


**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: April 22, 2015

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst

Council File No.: 15-0002-S18  
Assignment No. : 15-03-0179

SUBJECT: Resolution (Cedillo - Bonin) to support AB 1335 (Atkins), the Building Homes and Jobs Act.

CLA RECOMMENDATION: Adopt the attached Resolution (Cedillo – Bonin) to include in the City’s 2015-16 State Legislative Program SUPPORT for AB 1335 (Atkins), the Building Homes and Jobs Act, which would create a permanent source of financing for affordable rental and homeownership housing through a proposed recording fee on real estate transactions, and SEEK AMENDMENTS to ensure that revenue generated in Los Angeles from the Building Homes and Jobs Act is reinvested in Los Angeles.

SUMMARY

Resolution (Cedillo – Bonin), introduced March 4, 2015, recognizes that the City of Los Angeles is experiencing a critical shortage of affordable housing and that it continuously seeks new permanent sources of financing to support affordable rental and homeownership opportunities.

The Resolution recognizes that AB 1335 (Atkins) would establish the Building Homes and Jobs Act and create the Building Homes and Jobs Trust Fund (BHJT Fund) within the State Treasury. The BHJT Fund would be funded from a proposed fee to be paid at the time of recording any real estate instrument, paper, or notice required or permitted by law to be recorded and which shall not be imposed in connection with a transfer of real property that is a residential dwelling to an owner-occupier.

The Resolution states that the BHJT Fund would be dedicated to the development, acquisition, rehabilitation and preservation of affordable rental housing for extremely low to moderate income households, including necessary operating subsidies. Further, the Resolution states that the BHJT Fund could be expended on matching local housing trust funds, emergency shelters, transitional housing, rapid rehousing, accessibility modifications, the rehabilitation of foreclosed or vacant homes, and homeownership opportunities, including, but not limited to, down payment assistance. Therefore, the Resolution recommends that the City support AB 1335 to secure additional funding to provide safe, quality affordable housing for its residents.

An amended Resolution was drafted by this office to support AB 1335 and seek amendments to ensure that revenue generated in Los Angeles from the Building Homes and Jobs Act is reinvested in Los Angeles.

BACKGROUND

AB 1335 (Atkins) states that California should establish a permanent, on-going source of funding dedicated to affordable housing development, given the increase in demand for affordable housing and

cites the following statistics: 36.2 percent of mortgaged homeowners and 47.7 percent of all renters in California spend more than 35 percent of their household incomes on housing; and four of the top 10 metropolitan areas in the country for homeless are in California and include Los Angeles-Long Beach-Santa Ana. The bill further notes that the investment will leverage billions of dollars in private investments, and lessen demands on public resources as fewer people are forced to live on the streets or in unsafe housing.

AB 1335 would require, commencing January 1, 2016, that a seventy-five dollars (\$75) fee be paid at the time of recording every real estate instrument, paper, or notice required or permitted by law to be recorded, except for those expressly exempted from payment of recording fees. The bill defines "real estate instrument, paper or notice" as a document relating to real property, including, but not limited to, the following:

- Deed, grant deed, trustee's deed,
- Deed of trust, reconveyances
- Quit claim deed,
- Fictitious deed of trust
- Assignment of deed of trust
- Request for notice of default
- Abstract of judgment
- Subordination agreement
- Declaration of homestead
- Abandonment of homestead
- Notice of default, release or discharge
- Easement
- Notice of trustee sale
- Notice of completion
- UCC financing statement
- Mechanic's lien
- Maps
- Covenants, conditions and restrictions

The proposed fee would not be imposed on any real estate instrument, paper or notice recorded in connection with a transfer subject to a documentary transfer tax or in connection with a transfer of real property that is a residential dwelling to an owner-occupier. The fee, together with any recording fees that are in effect on or before the effective date of the proposed new fee, would not exceed a per parcel maximum charge of two hundred twenty-five dollars (\$225). All fees, less any administrative costs incurred by the county recorder, will be remitted to the Department of Housing and Community Development (HCD) for deposit into the BHJT Fund. Funds collected may be expended for several housing-related purposes: the development, acquisition, rehabilitation, and preservation of rental housing for extremely low to moderate income households, including operating subsidies; rental and homeownership housing for households earning up to 120 percent of the area median income; emergency shelters, transitional housing, rapid rehousing; and accessibility modifications.

