



SPUR



ALL HOME



May 20, 2021

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
California State Senate, Room 6026
Sacramento, CA

The Honorable Phil Ting
Chair, Assembly Budget Committee
California State Assembly, Room 5019
Sacramento, CA

Re: Joint budget ask to help address the Bay Area’s housing needs

Dear Senator Skinner and Assemblymember Ting,

Thank you for your continued leadership in putting forward bold investments to help our state recover and grow in the aftermath of the pandemic. As you consider updating the Legislature’s budget framework we wanted to provide you with our updated requests in light of the Governor’s historic May Revise budget.

As the Bay Area also recovers, we see a tremendous opportunity to address our region’s homelessness and housing crises through smart investments in this year’s budget. We applaud the Governor for putting forward a bold budget framework that includes historic investments in housing and homelessness and we urge legislators to build on the Governor’s May Revise with additional sustainable investments to scale our response to support a strong, thriving, equitable California ahead, for every community member no matter their race or income. There is a historic environment around us on all sides — a historic budget surplus and a historic level of investment toward homelessness and affordable housing solutions in the May Revise — and yet a historic community need and racial inequities remain especially as we emerge and recover from COVID-19. NPH is urging lawmakers to advance the May Revision while also looking for opportunities to scale.

As the Bay Area seeks to recover from the COVID-19 pandemic that has exacerbated our region’s existing racial and class inequities and worsened our homelessness crisis, it is critical that the state make smart investments now as a down-payment to a more equitable recovery:

- **\$20 billion over 5 years for various homelessness prevention programs and services with the spending modeled after the principles adopted by the Bring California Home Coalition.** We see the \$7 billion investment in Project Homekey as a critical down-payment with more investments needed, including further expansion and flexibility for Medi-Cal, Behavioral, and Mental Health funding to match capital investments and provide supportive services for current and formerly homeless people. While we support ending family homelessness as an important, measurable goal, we also seek your support for funding to drastically reduce the number of people who are unsheltered, most of whom are single adults. Going forward more holistic funding models are necessary to make measurable program in reducing homelessness and we call on the Legislature to model the spending after the principles adopted by the Bring California Home Coalition.
- **Invest \$3 billion to fully fund all stalled affordable housing projects that have an HCD funding allocation (increasing the May Revise’s allocation from \$1.75 billion).** Given the budget currently has a historic surplus, we urge lawmakers to ensure that *all* shovel-ready affordable housing projects that have HCD funding move



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forward immediately. Californians need affordable homes now and shovel-ready affordable homes must be built with all due speed.

- **Increase the May Revise’s initial \$300 million investment to preserve HCD-funded affordable projects to \$500 million with flexibility to preserve more types of affordable homes.** The \$300 million included in the May Revise is narrowly targeted to preserve legacy HCD-funded projects whereas our state’s preservation need is far greater and includes the need to preserve units with expiring deed restrictions and market-rate affordable units also known as unsubsidized affordable housing. We respectfully request that the \$300 million be augmented to a \$500 million investment and that eligible uses include the preservation of affordable housing with expiring deed restrictions and the acquisition and preservation of occupied, currently unsubsidized multifamily housing that mission-driven organizations can purchase and preserve as permanently affordable.
- **We support the May Revise’s \$500 million investment to HCD for implementation grants** and call for it to be structured to allow regional entities like the Metropolitan Transportation Commission (MTC), Association of Bay Area Governments (ABAG), and the Bay Area Housing Finance Authority (BAHFA) can access this funding to make crucial investments in the Bay Area.
- **\$500 million to help low- and moderate-income homeowners construct Accessory Dwelling Units (ADUs):** Since 2016, the State has passed a slew of reforms to ease the construction of ADUs, which have proven to be effective in increasing the State’s housing stock and creating naturally occurring affordable housing. According to a [2020 UC Berkeley Turner Center report](#), ADU permits in California increased from approximately 6,000 to 18,000 between 2018 and 2019. Meanwhile, ADU completions increased from approximately 2,000 to 7,000 in the same period. However, major financial barriers remain for homeowners with lower income or fewer assets that are unable to access traditional financing options to construct ADUs. Our request for \$500 million would establish a financing tool that expands opportunities for low- and moderate-income households to construct ADUs and build wealth.

Thank you for your leadership and we look forward to continuing to work with you to ensure that all Californians have an affordable place to call home,

Sincerely,

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