



April 27, 2021

California Debt Limit Allocation Committee  
915 Capitol Mall  
Sacramento, CA 95814

**Re: Proposed Changes to approved CDLAC Regulations (Adopted February 1, 2021)**

Dear Director Robles, Treasurer Ma, and CDLAC Committee members,

The California State Bay Area Caucus is writing to express our significant concerns with the regulations that have been adopted by CDLAC and urge you to adopt changes before Round 2 so that our region can build and preserve the affordable homes that our residents desperately need.

As home to three of the State's ten largest cities and to one fifth of its population, as well as home to some of California's largest employers, having a more affordable Bay Area is crucial for the success of the state as a whole. That is why it is critical that all of California's regions are able to build affordable homes proportionate to their need.

While the goals behind the recent regulatory changes at CDLAC and TCAC aim to create a more efficient process and better target scarce resources, these changes have had disproportionate negative impact on affordable housing production and preservation in the Bay Area. These impacts include:

- No funding being made available in the first round for affordable housing projects in San Jose, Oakland, and San Francisco stalling nearly 3,000 shovel-ready affordable homes.
- Severe underinvestment in the Bay Area region as a whole allocating 17% of the state's affordable housing resources when our region makes up 20% of the state's overall population and has the highest construction costs in the state.
- Only two projects that prioritized extremely low-income families and individuals were funded in the Bay Area when over 35,000 Bay Area residents are experiencing homelessness on any given night.
- Many low income communities of color undergoing gentrification and displacement pressures in our region have been made mostly ineligible for affordable housing investment.



To address these major concerns, we respectfully request that the CDLAC adopt changes that lead to greater parity in affordable housing production and preservation in the Bay Area relative to other parts of the state and that these changes be adopted before Round 2 of funding allocations. Specifically, we are seeking the following four changes:

- 1) Increase the Bay Area's regional bond allocation to 24% to achieve more parity between the Bay Area and other regions of the state in terms of committed resources.** In Round 1, the Bay Area geographic region was the most oversubscribed, representing 29% of statewide demand but receiving only 17% of the statewide allocation – with none in the region's major cities of San Francisco, Oakland, and San José. **The Bay Area's regional allocation should be increased to at least 24%** to proportionately produce a similar number of units relative to its population size and cost compared with other regions.
- 2) Prioritize funding for projects with committed funding from the Department of Housing and Community Development (HCD) as those are facing waits of up to three years to commence construction.** We urge you to align statewide housing policy with the billions of dollars of investment made by HCD by providing 1 bonus point in the CDLAC scoring system to projects with committed HCD funding. These public benefit projects are shovel-ready and should be prioritized. Without alignment, the State is increasing risk to its significant level of investment in these projects, and its ability to implement its statewide policy goals. (Refer to Section 5030(j)).
- 3) Ensure that gentrifying neighborhoods can still build affordable homes.** We recognize that much of the state's affordable housing developments have been built in poorer communities with struggling schools, however, these communities are also the ones facing significant displacement and gentrification pressures and are in desperate need of permanent affordable housing. **We urge CDLAC to commit to developing a more nuanced approach to affirmatively furthering fair housing that allows for affordable housing development in all neighborhoods while opening up wealthier exclusionary communities to affordable housing development.**
- 4) Local affordable housing funding should be recognized and rewarded by the state and not penalized.** Voters in the Bay Area have chosen time and again to tax themselves to raise critically needed resources for affordable housing yet the state regulations do not incentivize these local investments. Projects that have local funding provide enormous public benefit and ought to be



prioritized by the regulations over projects that are recycling bonds and do not provide the community with as many benefits.

**Finally, we urge the Committee to prioritize in its work the development of a tiebreaker that focuses on the public benefit that affordable housing developments provide while recognizing the Bay Area's higher construction costs.** As a first step in that process, we agree with the proposal shared by the Mayors of Oakland, San Francisco, and San Jose.

By ensuring that the Bay Area is able to build and preserve affordable housing proportional to its need and size the state will be better able to meet the needs of all Californians who are struggling to find affordable and stable places to call home.

Thank you for the opportunity to comment, and we look forward to continuing the work of housing all Californians.

Sincerely,

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Timothy Grayson, AD 14

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California Legislature



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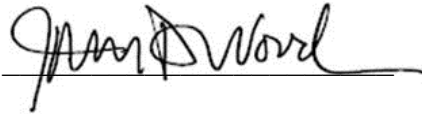
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