



June 9, 2020

TO: Governor Gavin Newsom

Senate President Pro Tem Toni Atkins

Assembly Speaker Anthony Rendon

Senate Budget and Fiscal Review Committee Chair Holly Mitchell

Assembly Budget Committee Chair Phil Ting



In the face of the coronavirus pandemic, we applaud the steps you have taken to assist the homeless in becoming sheltered and to have access to medical care as well as protect tenants from eviction due to the economic or health effects of the virus. We further greatly appreciate your continuing focus on this issue which will sustain the steps already taken to meet the unforeseen exigencies of the pandemic.

As you now consider further budget measures to address the impacts of the pandemic on housing and homelessness until public health and the economy can stabilize and recover, we urge you to assign priority to the following:

- 1) Maintain shelter for those who were previously homeless and have now been helped to move off the streets,
- 2) Expand shelter to make it available to those who are still on the streets,
- 3) Protect tenants who remain at risk of losing their shelter due to an inability to meet their rent obligations as a result of health or economic impacts,
- 4) Protect affordable housing builders and operators from default or insolvency due to health or economic impacts to their residents or tenants, and
- 5) Maintain a priority on increasing housing production, including especially affordable housing.

Keeping these priorities in mind, we support a number of specific strategies:

- 1) **Maximize the use of federal funds.** As noted in the May Revise, \$532 million is available from the CARES Act which can be used to acquire housing for those who are homeless and for those in need of affordable housing. In addition, the State and local jurisdictions which receive Community Development Block Grant (CDBG) funds (\$1.1 billion as noted in the May Revise) can use at least some of the money to support existing tenants whose ability to pay rent has been impacted by the pandemic. We urge that the State seek as much funding as possible through the Federal Emergency Management Agency (FEMA) as well. We strongly support efforts to secure additional federal funding, such as through the HEROES Act.
- 2) **Provide support and assistance to renters and landlords.** As we all know, the pandemic has put thousands of renters at risk of losing their shelter



due to illness or lost employment. The executive order of the Governor and the deferral of any eviction actions by the courts has temporarily allowed us to buy time. However, so that this critical condition does not become a catastrophe, we must develop a program which will reduce the pressure on both renters and landlords, especially affordable housing operators and developers. We are committed to working with all parties to identify an approach which will relieve the financial pressure on renters while also preserving the financial viability of landlords. We especially note that the operators and developers of affordable housing have made long-term commitments to the affordability of their projects and, if they should default, it is highly likely that the projects will be acquired by interests far less committed to maintaining affordability over time. Further, if affordable housing developers cannot economically survive, the prospect of augmenting the affordable housing supply will be seriously diminished.

- 3) **Continue efforts to shelter the homeless and provide services needed to move people out of homelessness permanently.** As mentioned above, we support the greatest efforts possible to obtain funding for emergency response to the pandemic from FEMA. We support the allocation of \$750 million in FEMA funds, as outlined in the May Revise, for acquiring hotels and motels. Of course, the objective is to return those who have been subject to homelessness to the mainstream and, therefore, finding funding to underwrite needed supportive services is also crucial. As sales tax revenues which fund Realignment programs of the counties are reduced, a priority must be placed on finding a solution which will allow counties to continue to deliver essential supportive services.
- 4) **Provide support for increased housing production.** We are pleased to see that the May Revise proposes to keep the \$500 million in state low income housing tax credits, to continue to use funds generated by the real estate transaction fee for affordable housing development, to maintain funding from the Greenhouse Gas Reduction Fund (Affordable Housing and Sustainable Communities Program) for infill development, and to expedite the sale of Proposition 1 bonds to support veterans and affordable housing programs. Beyond these laudable initiatives, we hope that the State will seek to identify and pursue additional sources of funding to support the production of affordable housing.

Thank you for your continuing devotion to addressing these most challenging and unanticipated circumstances that we now confront. We look forward to continuing to engage with you as the budget process unfolds and beyond to help us emerge on the other side with an even stronger and better future.

Thank you for your consideration. If you would like any additional information or have any questions, please contact Roger Dickinson at (916) 599-2456 or dickinson31@comcast.net.

Sincerely,

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