#### Building Homes and Jobs Investment Strategy

A Building Homes and Jobs Investment Strategy (Strategy) to promote efficiency and address comprehensive needs would be developed by HCD, in consultation with the California Housing Finance Agency, the California Tax Credit Allocation Committee and the California Debt Allocation Committee. The Strategy would be updated and due every five years, concurrent with the release of the Governor's proposed budget. It would identify statewide needs, goals, objectives and outcomes for a five-year period, promote a geographically balanced distribution of funds and identify opportunities to achieve efficiencies among state departments and increase federal investment in housing and services. An advisory body with experts and stakeholders would help develop the Strategy. Further, public workshops would be held in different regions to inform the Strategy. Expenditure requests in the Governor's proposed budget would be consistent with the Strategy and the BHJT Fund appropriated through the annual Budget Act.

Prior City Actions Relative to Similar Legislation

In 2013, the City adopted a Resolution (Reyes – Wesson, CF #13-0002-S40) to support SB 391 (DeSaulnier), the California Homes and Jobs Act of 2013, which would have established a permanent source of funding for affordable housing by imposing a \$75 recordation fee on real estate documents, excluding documents related to the sale of property, and seeking amendments to ensure that revenue generated in Los Angeles from the California Homes and Jobs Act of 2013 was reinvested in Los Angeles. The bill was not passed by the Legislature.

In 2012, the City adopted a Resolution (Reyes – Wesson, CF # 12-0002-S1) to support SB 1220 (DeSaulnier) with “if amended” language to ensure equitable distribution of funds. SB 1220 was similar to SB 391 and also did not pass the Legislature.

Consistent with the City’s past support for a recording fee to create a permanent source of funding for affordable housing with amendments to ensure Los Angeles preserves its fair share, we recommend that the City support AB 1335 and seek amendments to ensure that revenue generated in Los Angeles from the Building Homes and Jobs Act is reinvested in Los Angeles.

Departments Notified

Housing and Community Investment Department

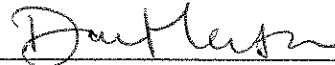
Bill Status

02/27/15

Bill Introduced.

03/23/15

Referred to Committee on Housing and Economic Development.



Dora Huerta

Analyst

Attachments:

Amended Resolution  
Resolution (Cedillo – Price)  
AB 1335 (Atkins)

## RESOLUTION

WHEREAS, an official position of the City of Los Angeles with respect to legislation, rules, regulations or policies, proposed to or pending before a local, state or federal government body or agency, must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City of Los Angeles is experiencing a critical shortage of affordable housing for families, homeless populations, veterans and low to moderate income residents; and

WHEREAS, due to continuously diminishing State and Federal resources, the City continues to seek out new permanent sources of financing to support affordable rental housing and promote homeownership; and

WHEREAS, currently pending in the Assembly is Assembly Bill 1335 (Atkins), which would create the Building Homes and Jobs Act; and

WHEREAS, the Building Homes and Jobs Act would establish a Building Homes and Jobs Trust Fund ("BHJT Fund"), to be funded from a proposed fee to be paid at the time of recording any real estate instrument, paper, or notice required or permitted by law to be recorded and which shall not be imposed in connection with a transfer of real property that is a residential dwelling to an owner-occupier;

WHEREAS, the BHJT Fund would be dedicated to the development, acquisition, rehabilitation and preservation of affordable rental housing for extremely low to moderate incomes households, including necessary operating subsidies; and

WHEREAS, the BHJT Fund would be expended on matching local housing trust funds, capitalized reserves for services connected to permanent supportive housing, emergency shelters, transitional housing, rapid rehousing, accessibility modifications, the rehabilitation of foreclosed or vacant homes, and homeownership opportunities, including , but not limited to, down payment assistance; and

WHEREAS, the City of Los Angeles should support legislation that secures additional funding to provide safe, quality affordable housing for its residents;

THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2015 - 2016 State Legislative Program SUPPORT of Assembly Bill 1335 (Atkins), the Building Homes and Jobs Act, which would create permanent funding to support affordable rental housing and homeownership in the City of Los Angeles, and to SEEK AMENDMENTS to ensure that revenue generated in Los Angeles from the Building Homes and Jobs Act is reinvested in Los Angeles affordable housing projects to fill the critical housing need in the City.

