

Summary of Senate Bill 4

Senate Bill 4 has been withdrawn by author, Sen. McGuire, on the April 24th committee hearing. A copy of the legislation and information on its status is still available <https://leginfo.legislature.ca.gov>.

Due to amendments to SB 50 at the April 24th Senate hearing, McGuire withdrew SB 4 in order to support SB 50. SB 50 was last amended May 1st and has passed 6-1 to be reviewed by the Committee on Appropriations.

Summary of Senate Bill 5

The following is an overview of Senate Bill 5, Affordable Housing and Community Development Investment Program, as amended on April 23, 2019. A copy of the legislation and information on its status is available <https://leginfo.legislature.ca.gov>.

SB 5 is supported by the CA League of Cities and they summarize it as creating “a local-state partnership to provide up to \$2 billion annually to fund state approved affordable housing, infrastructure, and economic development projects that also support State policies to reduce greenhouse gas emissions, expand transit-oriented development (TOD), address poverty and revitalize neighborhoods. This measure restores RDA-type ongoing financing for these important projects.”

I. Creation of the Affordable Housing and Community Development Investment Program

SB 5 would establish in state government the Affordable Housing and Community Development Investment Program (Program), which would be administered by the Affordable Housing and Community Development Investment Committee (Committee). The Committee will have the power to approve or deny plans for projects meeting specific criteria.

a. Committee Requirements and Limitations

- i. The Committee will adopt a guideline for plans, which will outline specific criteria for eligible projects.
- ii. The Committee will approve no more than \$200,000,000 per year from July 1, 2020, to June 30, 2025, and \$250,000,000 per year from July 1, 2025, to June 30, 2029.

b. Local Government Opportunities

The bill would also authorize certain local agencies to establish an affordable housing and community development investment agency and authorize an agency to apply for funding under the program and issue bonds, as provided, to carry out a project under the program. Eligible projects include, among other things, the predevelopment, development, acquisition, rehabilitation, and preservation of workforce and affordable housing, certain transit-oriented development, and projects promoting strong neighborhoods.

c. Financing Mechanism

- i. The Committee will issue an order directing the county auditor to transfer ad valorem property tax revenue from the county's ERAF into the Affordable Housing and Community Development Investment Fund.
- ii. The county auditor will be required to transfer to the city or county an amount of property tax revenue equal to the amount approved by the Committee.
- iii. The city or county will then transfer the funds to the local affordable housing and community development investment agency for affordable housing or other community improvement purposes.

II. Reporting

- a. Applicants receiving funds for the specified projects will be required to submit annual reports.
- b. The Committee will also be required to provide a report to the Joint Legislative Budget Committee, which shall include project information.

III. Effect on ERAF

SB 5 will require the Director of Finance to adjust the percentage of General Fund revenues appropriated for school districts and community college districts for these purposes in a manner that ensures that the transfers from a county's ERAF pursuant to the Affordable Housing and Community Development Investment Program have no net fiscal impact upon the total amount of the General Fund revenue and local property tax revenue allocated to school districts and community college districts.