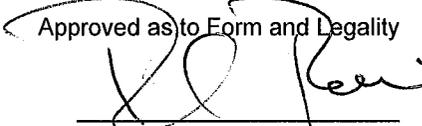


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Approved as to Form and Legality

City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 86010 C.M.S.

INTRODUCED BY COUNCILMEMBER DAN KALB AND PRESIDENT PRO TEMPORE ABEL GUILLÉN

RESOLUTION IN SUPPORT OF ASSEMBLY BILL 71 (CHIU) THAT WOULD ELIMINATE THE STATE MORTGAGE INTEREST DEDUCTION ON SECOND HOMES AND INCREASE THE LOW INCOME HOUSING TAX CREDIT ALLOCATION BY \$300 MILLION PER YEAR TO FUND AFFORDABLE HOUSING

WHEREAS, virtually no low-income Californians, who make up 38 percent of the state's population, can afford their local housing costs, and nearly 70 percent of low-income and very-low income households spend more than 50 percent of their income on housing costs; and

WHEREAS, California's investment in affordable housing for lower income families has been drastically reduced in the last five years, due to the exhaustion of State bond funds and the elimination of redevelopment; and

WHEREAS, there is a housing affordability crisis throughout the Bay Area; and

WHEREAS, the largest investment in housing that California makes is in the mortgage interest deduction, which disproportionately benefits those with upper-middle and upper incomes and those with higher mortgages; and

WHEREAS, in addition to the deduction taxpayers can take on their primary home, they can also deduct interest paid on a second vacation home; and

WHEREAS, approximately 195,000 Californians claim a mortgage interest deduction for their second homes with an estimated impact on the General Fund averaging \$300 million per year; and

WHEREAS, the state's low-income housing tax credit (LIHTC) program established in 1987 limits the total amount of low-income housing tax credits the state may allocate at \$70 million per year and is oversubscribed, with only 49 percent of applicants awarded credits in 2014, leaving many high quality developments without a

secure source of funding, and there is an untapped federal low-income housing tax credit that the state can still access, the 4% Federal Tax Credit, which is unlimited and remains unused largely due to requiring additional state resources to make development viable, which additional LIHTC funds would allow; and

WHEREAS, Assembly Bill (AB) 71 (Chiu) would eliminate the second home mortgage interest deduction and simultaneously increase the annual state low-income housing tax credit allocation amount to \$300 million, allowing California affordable housing projects to leverage \$1 billion in new federal resources and creating both more than 3,000 affordable homes each year for low-income Californians and 7,000 new jobs, without increasing cost to the state; now, therefore, be it

RESOLVED: That the Oakland City Council hereby endorses AB 71 and urges the California State Legislature and Governor Jerry Brown to support its enactment into law.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

FEB 21 2017

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN, AND PRESIDENT REID — 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:



LATONDA SIMMONS

City Clerk and Clerk of the Council of
the City of Oakland, California