

# Housing crisis causes legislative avalanche: 130 bills proposed in Sacramento

*The Mercury News, by Richard Scheinin, Bay Area News Group*

*PUBLISHED: May 17, 2017 at 7:00 am | UPDATED: May 17, 2017 at 7:14 am*

Home prices keep rising to shocking levels around the Bay Area, while rents remain out of sight. Now, state lawmakers in Sacramento are responding with a torrent of proposals.

Legislators have introduced about 130 bills to address what has become a statewide housing crisis. The sheer quantity “is unprecedented,” said Jason Rhine, legislative representative for the League of California Cities.

“I don’t think anyone can recall a time when we’ve had this many bills on housing — or on any one thing, period,” he said.

The legislative avalanche — bills to mitigate affordability concerns, boost housing production and protect tenants — demonstrates that the “crisis has reached its head,” said Assemblyman David Chiu (D-San Francisco).

“In the Bay Area in recent years, we’ve had the highest home prices, the highest rents and the highest eviction rates in the country. But now ... every pocket of California is experiencing this crisis,” he said.

California has the sixth largest economy in the world, Chiu said, adding that the state’s poverty rate is the highest in the country — 20.6 percent, when housing costs, medical expenses and taxes are factored in, according to the U.S. Census Bureau. And while the state used to invest \$1.7 billion annually in affordable housing, those funds have vanished due to the expiring of bonds passed to address the problem in 2002 and 2006 and the dissolving of redevelopment agencies about five years ago amid the state’s fiscal crisis.

The state Department of Housing and Community Development calculates that California on average built 80,000 homes annually over the last decade — but needed to build 180,000 each year to keep pace with demand. Now, homeownership levels have fallen to 54 percent, their lowest point since the late 1940s, and the cost of housing — \$1,050,000 for a median-priced single-family home in Santa Clara County — is pricing out many middle-income earners.

With job growth dwarfing housing production in the Bay Area, the crisis is “most egregious” here, said Matt Regan, senior vice president of public policy and government relations for the Bay Area Council. A March poll by the council showed that 40 percent of Bay Area residents are considering moving away because of costly housing and congested roadways.

Ask Max Pitts, 26, recently hired as an account manager at Twitter in San Francisco, earning about \$50,000 a year. His parents “are executives in the tech world,” he said, “and my mom told me, ‘Work for Twitter for five years, try to get transferred and get the heck out of California.’”

Asked if he expects to ever buy a home in the Bay Area, the Dublin, California, native laughed and said, “No — are you serious? When I was younger I thought I would be able to live in Danville or Walnut Creek... And then all of a sudden ... reality starts to flip.”

For now, he’s living with his parents in Dublin because he finds renting an apartment with his income is close to impossible.

The scores of bills introduced to tackle the state’s housing crisis fall into several categories.

### **Increasing funding for affordable housing**

Chiu, who chairs the Assembly Committee on Housing and Community Development, authored Assembly Bill 71, which would eliminate the state mortgage interest deduction on second or vacation homes. Such deductions result in an annual revenue loss to the state of about \$300 million, Chiu said. The bill would redirect the \$300 million a year to affordable housing.

Senate Bill 2, penned by Sen. Toni Atkins (D-San Diego) would impose a \$75 recording fee on real estate documents, excluding property sales — and generate an estimated \$150 million to \$300 million a year in revenues.

If implemented, those funding sources potentially would be augmented by the proposed Senate Bill 3, from Senator Jim Beall (D-Campbell), which would put a \$3 billion bond for affordable housing production on the 2018 ballot.

### **Streamlining approvals for homebuilding projects**

The need to jump-start residential construction is critical in the Bay Area, Regan said: “We need to create one new housing unit for every 1.5 new jobs. But we’re creating only one housing unit for every 4.5 new jobs. So it’s clearly not sustainable.”

To address the imbalance, state Sen. Scott Wiener (D-San Francisco) designed Senate Bill 35. It would require many local governments to say “yes” to new housing in areas zoned for high-density development so long as developers include some affordable units. Senate Bill 167 from Sen. Nancy Skinner (D-Berkeley) would add teeth to existing state law that hinders cities from blocking affordable housing projects.

### **Promoting availability of affordable rental units and protecting tenants**

Chiu and Assemblyman Richard Bloom (D-Santa Monica) helped write Assembly Bill 1505, allowing local governments to insist that developers include more affordable units in their projects. They also authored Assembly Bill 1521, designed to keep aging affordable housing from being re-marketed at higher prices after their “affordable” status has expired.

Also authored by Chiu, Assembly Bill 291 would prevent landlords from evicting tenants based on immigration status. “This bill is really important in the current political climate,” said Daniel Saver, senior attorney for the housing program at Community Legal Services in East Palo Alto. “It would clarify and strengthen protections for immigrant tenants.”

How much Gov. Jerry Brown — who has been at odds with the legislature’s approach to past efforts at housing reform — will get behind the many new proposals is up in the air.

Still, Saver said, “If we get a fair number of these bills to move forward and become law, we may actually move the needle.”

*Staff writer Katy Murphy and the Orange County Register contributed to this article.*