California Home Revitalization
&
Homestead Act

ONE: The State shall use a variety of measures and policies to facilitate the production of 2 million single-family/unit homes over a duration that shall not exceed three years. 2 million of those homes shall not exceed $250,000 in cost to the consumer. 1.4 million of those homes shall not exceed $200,000 in cost to the consumer.

These homes shall be available to citizens who have resided in California for 5 continuous years prior to the purchase of the home. Residents who purchase these homes must occupy these homes for a minimum of 7 years before reselling the home. Any resident who purchase a home subject to this Act shall not own a second home for any purpose for a period of 7 years after the purchase of their home. The homes subject to this Act must be "owner occupied," for a minimum of 7 years.

The State shall use a variety of measures and policies to facilitate the production of 300,000 multi-unit apartment homes over a duration that shall not exceed three years. The rent of 100,000 units shall not exceed $800 a month for a minimum of 5 years. The rent of another 100,000 units shall not exceed $1,200 a month for a minimum of 5 years.

TWO: The State will identify areas of land to be designated as "housing" and "economic" development zone sites. Utilizing a variety of economic measures and policies including but not limited to the power of "eminent domain" the State shall provide and or make land available to developers at prices that will facilitate the production of large quantities of affordable housing units.

THREE: All recognized financial institutions that provide loans to buyers of the homes regulated by this Act shall be exempt of all capital gains taxes on those loans should the lender provide the loan without requiring a down payment; that is if the lender provides 100% financing at the prevailing market interest rate equal to rate had lender been provided a 20% down payment. Lending institutions shall have their capital gains tax reduced by 50% should the institution provide a loan requiring a one percent, 0.01%, down payment and an interest rate on the loan equal to the prevailing market interest had the lender been provided a 20% down payment. Lending institutions that provide loans to the buyers of the homes subject to this Act shall have their capital gains tax reduced by 25% from the gains acquired from the loans subject to this Act.

FOUR: Developers and contractors that comply with specific standards set by the state and build housing units that cost the consumer no more than $250,000 shall be exempt from all state taxes.

(Building materials and appliances must be of certain quality; 30 percent of laborers must come from the "Sweat Equity Program;" three, (3), native trees must be planted for each home created; one city block sized park must be created for every 100 homes built; etc….)

FIVE: All new homes built in the development zone shall be exempt from state property taxes for ten years. At the end of ten years the state property tax shall be gradually added back in incrementally over the next thirty years; that is the thirty year period of time following the first ten year period of time until the property tax equals state levels.

SIX: A State wide onetime surcharge shall be levied upon developers who construct a new home outside of the development zones in which the unit of housing exceeds the $250,000 cost to the consumer and the State wide onetime surcharge shall also be levied upon all home owners who sell an existing secondary/vacation/rental home. A graduated rate shall be applied to the surcharge increasing in percentage as the cost of housing unit increases.

For Example:

A tax of 5% shall be levied upon on homes that cost $200,001 to $250,000.

A tax of 7% shall be levied upon on homes that cost $250,001 to $300,000.

A tax of 10% shall be levied upon on homes that cost $300,001 to $350,000.

A tax of 12% shall be levied upon on homes that cost $350,001 to $400,000.

A tax of 15% shall be levied upon on homes that cost $400,001 to $600,000.

A tax of 17% shall be levied upon on homes that cost $600,001 to $800,000.

A tax of 20% shall be levied upon on homes that cost $800,001 to $1,000,000

A tax of 22% shall be levied upon on homes that cost $1,000,000 to $2,000,000.

A tax of 25% shall be levied upon on homes that cost more than $2,000,000.

The revenue generated from the surcharge shall be used by the state to purchase lands for future developments of affordable housing and to help build the infrastructure of the new developments zones in addition to aiding the development of other economic and civic improvements in the new development zones.

SEVEN: The sites designated for development shall be granted tax free status for ten years. That is, all businesses that create jobs within these new development areas, new economic zones, shall be exempt from the state business and or corporate tax. Additionally these businesses shall be exempt from any state payroll taxes. All employees who live and work in the designated development zones who earn less than 150% of the California median income shall be exempt from all state income tax.

Businesses that purchase new properties and construct new buildings on those properties shall be exempt from all property taxes for ten years. At the end of ten years the state property tax shall be gradually added back in incrementally over the next thirty years; that is the thirty year period of time following the first ten year period of time until the property tax equals state levels.

(It should be noted that California is losing businesses and jobs to Texas and other States utilizing this and similar economic policies. There is no rational reason why California should not employ the same economic policy to retain existing businesses and attract out of state businesses to the state as well. Had California been using this policy 3 years ago perhaps Tesla would have built its Gigafactory in Livermore instead of Nevada.)

