Housing, Land Use & Transportation Policy Committee

2012 CSAC Legislative Conference

Thursday, May 31, 2012 ▪ 8:30 a.m. to 10:00 a.m.
Hyatt Regency Sacramento ▪ Regency Ballroom E-F
Sacramento ▪ California

AGENDA

Chair, Supervisor Efren Carrillo, Sonoma County
Vice Chair, Supervisor Matt Rexroad, Yolo County

8:30 a.m. I. **Welcome, Introductions, & Approval of the Agenda**
Chair, Supervisor Efren Carrillo, Sonoma County
Vice Chair, Supervisor Matt Rexroad, Yolo County

8:35 a.m. II. **Future of Transportation Revenues – ACTION ITEM**
- **A New Transportation Funding Concept**
- **Recommendations for New Transportation Revenues**

Mark Watts, Transportation California
Mike Penrose, Director of Transportation, Sacramento County
Attachment One: A New Transportation Funding Concept
Attachment Two: Memo: Recommendations for New Transportation Revenue Options

9:00 a.m. III. **High-Speed Rail Update & Revisiting CSAC Policy – ACTION ITEM**
Representative, High-Speed Rail Authority
Attachment Three: Memo: CSAC's Policy on the California High-Speed Rail Project
Attachment Four: CSAC Resolution Relating to Support for High-Speed Rail

9:20 a.m. IV. **Housing Element Reform Update**
Pete Parkinson, Planning Director, Sonoma County &
CSAC Representative, Housing Element Working Group

9:40 a.m. V. **State Budget & Legislative Update**
DeAnn Baker, Senior Legislative Representative, CSAC
Kiana Buss, Senior Legislative Analyst, CSAC
Attachment Five: SB 1220 (DeSaulnier): Permanent Source for Affordable Housing

9:55 a.m. VI. **Other Items & Adjournment**

ATTACHMENTS

Attachment One

A New Transportation Funding Concept

A New Transportation Funding Concept

Transportation California
Bert Sandman, Executive Director
Smith, Watts & Martinez, Advocates
March 2012

Why A New Transportation Funding Concept?

STATE FUNDING RESOURCES ARE DECLINING !!!

