

# TOWNSEND

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## MEMO

**To:** City of Cupertino  
Legislative Review Committee

**From:** Townsend Public Affairs, Inc.

**Date:** March 12, 2021

**Subject:** Consider adopting a position on Assembly Bill 71 (Rivas) Homelessness Funding: Bring California Home Act

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### Summary

AB 71 would enact the Bring California Home Act to address issues of homelessness within California. The program would be administered by the Homeless Coordinating and Financing Council and the Department of Housing and Community Development (HCD). The bill would provide funding to local governments through counties, continuums of care, and large cities.

AB 71 would fund the Bring California Home Act through the creation of a permanent funding source to be used to address homelessness in California. The bill would generate ongoing revenue by increasing the corporate tax rate on businesses with over \$5 million in taxable revenue from 8.84% to 9.6% and from 10.84% to 11.6% for financial institutions. Additionally, the measure would increase taxes on profits that companies earn overseas. It is estimated that these changes will result in \$2.4 billion for the Bring California Home Act.

The Program would allocate \$400 million in a manner consistent with the Multifamily Housing Program, and the remaining funding would be allocated with 60% going to counties and continuums of care and 40% for large cities. The funding would be allocated to recipients in two-year cycles.

AB 71 requires HCD to establish a simple application for eligible entities, as well as common standards for recipients to monitor, report, and ensure accountability, provide services, and subsidize housing.

According to the author, "AB 71 will reform the state's response to homelessness by restructuring the state's role in preventing and solving homelessness. By conforming to federal tax law to close corporate tax loopholes and restoring historic corporate tax rates on corporations with \$5 million or more in profits, this legislation will generate \$2.4 billion of state funding for long-term solutions to homelessness. These funds will go to local governments so they can invest in housing solutions that take into account a community's unique needs, whether urban or rural. Moreover, AB 71 offers a comprehensive approach to creating a state strategy, promoting best practices among local jurisdictions, and holding local governments accountable for how the money is spent. Solving California's homelessness crisis begins with AB 71."

AB 71 is consistent with the City's Legislative Platform, specifically items 1 and 2 in the Homeless section: "Support legislation that provides funding to create pathways to permanent housing and supportive services;" and, "Support legislation and funding to help facilitate and promote regional efforts to address homelessness."

### Status

AB 71 was introduced on January 12<sup>th</sup>. The measure has been referred to the Assembly Revenue and Taxation Committee and the Assembly Housing and Community Development Committee. The measure has not yet been set for a hearing date.

### Support

Since AB 71 has not yet been set for hearing, an official list of supporters is not yet available.

### Opposition

Since AB 71 has not yet been set for hearing, an official list of supporters is not yet available.

### Recommended Action

A) Adopt a support position on AB 71 and authorize the Mayor to send letters to the state legislature, unless the City Council decides to place this bill on a future Council agenda to consider as the full Council; Or B) Make a recommendation that the City Council take a support position on AB 71.