



HOUSING CALIFORNIA

January 20, 2022

The Honorable Nancy Skinner, Chair
Senate Committee on Budget & Fiscal Review
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Committee on Budget
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Anna Caballero, Chair
Senate Budget Subcommittee #4
State Capitol, Room 5052
Sacramento, CA 95814

The Honorable Wendy Carrillo, Chair
Assembly Budget Subcommittee #4
State Capitol, Room 4167
Sacramento, CA 95814

RE: Housing California 2022 Budget Priorities

Dear Chairs Skinner, Ting, Caballero, and Carrillo,

In 2021, California boldly committed a historic \$12 billion to homelessness solutions and affordable housing funding. Now, California must continue to make game-changing investments that advance equity and ensure all Californians have a stable place to call home. To meet the scale of need, the [Roadmap Home 2030](#) calls for California to invest \$17.9 billion every year over the next decade. We already can see opportunities this year for state leaders to realize transformative reform. According to the [Legislative Analyst's Office's FY 22-23 Overview of the Governor's Budget](#), California will realize a \$29 billion surplus in 2022, including the capacity to make \$3-8 billion in new ongoing commitments. California's leaders must capitalize on this critical opportunity to provide affordable housing for all Californians, especially our BIPOC neighbors who have been disproportionately impacted by unjust housing policies.

We applaud Governor Newsom's continued commitment to addressing the housing affordability and homelessness crisis with a \$4 billion combined package of new priorities in his January proposed budget. We are also deeply appreciative of the administration's efforts to link investments in affordable housing development to the state's climate goals. However, we are concerned that even with the proposed \$4 billion in additional one-time investments, this year's proposed budget represents a year-over-year decrease in investments in housing and homelessness, and falls far short of the ongoing annual investments required to fully address the scale of California's need.

To create affordable homes for all struggling Californians, end homelessness, protect renters from displacement, and close racial equity gaps in housing and homelessness, the Governor and Legislature must take bold action and respond with long-term and equity-driven solutions at scale. To that end, we respectfully request:

- **\$5 billion over the next 5 years to move 50,000 people experiencing homelessness into housing** by establishing a new statewide rental assistance program to provide direct rental assistance to unhoused Californians. Ten percent of these funds should be reserved to build capacity and infrastructure for implementing this program including outreach, landlord incentives, and housing navigation.
- **\$5 billion to increase the production of desperately-needed affordable housing through the Multifamily Housing Program (MHP)**, which issued its final NOFA in 2021. These funds should include the following allowable uses: accelerate the construction of projects awaiting a bond allocation; Capitalized Operating Subsidy Reserves in MHP; and past and future Homekey projects.
- **\$960 million toward solving homelessness among older adults in California**, including a targeted rental housing program providing bridge subsidies to prevent and end homelessness among approximately 20,000 older adults annually; regulatory and process changes to Medi-Cal's Program for All-Inclusive Care for the Elderly (PACE), Assisted Living Waiver (ALW), and the Home and Community-Based Alternatives Waiver (HCBAW) programs; and incentives in scoring or set-aside funds in existing state programs funding capital development of supportive housing for older adults experiencing homelessness who are also eligible for PACE, ALW, or HCBAW programs.
- **\$500 million to fund the acquisition and preservation of unsubsidized affordable housing**, which is estimated to create 4,000 to 4,500 deed-restricted units.
- **\$500 million to permanently expand the California Low-Income Housing Tax Credit Program (LIHTC)**, with a \$25 million set-aside for farmworker housing.
- **\$500 million to create a disaster relief revolving loan fund** to accelerate the reconstruction of affordable multifamily homes and owner-occupied single-family homes that have been damaged or destroyed in natural disasters, including wildfires and earthquakes. The revolving loan fund would supplement federal relief, which can be delayed, and accelerate restoration of housing and infrastructure to disaster victims throughout California.
- **\$300 million to preserve aging and expiring deed-restricted affordable housing.**
- **\$200 million in the Reentry Housing and Workforce Development Program (as detailed in [AB 328](#))**. With an investment of \$200 million, the state could offer long-term

rental subsidies, permanent supportive housing, and workforce development services that would provide pathways to living wage jobs for an estimated 7,200 formerly incarcerated people per year.

- **\$200 million supplement to the Homeless Housing Assistance and Prevention (HHAP) Program to address the workforce crisis within the homelessness services workforce.** This initiative would provide supplemental funds to current HHAP grantees for the express purpose of improving frontline job pay and benefits, developing equitable career pathways training, and organizational capacity building.
- **\$200 million for new construction of single-family homes through CalHOME.**
- **\$100 million to create a Tribal Housing Grants Program,** modeled after the Farmworker Housing Grant Program, designed to meet the unique housing, land, and sovereignty needs of California tribes.

A bold vision requires action today. We urge you to leverage this year's budget surplus to meet the scale of need, so all Californians, regardless of age, income, or zip code, can secure a place to call home. Now is the time to invest in evidence-based solutions that will build sustainable, thriving communities throughout our state. By working together, investing in our shared values, and prioritizing those most in need, we can realize a brighter future with homes, health and wealth for all.

Respectfully,



Christopher Martin
Policy Director

Cc:

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