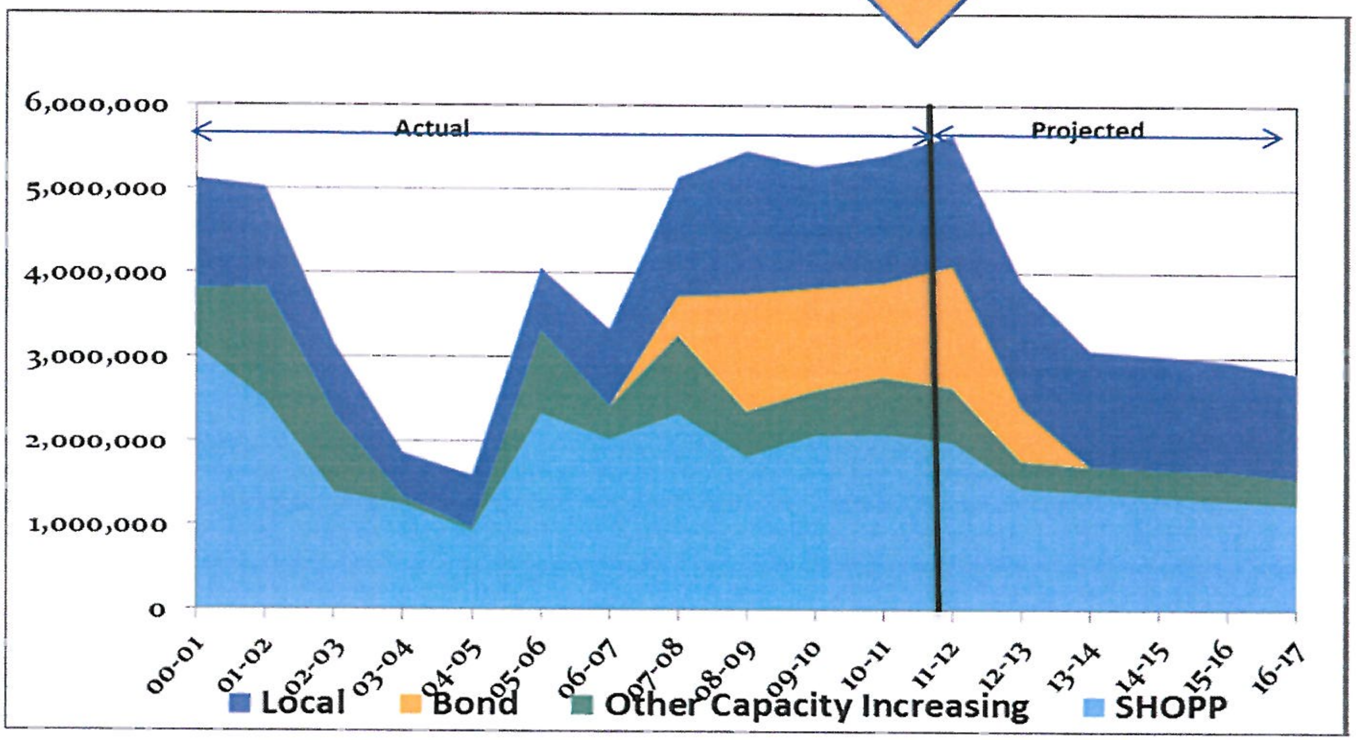


Chart Source: Caltrans

A New Transportation Funding Concept

Transportation California Perspective

- The current fiscal challenge to adequately maintaining our highway, roadway and transit systems in California has been documented thoroughly.

- The looming end of Proposition 1B resources has driven **Transportation California** to focus on developing a suitable and significant new transportation funding source.

- After two years analyzing alternative concepts to increase transportation funding, ranging from **(1)** statewide transportation fee (which was voided by Proposition 26) to **(2)** various gas tax alternatives, the Transportation California board has determined to pursue a new **Transportation System User Fee**, which is modeled after the Vehicle License Fee.

A New Transportation Funding Concept

Status of our effort

- We have drafted a constitutional amendment we intend to introduce after the political issues are settled that surround the competing tax initiatives being readied for the November 2012 ballot.
- We are presently at the mid-point of subjecting our bill to intense political research, initially consisting of a series of four focus groups.
- Our next step is to take what we have learned though this process and subject our bill to additional political research though an aggressive, campaign-like phone survey.

A New Transportation Funding Concept

What The Bill Does

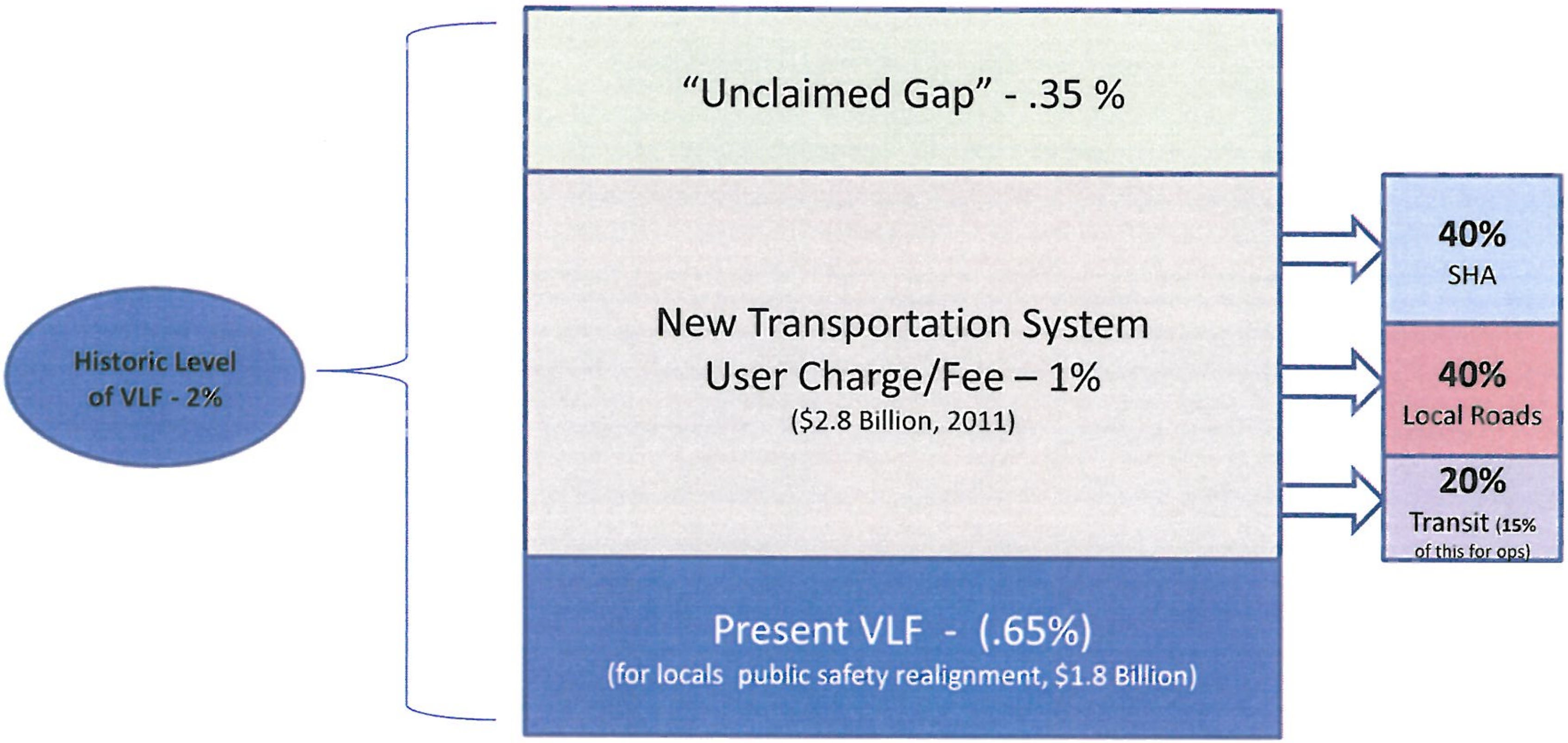
- Authorizes a new user charge/fee (tax) on vehicles, structured to mirror the tax collection process utilized for the Vehicle License Fee;
- Adds new Article XIX D to the constitution, providing the level of protection necessary for voter approval and for transportation agencies to plan and execute their programs.
- The amount of the charge will be 1% of the value of a vehicle and will follow the VLF statutory depreciation schedule.
- In an initial attempt to develop a fair distribution, we have proposed that the funds be allocated under the constitution, as follows:
  - 40% to State Highway Account,
  - 40% to Cities and Counties for local roadways,
  - 20% for Transit (15% of this for operations related to new investment)

