



County of Santa Cruz

BOARD OF SUPERVISORS

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AGENDA: 11/20/01

November 14, 2001

BOARD OF SUPERVISORS
 County of Santa Cruz
 701 Ocean Street
 Santa Cruz, CA 95060

RE: SUPPORT FOR STATE HOUSING BOND ACT PROPOSAL

Dear Members of the Board:

Attached is a news article indicating that State Senator John Burton is proposing to sponsor a \$2 billion ballot measure to provide funds for loans and grants to affordable housing developments. His intention in making this proposal is not only to create additional affordable housing units throughout the State, but to stimulate the State's economy.

Board members are very aware of the housing crisis we face in Santa Cruz County and the difficulty in financing affordable units. As State and federal subsidies have diminished in recent years, the importance of local subsidies has grown. However, high per unit local subsidies greatly limit the number of units that can be assisted.

Although Senator Burton has not yet placed his proposal in legislation, I think it is important for our Board to encourage his efforts at this time. Supporting this proposal is consistent with the actions our Board took on November 6, 2001, to support additional housing opportunities in the County.

Therefore, I recommend that the Board of Supervisors direct the Chairperson of the Board to write a letter to Senator John Burton

BOARD OF SUPERVISORS
November 14, 2001
Page 2

expressing the Board's strong support for his proposal to place on the November, 2002, ballot a \$2 billion housing bond act providing grants and loans to affordable housing developments.

Sincerely,



MARDI WORMHOUDT, Supervisor
Third District

MW:ted
Attachment

cc: Senator John Burton
Senator Bruce McPherson
Assembly Member Fred Keeley
Assembly Member Simon Salinas
Governor Gray Davis

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Housing aid proposed

Published Tuesday, Nov. 13, 2001, in the San Jose Mercury News
BY RENEE KOURY

Mercury News

State Sen. John Burton said Monday he will sponsor a \$2 billion state bond proposal for affordable-housing loans and grants to stimulate the sagging economy while helping out low-income renters and first-time home buyers.

"There is a tremendous need in the state for affordable housing and jobs," Burton said at a news conference in San Francisco. "I'd like to do this yesterday, but it won't be done yesterday. We can shoot for November."

Burton, D-San Francisco, had earlier proposed a \$900 million stimulus package for affordable housing that passed in the state Senate but didn't make it through the Assembly in time for March's ballot, he said. In renewing his effort this time, he more than doubled the proposed bond amount. He said the higher amount is part of a new resolve in Sacramento to seek "big bond measures that will stimulate the economy," including bonds for community colleges and parks.

His proposal calls for selling \$2 billion in general obligation bonds for a range of programs such as building low-income rental units, helping first-time home buyers make down payments and adding emergency shelters for the homeless.

Burton said Gov. Gray Davis has been reluctant to support housing bonds, but his proposal has the backing of building and construction companies with heavy influence in Sacramento.

"Housing is not the governor's thing," Burton said. "He just doesn't see it, but we will be working to persuade him to support this."

A spokesman for the governor could not be reached on the Veterans Day holiday Monday.

Under the bill yet to be introduced in the state Assembly, Burton outlined the proposed programs. They include:

- \$900 million for multifamily housing developments in which local governments, non-profit groups and developers would get deferred-payment loans to build, rehabilitate and preserve permanent and transitional rental housing for lower-income families.
- \$250 million for grants to counties and non-profit organizations to rehabilitate, renovate,

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Expand and acquire emergency shelters for homeless individuals and families.

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- \$290 million to help first-time home buyers make down payments or cover closing costs on home purchases.
- \$200 million for local governments and non-profit agencies to develop homeowner or rental opportunities for agricultural workers.
- \$200 million for the "CalHome" programs, which provide grants and loans for rehabilitation and mortgage assistance for shared housing.

The bill requires a two-thirds majority approval of legislators in the Assembly and Senate, and approval of the governor to make it to the ballot. Burton hopes to get it on the November 2002 ballot, when a higher voter turnout could give it a better chance to win.

He acknowledged that taxpayers may be leery about approving new bonds that add to the state's debt during hard economic times. But he said the bonds would generate new jobs and boost sales of building materials, generating tax revenue.

"This will be part of an overall strategy to provide economic stimulus," Burton said.

Contact Renee Koury at rkoury@sgmercury.com or (415) 394-6878.

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