RESOLUTION

WHEREAS, an official position of the City of Los Angeles with respect to legislation, rules, regulations or policies, proposed to or pending before a local, state or federal government body or agency, must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City of Los Angeles is experiencing a critical shortage of affordable housing for families, homeless populations, veterans and low to moderate income residents; and

WHEREAS, due to continuously diminishing State and Federal resources, the City continues to seek out new permanent sources of financing to support affordable rental housing and promote homeownership; and

WHEREAS, currently pending in the Assembly is Assembly Bill 1335 (Atkins), which would create the Building Homes and Jobs Act; and

WHEREAS, the Building Homes and Jobs Act would establish a Building Homes and Jobs Trust Fund ("BHJT Fund"), to be funded from a proposed fee to be paid at the time of recording any real estate instrument, paper, or notice required or permitted by law to be recorded and which shall not be imposed in connection with a transfer of real property that is a residential dwelling to an owner-occupier;


WHEREAS, the BHJT Fund would be dedicated to the development, acquisition, rehabilitation and preservation of affordable rental housing for extremely low to moderate incomes households, including necessary operating subsidies; and

WHEREAS, the BHJT Fund would be expended on matching local housing trust funds, capitalized reserves for services connected to permanent supportive housing, emergency shelters, transitional housing, rapid rehousing, accessibility modifications, the rehabilitation of foreclosed or vacant homes, and homeownership opportunities, including , but not limited to, down payment assistance; and

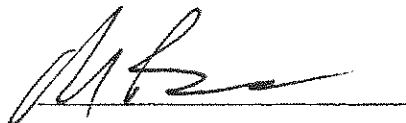
WHEREAS, the City of Los Angeles should support legislation that secures additional funding to provide safe, quality affordable housing for its residents;

THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2015 - 2016 State Legislative Program SUPPORT of Assembly Bill 1335 (Atkins), the Building Homes and Jobs Act, which would create permanent funding to support affordable rental housing and homeownership in the City of Los Angeles.

PRESENTED BY:

  
GILBERT A. CEDILLO  
Councilmember, 1<sup>st</sup> District

SECONDED BY:



MAR 04 2015



ORIGINAL

**ASSEMBLY BILL**

**No. 1335**

**Introduced by Assembly Member Atkins**

**(Principal coauthors: Assembly Members Chau, Chiu, and Gordon)**

**(Coauthors: Assembly Members Alejo, Bloom, Bonilla, Bonta, Cooper, Gonzalez, Lopez, Low, McCarty, Mullin, Rendon, Santiago, Mark Stone, Ting, and Weber)**

February 27, 2015

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, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1335, as introduced, Atkins. Building Homes and Jobs Act.

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 Building Homes and Jobs Act. 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, after deduction of any actual and necessary administrative costs incurred by the county recorder, be sent quarterly to the Department of Housing and Community Development for deposit in the Building Homes and Jobs Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for supporting affordable housing, home ownership opportunities, and other housing-related program, as specified. The bill would impose certain auditing and reporting requirements.

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.

This bill would declare that it is to take effect immediately as an urgency statute.

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 Building Homes  
2 and Jobs Act.

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

7 (b) The Legislature further finds and declares all of the  
8 following:

9 (1) Funding approved by the state's voters in 2002 and 2006,  
10 as of June 2014, has financed the construction, rehabilitation, and  
11 preservation of over 14,000 shelter spaces and 149,000 affordable  
12 homes. These numbers include thousands of supportive homes for  
13 people experiencing homelessness. In addition, these funds have  
14 helped tens of thousands of families become or remain

1 homeowners. Nearly all of the voter-approved funding for  
2 affordable housing was awarded by the beginning of 2015.

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

8 (3) In 2014, the Legislature committed 10 percent of ongoing  
9 cap-and-trade funds for affordable housing that reduces greenhouse  
10 gas emissions and dedicated \$100 million in one-time funding for  
11 affordable multifamily and permanent supportive housing. In  
12 addition, the people of California thoughtfully approved the  
13 repurposing of \$600 million in already committed bond funds for  
14 the creation of affordable rental and permanent supportive housing  
15 for veterans through the passage of Proposition 41.

16 (4) Despite these investments, the need in the state of California  
17 greatly exceeds the available resources, considering 36.2 percent  
18 of mortgaged homeowners and 47.7 percent of all renters are  
19 spending more than 35 percent of their household incomes on  
20 housing.

21 (5) California has 12 percent of the United States population,  
22 but 20 percent of its homeless population. California has the highest  
23 percentage of unsheltered homeless in the nation, with 63 percent  
24 of homeless Californians not having shelter. California has 24  
25 percent of the nation's homeless veterans population and one-third  
26 of the nations' chronically homeless population. California also  
27 has the largest populations of unaccompanied homeless children  
28 and youth, with 30 percent of the national total.