A New Transportation Funding Concept

Impact of The Bill

- 1% of vehicle value raises **$2.7 billion** to $3 billion annually;
- This is equivalent to **17 - 18 cents** per gallon in the gas tax.
- Rule of thumb data indicates that there are **27 million vehicles** that would be subject to this new User Charge/Fee;
- The Department of Finance has used $10,000 as the average value of a vehicle, generating the $2.7 billion total estimate;
- Moreover, with vehicle sales beginning to increase (10% year-to-year), displacing older, less valuable vehicles, at higher overall prices, we believe that the potential for revenue growth is built in.
- Does not address known overall funding shortfall. We are exploring other additional alternatives, including a rudimentary mileage fee.

Comparison of New Transportation Charge/Fee In the context of the VLF



3/21/2012

Attachment Two

Memo: Recommendations for New Transportation Revenue Options

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May 31, 2012

To: CSAC Housing, Land Use, and Transportation Policy Committee

From: Mike Penrose, Chair, CEAC Transportation Committee
DeAnn Baker, CSAC Senior Legislative Representative
Kiana Buss, CSAC Senior Legislative Analyst

Re: Recommendations for New Transportation Revenues

Background

During the CSAC Housing, Land Use, and Transportation Policy Committee (HLT Committee) meeting in November 2011, after a presentation on the California Transportation Commissions' Statewide Transportation System Needs Assessment Report (CTC Report), Chair, Supervisor Efren Carrillo (Sonoma County), directed staff to develop a list of revenue options for the HLT Committee to consider to address California's enormous and still growing needs on the transportation network. As reported to the HLT Committee, the CTC Report found that the total cost of system preservation, system management, and system expansion over a ten-year period in California is roughly $536.2 billion. With a total estimated revenue of $242.4 billion over the same period, Californians are facing a $293.8 billion shortfall in order to bring the transportation network into a state of good repair and maintain it in that condition into the future.

CSAC staff has worked with the County Engineers Association of California (CEAC) to develop a list of possible revenue sources for new transportation funding. In addition to developing the list of possible revenue sources, the CEAC Transportation Committee developed a set of principles for evaluating each possible revenue stream to see how well each option fits within existing CSAC policy and the goals of the HLT Committee and Association as a whole. Staff has also listed the major pros and cons related to each possible revenue stream.

