



March 14, 2022

Senator Josh Becker
1021 O Street, Suite 7250
Sacramento, CA 94293

Re: SB 948 (Becker) - Support

Dear Senator Becker,

On behalf of All Home, I am writing in support of 948). All Home is a Bay Area organization that advances regional solutions to disrupt the cycles of poverty and homelessness and create more economic mobility for people with extremely low incomes. All Home is proud to support SB 948, your bill to reduce the cost of affordable housing through the creation of a pooled transition reserve.

According to the [Roadmap Home 2030](#), California needs to build 120,000 new affordable homes per year to meet the needs of low-income families over the next ten years. Yet, California has never produced more than 20,000 new affordable rental homes in any year, largely due to a lack of resources. It is therefore critical to minimize the cost of affordable housing development so that scarce resources can support additional homes.

Failing to build enough new homes, especially affordable ones, is a main driver of the housing crisis that has pushed thousands of families and individuals into poverty and homelessness. There will be no end to homelessness without a drastic increase in housing production throughout the state, as housing scarcity is part of what perpetuates housing insecurity for people with lower incomes.

One contributor to development costs and our lack of affordable homes is costly and largely unnecessary development-specific "transition reserves," which extend rental support to tenants for one year should an affordability contract end. For larger developments, these can add up to \$3 million in cost, which the Department of Housing and Community Development (HCD) generally pays from its scarce resources. However, the risk of rental assistance contracts not being renewed is remote. A 2020 report commissioned by HCD cites the non-renewal rate for the primary rental assistance program as 0.0023%. In

essence, HCD requires each development with rental assistance to fully self-insure for an event that is extremely unlikely to happen.

SB 948 eliminates HCD-required development-specific transition reserves and authorizes HCD to create a pooled transition reserve to mitigate the impacts on tenants in the unlikely event of a loss of rental assistance at a particular development. The pooled transition reserve will save millions of dollars that HCD can invest into additional affordable homes.

Thank you for authoring this important bill.

Sincerely,

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

Tomiquia Moss, Founder and CEO of All Home