May 7, 2021

Re: Budget Surplus/Stimulus Funding for Affordable Housing

Dear Governor Newsom, pro Tem Atkins, and Speaker Rendon:

We represent a diverse group of stakeholders working together to address California’s housing supply and affordability crisis. We write to express our strong support for allocating at least $3 billion to affordable housing from the $14 billion budget surplus the state has accumulated and the $16 billion the state will receive in federal funds from the American Rescue Plan. We write to underscore the urgency of allocating a substantial amount of money toward affordable housing development from these sources as a critical investment in both the near-term and longer-term economic and social recovery from the pandemic.

As has been manifest for a number of years, California has faced a crisis in the shortage of the supply of housing, in general, and affordable housing, in particular. Despite recent meaningful and laudatory legislative and administrative actions, this crisis persists without significant abatement. The ongoing coronavirus pandemic has only exacerbated already dire circumstances, particularly for lower income Californians. For example, 2.2 million extremely low-income and very low-income rental households are competing for 664,000 affordable units. According to the California Housing Partnership, an additional 1.2 million units affordable to lower income Californians are needed over the next 10 years. Yet, only about 25,000 new units of affordable housing were permitted in 2020. Throughout much of California, more than a third of the population is paying more than 30% of their household income for shelter.

This crisis extends to the entirety of the housing market. Economists note that, in order to catch up to demand, 300,000 to 400,000 new units need to be permitted per year. However, in 2020, only slightly more than 100,000 new housing permits were issued. Statewide, the median cost of a home has reached record levels. In the Bay Area, for example, about 1.05 million new units were needed between 2000 and 2018 to maintain affordability for median income households, but only about 300,000 units were produced. Renters are even more cost-burdened than homeowners with about 45% of renters paying more than a third of their household income for shelter. For Los Angeles County, it is estimated that more than 500,000 affordable rental units are needed but, at current building rates, it will take more than 20 years to reach that number.

Approximately 140 projects which are ready to go are languishing while waiting for approval of low-income tax credits. An investment of $3 billion in affordable housing would permit these projects to proceed, thereby creating jobs and economic stimulus while increasing the supply of critically-needed housing.
We are fully mindful of the economic crisis faced by the state and the acute budget challenges facing you. We are aware of the significant demands you face in trying to meet the concerns and wishes of a broad range of interests. However, now is the time when an investment in the foundational elements of our society is more crucial than ever. We know that providing affordable shelter for many Californians in need will yield enormous benefits, both in financial and humanitarian terms and in both the short and long term.

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

Sincerely,

Mark Stivers, Director of Advocacy
California Housing Partnership

Denny Zane, Executive Director
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Ray Pearl, Executive Director
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Melissa Romero, Legislative Affairs Manager
California League of Conservation Voters

Meea Kang, Director
Council of Infill Builders

Cc: Senator Nancy Skinner
Assemblymember Phil Ting