September 17, 2019

The Honorable Gavin Newsom
Governor, State of California
State Capitol, 1st Floor
Sacramento, CA 95814

RE: AB 1487 (Chiu) – Request for Veto

Dear Governor Newsom,

On behalf of the City of Lafayette, I am writing to inform you of our opposition to AB 1487 (Chiu), and to respectfully request that you veto this measure. AB 1487 would establish the Bay Area Housing Finance Authority for the purpose of raising, administering, and allocating funding for affordable housing in the San Francisco Bay Area.

I would like to start by stating unequivocally that the City agrees that new funding is critical to the development of affordable housing. This is especially true in light of the dissolution of redevelopment agencies in 2011, which removed a key source of funding that cities could use to advance housing developments. While we were hopeful that the local stakeholder process undertaken earlier this year, between the author and regional agencies, would have led to a measure that we could support, there are provisions on AB 1487 that we believe are against the best interests of the City and would stall Lafayette’s progress in meeting our housing obligations.

Our primary concern is that the bill requires at least 80% of the revenue received through an approved parcel tax or gross receipts tax to be allocated to the county of origin. We believe that this funding should be returned to the city of origin, rather than to the county.

With funding returning to counties for distribution, cities have no assurance that they will receive any level of funding to address the critical affordable housing needs in their communities. With a guaranteed return to source to cities, local municipalities would be able to engage in long-term planning and utilize additional means of financing for local housing projects.
Under the provisions of AB 1487, Lafayette, a smaller semi-rural city, will find ourselves competing for funding against eighteen neighboring cities in Contra Costa County, the majority of whom have additional staffing and resources with which to compete for funding. The residents and businesses of Lafayette, as well as the other cities in the Bay Area, deserve some level of assurance that if they are going to be paying additional property or gross receipts taxes, the newly generated funding will be used to address the needs within the City, and not be used to fund projects elsewhere in the county.

The City of Lafayette may not be the largest city in the Bay Area, but we still have a critical need for housing, as well as established affordable housing targets. Without a guaranteed return to source for cities, AB 1487 does not assist the City in meeting our housing obligations and worse yet, it may actually divert local revenues that could be used to address our housing needs away from the residents and businesses who will be asked to pay these new taxes.

Unfortunately, without the assurance that all cities will directly benefit from the revenue that will be generated, the City of Lafayette must oppose AB 1487 and we respectfully ask that you veto this measure.

Sincerely,

Mayor Anderson
City of Lafayette

cc: Senator Steve Glazer
Assemblymember Rebecca Bauer-Kahan
Lafayette City Council