After an in-depth discussion on eleven various revenue options, CEAC agreed that four in particular were the most appropriate to fund the transportation needs that are most important to counties (i.e. local streets and roads, state system, and transit). They are listed in alphabetical order and do not reflect any sense of priority.

Principles

I. Unified Statewide Solution. All transportation stakeholders must stand united in the search for new revenues. Any new revenues should address the needs of the entire statewide transportation network.

II. Equity. New revenues should be distributed in an equitable manner, benefiting both the north and south and urban, suburban, and rural areas alike.

III. System Preservation. Given the substantial needs for all modes of transportation, a significant portion of new revenues should be focused on system preservation. Once the system has been brought to a state of good repair (the most cost effective condition to maintain the transportation network), revenues for maintenance of the system would be reduced to a level that enables sufficient recurring maintenance.

IV. All Users Based System. New revenues should be borne by all users of the system from the traditional personal vehicle that relies solely on gasoline, to those with new hybrid or electric technology, to commercial vehicles moving goods in the state, and even transit, bicyclists, and pedestrians who also benefit from the use of an integrated transportation network.

V. Alternative Funding Mechanisms. Given that new technologies continue to improve the efficiency of many types of transportation methods, transportation stakeholders must be open to new alternative funding mechanisms. Further, the goal of reducing greenhouse gases is also expected to affect vehicle miles traveled, thus further reduce gasoline consumption and revenue from the existing gas tax. The existing user based fee, such as the base $0.18-cent gas tax is a declining revenue source. Collectively, we must have the political will to push for sustainable transportation revenues.

Local Streets and Roads Revenue Options

I. Gas Tax Increase and Indexing. Increase the excise tax on gasoline and/or index the new revenues along with the base $0.18-cent gas tax to keep pace with inflation. Another option is to just index the existing $0.18 base portion of the gasoline tax. Per every one-cent gas tax increase, approximately $150 million is generated. The California Statewide Local Streets and Roads Needs Assessment Report identified a $79.9 billion shortfall over the next ten years or an $8 billion annual need just to address the preservation of the local street and road system. Thus, this equates to a 56-cent gas tax increase just to meet local system preservation needs.

Pros	Cons
User-based fee; pay at the pump to use the system	Declining revenue stream – vehicles are more efficient, hybrid and electric technology, less consumption. Further, greenhouse gas reduction goals strive to reduce vehicle miles traveled, less consumption
Indexing makes the tax sustainable by keeping pace with the cost of living and construction costs	

Tax payers pay over time, not in a lump-sum	

II. Sales Tax on Gasoline Options. Reinstate the sales tax on gasoline and/or reduce the voter threshold for the imposition of local sales tax measures for transportation purposes. The two options could be implemented individually or together as a package of changes to the sales tax on gas. The sales tax on gasoline would have generated approximately $2.8 billion in FY 2012-13 if it were still in place. If shared between the State, transit, and cities in the same manner as the previous sales tax, it would generate $560 million for counties in the same fiscal year. Regarding the local sales tax option, the self-help counties coalition estimates another 15-17 counties could pass local measures with a reduction to a 55% voter threshold.

Pros	Cons
Increasing revenue stream; generates more revenues as the price of gas increases	Unlikely to have support from the Legislature and Governor given the transportation tax swap and 2012 November ballot initiatives
Tax payers pay over time, not in a lump-sum	Also effected by reduced consumption
	Political viability since Prop 42 was passed by the voters to direct sales taxes on gasoline to transportation and was then replaced with the new HUTA by the Legislature in the swap

III. Transportation System User Fee. Institute a one-percent annual vehicle registration fee based on the value of a vehicle and dedicate revenues to transportation. Research indicates 27 million vehicles would be subject to the fee. Funds would be distributed in the same manner of the old sales tax, 40% to counties and cities, 40% state highways, and 20% transit. The fee would generate $2.7-$3 billion annually, which would provide counties $540-600 million. The Transportation System User Fee is especially intriguing as Transportation California, representing business, construction, and labor groups, has already drafted a proposal and is undertaking an education and outreach campaign to build support for a near-term ballot measure.

