



OFFICE OF THE GOVERNOR

OCT 13 2019

To the Members of the California State Senate:

I am returning Senate Bill 5 without my signature.

This bill would establish the Affordable Housing and Community Development Investment Program through which local agencies may redirect property tax revenue for schools to fund affordable housing and related infrastructure.

California is in a housing crisis, and I have consistently maintained we need to use all the tools in our toolbox to address it. However, this bill would increase costs by \$2 billion annually once fully implemented. Legislation with such a significant fiscal impact needs to be part of budget deliberations so that it can be considered in light of other priorities.

I will continue to work collaboratively with the Legislature next year to continue to support increased housing production at all income levels across our state.

Sincerely,

Gavin Newsom