

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

June 9, 2023

Agenda Item 3d

Assembly Bill 1657 (Wicks): Statewide Housing Bond

Subject:

Places a \$10 billion general obligation (GO) bond on the March 2024 statewide ballot for a variety of housing production and preservation programs.

Background and Bill Provisions:

AB 1657 would place a \$10 billion GO bond on the March 2024 statewide ballot to fund the state's core rental and ownership programs. Specifically, the measure would designate \$7 billion of the \$10 billion to build apartments affordable to households earning 80% or less of the area median income (AMI) through the Multifamily Housing Program. Of this, \$1.75 billion would be set aside for supportive housing for people living with disabilities and at least 10% of the other apartments would be reserved for extremely low-income households (30% AMI or less). Additionally, \$1.5 billion would be allocated to rehabilitate or preserve the affordability of existing deed-restricted and market rate apartments. Homeownership production and first-time buyers would receive \$1 billion through CalHome and the California Housing Finance Agency's downpayment assistance program. The remaining \$500 million would build rental and ownership homes for farmworkers and members of Tribes.

Historically, GO bonds have been the state's primary funding source for the production and preservation of deed-restricted apartments and single-family homes. Voters last approved a state housing bond in 2018, Proposition 1 which provided \$4 billion for affordable housing. Those funds will be fully allocated by the end of 2023.

Lawmakers have also appropriated General Fund revenue for housing production in recent years. However, the state's projected \$31.5 billion deficit makes significant additional General Fund commitments to housing unlikely in the near future.

Recommendation:

Support / ABAG Executive Board Approval

Support / MTC Commission Approval

Discussion:

Meeting the Bay Area's housing needs after decades of underbuilding will take a coordinated and sustained effort by all levels of governments. The latest Regional Housing Needs Assessment estimates the region needs 180,334 new homes affordable to lower income households by 2031 to address unmet needs and future population growth. With the state's current budget deficit and an uncertain economic outlook, the Legislature and Governor are proposing various housing, climate and school bonds that might form a package for the 2024 ballot(s).

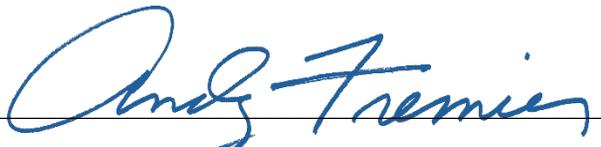
If passed by voters in March 2024, AB 1657 would infuse as much as \$2 billion annually over five years into housing production and preservation. Bay area developers and jurisdictions have performed well in past funding rounds for the programs included in the bond. The Bay Area Housing Finance Authority also would be eligible to apply for funding to continue its Housing Preservation Pilot program, which converts existing apartments into affordable homes with long-term deed restrictions and protects residents from rising rents and displacement.

Known Positions:

See Attachment A

Attachments:

- Attachment A: AB 1657 Known Positions



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