



April 18, 2022

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal
Review
California State Senate
Sacramento, CA

The Honorable Phil Ting
Chair, Assembly Budget Committee
California State Assembly
Sacramento, CA

Re: Joint budget ask to address the Bay Area's housing and homelessness response and needs

Dear Senator Skinner and Assemblymember Ting,

Thank you for your leadership in putting forward historic investments to help our state and region recover and grow in the aftermath of the COVID-19 pandemic. As you consider your 2022-23 budget priorities, we wanted to provide you with our updated requests in light of the Governor's January budget proposal.

As the Bay Area continues to recover, we see a tremendous opportunity to address our region's homelessness and housing crises through smart investments in this year's budget. While we applaud the Governor for the housing and homelessness investments in the January proposal, they do not yet match the scale of the need – nor will they adequately address the many urgent housing challenges exposed by the pandemic. The housing and homelessness programs we list below are particularly impactful for minority communities who, due to our state's legacy of discriminatory housing policies, disproportionately experience homelessness and have the least generational wealth to become first-time homebuyers. We urge lawmakers to deepen the investment for these key housing programs and help us ensure everyone in our community has access to a safe, affordable home.

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 support the Governor’s proposal for \$1.5 billion for BHCIP “bridge” housing for people experiencing homelessness who have co-occurring mental or behavioral health needs. We also urge the legislature to build upon recent investments, requiring more accountability and coordination between state funding agencies and county implementers to ensure that meaningful progress is made to dramatically reduce homelessness and permanently house the over 160,000 unhoused Californians.
 - **\$2 billion for HHAP.** We believe this flexible funding source is critical for cities and counties to address gaps in their homelessness response system. Although it is already budgeted for 2023, we recommend that the surplus be applied to ensure that this appropriation can continue in 2023-2025. We fully support the additional planning and accountability requirements that were included in the program in last year’s trailer bill, but in order for plans to be strategically executed, jurisdictions need funding assurance that goes beyond one-time allocations. These flexible funds also leverage and support the implementation of other key state initiatives like Project Homekey.
 - **\$500 million for a new homelessness prevention competitive grant** program, linked to improving health outcomes and reducing racial disparity in who is becoming homeless. We propose a pilot program that is offered through DHCS.
 - **\$500 million Homekey Supportive Services Fund.** We recommend that the State create a flexible matching fund that Homekey projects can draw on to maintain rents and supportive services to help resolve the “obligation cliff,” that cities and counties face inherent in the current financing structure.
 - **\$150 million for Right to Counsel in Eviction Defense.** Every tenant should have access to legal representation when faced with eviction.
 - **\$100 million to add short-term staffing capacity** for county governments that currently lack capacity to maximize the use and combination of new state and federal funding sources across the departments of housing, health, mental and behavioral health, social services, and human services, in a way that drives a coordinated response to reduce homelessness.
- **\$500 million to CAPP to acquire and preserve private housing and make it permanently affordable.** The overwhelming majority of low-income Californians live in private rental housing, but as rents outpace wage growth, this housing is becoming less and less accessible, leading to the displacement of people from their homes and communities. This trend is visible across the state; the Bay Area lost 32,000 unsubsidized affordable homes annually between 2012-2017, and San Diego lost an estimated 72% of its unsubsidized housing stock affordable to very low-income households between 2000-2020. This budget allocation would support the creation of the new Community Anti-Displacement & Preservation Program (CAPP). CAPP will allow mission-driven

organizations to prevent displacement by financing the acquisition of occupied, currently unsubsidized housing and preserve it as permanently affordable homes.

- **\$100 million to create the Affordable Housing Preservation Tax Credit.** This tax credit will incentivize owners of affordable housing who are eligible to convert the homes to market-rate rents when current subsidies or deed restrictions expire to sell to organizations committed to maintaining long-term affordability.
- **\$200 million for CalHOME.** This funding will assist in the production of new deed-restricted owner-occupied homes for qualifying families and help address racial and ethnic wealth gaps.
- **\$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.

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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