

Date of Hearing: April 20, 2016

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 2388 (Gipson) – As Amended April 4, 2016

SUBJECT: Local government: housing: ownership

SUMMARY: Requires the Department of Housing and Community Development (HCD), in conjunction with the California Housing Finance Agency (CalHFA) to report on ways to increase affordable homeownership, and include the results of a survey of local housing authorities as specified. Specifically, **this bill:**

- 1) Requires HCD, in conjunction with the CalHFA, to report to the Legislature, no later than January 1, 2018, on ways to increase homeownership for extremely low, very low, and low-income households.
- 2) Requires HCD and CalHFA, in preparing the report, to develop a survey to gather information, including, but not limited to, the following:
 - a. The number of housing authorities in California, and the number of single-family properties owned by housing authorities that are available for lease to extremely low, very low, and low-income families.
 - b. The number of single-family homes owned by housing authorities in the last five years that were converted to ownership, and the names and descriptions of the programs through which the conversions were made.
 - c. The number of single-family homes that were purchased by housing authorities using the federal Neighborhood Stabilization Program (NSP) funding.
 - d. The number of housing authorities that have a Section 32 Homeownership Plan through the United States Department of Housing and Urban Development.
 - e. The number of housing authorities that administer the federal Family Self-Sufficiency Program.
- 3) Requires HCD and CalHFA to work with any applicable association that represents housing authorities in California, in order to obtain a successful response rate to the survey in order to capture the most accurate information.
- 4) Requires the report to also identify the following:
 - a. Barriers or impediments to transitioning into homeownership for extremely low, very low, and low-income people.
 - b. Using several case studies of local housing authorities with successful homeownership programs, potential best practices for other housing authorities to follow.

- c. Strategies to target extremely low-, very low, and low-income persons for homeownership programs.
 - d. Funding programs for homeownership and other opportunities to help transition low- and very-low income people to homeownership.
- 5) Requires that the measure is repealed on January 1, 2022.

EXISTING LAW:

- 1) Declares that the provision of safe and sanitary dwelling accommodations for persons of low income are public uses and purposes for which public money may be spent and private property acquired and are governmental functions of state concern. (Health & Safety Code 34201)
- 2) Provides for the creation of a housing authority in each local jurisdiction (Health & Safety Code 34240).
- 3) Authorizes a housing authority to:
 - a. Prepare, carry out, acquire, lease, and operate housing projects and housing developments for persons of low income, as specified. (Health & Safety Code 34311)
 - b. Investigate into living, dwelling, and housing conditions and into the means and methods of improving such conditions.
 - c. Determine where slum areas exist or where there is a shortage of decent, safe, and sanitary dwelling accommodations for persons of low income.
 - d. Make studies and recommendations relating to the problem of clearing, replanning, and reconstructing slum areas, and the problem of providing dwelling accommodations for persons of low income, and cooperate with the city, the county, the State or any of its political subdivisions in action taken in connection with such problems.
 - e. Engage in research, studies, and experimentation on the subject of housing. (Health & Safety Code 34317)
- 4) Requires every housing authority to file on the first day of October of each year with HCD a complete report of its activities during the previous fiscal year, with recommendations for needed legislation to carry on properly a program of housing and community development in this state. (Health & Safety Code 34328.1)

FISCAL EFFECT: Unknown

COMMENTS:

Background: California is facing a housing affordability crisis on many fronts. According to the Public Policy Institute of California (PPIC), as of February 2015, roughly 36% of mortgaged homeowners and approximately 48% of all renters are spending more than one-third of their household incomes on housing. California continues to have the second lowest homeownership

rate in the nation and the Los Angeles metropolitan area is now a majority renter region. In fact, five of the eight lowest homeownership rates in the nation are in California metropolitan areas. California has 12% of the United States population, but 20% of its homeless population – 63% of these homeless Californians are unsheltered (the highest rate in the nation). At any given time, 134,000 Californians are homeless. California has 24% of the nation's homeless veterans and one-third of the nation's chronically homeless. The state also has the largest numbers of unaccompanied homeless children and youth, with 30% of the national total.

AB 2388 would gather information on the current housing portfolio managed by housing authorities across the state and solicit recommendations for programs and strategies that would increase homeownership for low-income households.

Purpose of the bill: According to the author, AB 2388 will “establish a comprehensive working group to further understand the situation of affordable housing, mortgage down-payment assistance and pathways to home ownership for low and moderate income persons in California. The original intent of this bill was to allow families in affordable housing the ability to transition the home they lived in to a lease-to-own situation, but we were unable to find a significant amount of data about affordable housing portfolios and home ownership programs in general. In a time where there is much debate about keeping people afloat, we need to also understand how to lift them up and out of poverty. California does not have all of this information accessible in one place, and this working group will enhance our collective understanding of the opportunities in place for home ownership for low income people.”

Arguments in support: According to the California Association of Realtors “AB 2388 will help identify the barriers to homeownership for extremely low-, very low-, and low-income people, while also seeking to identify solutions that will help more Californians to achieve the goal of home ownership.”

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Realtors

Opposition

None on File

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