



January 26, 2017

The Honorable David Chiu
California State Assembly
State Capitol, Room 2196
Sacramento, CA 95814

RE: SUPPORT AB 71

Dear Assemblymember Chiu:

The California Housing Consortium (CHC) is pleased to co-sponsor your bill, AB 71, the Bring California Home Act, which begins to fix California's backward housing policy to ensure that more Californians can have a safe, affordable place to call home.

CHC is a non-partisan advocate for the production and preservation of housing affordable to low- and moderate-income Californians. We represent the development, building, financial, and public sectors united in their goal that every Californian has a safe, affordable place to call home.

California families are facing a harder time finding a place to live than at any point in our history. California's broken and backward housing policies have contributed to the worsening crisis:

- A decade of disinvestment has starved local communities of the seed dollars they need to bring affordable homes to struggling neighborhoods. A new report from the state's own Department of Housing and Community Development finds "unstable funding for affordable-home development is impeding our ability to meet California's housing needs, particularly for lower-income households."
- California spends \$300 million in tax dollars every year to subsidize purchases of second homes for some Californians when millions more struggle to have a roof over their head at all.

AB 71 recognizes that state housing policies have contributed to the worsening crisis, and state policies have a crucial role in solving it. First, AB 71 protects the mortgage interest deduction that allows California families to achieve the dream of owning a home to raise their families. This important legislation also invests savings from an unjustifiable, \$300 million tax subsidy for vacation homes to expand rental opportunities for the lowest-wage earning Californians and their families, seniors and people with disabilities on fixed incomes, and veterans who

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are otherwise unable to access the rental market.

AB 71 would expand the successful state low-income housing tax credit by \$300 million annually, leveraging an additional \$600 million in federal funds to build more than 3,000 affordable homes each year. Combined, the federal and state tax credit programs are powerful housing production programs because they incentivize private investment and generate the up-front dollars needed to get affordable housing developments off the ground. AB 71 builds on the successful track record of these programs in California, which have produced or preserved over 300,000 homes, created 340,000 jobs, and generated \$32.33 billion in local income and \$12.73 billion in tax revenues in California since 1986.

Without the state matching dollars AB 71 would provide, California returns hundreds of millions of dollars back to the federal government that could otherwise be used to finance additional affordable housing construction in California.

AB 71 comes at a crucial time for California, when state housing investment has plummeted by 69% in the last decade, worsening the unprecedented housing affordability crisis in our state. Today, more than 1.7 million Californians are paying more than half their income in rent – leaving too few dollars for nutrition, medicine, transportation and other fundamentals.

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Ray Pearl". The signature is written in a cursive, flowing style.

Ray Pearl
Executive Director

CC: Members, Assembly Committee on Housing and Community Development