



December 2, 2019

The Honorable Fiona Ma  
California State Treasurer  
915 Capitol Mall C-15  
Sacramento, CA 95814

**Re: Allocate \$4 Billion of the 2020 Volume Cap to Affordable Housing**

Dear Treasurer Ma,

At a moment when Californians are more focused on housing and homelessness than ever before, it is critical that the state allocate **\$4 billion of its private activity bond volume cap to affordable multifamily housing.**

Without this action, thousands of shovel-ready units across the state will be delayed and the state will fail to leverage billions in available federal housing resources to provide more safe, affordable homes for struggling Californians.

There is no doubt about the urgency of this request: A recent poll by the Public Policy Institute of California found one in four Californians now view homelessness and housing as the state's most pressing issues. In a recent survey by the UC Berkeley Institute of Governmental Studies, half of registered voters polled said they have considered leaving the state—with the high cost of housing cited as the number one reason. All told, California is facing a shortage of 1.4 million homes affordable to lower-income households and, on average, 130,000 Californians are experiencing homelessness on any given night.

The state has begun to respond decisively in the last few years—adopting carefully crafted policies that seek to pair new state dollars with federal resources to dramatically increase affordable development: Strong majorities of voters supported Proposition 1 and 2 last year to raise \$6 billion to build more affordable housing. The Governor and Legislature approved additional new funding this year—allocating \$2 billion to affordable housing, infill infrastructure, and homelessness programs, while also expanding the state Low Income Housing Tax Credit by \$500 million.

**In order to access these new funds, however, affordable housing projects must also receive an allocation of private activity bonds.**

For the first time in 15 years, the state has an insufficient amount of private activity bond volume cap to meet the demand. The California Debt Limit Allocation Committee is estimating overall demand for all uses of about \$10 billion, more than double the existing cap. According to our analysis, at least \$4 billion is needed to pair with today's state-funded affordable housing programs—and to ensure all of the recently approved resources targeting the housing crisis can be used to quickly and efficiently produce new affordable units.

Allocating these resources to affordable housing will not only help the state address the top crisis facing Californians, it will also provide important leveraging opportunities to tap federal housing resources: Unlike other uses of private activity bonds, *every dollar of bonds used in an affordable housing development leverages at least 50 cents of additional federal funds that would otherwise go unused.*

With California facing an unprecedented affordable housing crisis that has left millions of households struggling to make ends meet, voters and state leaders have begun to provide communities with the tools they need to get more affordable homes built. Additional action is needed to put all of these dollars to work, however. Without it, affordable housing production will not only fail to keep pace with demand—it may actually decline.

In your role as Treasurer, you have demonstrated your commitment to increasing the state's supply of affordable housing—and your willingness to lead on critical housing issues. We stand ready to work with you to take the next important step toward providing every Californian with a safe, affordable place to call home.

We strongly urge your favorable consideration of this request.

Signed,

Ray Pearl  
California Housing Consortium

Lisa Hershey  
Housing California

Matt Schwartz  
California Housing Partnership

Rob Wiener  
California Coalition for Rural Housing

Pat Sabelhaus  
California Council for Affordable Housing

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Cathy Creswell  
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The Kennedy Commission

Brian Augusta  
California Rural Legal Assistance  
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Anya Lawler  
Western Center on Law and Poverty

CC: Larry Flood, Director, California Debt Limit Allocation Committee  
Tony Sertich, Deputy Controller, Office of the State Controller  
Tia Boatman Patterson, Executive Director, California Housing Finance Agency