



March 15, 2023

The Honorable Catherine Blakespear
1021 O Street, Suite 7340
Sacramento, CA 95814

Re: Support for SB 482: Operating Subsidies for Supportive Housing

Dear Senator Blakespear:

On behalf of the Council of Infill Builders, a statewide organization of real estate professionals committed to improving California through infill development, I write to express our support for Senate Bill 482, your bill to require the Department of Housing and Community Development (HCD) to offer capitalized operating subsidy reserves (COSRs) in its Multifamily Housing Program (MHP).

Homelessness is a statewide challenge, but one that is particularly acute in infill neighborhoods. Research by the Corporation for Supportive Housing shows that California has a shortfall of over 60,000 beds for those that suffer from homelessness that need supportive housing. Supportive housing is crucial to getting people out of homelessness because it pairs housing with services to help heal and train people.

Capitalized operating subsidy reserves represent a vital financing tool to create long-lasting permanent supportive housing. These reserves provide upfront funding to cover losses from supportive housing for 15-20 years. With these dollars covering any shortfalls in advance, banks are therefore more willing to loan money to these developments.

HCD has provided capitalized operating subsidy reserves in programs like No Place Like Home and the Veteran's Housing and Homelessness Prevention Program. However, these programs are running out of funding, and HCD is consolidating programs to increase efficiency.

SB 482 would address this problem by requiring HCD to offer capitalized operating subsidy reserves in its Multifamily Housing Program, the flagship housing program at HCD. In this way, HCD can directly fund supportive housing through the Multifamily Housing Program without developers having to apply for additional programs. Additionally, as certain program run out of funds, this bill ensures that developments that serve out most vulnerable populations are not left behind due to funding shortfalls.

We thank you for your leadership on this important measure to require the Department of Housing and Community Development to offer capitalized operating subsidy reserves in its Multifamily Housing Program, so that developments that serve homeless people continue to get the necessary funding to be built. For these reasons, the Council of Infill Builders strongly supports SB 482.

Sincerely,

A handwritten signature in black ink, appearing to read "Meea Kang". The signature is fluid and cursive, written over a light grey horizontal line.

Meea Kang
Council of Infill Builders