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August 17, 2023

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

RE: AB 1679 (SANTIAGO) TRANSACTION AND USE TAXES: COUNTY OF LOS ANGELES: HOMELESSNESS – OPPOSE UNLESS AMENDED

Dear Senator Caballero,

I write to you on behalf of the City of Paramount to express our deep 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. Our community cannot support this Bill as it currently reads, and I will encourage our residents to **OPPOSE THIS BILL UNLESS IT IS AMENDED**.

While we appreciate that the author recognizes the need for an extended ongoing local funding (i.e. Measure H) to address the homelessness crises in Los Angeles County, **the current Measure H model has failed cities** through unfair distribution of funding directly to local agencies. AB 1679 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 extending Measure H beyond 2027 to help cities 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, I advocate for the following Bill revisions based on concerns that undermine 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 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 local residents exceedingly generate more to Measure H than they receive. For example, about \$3.7 million per year are generated in Measure H revenues through local Paramount sales taxes. Paramount has seen a mere \$204,000 in Measure H grant funds over three (3) years. **That's not even 2% in Measure H return to Paramount. How could our residents support such a lopsided rate increase that returns a meager 2% in local funding?**

Paramount does 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 will continue to resort to cutting other critical programs to fund homelessness programs.

- **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. As you know, sales tax increases are regressive by nature, which impact lower income residents more than wealthier communities. Allowing an increase to the rate in Los Angeles County by as much as .50% would increase Paramount's local sales tax to 10.75%, which would worsen already-strained affordability for the majority of our region's residents.

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.

For these reasons, the Paramount strongly OPPOSES AB 1679 (Santiago) unless it is amended as recommended above. If you have any questions, please contact our City Manager John Moreno at (562) 220-2200.

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