy

## BILL HISTORY

2012

May 7 Placed on APPR. suspense file.  
Apr. 27 Set for hearing May 7.  
Apr. 26 From committee: Do pass and re-refer to Com. on APPR. (Ayes 5.  
Noes 2. Page 3304.) (April 25). Re-referred to Com. on APPR.  
Apr. 25 From committee: Do pass and re-refer to Com. on GOV. & F. (Ayes 6.  
Noes 2. Page 3314.) (April 24). Re-referred to Com. on GOV. & F.  
Apr. 18 Set for hearing April 25 in GOV. & F. pending receipt.  
Apr. 16 From committee with author's amendments. Read second time and  
amended. Re-referred to Com. on T. & H.  
Apr. 12 From committee with author's amendments. Read second time and  
amended. Re-referred to Com. on T. & H. Set for hearing April 24.  
Mar. 8 Referred to Coms. on T. & H. and GOV. & F.  
Feb. 24 From printer. May be acted upon on or after March 25.  
Feb. 23 Introduced. Read first time. To Com. on RLS. for assignment. To  
print.



**SB 1220** DeSaulnier Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012.

**Status:** 5/7/2012 Placed on APPR. suspense file.

**Current Location:** 5/7/2012 S-APPR. SUSPENSE FILE

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chapters
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<u>Status</u>	<u>History</u>	<u>Short Summary</u>	<u>Long Summary</u>	<u>User Summary</u>	<u>Digest</u>
	<b>Primary Lobbyist</b> <i>Carrigg, Dan</i>	<b>Policy Committee</b> <i>Housing Community and Economic Development, Revenue_and_Taxation</i>	<b>Topic</b> <i>Kolpitcke, Kirstin</i>		
	<b>League Position</b> <i>Watch</i>	<b>Position Taken</b>	<b>2nd Lobbyist</b> <i>RDA next steps</i>	<b>Policy Analyst</b>	
	<b>Notes:</b>				

**Calendar**

**Bill Text**

Amended - 4/16/2012 [html](#)

Amended - 4/16/2012 [pdf](#)

Amended - 4/12/2012 [html](#)

Amended - 4/12/2012 [pdf](#)

Introduced - 2/23/2012 [html](#)

Introduced - 2/23/2012 [pdf](#)

**Analyses**

S - APPROPRIATIONS 5/7/2012 [html](#)

S - GOVERNANCE AND FINANCE 4/19/2012 [html](#)

S - TRANSPORTATION AND HOUSING 4/19/2012 [html](#)

**Votes**

SEN. APPR. - 5/7/2012 (Y:7 N:0 A:0) [html](#)

SEN. GOV. & F. - 4/25/2012 (Y:5 N:2 A:2) [html](#)

SEN. T. & H. - 4/24/2012 (Y:6 N:2 A:1) [html](#)

**Affecting Same Code**

**Governor Message**

**Attachments/Links**

**SB 1220** (DeSaulnier)Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012.

From text dated: 04/16/12

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 homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law 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 Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. 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. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee be sent quarterly to the Department of Housing and Community Development for deposit in the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for the purpose of supporting affordable housing, as specified. The bill would impose certain auditing and reporting requirements. This bill contains other related provisions and other existing laws.

AMENDED IN SENATE APRIL 16, 2012

AMENDED IN SENATE APRIL 12, 2012

**SENATE BILL**

**No. 1220**

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**Introduced by Senators DeSaulnier and Steinberg**  
(Principal coauthor: Assembly Member Atkins)  
(Coauthors: Senators Leno and Rubio)

February 23, 2012

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An act to add Section 27388.1 to the Government Code, and to add Chapter 2.5 (commencing with Section 50470) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1220, as amended, DeSaulnier. Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012.

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 homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law 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 Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. 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. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee be sent quarterly to the Department of Housing and Community Development for deposit in the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for the purpose of supporting affordable housing, as specified. The bill would impose certain auditing and reporting requirements.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known as the Housing  
2 Opportunity and Market Stabilization (HOMeS) Trust Fund Act  
3 of 2012.

