



January 31, 2024

The Honorable Gavin Newsom
Governor of California
1021 O St., Ste. 9000
Sacramento, CA 95814

Senate President Pro Tempore Toni Atkins
1021 O Street, Ste. 8518
Sacramento, CA 95814

Assembly Budget Chair Jesse Gabriel
1021 O Street, Ste. 8230
Sacramento, CA 95814

Assembly Speaker Robert Rivas
1021 O Street, Ste. 8330
Sacramento, CA 95814

Senate Budget Chair Nancy Skinner
1021 O Street, Ste. 8630
Sacramento, CA 95814

Re: 2024-25 Housing and Homelessness Investment Framework

Dear Governor Newsom, Senate President pro Tempore Atkins, Assembly Speaker Rivas, Assembly Budget Chair Gabriel, and Senate Budget Chair Skinner:

Now, more than ever, we need to invest in proven solutions that serve the most marginalized Californians; we cannot afford to lose momentum in our resolve to solve homelessness and provide more affordable, stable homes for low-income Californians. We write to you as a united coalition of California's leading affordable housing, homelessness, and housing justice organizations to propose an investment strategy that balances the fiscal reality facing California's budget, as well as the reality in communities across the state facing severe housing affordability and homelessness crisis.

This strategy and these investments are critical to California's well-being. No matter what metric we use to evaluate our communities' strength and stability -- be it health outcomes, economic outcomes, education outcomes, or other -- housing is the foundation for our Californian's ability to thrive and California's economy to grow. When we prioritize housing affordability, we secure stability and safety. Families earn more, children learn better, health and well-being improve, our communities are strengthened, and our state has the building blocks for a thriving region.

We are collectively calling for California to continue to stand strong in its support of programs that promote the ongoing, long-term production and preservation of affordable housing needed to achieve the state's ambitious housing goals; provide safe, affordable homes for millions of struggling lower-income Californians; offer housing and services for people experiencing homelessness; and address the disproportionate harms of skyrocketing housing costs, housing instability, and homelessness on Black, Indigenous, and other people of color. **We urge you to adopt the following investment strategy in the final 2024-2025 budget.**

1. **Reject Proposed Cuts and Delays and Maintain Funding Levels for Affordable Housing Programs.**
The proposed cuts to core affordable housing programs are a step-back that California cannot afford.



We strongly oppose the \$1.2 billion in proposed cuts for these programs, and urge you to restore them in the final budget, specifically cuts to the Multifamily Housing Program, the Foreclosure Intervention Housing Preservation Program, the Infill Infrastructure Grants Program, CalHome, the Veterans Housing and Homelessness Prevention Program, and the Regional Early action Planning Program 2.0. These cuts, in addition to not continuing funding for these programs in the budget year at the FY 2023-24 level, will reduce annual construction of new affordable homes by one third – stalling an estimated 6,400 affordable homes. With these affordable homes unable to move forward, tens of thousands of individuals will remain without homes, our communities will lose jobs and economic opportunity, and California will forgo over \$1.6 billion in federal housing resources.

We must keep the housing pipeline moving and continue to draw down precious federal low-income housing tax credits by prioritizing FY24-25 General Fund resources to fund affordable housing production and preservation programs at levels at least commensurate with the 2023-24 budget. While a 2024 housing bond (see below) can be a primary vehicle to fund these programs at scale in 2025 and beyond, General Fund resources must be dedicated to continue these programs in the interim, specifically \$500 million for the state Low-Income Housing Tax Credit Program, \$325 million for the Multifamily Housing Program, \$100 million for the Portfolio Reinvestment Program, \$50 million for CalHome, and \$27.5 million for the Joe Serna, Jr. Farmworker Housing Grant Program. In addition, we request that the \$500 million for the state Low-Income Housing Tax Credit be allocated for the budget year and, if possible, made permanent, or at least committed to for 5 years, similar to the Film Credit.

