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New bill offers hope for housing crisis

With lenders tightening credit and the housing market still in flux, renters and homeowners are finding it hard to find an affordable place to live.

Because funding is at all-time lows, nonprofit developers of multi-family and for-sale housing are looking for new ways to finance communities for people of modest means. Sacramento/Yolo Mutual Housing Association is no exception.

The recent introduction of California bills like the HOMeS Act (Senate Bill 1220) could help. Introduced by Mark DeSaulnier (C-Concord) and Senate President pro tem Darrell Steinberg (D-Sacramento) as well as co-author Toni Atkins (D-San Diego) on the Assembly side, the bill would generate an estimated \$700 million a year through a document recording fee on real-estate transactions.

"Affordable housing is the backbone of our communities and for those struggling to get by," said Steinberg. "A permanent ongoing source of funding dedicated specifically to affordable housing development will prevent homelessness and generate much needed construction jobs."

If enacted, the Housing Opportunity and Market Stabilization Act will support the

development, acquisition, rehabilitation, and preservation of affordable homes for Californians on fixed incomes and modest budgets, including home ownership opportunities, emergency shelters, transitional and permanent rental housing, and foreclosure mitigation.

For as little as \$75 per transaction, California affordable housing developers could continue building apartments and homes for families who need them most. "Having to decide between buying food for your family, paying the light bill, gas bill or rent is an overwhelming revelation for most people," said Denise R. McCoy, National Association of Realtors instructor and Mutual Housing Association Board of Directors Vice-Chair. "People with no access to affordable housing are making those decisions every single month."

Families now make up the fastest growing segment of the state's homeless population. In Sacramento, the average monthly cost for a two-bedroom apartment is \$1,050. To afford this rent as well as utilities, a household must earn \$3,500 monthly or \$42,000 annually. This means \$20.19 per hour. The average wage for a renter is \$13.78 an hour.

"This legislation could make a tremendous difference," said Rachel



Image by: Josh Sunseri, Sunseri Construction, Inc.

Iskow, Mutual Housing Association Executive Director. "People I talk to say they'd gladly pay \$75 when buying their next home if it was targeted to this state fund and meant that seniors could be comfortably housed, that a single mom working hard could get support in buying a home, and that a returning vet can return to our country and afford a roof over his head. To me, that's money well spent."

Housing construction also helps the economy. According to the National Association of Home Builders, every \$1 million spent on housing construction creates 12 jobs.

For a \$20 million project like the recently opened Mutual Housing at the

Highlands, that meant the creation of 240 jobs. “We create or save 100 – 200 jobs in construction and related sectors every time we build one of our mutual housing communities,” said Iskow.

Estimates are that every \$1 million spent in construction also produces \$825,000 in direct and indirect activities. “In addition to being a basic need, housing construction also stimulates the local economy,” said Iskow.

Although this bill has a long way to go before it becomes legislation, it is one innovative piece of a complex puzzle that needs to be solved before the housing crisis will be brought to an end.

Founded in 1988, Sacramento/Yolo Mutual Housing Association develops and operates well-designed housing for modest-income households. The communities have 2,700 residents, half of whom are children.

Through Mutual Housing’s focus on leadership, the nonprofit also provides training and mentoring as well as educational programs, community-building activities and services for residents and neighbors. For more information, visit <http://www.mutualhousing.com>.