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EIGHT: Five years from the date that this Homestead Act is ratified all Cities, Towns, unincorporated and incorporated municipalities shall be fined a percentage of its own sales tax revenue at an amount that is proportional in percentage to the percentage of disparity between any existing imbalanced ratio of the number of jobs to housing units; the greater the imbalance the greater the fine.

For Example:

If a City has generated $1 million in sales tax revenue and has an imbalanced ratio of 2 jobs for every unit of housing that city shall be fined 10% of its revenue; $100,000.

If that same City has generated $1 million in sales tax revenue and has an imbalanced ratio of 2.5 jobs for every unit of housing that city shall be fined 15% of its revenue; $150,000.

So on and so forth.

OR

If a City has 1,000 units of housing and 1,500 jobs and generated $1 million in sales tax from those jobs that City shall be fined 33% of that sales tax, $330,000.

If a City has 1,000 units of housing and 2,000 jobs and generated $1 million in sales tax from those jobs that City shall be fined 50% of that sales tax, $500,000.

So on and so forth.

Revenue generated from this fine will go towards building affordable housing in those very same cities that have a shortage of housing and to further develop housing and jobs in the new development zones.

The rationale is that there are cities which derive huge economic benefits by employing large work forces without being financial burdened to providing housing and a decent quality of life for those work forces. That is morally wrong and fundamentally unfair to other communities which are then burdened with housing those workers yet without the financial recourses to do so; the financial resources that are being monopolized by the former cities via fraudulent economic and housing policies. A large ratio of workers to housing also creates an unfair economic advantage for those cities that have a larger number of workers to housing compared to cities that have fewer workers to housing.

There is no financial incentive for cities to eliminate jobs or increase housing to a level that would decrease the cost of housing which is why cities do not do what they should do. Fining cities for not providing adequate affordable housing for the work force from which they benefit from is nothing more than a means to force these cities to do what they should be doing in the first place.

For Example if 10,000 workers commute to Palo Alto for work every day from Tracy and those workers generate $1,000,000 in tax revenue for the city of Palo Alto and those 10,000 workers would live in Palo Alto if they could afford to than a certain percentage of that $1,000,000 should go to improving the quality of those workers' lives by either moving their job to Tracy or by providing affordable housing for them in Palo Alto.

The number of jobs a city produces should not exceed the number of housing units it provides to the point that it becomes harmful to the workers is profits from. The current laws that regulate the housing market allow cities to create a number of jobs that exceeds the number of housing units that it provides to a degree that it harms those workers who fill those excess jobs and society as a whole. The laws, the regulations proposed here, are nothing more than a means of restoring balance to the jobs to housing ratio in order to mitigate the harm that the current laws, the current rules, are causing. It levels the playing field between cities and workers/renters.

NINE: The State shall create a program, ***"Sweat Equity Housing Program"*** by which individuals and households that meet certain economic criteria may be employed by the developers and contractors who win the bids to build the housing in the housing development zones. A certain percentage of hours of work will be credited to equity into the upfront costs associated with the purchase of a house in the new housing, development zones.

The program shall be patterned on the ***"Habitat for Humanity"*** model in which participants help build their own house.
https://www.habitat.org/about/faq#what

A certain minimum percentage, (30%), of the labor used by the developers and contractors tasked with building homes in the housing, development zones shall come from the ***"Sweat Equity Housing Program."***

Those developers and contractors that use a greater percentage of labor from the ***"Sweat Equity Housing Program"*** shall receive more tax credits that can be used to reduce the tax burden on projects not associated with the housing, development zones.

TEN: The State shall open up a certain quantity of State lands to be homesteaded by individuals and households at locations that are both economically viable as farms and ranches and in close proximity to the newly created housing, development zones. These lands shall be used solely for the production farm produce and livestock. Priority will be given to individuals who fall within certain economic criteria and demonstrate an ability to succeed in producing produce and or livestock for local citizens. Further priority shall be given to those individuals and households who utilize sustainable farming methods to produce organic produce and livestock. Should the State lack the possession of the aforementioned lands, the State shall acquire the lands in order for the lands to be utilized in the manner set forth herein.

ELEVEN: Business entities and individuals that rent out single family - residential homes shall be taxed on the revenue derived from those homes in ever increasing amounts proportional to the number of homes the business entity or individual owns. This also includes employers, (corporations or businesses or individuals), that provide housing to their employees as a part of any pay/benefit package that the employees receive in exchange for work or services rendered to the employer.

For Example:

In addition to all other taxes owed a business entity or individual shall be taxed:

0% of the profit derived from the first and second home rentals;

3% of the profit derived from the third home rental;

6% of the profit derived from the fourth home rental;

12% of the profit derived from the fifth home rental;

24% of the profit derived from the sixth home rental;

48% of the profit derived from the seventh home rental;

75% of the profit derived from the eighth home rental and all home rentals above the eighth.

Single- family/unit homes should be owner occupied; they should not to be exploited by major and minor corporations or individuals who use them as rentals.