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California State Senate

SENATOR
JIM BEALL
FIFTEENTH SENATE DISTRICT



April 3, 2020

Honorable Senator Anna M. Caballero
Chair, Senate Budget Subcommittee 4
State Capitol, Room 5066
Sacramento, CA 95814

Hon. Assemblymember Jim Cooper
Chair, Assembly Budget Subcommittee 4
State Capitol, Room 5066
Sacramento, CA 95814

Honorable Senator Holly Mitchell
Chair, Senate Budget & Fiscal Review Com.
State Capitol, Room 5019
Sacramento, CA 95814

Honorable Phil Ting
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

Dear Chairpersons Caballero, Cooper, Mitchell and Ting,

California is in uncharted waters. The COVID-19 virus and the accompanying public health crisis have created significant new challenges and uncertain fiscal impacts that will likely last for months, if not years. These unprecedented times call for urgent action to help protect the most vulnerable in our communities. Keeping people in their homes and building more affordable housing must be at the top of our priority list.

We the undersigned legislators respectfully request the Senate and Assembly Budget Committees allocate an on-going investment of up to two billion dollars in the FY 20/21 budget to implement SB 795, a bill to fund the immediate production of affordable housing units, especially for our poorest families at high risk of becoming homeless.

Throughout the State, cities simply do not have enough affordable housing available to low- and very- low income households. In San Jose, for every one person we house, three more face homelessness. More than 2.2 million extremely low-income and very low-income renter households are competing for only 664,000 affordable renter homes. This leaves more than 1.54 million of California's lowest income families without access to housing and at high risk for homelessness. Cities like Los Angeles, despite best intentions, are struggling to keep up with the ever growing production needs to keep rent burdened and very-low income families off the streets.

Last year's housing efforts, mirrored previous efforts in terms of funding and strategy. Despite significant multi-billion dollar, one-time investments as well as the establishment of penalties for negligent cities, California's homeless population rose again last year. What's been missing from these efforts is an on-going State commitment to quickly build affordable housing units to keep up with demand. Devoid of a state subsidy, cities simply cannot afford to build and keep pace with escalating production affordable housing needs.

Furthermore, existing federal and state housing financing programs do not cultivate the partnership with cities necessary to build affordable housing units to keep low-income families in their homes. Cities often compete with developers whose primary mission is to turn a profit.

SB 795 establishes a partnership between the State and cities to build projects prioritized by the State. The measure makes the State a long-term financial partner to immediately construct desperately needed housing for hard-working Californians and complements past investments and the Governor's January budget. Specifically, SB 795 allows local governments to collaborate on State-approved community development plans, which would be funded by reducing their contributions to local Education Revenue Augmentation Funds (ERAFs). Emphasis will be given to the development of housing for very-low, low, and moderate-income families as well as transit-oriented priority projects. Additionally, infill development and projects that mitigate the effects of sea-level rise and climate change are eligible for funding.

The bill ramps up over time, and the total general fund spending cannot exceed \$2 billion annually. The State's funds will be used to hold schools harmless. Once financing is authorized, the State can suspend future project approvals during economic downturns or when it suspends the Prop 98 guarantee.

The bill requires a local match and aligns with other state and federal programs to ensure local governments leverage additional non-state funds to bolster projects. The legislation encourages the use of existing tools to streamline projects and jurisdictions that have violated the Housing Accountability Act (Section 65589.5) or the Density Bonus Law multiple years are ineligible to apply.

Finally, the bill contains strong accountability provisions to ensure funds are only spent on designated projects and protects school funding. The measure creates a state committee housed under the California Department of Housing and Community Development (HCD), to review and approve proposed plans providing strong state oversight. The committee is also empowered to take corrective action when locals do not meet their plans' objectives. If locals do not come into compliance, the bill allows for the state committee to reduce the scope of the local plan and use the remaining state and local resources to support the construction of affordable housing in the community of the applicant. Additionally, out of compliant applicants shall be ineligible to apply for other state grant programs for a period of five years.

We cannot continue to allow the displacement of our most vulnerable residents. California is in the midst of a severe housing crisis and SB 795 is an essential part of the solution. SB 795 maximizes state investments and provides strong oversight and accountability. The bill will

increase our affordable housing stock to get people off the streets AND keep families in their homes.

For all these reasons, we respectfully urge the Senate and Assembly Budget Committees to invest up to \$2 billion in on-going funds to implement SB 795.

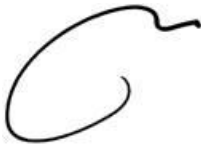
Sincerely,



Jim Beall, Senate District 15



Anthony Portantino, Senate District



Mike McGuire, Senate District 2



Bill Dodd, Senate District 3



Scott Wiener, Senate District 11



Cathleen Galgiani, Senate District 5



Henry Stern, Senate District 27



Ash Kalra, Assembly District 27



Robert Rivas, Assembly District 30