Dear CEA Members:

In the last hours of the Legislature’s regular session, late into the night last Thursday, the California legislature passed a series of housing bills with a multi-faceted approach to address California’s housing affordability crisis.

In the weeks leading up to the final votes, you and your colleagues made a number of calls to legislators, requesting their NO vote on SB 2 (Atkins), which will add $75 to recording fees, capped at $225 per “transaction”, on certain real estate documents. With our industry partners, CEA had for a number of years staved off an additional, regressive tax like this, but SB 2 attained an insurmountable momentum this year due to its inclusion as one of a package of other bills, supported by the legislative majority and the Governor, each measure seeking solutions to a variety of housing affordability issues.

Other bills passed as part of the housing package were SB 3 (Beall), which will place a $4 billion bond measure before voters on the 2018 general election ballot, SB 35 (Wiener) which requires a local, streamlined approval process for housing projects that include affordable housing units. These bills are all expected to be signed by Governor Brown, who has until October 15 to do so, and could sign them sooner. There were a number of other housing affordability-related bills also passed and on their way to the Governor, among them SB 166 (Skinner; residential density and affordability), SB 167 (Skinner; Housing Affordability Act enforcement), and SB 540 (Roth; workforce housing streamlining).

After concerted efforts by CEA, CLTA, CRAC (County Recorders Association of California), and others in the last few days of the legislative session, including into the early morning hours on Saturday, AB 166 (Salas), a late-amended bill that would have confused the implementation of SB 2 further, was held and will not pass this year.

While not at all opposed to reasonable solutions to the housing affordability crisis that do not create hardships for consumers including existing homeowners, SB 2 remains the biggest concern because there are more questions than answers about how the ambiguous language of the bill will be interpreted and applied. CEA, CLTA, and CRAC sought clarification of these issues at every opportunity, yet they remain unresolved. These ambiguities, if not addressed, will result in confusion across the 58 counties about which documents are subject to the additional charges, how an exemption is proven, how much is owed, if trailing documents such as reconveyances and releases after a sale are exempt, and more.

CEA is already working with you, our members, and with CLTA and others to consider approaches to clarify the many questions that remain. We will provide further updates on this, and on other matters of interest to CEA members, including a regulatory structure for PACE (Property Assessed Clean Energy) loans (AB 1284; Dababneh) in the coming weeks as well as at the CEA Annual Conference October 12-14. Stay tuned!