29 (6) Furthermore, four of the top 10 metropolitan areas in the  
30 country for homeless are in the following metropolitan areas in  
31 California: San Jose-Sunnyvale-Santa Clara, Los Angeles-Long  
32 Beach-Santa Ana, Fresno, and Stockton.

33 (7) California continues to have the second lowest  
34 homeownership rate in the nation, and the Los Angeles  
35 metropolitan area is now a majority renter area. In fact, five of the  
36 eight lowest homeownership rates are in metropolitan areas in  
37 California.

38 (8) Los Angeles and Orange Counties have been identified as  
39 the epicenter of overcrowded housing, and numerous studies have  
40 shown that children in crowded homes have poorer health, worse



1 scores on mathematics and reading tests, and higher rates of  
2 depression and behavioral problems—even when poverty is taken  
3 into account.

4 (9) Millions of Californians are affected by the state's chronic  
5 housing shortage, including seniors, veterans, people experiencing  
6 chronic homelessness, working families, people with mental,  
7 physical, or developmental disabilities, agricultural workers, people  
8 exiting jails, prisons, and other state institutions, survivors of  
9 domestic violence, and former foster and transition-aged youth.

10 (10) Eight of the top 10 hardest hit cities by the foreclosure  
11 crisis in the nation were in California. They include the Cities of  
12 Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced,  
13 Bakersfield, and Sacramento.

14 (11) California's workforce continues to experience longer  
15 commute times as persons in the workforce seek affordable housing  
16 outside the areas in which they work. If California is unable to  
17 support the construction of affordable housing in these areas,  
18 congestion problems will strain the state's transportation system  
19 and exacerbate greenhouse gas emissions.

20 (12) Many economists agree that the state's higher than average  
21 unemployment rate is due in large part to massive shrinkage in the  
22 construction industry from 2005 to 2009, including losses of nearly  
23 700,000 construction-related jobs, a 60-percent decline in  
24 construction spending, and an 83-percent reduction in residential  
25 permits. Restoration of a healthy construction sector will  
26 significantly reduce the state's unemployment rate.

27 (13) The lack of sufficient housing impedes economic growth  
28 and development by making it difficult for California employers  
29 to attract and retain employees.

30 (14) To keep pace with continuing demand, the state should  
31 identify and establish a permanent, ongoing source or sources of  
32 funding dedicated to affordable housing development. Without a  
33 reliable source of funding for housing affordable to the state's  
34 workforce and most vulnerable residents, the state and its local  
35 and private housing development partners will not be able to  
36 continue increasing the supply of housing after existing housing  
37 bond resources are depleted.

38 (15) The investment will leverage billions of dollars in private  
39 investment, lessen demands on law enforcement and dwindling  
40 health care resources as fewer people are forced to live on the

1 streets or in dangerous substandard buildings, and increase  
2 businesses' ability to attract and retain skilled workers.

3 (16) In order to promote housing and homeownership  
4 opportunities, the recording fee imposed by this act shall not be  
5 applied to any recording made in connection with a sale of real  
6 property. Purchasing a home is likely the largest purchase made  
7 by Californians, and it is the intent of this act to not increase  
8 transaction costs associated with these transfers.

9 SEC. 3. Section 27388.1 is added to the Government Code, to  
10 read:

11 27388.1. (a) (1) Commencing January 1, 2016, and except as  
12 provided in paragraphs (2) and (3), in addition to any other  
13 recording fees specified in this code, a fee of seventy-five dollars  
14 (\$75) shall be paid at the time of recording of every real estate  
15 instrument, paper, or notice required or permitted by law to be  
16 recorded except those expressly exempted from payment of  
17 recording fees. "Real estate instrument, paper, or notice" means a  
18 document relating to real property, including, but not limited to,  
19 the following: deed, grant deed, trustee's deed, deed of trust,  
20 reconveyance, quit claim deed, fictitious deed of trust, assignment  
21 of deed of trust, request for notice of default, abstract of judgment,  
22 subordination agreement, declaration of homestead, abandonment  
23 of homestead, notice of default, release or discharge, easement,  
24 notice of trustee sale, notice of completion, UCC financing  
25 statement, mechanic's lien, maps, and covenants, conditions, and  
26 restrictions.