4 SEC. 2. The Legislature finds and declares that having a healthy  
5 housing market that provides an adequate supply of homes  
6 affordable to Californians at all income levels is critical to the  
7 economic prosperity and quality of life in the state. The Legislature  
8 further finds and declares all of the following:

9 (a) Funding approved by the state's voters in 2002 and 2006,  
10 as of June 2011, has financed the construction, rehabilitation, and  
11 preservation of over 11,600 shelter spaces and 57,220 affordable  
12 apartments, including 2,500 supportive homes for people  
13 experiencing homelessness. In addition, these funds have helped  
14 57,290 families become or remain homeowners. Nearly all of the

1 voter-approved funding for affordable housing was awarded by  
2 the beginning of 2012.

3 (b) The requirement in the Community Redevelopment Law  
4 that redevelopment agencies set aside 20 percent of tax increment  
5 for affordable housing generated roughly one billion dollars  
6 (\$1,000,000,000) per year. With the elimination of redevelopment  
7 agencies, this funding stream has disappeared.

8 (c) California has 12 percent of the United States population  
9 but 21.4 percent of its homeless population. Seventy-three percent  
10 of people experiencing homelessness in California fell into it  
11 because they could not afford a place to live. Sixty-two percent of  
12 homeless Californians are unsheltered, 14 percent are veterans,  
13 and 20 percent are families.

14 (d) Furthermore, 4 of the top 10 metropolitan areas in the  
15 country for homeless are in the following metropolitan areas in  
16 California: San Jose-Sunnyvale-Santa Clara, Los Angeles-Long  
17 Beach-Santa Ana, Fresno, and Stockton.

18 (e) California continues to have the second lowest  
19 homeownership rate in the nation, and minimum wage earners  
20 have to work 120 hours per week to afford the average  
21 two-bedroom apartment.

22 (f) Millions of Californians are affected by the state's chronic  
23 housing shortage, including seniors, veterans, people experiencing  
24 chronic homelessness, working families, people with mental,  
25 physical, or developmental disabilities, agricultural workers, people  
26 exiting jails, prisons, and other state institutions, survivors of  
27 domestic violence, and former foster and transition-aged youth.

28 (g) While the current credit and foreclosure crisis has resulted  
29 in reductions in home prices in some areas, it has increased pressure  
30 on the rental housing market and slowed new housing production  
31 of all types, exacerbating the mismatch between the ever increasing  
32 number of households that need housing they can afford and the  
33 supply.

34 (h) California's workforce continues to experience longer  
35 commute times as persons in the workforce seek affordable housing  
36 outside the areas in which they work. If California is unable to  
37 support the construction of affordable housing in these areas,  
38 congestion problems will strain the state's transportation system  
39 and exacerbate greenhouse gas emissions.

1 (i) Many economists agree that the state's unemployment rate  
2 of over 11 percent is due in large part to massive shrinkage in the  
3 construction industry from 2005 to 2009, including losses of nearly  
4 700,000 construction-related jobs, a 60-percent decline in  
5 construction spending, and an 83-percent reduction in residential  
6 permits. Restoration of a healthy construction sector will  
7 significantly reduce the state's unemployment rate.

8 (j) The lack of sufficient housing impedes economic growth  
9 and development by making it difficult for California employers  
10 to attract and retain employees.

11 (k) To keep pace with continuing demand, the state should  
12 identify and establish a permanent, ongoing source or sources of  
13 funding dedicated to affordable housing development. Without a  
14 reliable source of funding for housing affordable to the state's  
15 workforce and most vulnerable residents, the state and its local  
16 and private housing development partners will not be able to  
17 continue increasing the supply of housing after existing housing  
18 bond resources are depleted.

19 (l) The investment will leverage billions of dollars in private  
20 investment, lessen demands on law enforcement and dwindling  
21 health care resources as fewer people are forced to live on the  
22 streets or in dangerous substandard buildings, and increase  
23 businesses' ability to attract and retain skilled workers.

24 (m) In order to promote housing and homeownership  
25 opportunities, the recording fee imposed by this act should not be  
26 applied to any recordings made in connection with a sale of real  
27 property. Purchasing housing is likely the largest purchase made  
28 by Californians, and it is the intent of this act not to increase  
29 transaction costs associated with these transfers.

