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Councilmember

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Councilmember

July 10, 2023

The Honorable Anna M. Caballero  
Chair, Governance and Finance  
1020 O Street, Room 7620  
Sacramento, CA 95814

**RE: NOTICE OF CONCERN – AB 1679 (SANTIAGO) TRANSACTION AND USE  
TAXES: COUNTY OF LOS ANGELES: HOMELESSNESS**

Dear Senator Caballero,

The City of Paramount would like to express concerns regarding AB 1679 (Santiago), a recent “gut and amend” which authorizes the County of Los Angeles to impose a transaction and use tax of up to .50% if approved by county voters for homeless services, homeless prevention, and affordable housing.

While we appreciate that the author recognizes the need for an extended ongoing local funding to address the homelessness crises in Los Angeles County, the measure is premature since no comprehensive evaluation of Measure H has been conducted and no clear recommendations provided to improve results for people across the county experiencing homelessness, increase transparency and demonstrate clear oversight and accountability to voters.

To be clear, the City of Paramount supports ongoing funding for cities to address our homeless crisis, which grew by 9% countywide according to the Los Angeles Homeless Service Agency’s (LAHSA) 2023 point-in-time count. However, we have concerns related to any authorizing language that continues the current Measure H model:

- **A new countywide revenue stream for homelessness must have a 40% dedicated local return to assist cities currently spending General Fund revenues to provide homeless services and shelters.** Many cities like Paramount supported Measure H in 2016 because the ordinance included language for local grants, yet those local grants have been minimal, sporadic and unreliable for long-term planning. Our residents exceedingly generate more to Measure H than they receive. For example, Culver City has generated over \$18 million in Measure H dollars since 2017 and has received roughly \$596,000 from 2017-2022.

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*Dedicated to providing fiscally responsible services that maintain a vibrant community.*

And the city continues to invest millions in General Fund dollars for programs and services. Similarly, the City of Whittier only received \$50,000 in Measure H Funds in 2018 to create its homeless action plan yet has spent over \$9 million in General Funds for a temporary and permanent navigation center and outreach.

The results of a recent statewide survey conducted by The League of California Cities show that nearly 90% of cities have fiscal concerns over providing existing homelessness services long term, and 1 in 4 cities reported that they have reduced funding from other non-related city programs to fund homelessness programs and services. 96% of cities that responded to Cal Cities' survey have populations under 300,000, meaning that they also do not receive direct allocations to address homelessness through the state's HHAP program. Should the status quo of limited-term funding from Measure H and the state continue, communities like Paramount will continue to resort to cutting other critical programs to fund homelessness programs.

Ideally, the City of Paramount could see a funding formula like Measure W, The Safe, Clean Water Program that has a 40% local return, 50% regional program, and 10% administrative program working for a new revenue measure directed at solving our homeless crisis.

- **A Transaction and Use Tax that Exceeds the State Cap is Unwarranted and Unequitable.** As of June 2023, 56 of Los Angeles County's 88 cities have local sales tax rates at or above 10%, with the highest at 10.50%. These rates include not only the local rate, but five additional transactions and use taxes in the county. Allowing an increase to the rate in Los Angeles County by as much as .50% would increase some local sales tax rates to 11%, which would affect local economies and worsen already-strained affordability for the majority of our region's residents. Furthermore, as cities use General Fund dollars from their own voter-approved sales tax measures to provide homeless services, it can be argued that many residents in Los Angeles County are being double taxed as their communities urgently respond to this crisis. Stakeholders should continue to discuss alternative revenue sources that are fair and equitable.

Despite this evidence that cities are implementing successful programs with limited financial means, the number of individuals entering homelessness is outpacing efforts by local governments to support individuals transitioning out of homelessness. With the slowing economy, stubbornly high inflation, and the heightened threat of an economic recession, we know that our residents, now more than ever, are at risk of housing instability, losing their homes altogether, and becoming subject to homelessness.

The City of Paramount strives for transparency and accountability for its community members and will continue to earn their trust by addressing homelessness in ways that will not sacrifice necessary City services. Paramount appreciates the author's leadership on this important issue and looks forward to working with all stakeholders to realize an even stronger partnership to improve the health and well-being of all residents.

The City of Paramount stands strongly behind its position that now is the time for the county and cities to earnestly partner in addressing homelessness. For these reasons, Paramount has concerns regarding AB 1679 (Santiago) we'd like to see addressed. Please feel free to contact City Manager John Moreno at (562) 220-2225, if you have any questions. On behalf of the City of Paramount, we thank you for your time and consideration.

CITY OF PARAMOUNT



Isabel Aguayo  
Mayor

CC. Honorable State Senator Lena Gonzalez, 33rd District  
Honorable Assembly Speaker Anthony Rendon, 62nd District  
Kristine Guerrero, Regional Public Affairs Manager, League of California Cities  
Jorge Morales, Legislative and Governmental Affairs Consultant, California Contract Cities Association