2. **Prioritize an Affordable Housing Bond on the November 2024 Ballot. Fund the State's core affordable housing production and preservation programs, currently near total exhaustion of funds, through the \$10 billion bond proposed by Assemblymember Wicks for the November 2024 ballot (AB 1657).** A \$10B bond would significantly accelerate and expand new affordable housing. This bond would produce 28,495 new affordable homes; preserve, rehabilitate and/or retrofit for sustainability an additional 93,195 affordable homes, and assist 13,232 families to become homeowners. Many of these new developments are waiting in the pipeline for funding to break ground. In this budget climate, a housing bond is essential to continue making progress on the state's housing goals including California's goal of producing 2.5 million homes —at least 1 million of which need to be affordable to lower-income households-over the next decade. Specifically, we support a bond that would fund the following:

- \$7 billion for the Multifamily Housing Program,
- \$1.5 billion for Preservation (Portfolio Reinvestment Program, Low-Income Weatherization Program, and Community Anti-Displacement and Preservation Program (CAPP), including at least \$500 million for CAPP (SB 225);
- \$1 billion for Homeownership programs; and
- \$500 million for Tribal and Farmworker programs



3. **Maintain \$1 billion for the Homeless Housing, Assistance and Prevention (HHAP) Program for 2024-25 to Fund Housing and Services for Californians Experiencing Homelessness.** At a minimum, the State must continue to invest \$1 billion in HHAP to ensure people currently receiving shelter or housing through existing HHAP programs do not return to unsheltered homelessness. An absence of funding for HHAP in 2024-25 will leave grantees without resources to pay for operating costs of shelter, rental subsidies, and services. Quite simply, failing to fund HHAP in 2024-25 will result in increases in unsheltered homelessness. Most people served through HHAP do not have a serious mental illness, and so they will not be able to access housing interventions funded through Proposition 1. Even for those eligible, Proposition 1's housing interventions will not take effect during this next fiscal year.

4. **Support Targeted Investments to Stabilize Vulnerable Households: Prevent people from entering homelessness by providing funding for proven solutions that lower rent burden and increase housing stability for marginalized renters.** Though our homeless response systems are housing more people than ever before thanks to state investments, increasing rents are causing people to fall into homelessness faster than we can house them. This problem is especially acute for older adults, people with disabilities, and renters of color. Crucial investments to stabilize these households include \$50-100 million dollars for strategies to increase federal voucher utilization like landlord incentives, and \$25 million to prevent homelessness for older adults and people with disabilities. While funding through homelessness prevention grants to ensure that tenants have access to legal assistance in eviction actions is \$37 million in 2024, we know we are in an extreme budget deficit and hope that \$15 million in funding will be enough to preserve at least a minimal level of services that low-income Californians depend on in order to keep them in their homes.

With a renewed commitment from state leaders—and ongoing financial support for successful housing programs—California can ensure that affordable housing units no longer languish in the pipeline, unhoused residents do not wait months or years to access affordable and accessible housing options, and more individuals and families avoid falling into homelessness. Our coalition stands committed to advocating for this package of housing and homelessness programs in the state budget. We also remain committed to advancing complementary legislative priorities that can help keep affordable housing cost-effective and sustainable. This includes legislation to curb rapidly rising insurance rates as well as efforts to improve the efficiency of the housing finance system.

Finally, looking ahead, our coalition is committed to working with the Governor and the Legislature to establish an ongoing source for investment at scale in proven affordable housing and homelessness prevention and intervention programs. We can only make progress in solving our housing affordability and homelessness crises with ongoing funding at a scale that matches the scale of our crisis. No jurisdiction has been able to reduce or solve homelessness with one-time funding alone. In response to the needs of hundreds of thousands of Californians facing homelessness during the course of a year (now over 181,000 at any point in time), the state has dedicated significant resources, including \$1 billion in one-time investments each year since 2021 through the HHAP program and other one-time funded affordable housing programs. By focusing ongoing investment on proven solutions—capital funding to build housing, operating and services funding to operate housing, private market rental assistance to help people move into available apartments, and services to help people find and sustain housing—we can put the state on track to solve homelessness, eliminate racial disparities, and advance workforce capacity and equity across homeless response systems.



We look forward to working together closely on the budget over the next year.

Sincerely,

Ken Trigueiro
CEO & President

Additionally supported by:

California Rural Legal Assistance Foundation
California Housing Consortium
California Housing Partnership
Corporation for Supportive Housing
Enterprise Community Partners
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