30 SEC. 3. Section 27388.1 is added to the Government Code, to  
31 read:

32 27388.1. (a) (1) Except as provided in paragraph (2), in  
33 addition to any other recording fees specified in this code, a fee  
34 of seventy-five dollars (\$75) shall be paid at the time of recording  
35 of every real estate instrument, paper, or notice required or  
36 permitted by law to be recorded except those expressly exempted  
37 from payment of recording fees. "Real estate instrument" includes,  
38 but is not limited to, the following documents: deed, grant deed,  
39 trustee's deed, deed of trust, reconveyance, quit claim deed,  
40 fictitious deed of trust, assignment of deed of trust, request for

1 notice of default, abstract of judgment, subordination agreement,  
2 declaration of homestead, abandonment of homestead, notice of  
3 default, release or discharge, easement, notice of trustee sale, notice  
4 of completion, UCC financing statement, mechanic’s lien, maps,  
5 and covenants, conditions, and restrictions.

6 (2) The fee described in paragraph (1) shall not be imposed at  
7 ~~the time of recording of~~ on any real estate instrument, paper, or  
8 notice recorded in connection with a transfer subject to the  
9 imposition of a documentary transfer tax as defined in Section  
10 11911 of the Revenue and Taxation Code.

11 (b) The fees, after deduction of any actual and necessary  
12 administrative costs incurred by the county in carrying out this  
13 section, shall be sent quarterly to the Department of Housing and  
14 Community Development for deposit in the Housing Opportunity  
15 and Market Stabilization (HOMeS) Trust Fund established by  
16 Section 50471 of the Health and Safety Code to be expended for  
17 the purposes set forth in that section. In addition, the county shall  
18 pay to the Department of Housing and Community Development  
19 interest, at the legal rate, on any funds not paid to the Controller  
20 within 30 days of the end of a quarter.

21 SEC. 4. Chapter 2.5 (commencing with Section 50470) is added  
22 to Part 2 of Division 31 of the Health and Safety Code, to read:

23  
24 CHAPTER 2.5. HOUSING OPPORTUNITY AND MARKET  
25 STABILIZATION (HOMeS) TRUST FUND

26  
27 Article 1. General Provisions

28  
29 50470. This chapter shall be known, and may be cited, as the  
30 Housing Opportunity and Market Stabilization (HOMeS) Trust  
31 Fund Act of 2012.

32 50471. (a) There is hereby created in the State Treasury the  
33 Housing Opportunity and Market Stabilization (HOMeS) Trust  
34 Fund. All interest or other increments resulting from the investment  
35 of moneys in the fund shall be deposited in the fund,  
36 notwithstanding Section 16305.7 of the Government Code. Moneys  
37 in the Housing Opportunity and Market Stabilization (HOMeS)  
38 Trust Fund shall not be subject to transfer to any other fund  
39 pursuant to any provision of Part 2 (commencing with Section  
40 16300) of Division 4 of Title 2 of the Government Code, except

1 to the Surplus Money Investment Fund. Upon appropriation by  
2 the Legislature, moneys in the fund may be expended for the  
3 purpose of supporting the development, acquisition, rehabilitation,  
4 and preservation of housing affordable to low- and  
5 moderate-income households, including, but not limited to,  
6 emergency shelters; transitional and permanent rental housing,  
7 including necessary service and operating subsidies; foreclosure  
8 mitigation; and homeownership opportunities.

9 (b) Both of the following shall be paid and deposited in the  
10 fund:

11 (1) Any moneys appropriated and made available by the  
12 Legislature for purposes of the fund.

13 (2) Any other moneys that may be made available to the  
14 department for the purposes of the fund from any other source or  
15 sources.

16

17

## Article 2. Audits and Reporting

18

19 50475. The Bureau of State Audits shall conduct periodic audits  
20 to ensure that the annual allocation to individual programs is  
21 awarded by the department in a timely fashion consistent with the  
22 requirements of this chapter. The first audit shall be conducted no  
23 later than 24 months from the effective date of this section.

24 50476. In its annual report to the Legislature pursuant to  
25 Section 50408, the department shall report how funds that were  
26 made available pursuant to this chapter and allocated in the prior  
27 year were expended. The department shall make the report  
28 available to the public on its Internet Web site.

29 SEC. 5. No reimbursement is required by this act pursuant to  
30 Section 6 of Article XIII B of the California Constitution because  
31 a local agency or school district has the authority to levy service  
32 charges, fees, or assessments sufficient to pay for the program or  
33 level of service mandated by this act, within the meaning of Section  
34 17556 of the Government Code.

O