

March 7, 2018

The Honorable Kevin Mullin
California State Assembly
State Capitol, Room 3160
Sacramento, CA 95814

Re: AB 2562 (Mullin): Department of Housing and Community Development loans - SUPPORT

Dear Speaker pro Tempore Mullin,

The Non-Profit Housing Association of Northern California (NPH) is proud to support AB 2562, which will create more affordable housing across California by providing tools to increase financial feasibility of developments despite disinvestment from the federal government. AB 2562 will grant the California Department of Housing and Community Development (HCD) authority to adjust its interest rates on loans coupled with federal Low Income Housing Tax Credits (LIHTC) to make affordable housing projects feasible while still covering administrative costs.

As a membership organization of more than 750 affordable housing developers, advocates, community leaders and businesses, the collective NPH community has **created tens of thousands of affordable homes** and **supported hundreds of thousands of Bay Area residents and community members**.

AB 2562 supports continued development of affordable housing despite federal disinvestment

Federal Low Income Housing Tax Credits (LIHTC) are the backbone of affordable housing finance in California. Unfortunately, Federal Tax Reform in 2017 has cost California more than \$500 million per year in federal resources for affordable housing. California must now identify state solutions to ensure that critical affordable housing opportunities are not lost at this time.

AB 2562 results in more affordable homes by ensuring financial feasibility and compatibility of state and federal funding resources

Affordable housing developments utilizing LIHTC can become infeasible or at risk if they have too much interest accruing on loans from HCD and other public lenders. When these loans accrue more 3% interest (the current rate) this can negatively impact the amount of tax credits a development will receive or make the project infeasible altogether. AB 2562 would provide HCD with the flexibility currently enjoyed by other government agencies to reduce the interest rate on some loans and to increase the rate on others when required for project feasibility and to align with federal tax credit requirements. Such flexibility will make the critical difference between providing homes for thousands of lower-income families or none at all.

AB 2562 will provide the State with an effective tool and flexibility to ensure that affordable homes get built

Through providing HCD with the ability to adjust interest rates on a broader range of loans than currently authorized in statute, this bill will be removing a critical barrier that could otherwise prevent the constructions of thousands of affordable homes.

Thank you for your leadership in drafting legislation that gives HCD the flexibility it needs to ensure the construction of more affordable homes.

We look forward to working with you to pass this important legislation.

Sincerely,

Amie Fishman
Executive Director, Non-Profit Housing Association of Northern California