

1 [Supporting California State Assembly Bill No. 2058 (Gabriel) - Housing Preservation Tax
2 Credit]

3 **Resolution supporting California State Assembly Bill No. 2058, authored by Assembly**
4 **Member Jessie Gabriel, to create an affordable housing preservation tax credit to**
5 **incentivize the preservation of existing affordable apartment properties and mobile-**
6 **home parks.**

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8 WHEREAS, The California State Assembly is currently considering passage of
9 Assembly Bill No. 2058 (AB2058) which would create an Affordable Housing Preservation Tax
10 Credit (AHPTC) to incentivize the preservation of existing affordable apartment properties and
11 mobile-home parks; and

12 WHEREAS, AB 2058 would establish a first-ever tax credit program specifically for
13 housing acquisition and preservation projects that will provide a financial incentive for owners
14 of rental housing to sell their properties to community nonprofit organizations for permanently
15 affordable housing; and

16 WHEREAS, The COVID19 health crisis and economic impacts threaten great instability
17 to housing, particularly for low income and underserved households, through household
18 displacement, increased homelessness, and the loss of homes to the speculation market; and

19 WHEREAS, The COVID-19 pandemic is exposing and exacerbating housing insecurity for the
20 many lower-income Californians who cannot access dignified and affordable housing; and

21 WHEREAS, During the 2008/09 housing collapse and ensuing "Great Recession," we
22 saw that communities of color were hit hardest; and

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1 WHEREAS, Many Californians’ homes are again at risk of becoming “distressed
2 assets” during the economic recession likely to follow the COVID19 crisis—Cities will need
3 tools and resources to avert potential human crises and ensure household security in
4 response to COVID19-triggered economic impacts; and

5 WHEREAS, According to California Housing Partnership, between 1997 and 2018,
6 California lost 15,000 affordable homes converted to market rate housing, and today over
7 34,000 affordable units are at risk within the next 5 years, with most of the loss likely to occur
8 in Los Angeles, Orange, Santa Clara, San Diego, and San Francisco Counties, resulting in
9 the loss of housing and economic stability for the low-income residents occupying those
10 homes; and

11 WHEREAS, San Francisco community-based affordable housing organizations have
12 developed a robust preservation program over the last four years acquiring properties, now
13 with a portfolio of nearly 40 projects and more than 300 housing units and another 20 projects
14 and 500 units in the pipeline, and San Francisco has further developed that capacity with
15 establishment of a Community Opportunity to Purchase Act in 2019 providing a right-of-first-
16 offer and right-of-first-refusal to nonprofit housing organizations; and

17 WHEREAS, The AB 2058 Affordable Housing Preservation Tax Credit would provide a
18 50% credit (up to \$1 million per transaction) against the state and federal capital gains
19 otherwise owed by the seller of an existing building or mobile home park if they sell to a
20 nonprofit entity who will operate the property as affordable housing for low-income
21 households, resulting in tens of thousands of vulnerable Californians remaining housed, at
22 less than the cost that otherwise would be required to rebuild those units from scratch; and

23 WHEREAS, AB 2058 will further provide nonprofit entities with financial incentives for
24 sellers of residential properties in combination with the Community Opportunity to Purchase
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1 Act, and should help reduce San Francisco's investment costs for these acquisitions; now,
2 therefore, be it

3 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
4 strongly supports AB 2058; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
6 Francisco directs the Clerk of the Board to transmit copies of this Resolution to the California
7 State Legislature and the City Lobbyist upon passage.

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