

# A United Voice for Affordable Housing



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## Stimulus Legislation Signed

On February 17, President Obama signed into law the American Recovery and Reinvestment Act of 2009. The \$787 billion bill is aimed at creating jobs, offers tax credits to working families, provides funding to all 50 states, revives social safety net programs, and makes long term investments in infrastructure programs. Two specific provisions that benefit the low income housing tax credit program: (1) \$2.25 billion in gap funding tax credit projects and (2) the tax credit exchange provision. The final legislation, however, did not include the accelerator provision (Note: This would have permitted the acceleration of tax credits by up to 200 percent per year for each of the first three years of the ten-year credit period) that many in the tax credit industry were supporting.

Of the \$2.25 billion in gap funding, California is slated to receive \$325 million to assist both 4% and 9% tax credit projects that have been unable to secure private equity investment. In terms of the tax credit exchange program, states may elect to convert up to 40 percent of their 2009 tax credit allocation and up to 100 percent of any unused or returned 2008 tax credits into cash at the rate of 85 cents for each tax credit dollar. These tax credit exchange program funds are grants.



## State Budget Passage



On February 19 in the early morning the State legislature passed a 17-month budget which the Governor quickly signed. The budget closes the State's \$41 billion deficit through a mix of tax increases, budget cuts and loans. As a consequence of the budget's passage, there will now be six (6) ballot measures placed before the voters as part of a May 19 Special Election. These measures are:

the length of time for the taxes approved by the Legislature up to an additional three years.

\* *Proposition 1A*: Implements a spending cap which limits state spending to a rolling 10-year trend in revenues. It would extend

\* *Proposition 1B*: Would change Proposition 98 –the state's Education Funding Law—funding to a minimum guarantee level.

## Upcoming Housing Events:



**CHC Lobby Days**  
March 10-11

[Click here for details and to register](#)



**Save the Date!**  
CHC  
Policy Forum and CA Housing  
Hall of Fame Awards Luncheon

May 7, 2009  
At the Shutters Hotel in Santa Monica



**CA Redevelopment Association**  
2009 Annual  
Conference & Expo

*Redevelopment Strategies for  
Making Communities Better and  
Greener; April 1-3*

[Click here for more information](#)

**Don't forget to renew your CHC membership for 2009!!**

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[www.calhsng.org](http://www.calhsng.org)

## State Budget Passage (continued)

\* *Proposition 1C:* Would borrow money from the state lottery.

\* *Proposition 1D:* Would take funds from Proposition 10 (i.e., tobacco tax that funds early childhood education—First 5 Commissions) to help balance the budget.

\* *Proposition 1E:* Would take funds from Proposition 63 (approved by voters in 2004 as the State Mental Health Services Act) to help balance the budget.

\* *Proposition 1F:* A state constitutional amendment that would ban legislative pay increases during years when the state is running a deficit.

## PMIB Update and Project Data Collection

Thank you to those of you able to attend the February 18 PMIB meeting in Sacramento, the strong showing by the affordable housing community was definitely noticed. There have been various estimates bandied about, but there is approximately \$8 billion in general obligation (GO) bonds that the State needs to issue in order to get "caught up" since the state has not issued any GO bonds since this past July 2008. State officials are reluctant to go to the market place to sell bonds at this time and we have heard at one point that the state would not begin selling bonds until later this year in the fall. According to State Treasurer Lockyer, when the state does issue GO bonds it generally does so in \$1-2 billion increments a month so as to allow the market the ability to absorb these bonds. Consequently, if the state didn't start issuing GO bonds until say September 2009 and assuming that on average the state issues \$1.5 billion in GO bonds a month, it would take approximately five months for the state to work its way through the \$8 billion backlog. The Governor has publicly stated his interest in having the Treasurer test the bond market sooner versus later. We have heard that the PMIB might be having a special meeting sometime in the next two weeks. This is a fairly fluid situation tied into both the state and national economic recoveries, so we'll keep you posted on further developments as they become available.

Finally, many thanks to our members who not only responded quickly, but in great numbers by providing us information on your stalled projects being impacted by the PMIB freeze. We forwarded your information onto State HCD. This information will be used by HCD to help determine funding priorities once the state issues GO bonds for housing funding. Again, thank you for your responses — it all makes a difference.

## Permanent Source Update: SB 500



As we've reported to you in the past, State HCD Director Lynn Jacobs and her staff have been working on establishing a permanent source through dedicated revenue sources for the State's Housing Trust for continued funding of much needed State housing programs, including the Multifamily Housing Program (MHP). Late last week, Senate Pro Tem Darrell Steinberg introduced SB 500. CHC will continue to work with our counterparts and members throughout the State to ensure the bill reflects funding levels and priorities supportive of affordable housing. We will share details with you as they become available.