Pros	Cons
New idea; different from conventional sales tax or gas tax proposals	Annual fee so taxpayers feel the burden all at once
Sustainable; captures revenues from all	A fee based on value of a vehicle is close

vehicle operators of the road system including operators of electric vehicles and other alternative fuel vehicles	to VLF, which can be a hot button issue, voters react to it, i.e. Schwarzenegger reducing the VLF and taking over as Governor

IV. Vehicle Miles Traveled Fee. Institute a fee based on a vehicle miles traveled per registered vehicle, personal and/or commercial. This could require GPS tracking devices to be installed in vehicles or perhaps reporting on a quarterly, semi-annually, or an annual basis to the State on the total number of miles driven per registered vehicle. It is unclear how much such a tax would need to be set at to generate the funds necessary to address California's transportation revenue shortfalls. In 2010, there was 327 million vehicle miles traveled in the state.

Pros	Cons
User based revenue; pay to use the system	Concerns about privacy rights related to a GPS tracking device
Can link fee to peak driving times like congestion pricing on toll roads	It is a potentially declining revenue source as greenhouse gas reduction goals attempt to reduce VMTs
	Implementation would be significant given there isn't the same or similar process already set up

The CEAC Transportation Committee also considered the following revenues possibilities but did not conclude that these options were as viable or sustainable or otherwise did not meet the overarching principles:

- Weight Fee Increase
- Regional Fee
- Local Fee
- Public-Private Partnerships
- Infrastructure Bank
- Toll Roads
- Congestion Pricing

Recommendation.
Again, the four aforementioned revenue options appear to be the most viable and sustainable opportunities for increased revenues to address the significant funding shortfalls for transportation in California. The CEAC Transportation Committee recommends that the HLT Committee take action to recommend that the CSAC Board of Directors support these options to fund our transportation needs. Policy direction should be broad enough to allow CSAC to support any of the options that meet our overall policy goals.

Attachment Three

Memo: CSAC’s Policy on the California High-Speed Rail Project

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May 31, 2012

To: CSAC Housing, Land Use, & Transportation Policy Committee

From: DeAnn Baker, CSAC Senior Legislative Representative
Kiana Buss, CSAC Senior Legislative Analyst

Re: CSAC's Policy on the California High Speed Rail Project – ACTION ITEM

Recommendation. No staff recommendation.

Background. State statute has directed the California High-Speed Rail Authority (Authority) to develop and implement an intercity, high-speed rail service since 1996. In 2008, the voters of California passed a $9.95 billion bond, the Safe, Reliable, High-Speed Passenger Train Bond Act for the 21st Century (Prop 1A).

The CSAC Board of Directors adopted policy on the California High-Speed Rail Project (Project) in February 2007. The policy supports the development of the Project consistent with the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) and business plan. The policy also provided CSAC's support for a FY 2007-08 state budget request of $103 million from Prop 1A. Attached is a copy of the full resolution adopted by the CSAC Board of Directors.

At the Board of Directors meeting in November 2011 a request was made to revisit CSAC's current position of support for the High-Speed Rail Project. As such, staff was directed to bring the issue to the HLT Committee for reconsideration.

Policy Considerations. In November 2011, the Authority released a draft business plan which more than doubled the cost estimates from the previous business plan for the first phase of the project to between $98.1 billion and $117.6 billion. However, in April 2012, the Authority released a revised draft business plan which provided lower cost estimates for the first phase of the project that range from $68.4 billion to $79.8 billion. The reduced costs are associated with additional changes to the revised draft business plan which now proposes a blended approach that integrates the proposed high-speed train with existing and planned passenger rail systems. The changes in the April 2012 plan would result in less capacity and reduced ridership and thus fewer trains and associated reduced operations and maintenance costs. To date, the Authority has secured $12.5 billion in state and federal funding ($9 billion from Prop 1A and $3.5 billion in federal funding).

All versions of the business plan have relied heavily on federal funding to construct the project. The April 2012 draft assumes $42 billion in federal grants for the first phase. Also new to the April draft is that the Authority intends to rely on cap-and-trade revenues should the federal funds not materialize. Cap-and-trade is anticipated to generate between $600 million and $3 billion in FY 2012-13. Governor Brown has indicated his support for this approach and stated he intends to include funding from cap-and-trade for the project in the FY 2012-13 state budget. However, the

Legislative Analyst's Office (LAO) has concerns about the legal use of cap-and-trade revenues for the project.

