



February 3, 2022

The Honorable Toni Atkin
Senate President Pro Tempore
1021 O St., Ste. 8518
Sacramento, CA 95814

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
1021 O St., Ste. 8630
Sacramento, CA 95814

Re: 2022-23 Investments in Housing Affordability and Homelessness

Dear Pro Tem Atkins and Senator Skinner,

As California's leading affordable housing advocacy organizations, we have seen firsthand the essential role affordable housing has played during the pandemic, providing shelter, support, and community to some of our state's most vulnerable groups—including seniors and veterans, teachers and firefighters, disabled persons and the far too many working families that cannot afford the rising cost of market rents.

Legislative leaders have been among the state's strongest champions for addressing California's housing and homelessness challenges, and we share your commitment to ensuring everyone in every community has access to a safe, affordable home.

If COVID has taught us anything, however, it is that we must move even more quickly and more aggressively to increase access to affordable housing. Unfortunately, the proposed investments in Governor Newsom's 2022-23 budget, while appreciated, do not yet match the scale of the need—nor will they adequately address the many urgent housing challenges exposed by the pandemic.

California currently has a gap of 1.2 million homes affordable to struggling lower-income households and on any given night, approximately 160,000 people in California experience homelessness—with the numbers seeming to climb in every count. More than one million Californians live in homes built by the state's successful affordable housing programs, and the state has long prioritized building affordable housing within or adjacent to existing communities—close to jobs, schools, transit, services, and other daily destinations. Affordable housing remains a critical piece of the state's safety net, as well as an essential element of our climate strategy, and there is much more the state can do to bring this invaluable resource to every community.

We look forward to working with the Governor and Legislature to expand this year's budget proposals—and ensure state resources produce more of the safe, high-quality housing struggling Californians need. We believe the 2022-23 budget investments below are an appropriate place to start:

- **Governor's January Budget Proposals for Affordable Housing:** We support several significant proposals in the Governor's January Budget. This includes \$500 million this year to maintain the expansion of the state Low Income Housing Tax Credit, along with additional investment in the Infill Infrastructure Grant Program, Affordable Housing and Sustainable Communities Program, and Portfolio Reinvestment Program.
- **\$5 billion over three years for the Multifamily Housing Program (MHP) and the California Housing Accelerator Program to increase production of desperately needed affordable housing.** MHP will issue its final Proposition 1-funded NOFA in 2022. Absent any major new investment, this vital part of the affordable housing pipeline will stall. Just as important, a large number of HCD-funded developments, with many more joining the list as HCD makes more awards this year, still cannot access critical Low-Income Housing Tax Credits and therefore cannot move to construction. Funding the Housing Accelerator Program will finish the job. As No Place Like Home and the Veterans Housing and Homelessness Prevention Program also wind down, we further recommend amending the MHP statute to allow for the funding of capitalized operating reserves which are so critical to the financing of permanent housing for persons experiencing homelessness, including Homekey units.
- **\$5 billion over five years to help prevent and end homelessness.** We urge the legislature to build on recent investments to build an equitable, coordinated, and sustainable path towards solving homelessness and permanently housing the over 160,000 Californians on our streets and in our shelters.
- **\$500 million to preserve at-risk and “naturally” occurring affordable housing.** Between 1997 and 2020, California lost 18,043 affordable homes with project-based rental assistance contracts and/or loans from HUD, CalHFA, and HCD, or LIHTC due to owner decisions to opt out, sell, or allow their developments to convert to market rate. This does not account for the loss of low cost, private market rental housing, where the overwhelming majority of low-income Californians live. Keeping or bringing these units into the affordable housing realm is an efficient way to prevent displacement and homelessness.
- **\$200 million for CalHOME** to assist in the production of new deed-restricted owner-occupied home for qualifying families and help address racial and ethnic wealth gaps.
- **\$100 million to create a capitalized Emergency Revolving Loan Fund** to accelerate the reconstruction of affordable multifamily homes and owner-occupied single-family homes that have been damaged or destroyed in natural disasters, including wildfires and earthquakes. The revolving loans would be made by CDFIs and supplement federal relief, which can be delayed, accelerating the restoration of housing and infrastructure to

disaster victims throughout California.

- **\$100 million for farmworker housing** development and maintenance. Farmworkers face significant housing disparities and have unique housing needs. It's critical that we provide quality affordable homes that support migrant families and make a life-changing difference in their children's health and educational outcomes.
- **\$100 million for tribal housing**, including homes for rent or purchase, to meet the unique housing, land, and sovereignty needs of California tribes.

Lastly, we urge the Legislature and Governor to ensure that the state fills federal funding gaps in the state and local COVID rental assistance programs so that all eligible applicants can be served and that eviction protections remain in place for eligible tenants until the substantial backlog in applications has been cleared.

Thank you for your ongoing leadership and partnership in addressing one of our state's most pressing challenges. We look forward to working together to find effective, ambitious, and feasible solutions.

Sincerely,

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California Housing Consortium

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California Housing Partnership

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CC: Senate Budget Subcommittee #4, Chair and Members