27 (2) The fee described in paragraph (1) shall not be imposed on  
28 any real estate instrument, paper, or notice recorded in connection  
29 with a transfer subject to the imposition of a documentary transfer  
30 tax as defined in Section 11911 of the Revenue and Taxation Code  
31 or on any real estate instrument, paper, or notice recorded in  
32 connection with a transfer of real property that is a residential  
33 dwelling to an owner-occupier.

34 (3) The fee described in paragraph (1) shall be reduced so that  
35 the fee, together with any charges or recording fees that are in  
36 effect on or before the effective date of the act adding this section,  
37 shall not exceed a per parcel maximum charge of two hundred  
38 twenty-five dollars (\$225).

39 (b) The fees, after deduction of any actual and necessary  
40 administrative costs incurred by the county recorder in carrying

1 out this section, shall be remitted quarterly, on or before the last  
2 day of the month next succeeding each calendar quarterly period,  
3 to the Department of Housing and Community Development for  
4 deposit in the California Homes and Jobs Trust Fund established  
5 by Section 50470 of the Health and Safety Code, to be expended  
6 for the purposes set forth in that section. In addition, the county  
7 shall pay to the Department of Housing and Community  
8 Development interest, at the legal rate, on any funds not paid to  
9 the Controller before the last day of the month next succeeding  
10 each quarterly period.

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

13  
14 CHAPTER 2.5. BUILDING HOMES AND JOBS ACT

15  
16 Article 1. General Provisions

17  
18 50470. (a) (1) There is hereby created in the State Treasury  
19 the Building Homes and Jobs Trust Fund. All interest or other  
20 increments resulting from the investment of moneys in the fund  
21 shall be deposited in the fund, notwithstanding Section 16305.7  
22 of the Government Code.

23 (2) Moneys in the Building Homes and Jobs Trust Fund shall  
24 not be subject to transfer to any other fund pursuant to any  
25 provision of Part 2 (commencing with Section 16300) of Division  
26 4 of Title 2 of the Government Code, except to the Surplus Money  
27 Investment Fund. Upon appropriation by the Legislature, moneys  
28 in the fund may be expended for the following purposes:

29 (A) The development, acquisition, rehabilitation, and  
30 preservation of rental housing that is affordable to extremely low,  
31 very low, low- and moderate-income households, including  
32 necessary operating subsidies.

33 (B) Affordable rental and ownership housing that meets the  
34 needs of a growing workforce up to 120 percent of area median  
35 income.

36 (C) Matching portions of funds placed into local or regional  
37 housing trust funds.

38 (D) Matching portions of funds available through the Low and  
39 Moderate Income Housing Asset Fund pursuant to subdivision (d)  
40 of Section 34176 of the Health and Safety Code.

1 (E) Capitalized reserves for services connected to the creation  
2 of new permanent supportive housing, including, but not limited  
3 to, developments funded through the Veterans Housing and  
4 Homelessness Prevention Program.

5 (F) Emergency shelters, transitional housing, and rapid  
6 rehousing.

7 (G) Accessibility modifications.

8 (H) Efforts to acquire and rehabilitate foreclosed or vacant  
9 homes.

10 (I) Homeownership opportunities, including, but not limited to,  
11 down payment assistance.

12 (b) Both of the following shall be paid and deposited in the  
13 fund:

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

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

19 50471. (a) In order to maximize efficiency and address  
20 comprehensive needs, the department, in consultation with the  
21 California Housing Finance Agency, the California Tax Credit  
22 Allocation Committee, and the California Debt Limit Allocation  
23 Committee, shall develop and submit to the Legislature, at the time  
24 of the Department of Finance's adjustments to the proposed  
25 2015–16 fiscal year budget pursuant to subdivision (e) of Section  
26 13308 of the Government Code, the Building Homes and Jobs  
27 Investment Strategy. Notwithstanding Section 10231.5 of the  
28 Government Code, commencing with the 2020–21 fiscal year, and  
29 every five years thereafter, concurrent with the release of the  
30 Governor's proposed budget, the department shall update the  
31 investment strategy and submit it to the Legislature. The investment  
32 strategy shall do all of the following:

33 (1) Identify the statewide needs, goals, objectives, and outcomes  
34 for housing for a five-year time period. Goals should include targets  
35 of the total number of affordable homes created and preserved  
36 with the funds.

37 (2) Promote a geographically balanced distribution of funds  
38 including consideration of a direct allocation of funds to local  
39 governments.