The California State Auditor and LAO have issued reports outlining concerns with the business plan, specifically regarding the ability to identify the rest of the funding for the project as well as oversight concerns and ridership projections. However, the Auditor issued recommendations in January 2012 in order to continue with the development and implementation of the project which the Authority took into consideration when it revised the draft in April. The LAO has also suggested to the Legislature that funding be provided to continue current planning efforts so that the Legislature can keep its options open with respect to the project. To stop the project in its entirely at this time would be costly and even more so should the State decide to move forward with the project at a later date.

Staff understands that counties remain divided on the project. We understand a number of counties have acted to both support, as well as, oppose the project.

Action Requested. Staff is requesting your review and consideration of the appropriate CSAC policy on the California High-Speed Rail Project. The HLT Committee could take action on the Project in its entirety or adopt policy or principles that reflect counties' interest in whether or how to move forward in some manner that stops short of full support for the entire project.

Staff Contact. Please contact DeAnn Baker (dbaker@counties.org or (916) 327-7500 ext. 509) or Kiana Buss (kbuss@counties.org or (916) 327-7500 ext. 566) for additional information.

Attachment Four

CSAC Resolution Relating to Support for High-Speed Rail

CALIFORNIA STATE ASSOCIATION OF COUNTIES

RESOLUTION RELATING TO SUPPORT FOR HIGH-SPEED RAIL

WHEREAS, California, over several decades, has built an extensive network of freeways and airports, significantly expanded local and regional public transportation systems, greatly increased the number and frequency of commuter and intercity rail services, and promoted the development and use of alternative transportation modes, including bicycle, pedestrian, and water transit facilities, to meet the state's growing transportation needs; and

WHEREAS, These notable and sustained efforts are still not adequate to meet all the mobility needs of the state's current and future populations; and

WHEREAS, Californians will face a massive transportation challenge by the year 2020 to accommodate another 11 million people; and

WHEREAS, The cost of expanding the current network of highways and airports fully to meet the current and future transportation needs may be prohibitive and is not feasible in some regions; and

WHEREAS, California faces significant challenges in meeting increasingly stringent air quality standards and moderating or reducing its growing energy demand; and

WHEREAS, The EIR/EIS concluded, among other things, that the high-speed train system would help meet the need for intercity travel into the future and could carry up to 68 million passengers a year by 2020, would increase connectivity and accessibility to existing transit stations and airports, would improve travel options in parts of the state with limited bus, rail, and air transportation, would be safer and more reliable than highways or air travel and reduce congestion on highways and for air travel, would reduce door-to-door travel times, and would reduce total travel times for all transportation modes by diverting traffic to high-speed trains; and

WHEREAS, The EIR/EIS found that the project would have significant environmental benefits, including decreased energy consumption and improved air quality, would use less land than needed to expand highways and airports, would have fewer impacts overall on sensitive habitats and water resources, and would provide opportunities to plan for transit-oriented growth to meet future demands; and

NOW, THEREFORE, BE IT RESOLVED, the California State Association of Counties (CSAC) and its member counties support the further development and completion of the California High Speed Rail Authority's high-speed train project as described in the Authority's completed business and implementation plans and the certified Environmental Impact Report/Environmental Impact Statement (EIR/EIS).

FURTHER RESOLVED, that CSAC supports the Authority's 2007-08 Fiscal Year state budget request of $103 million, and supports passage of the Safe, Reliable High Speed Passenger Train Bond Act for the 21st Century scheduled for the November 2008 General Election.

ADOPTED THIS 22nd day of February, 2007 by the Board of Directors of the California State Association of Counties.

Frank Bigelow

Frank Bigelow, President

Attachment Five

SB 1220 (DeSaulnier): Permanent Source for Affordable Housing

AMENDED IN SENATE APRIL 16, 2012

AMENDED IN SENATE APRIL 12, 2012

SENATE BILL No. 1220

Introduced by Senators DeSaulnier and Steinberg
(Principal coauthor: Assembly Member Atkins)
(Coauthors: Senators Leno and Rubio)

February 23, 2012

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.

LEGISLATIVE COUNSEL'S DIGEST

SB 1220, as amended, DeSaulnier. Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012.

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 Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012. 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 be sent quarterly to the Department of Housing and Community Development for deposit in the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for the purpose of supporting affordable housing, as specified. The bill would impose certain auditing and reporting requirements.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

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.

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:

SECTION 1. This act shall be known as the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012.

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

(a) Funding approved by the state's voters in 2002 and 2006, as of June 2011, has financed the construction, rehabilitation, and preservation of over 11,600 shelter spaces and 57,220 affordable apartments, including 2,500 supportive homes for people experiencing homelessness. In addition, these funds have helped 57,290 families become or remain homeowners. Nearly all of the voter-approved funding for affordable housing was awarded by the beginning of 2012.

