



March 15, 2023

The Honorable Jesse Gabriel
1021 O Street, Suite 5220
Sacramento, CA. 95814

RE: AB 1053 – Affordable Housing Construction Loans- SUPPORT

Dear Assemblymember Gabriel,

On behalf of All Home, I am proud to support AB 1053, your bill to reduce the cost of developing affordable housing by funding state loans during construction. All Home advances solutions to disrupt the cycles of poverty and homelessness and to create more economic mobility for people with extremely low incomes in the Bay Area and across the state.

A severe lack of affordable housing is at the root of homelessness in California. Our current system places too many barriers in the way of building desperately needed units, and AB 1053 proposes an important and straightforward fix. The Department of Housing and Community Development (HCD) provides financing to affordable housing developers in the form of 55-year deferred loans, which are typically funded after construction is complete. During the construction period, however, the developer obtains and pays interest on a construction loan from a private bank. This loan is larger than it would otherwise be if HCD funds were available during the construction period, rather than after.

AB 1053 significantly reduces construction period interest expenses by allowing developers to receive HCD loan funds during the construction period. To ensure that the State can rely on the private construction lender's due diligence, the bill allows HCD to set a minimum percentage of each draw that must come from the private lender's funds.

Ab 1053 would save hundreds of thousands or even millions of dollars on the cost of each affordable housing development, and the California Housing Partnership calculates that AB 1053 would result in the construction of an additional 500 affordable homes over the next ten years with existing funding. The impact will be even greater at higher levels of state investment.

By reducing the costs of each development, AB 1053 will stretch precious state resources to create more affordable homes for California's families living with extremely low incomes. Thank you for your leadership on these critical housing and issues and for all these reasons, we support AB 1053.

Sincerely,

Tomiquia Moss

Tomiquia Moss

Founder and CEO

All Home