- 1 (3) Emphasize investments that serve households that are at or  
2 below 60 percent of area median income.
- 3 (4) Meet the following minimum objectives:
- 4 (A) Encourage economic development and job creation by  
5 helping to meet the housing needs of a growing workforce up to  
6 120 percent of area median income.
- 7 (B) Identify opportunities for coordination among state  
8 departments and agencies to achieve greater efficiencies, increase  
9 the amount of federal investment in production, services, and  
10 operating costs of housing, and promote energy efficiency in  
11 housing produced.
- 12 (C) Incentivize the use and coordination of nontraditional  
13 funding sources including philanthropic funds, local realignment  
14 funds, nonhousing tax increment, federal Patient Protection and  
15 Affordable Care Act, and other resources.
- 16 (D) Incentivize innovative approaches that produce cost savings  
17 to local and state services by reducing the instability of housing  
18 for frequent, high-cost users of hospitals, jails, detoxification  
19 facilities, psychiatric hospitals, and emergency shelters.
- 20 (b) Before submitting the Building Homes and Jobs Investment  
21 Strategy to the Legislature, the department shall hold at least four  
22 public workshops in different regions of the state to further inform  
23 the development of the investment strategy.
- 24 (c) The department shall form an advisory body of experts and  
25 stakeholders to help develop the Building Homes and Jobs  
26 Investment Strategy, including, but not limited to, representatives  
27 from the banking and financial sector, real estate sector, real estate  
28 and housing developers, and homeless service providers.
- 29 (d) Expenditure requests contained in the Governor's proposed  
30 budget shall be consistent with the Building Homes and Jobs  
31 Investment Strategy developed and submitted pursuant to this part.  
32 Moneys in the Building Homes and Jobs Act Fund shall be  
33 appropriated through the annual Budget Act.
- 34 (e) The Building Homes and Jobs Investment Strategy and  
35 updates required by this section shall be submitted pursuant to  
36 Section 9795 of the Government Code.

Article 2. Audits and Reporting

1  
2  
3 50475. The California State Auditor's Office shall conduct  
4 periodic audits to ensure that the annual allocation to individual  
5 programs is awarded by the department in a timely fashion  
6 consistent with the requirements of this chapter. The first audit  
7 shall be conducted no later than 24 months from the effective date  
8 of this section.

9 50476. (a) In its annual report to the Legislature pursuant to  
10 Section 50408, the department shall report how funds that were  
11 made available pursuant to this chapter and allocated in the prior  
12 year were expended, including efforts to promote a geographically  
13 balanced distribution of funds. The report shall also assess the  
14 impact of the investment on job creation and the economy. With  
15 respect to any awards made specifically to house or support persons  
16 who are homeless or at-risk of homelessness, the report shall  
17 include an analysis of the effectiveness of the funding in allowing  
18 these households to retain permanent housing. The department  
19 shall make the report available to the public on its Internet Web  
20 site.

21 (b) (1) In the report, the department shall make a determination  
22 of whether any of the moneys derived from fees collected pursuant  
23 to Section 27388.1 of the Government Code are being allocated  
24 by the state for any purpose not authorized by Section 50470 and  
25 shall share the information with the county recorders.

26 (2) If the department determines that any moneys derived from  
27 fees collected pursuant to Section 27388.1 of the Government  
28 Code are being allocated by the state for a purpose not authorized  
29 by Section 50470, the county recorders shall, upon notice of the  
30 determination, immediately cease collection of the fees imposed  
31 by Section 27388.1 of the Government Code, and shall resume  
32 collection of those fees only upon notice that the moneys derived  
33 from fees collected pursuant to Section 23788.1 of the Government  
34 Code are being allocated by the state only for a purpose authorized  
35 by Section 50470.

36 SEC. 5. No reimbursement is required by this act pursuant to  
37 Section 6 of Article XIII B of the California Constitution because  
38 a local agency or school district has the authority to levy service  
39 charges, fees, or assessments sufficient to pay for the program or

1 level of service mandated by this act, within the meaning of Section  
2 17556 of the Government Code.

3 SEC. 6. This act is an urgency statute necessary for the  
4 immediate preservation of the public peace, health, or safety within  
5 the meaning of Article IV of the Constitution and shall go into  
6 immediate effect. The facts constituting the necessity are:

7 In order to provide affordable housing opportunities at the earliest  
8 possible time, it is necessary for this act to take effect immediately.

O