(b) The requirement in the Community Redevelopment Law that redevelopment agencies set aside 20 percent of tax increment for affordable housing generated roughly one billion dollars ($1,000,000,000) per year. With the elimination of redevelopment agencies, this funding stream has disappeared.

(c) California has 12 percent of the United States population but 21.4 percent of its homeless population. Seventy-three percent of people experiencing homelessness in California fell into it because they could not afford a place to live. Sixty-two percent of homeless Californians are unsheltered, 14 percent are veterans, and 20 percent are families.

(d) Furthermore, 4 of the top 10 metropolitan areas in the country for homeless are in the following metropolitan areas in California: San Jose-Sunnyvale-Santa Clara, Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton.

(e) California continues to have the second lowest homeownership rate in the nation, and minimum wage earners have to work 120 hours per week to afford the average two-bedroom apartment.

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

(g) While the current credit and foreclosure crisis has resulted in reductions in home prices in some areas, it has increased pressure on the rental housing market and slowed new housing production of all types, exacerbating the mismatch between the ever increasing number of households that need housing they can afford and the supply.

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

(i) Many economists agree that the state's unemployment rate of over 11 percent is due in large part to massive shrinkage in the construction industry from 2005 to 2009, including losses of nearly 700,000 construction-related jobs, a 60-percent decline in construction spending, and an83-percent reduction in residential permits. Restoration of a healthy construction sector will significantly reduce the state's unemployment rate.

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

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

(*l*) The investment will leverage billions of dollars in private investment, lessen demands on law enforcement and dwindling health care resources as fewer people are forced to live on the streets or in dangerous substandard buildings, and increase businesses' ability to attract and retain skilled workers.

(m) In order to promote housing and homeownership opportunities, the recording fee imposed by this act should not be applied to any recordings made in connection with a sale of real property. Purchasing housing is likely the largest purchase made by Californians, and it is the intent of this act not to increase transaction costs associated with these transfers.

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

27388.1. (a) (1) Except as provided in paragraph (2), in addition to any other recording fees specified in this code, a fee of seventy-five dollars ($75) shall be paid at the time of recording of every real estate instrument, paper, or notice required or permitted by law to be recorded except those expressly exempted from payment of recording fees. "Real estate instrument" includes, but is not limited to, the following documents: deed, grant deed, trustee's deed, deed of trust, reconveyance, 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, and covenants, conditions, and restrictions.

(2) The fee described in paragraph (1) shall not be imposed ~~at the time of recording of~~ *on* any real estate instrument, paper, or notice *recorded* in connection with a transfer subject to the imposition of a documentary transfer tax as defined in Section 11911 of the Revenue and Taxation Code.

(b) The fees, after deduction of any actual and necessary administrative costs incurred by the county in carrying out this section, shall be sent quarterly to the Department of Housing and Community Development for deposit in the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund established by Section 50471 of the Health and Safety Code to be expended for the purposes set forth in that section. In addition, the county shall pay to the Department of Housing and Community Development interest, at the legal rate, on any funds not paid to the Controller within 30 days of the end of a quarter.

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

Chapter 2.5. Housing Opportunity and Market Stabilization (HOMeS) Trust Fund

Article 1. General Provisions

50470. This chapter shall be known, and may be cited, as the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund Act of 2012.

50471. (a) There is hereby created in the State Treasury the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund. All interest or other increments resulting from the investment of moneys in the fund shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except to the Surplus Money Investment Fund. Upon appropriation by the Legislature, moneys in the fund may be expended for the purpose of supporting the development, acquisition, rehabilitation, and preservation of housing affordable to low- and moderate-income households, including, but not limited to, emergency shelters; transitional and permanent rental housing, including necessary service and operating subsidies; foreclosure mitigation; and homeownership opportunities.

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

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

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

Article 2. Audits and Reporting

50475. The Bureau of State Audits shall conduct periodic audits to ensure that the annual allocation to individual programs is awarded by the department in a timely fashion consistent with the requirements of this chapter. The first audit shall be conducted no later than 24 months from the effective date of this section.

50476. In its annual report to the Legislature pursuant to Section 50408, the department shall report how funds that were made available pursuant to this chapter and allocated in the prior year were expended. The department shall make the report available to the public on its Internet Web site.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

O