
THIRD READING

Bill No: SB 1413
Author: Leno (D), et al.
Amended: 5/10/16
Vote: 21

SENATE TRANS. & HOUSING COMMITTEE: 9-0, 4/26/16
AYES: Beall, Allen, Gaines, Galgiani, Leyva, McGuire, Mendoza, Roth,
Wieckowski
NO VOTE RECORDED: Cannella, Bates

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/27/16
AYES: Lara, Beall, Hill, McGuire, Mendoza
NOES: Bates, Nielsen

SUBJECT: School districts: employee housing

SOURCE: Ed Lee, Mayor, City and County of San Francisco

DIGEST: This bill establishes the Teacher Housing Act of 2016 and provides that a school district may establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing.

ANALYSIS: Existing federal law requires low-income housing tax credits (LIHTCs) to be utilized for residential units that are for use by the “general public.” If a residential unit is provided only for a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and not eligible for federal LIHTCs, and by extension, state LIHTCs. A qualified low-income project does not fail to meet the general-public use requirement solely because of occupancy restrictions or preferences that favor, among other things: members of a specified group under a federal program or state program or policy that supports housing for a specified group.

Existing state law:

- 1) Establishes various housing programs, such as the Multifamily Housing Program and Joe Serna Jr. Farmworker Housing Grant Program administered by the Department of Housing and Community Development and the Low-Income Housing Tax Credit Program administered by the Tax Credit Allocation Committee within the State Treasurer's Office, to help low-income families and other specified groups.
- 2) Defines "rental housing development" as a structure or set of structures with common financing, ownership, and management, and which collectively contain five or more dwelling units, including efficiency units. No more than one of the dwelling units may be occupied as a primary residence by a person or household who is the owner of the structure or structures.

This bill:

- 1) Establishes the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable rental housing for teachers, school district employees, and their families to allow teachers or school district employees to access and maintain housing stability.
- 2) Defines "affordable rental housing" as a rental housing development with rents restricted to levels that are affordable to persons and families of low or moderate income, but neither definition is restrictive to only projects with five or more units as required under existing law.
- 3) Defines "teacher or school district employee" as any person employed by:
 - a) A unified school district maintaining pre-kindergarten, transitional kindergarten, and grades 1 to 12;
 - b) An elementary school district maintaining pre-kindergarten, transitional kindergarten, and grades 1 to 8; or
 - c) A high school district maintaining grades 9 to 12, inclusive, but not limited to, certificated and classified staff.
- 4) Provides that a school district may establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing. To the extent feasible, the school

district may establish and implement programs that, among other things, do the following:

- a) Leverage federal, state, and local public, private, and nonprofit programs and fiscal resources.
 - b) Promote public and private partnerships.
 - c) Foster innovative financing opportunities.
 - d) Dedicate school district-owned land to the development of affordable rental housing and restrict occupancy to teachers and school district employees.
- 5) Creates, specifically, a state policy supporting housing for teachers and school district employees, pursuant to the IRS code, and permits school districts and developers in receipt of local or state funds designated for affordable rental housing to restrict occupancy to teachers and school district employees on land owned by school districts, so long as that housing does not violate any other applicable laws.

Comments

Purpose. According to the author, California places a high value on its public education system, and the stability of housing for school employees is critical to the overall success and stability of each school in California. Students and the community at large are benefitted by teachers living in the community in which they practice their profession. It ensures stability, community involvement, and stronger ties between teachers and their students and families. Lack of affordable housing creates barriers to effective teaching and teacher retention and the combination of teacher and housing shortages demands innovative solutions. Twenty-five percent of teachers nationwide point to housing incentives as an important factor in their decision to return to teaching.

While there are programs in many communities to help people find and attain affordable housing, middle-class earners like teachers do not always qualify for them. This bill underscores the critical role that teachers and other education professionals play in the long-term success of our state by allowing for the development of specific housing to keep these hard-working professionals in our communities and our schools. This bill provides clear authorization to school districts to develop housing on district-owned property, which will enable the districts facing the most acute teacher shortages to directly address the lack of

affordable housing that is forcing teachers out of our communities and out of a vital profession. Investors require clear state law before getting on board with new and innovative projects, especially in an area as expensive as San Francisco. Unlike the higher education code, which covers faculty housing in detail, K-12's silence on this issue is a cause for great concern for financial markets when facing a decision of whether to embark upon multi-billion dollar housing projects.

Necessary state authority. According to the source, Mayor Ed Lee of the City and County of San Francisco, express state statutory authority is necessary to permit school districts to construct teacher-only housing on their property. Developers are not permitted to use federal LIHTCs for these projects because these projects are not available to the general public. Because state credits can only be awarded to projects that receive federal credits, state LIHTCs also cannot be used to fund teacher-only housing.

By declaring a state policy supporting housing for teachers/school district employees, these housing projects could qualify under federal law as general public housing and therefore be eligible for both federal and state LIHTCs.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

According to the Senate Appropriations Committee:

- Cost pressure: To the extent this bill results in additional affordable housing projects targeting teachers and school personnel, greater demand would be placed on limited existing housing resources leading to greater competition for receiving certain financial benefits such as state low-income housing tax credits. According to the State Treasurer's Office, state credits are oversubscribed by roughly a 2 to 1 ratio.

SUPPORT: (Verified 5/27/16)

Ed Lee, Mayor, City and County of San Francisco (source)
American Federation of State, County and Municipal Employees
California Apartment Association
California Federation of Teachers
California Teachers Association
Non-Profit Housing Association of Northern California
San Francisco Unified School District

OPPOSITION: (Verified 5/27/16)

None received

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