

Assembly Democrats Want Real Estate Fees, Tax Credits for Affordable Housing

Marisa Lagos

The leader of the state Assembly is unveiling an ambitious affordable housing proposal, one that could pump more than \$600 million a year into development at the local level.

Assembly Speaker Toni Atkins (D-San Diego) was joined Wednesday afternoon by a wide range of prominent Democrats in Los Angeles, including state Treasurer John Chiang and Los Angeles Mayor Eric Garcetti, to announce her plan. At its center: A proposal to institute a new transfer fee on real estate transactions, one Atkins' staff characterizes as small; and expanding legislation [proposed by Assemblyman David Chiu](#) (D-San Francisco) to increase the tax credit that real estate developers can claim when they build affordable housing.

"The bottom line is that every Californian deserves a stable, safe place to live," Atkins said.

As we reported this morning, local officials have been scrambling to plug the \$1 billion annual hole left by Gov. Jerry Brown's dissolution of redevelopment agencies four years ago.

They aren't new ideas. In 2013, former Bay Area state Sen. [Mark DeSaulnier](#), now a member of Congress, first floated the idea of a \$75 transfer tax to fund affordable housing. [SB391 died in the Assembly](#), but early estimates projected it could raise \$300 million to \$700 million a year at the \$75 rate. Many business groups backed the proposal.

Assemblyman Chiu [proposed a \\$40 million tax credit for affordable housing development](#) in December. Atkins' package, which Chiu supports, would expand the size of that tax credit program to \$300 million a year.

She argued that the proposals make economic sense, saying that on average, counties spend \$2,900 a month on medical care and criminal justice resources on each homeless Californian. Kids who live in unstable homes also have higher rates of depression, behavioral problems and issues at school, she said.

"Increasing affordable housing is good for the economy and it's good for the budget," Atkins said. "It makes sense across the board as a way to boost the economy, shore up infrastructure as a source of middle-class jobs and as a way to lift Californians out of poverty."

She's also proposing using some of the cash [expected to be generated by prison savings through Proposition 47](#) — the law approved by voters last fall to shift some petty crimes from felonies to misdemeanors — to subsidize housing for formerly incarcerated citizens.

Chiu, who has seen San Francisco be hit hard by rising housing prices, said the proposals could "help families stay in the communities they have called home for decades"

"Having a roof over your head should not be a luxury," he said, adding that the funding plan "will build more affordable housing, create jobs all over the state, and help us fix California's future."

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