

Date of Hearing: March 15, 2023

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW
Cottie Petrie-Norris, Chair
AB 11 (Jackson) – As Introduced December 5, 2022

SUBJECT: Affordable California Commission

SUMMARY: This bill would create the Affordable California Commission to study the causes and effects of the rising cost of living in California, develop solutions to address the causes, and report its findings and recommendations to the Legislature. Specifically, **this bill:**

- 1) Would create a commission composed of 11 members, as follow:
 - a) Nine non-legislative members with expertise in economics or professional sociological disciplines and reflect the geographic and demographic diversity of the state. They shall be appointed as follows:
 - i) Three members appointed by the Governor;
 - ii) Three members appointed by the Speaker of the Assembly, and;
 - iii) Three members appointed by the President pro Tempore of the Senate.
 - b) One non-voting ex officio member from the State Assembly.
 - c) One non-voting ex officio member from the State Senate.
- 2) The goal of the commission would be to study the causes and effects of the rising cost of living in California and to develop solutions that would make it more affordable to live in this state. The study would focus on supporting the state’s middle class, individuals or families at the 200 percent or below federal poverty level, and historically marginalized, disadvantaged, or oppressed populations.
- 3) Would require the commission to study, but not limited to, the following issues:
 - a) Causes and effects of the rising cost of living and inflation;
 - b) The causes and effects of economic recession;
 - c) The differences between the market rate for housing and affordable housing costs;
 - d) Difficulties Californians have in obtaining and affording housing;
 - e) The causes and effects of food insecurity;
 - f) The effects of supply chain issues on product availability and employment;
 - g) The effects of increasing costs of transportation, including the costs of alternative-fuel vehicles;
 - h) The effects of high tax rates on businesses and personal incomes, and the impact of high tax rates on affordability of housing and costs of living, and;
 - i) The causes and effects of stagnant wages and wages that are not keeping up with inflation and the cost of living.

- 4) Would require the commission to meet quarterly, beginning on July 30, 2024.
- 5) Would require the commission to submit a preliminary report to the Legislature on the commission's findings and recommendations by August 31, 2025.
- 6) Would require the commission to submit a final report to the Legislature on the commission's findings and recommendations by August 31, 2026.
- 7) Sets a sunset date for the bill's provisions on January 1, 2027.

EXISTING LAW: Affordable Housing Revolving Development and Acquisition Program funds the acquisition of property to develop and preserve affordable housing. (Health & Safety Code Section 50705 et seq.)

California Dream for All Program provides loans to first-time homebuyers. (Health & Safety Code Section 51520 et seq.).

Commission on the Status of Women and Girls develops recommendations to the Legislature that would enable women to make the maximum contribution to society. (Government Code Section 8240 et seq.).

Milton Marks Commission on California State Government Organization and Economy (Little Hoover Commission) was created to advise the Governor and the Legislature on creating a more efficient government that is responsive to Californians. (Government Code Section 8521 et seq.).

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS:

The need for this bill is based on an assumption that government lacks the necessary comprehensive information to address the issue of affordability in California. As such, the proposed Affordable California Commission would be comprised of subject matter experts that would study the various causes of affordability issues and develop comprehensive solutions for the Legislature to consider to make the state a more affordable place to live and thrive, especially for Californians that have economically been left behind.

There are currently numerous federal, state and local government programs targeted to address the high-cost of healthcare, food, and housing. And there are numerous government programs to address access to an equitable education and employment. In fact, most of the issues to be studied by this proposed new commission have previously been studied by various state agencies and interested third parties. However, what appears to be lacking is a single entity to compile all the information into a single, comprehensive report.

The California Association of Realtors (CAR) states that homeownership provides working families with the unparalleled ability to achieve housing security and stability and accrue generational wealth. CAR believes adding a realtor to the commission would "ensure that the study can incorporate an accurate view of California's housing landscape and the challenges it presents to not just homeowners but to those seeking to become first time or first-generation homeowners."

The state's Little Hoover Commission is an independent state oversight agency that investigates state government operations and policy, and makes recommendations to the Governor and Legislature to "promote economy, efficiency and improved service in state operations." During the 2021-22 Legislative Session, the Little Hoover Commission produced 16 reports that recommended, among other issues, California do a better job facilitating equitable regional economic development, increase access to affordable housing, improve its approach to law enforcement training, improve children's mental health care, and support workers impacted by the COVID-19 pandemic.

According to the Author

Assembly Bill 11 will create the Affordable California Commission which will provide the Legislature with research-based and data driven recommendations to solve the state's affordability crisis. In recent years California's cost of living has climbed to historic levels.

AB 11 will form a commission of experts to study the causes and effects of California's high cost of living. The goal of AB 11 is to ensure that California is able to retain its middle class and provide upward mobility for individuals, and families who are at 200 percent or below the federal poverty rate with a particular focus on historically marginalized, disadvantaged, or oppressed populations.

Amendments

The Committee proposes amendments to AB 11 that would direct the state's Little Hoover Commission to comprehensively review existing studies and reports on affordability issues and submit an interim and final report to the Legislature with recommendations to improve affordability.

Committee Proposed Amendments to AB 11 (Jackson)

Strike all of Government Code Section 8020 and 8021.

Amend the first sentence in Government Code Section 8022 to read:

The ~~goals of the commission~~ Little Hoover Commission shall ~~be to~~ study the causes and effects of the rising cost of living in California and to develop solutions toward making California a more affordable place to live, with an emphasis on maintaining and retaining the state's middle-class population and creating upward mobility for individuals and families who are at 200 percent or below the federal poverty rate, and a particular focus on historically marginalized, disadvantaged, or oppressed populations. In furtherance of those goals, the commission shall study, but shall not be limited to studying, all of the following issues:

Arguments in Support:

The American Federation of State, County, and Municipal Employees (AFSCME) notes that the high cost of living in California fuels the state's homelessness crisis and fuels an exodus of lower-income workers to more affordable states. Despite laws being passed to address different aspects of the affordability crisis, Californians continue to face ever-increasing costs of housing,

health care, transportation, and other necessities. AFSCME states “California must tackle the affordability crisis with a firm commitment to ensuring that working families can not only sustain their lives in the state but thrive.”

The California Pan-Ethnic Health Network states the commission reports will help identify the root causes of California’s affordability crisis and will provide recommendations to begin to resolve the growing affordability crisis and issues relating to housing, food access, healthcare, and other necessities.

Arguments in Opposition:

None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation of State, County, and Municipal Employees (AFSCME)
California Pan-Ethnic Health Network

Opposition

None on file.

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