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Where housing and services come together
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LIFT TO RISE
ACOF
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meda
LISC BAY AREA
THE UNITY COUNCIL
nhlp
NATIONAL HOUSING LAW PROJECT
EBALDC

February 11, 2025

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

Senate President Pro Tempore Mike McGuire
1021 O Street, Suite 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 Scott Wiener
1021 O Street, Suite 8620
Sacramento, CA 95814

Re: Absence of Urgently Needed Housing Investments to Address California's Cost of Living Challenges

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

Our statewide coalition of affordable housing, homelessness, and housing justice organizations greatly appreciates the work that the Administration and the Legislature have done in recent years to address California's housing and homelessness crises, and we share your commitment to ensuring that all

Californians have a safe and affordable place to call home. However, we are deeply concerned by the alarming absence of funding for affordable housing and homelessness in the Governor's proposed January budget. **Our coalition respectfully urges the Administration and the Legislature to invest a minimum of $2.9 billion in essential affordable housing and homelessness programs – only about 1 percent of the Governor's proposed $229 billion General Fund spending plan.**

We were encouraged to see that the Administration's 2025-26 January budget previews an interest in creating a more integrated, coordinated approach to state funding for affordable housing and homelessness, and we are eager to learn more about the proposed details for reorganizing the state's housing agencies. However, we are deeply concerned that the budget proposal did not include funding for any critical homelessness, affordable housing, and affordable homeownership programs in spite of an improving state revenue picture. The November elections were a stark reminder that for millions of Californians, the cost of living — and rising housing costs, in particular — have become one of the state's most urgent policy priorities. The ongoing wildfires in Los Angeles, which have displaced tens of thousands of people and destroyed thousands of homes, have only added to the state's affordable housing challenges.

We're pleased to see State Lawmakers declare that Affordability is your top priority of this legislative session; this is a shared goal and an outcome we believe we can achieve together. We are committed to partnering to identify a strong package that advances housing solutions for Californians that create more affordable options more quickly.

California has a wealth of successful, proven programs the state can rely on to prevent and end homelessness, produce new affordable homes, preserve existing affordable housing, and build first-time homeownership opportunities. California voters have demanded action on affordability and the cost of living and we respectfully urge the Administration and the Legislature to work together to respond by making affordable housing a top priority in this year's budget.

We have nearly 45,000 shovel-ready affordable homes in the pipeline, made possible by the number of reforms enacted by the Governor and Legislature, but these projects are in need of funding before they can begin construction. This reality underscores why it would be so detrimental to pull funding now. These projects are a clear reminder that policy and enforcement to speed the building process for affordable housing, while critical, is insufficient without the funding to complete these affordable homes. The need for new affordable homes, about 100,000 each year, is clear, and committing the necessary funds to move these projects into construction is a clear, measurable step we can take as a state to move towards this goal. With funds from the last affordable housing bond depleted and the decision not to advance an affordable housing bond on the November 2024 ballot, General Fund investments in 2025-2026 are even more critical.

We are collectively calling for investments from the General Fund that build on the state's recent progress by promoting the ongoing 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, Latinx, and other people of color. We will also continue to work towards additional revenue streams for affordable housing and homelessness outside of the General Fund, including a statewide affordable housing bond in 2026.

The following programs with a clear track-record of success should be prioritized for the 2025-2026 budget, a total investment of $2.9 billion – only about 1 percent of the Governor's proposed $229 billion General Fund spending plan. These proposed investments below reflect what we understand to be a tight budget year, which is why we are proposing the minimum level of investment to sustain progress. As the budget outlook improves throughout the year or in future years, additional funds will be essential to fully meet our state's needs. These programs are not listed in any order of priority.

State Low-Income Housing Tax Credits (LIHTC) **$1 Billion**	● The State LIHTC provides critical gap funding so that CA can fully utilize federal LIHTC. ● Over the first four years, the enhanced state LIHTC–funded through a $500 million annual commitment–has allowed developers to create an additional 25,000 homes affordable to low-, very low-, and extremely low-income households and allowed California to draw down an additional $5.3 billion in federal LIHTC. ● The $500 million allocated to the program in 2024-25 will be committed to new affordable housing developments in 2025, and no future credits are assured. ● These credits have no effect on the current budget because they are claimed 2-6 years after award.
Multifamily Housing Program (MHP) **$400 Million, including a $60 Million Set-Aside for Project Sustainability**	● MHP is the state's primary subsidy program for new construction of affordable housing and preservation of existing affordable housing. ● The last two rounds of MHP (2022 and 2023) funded over 3,100 new affordable homes. ● A total of $40 million of this funding would go toward the Tribal Housing Grant Program as a result of the 10% set-aside established under SB 1187 (McGuire, 2024). ● We are seeking an additional set-aside of funding through MHP to support the sustainability of existing state-funded affordable housing currently facing extreme financial risk due to operational challenges, primarily escalating insurance costs. ● The $315 million available to MHP from the last budgets will be awarded in 2025, leaving no funding available through the program without additional allocations.
Homeless Housing, Assistance and Prevention (HHAP) Program **$1 Billion**	● HHAP provides funding for local homelessness responses, including homelessness prevention, shelter, services, and rental assistance for permanent housing. ● In recent rounds of HHAP, accountability measures were added to ensure local jurisdictions are collaborating across different levels of government, focusing resources on key state priorities, and tracking performance data. ● HHAP has served over 200,000 Californians through the first three rounds and enabled 40,000 people to exit homelessness for good since 2023.[1] HHAP is the backbone of rural, urban, suburban, and tribal homelessness responses. ● No funding will be available through HHAP without added investment in the budget.
Joe Serna, Jr. Farmworker Housing Grant Program **$100 Million**	● Serna helps fund new construction, rehabilitation, and acquisition of owner-occupied and rental multifamily and single-family housing for agricultural workers, with a priority for lower-income households. ● A total of $10 million of this funding would go toward the Tribal Housing Grant Program as a result of the 10% set-aside established under SB 1187 (McGuire, 2024). ● The program consistently has been oversubscribed since its inception. Final existing Serna funds will be allocated in May 2025, leaving no funding available without additional investment.

[1] Data according to State's Homeless Data Integration System: https://public.tableau.com/app/profile/california.business.consumer.services.and.housing.agency/viz/HHAPReport/Overview

CalHome **$400 Million**	● CalHome is the only state program that increases the supply of affordable for-sale homes by funding the production of affordable single-family and multifamily homes for purchase by qualified 100% lower-income first-time homebuyers and the rehabilitation of existing housing stock owned by lower-income households. ● CalHome has also served as an effective source of non-federal disaster recovery funding to help low-income disaster survivors rebuild and repair their homes. ● The production of affordable ownership homes is a proven strategy to address California's housing crisis and promote housing justice in urban, rural, and tribal communities, creating a path to intergenerational wealth and long-term stability. ● CalHome is oversubscribed by 100%-300% each year – ranging from $90-$175 million oversubscribed in the last several years, forcing shovel-ready project cancellations. ● The November 2024 round of CalHome awards will be disbursed in May 2025 and all other remaining CalHome funds, $152.5 million, were reverted from the 2024-25 budget. No funding will be available through CalHome without additional investment.

Additionally, while the State has not yet begun administering programs for the preservation of currently unsubsidized affordable housing (acquisition-rehabilitation preservation), we know this is an important strategy for homelessness prevention and anti-displacement, as well as adding to our affordable housing stock. We look forward to working with partners in the Legislature and the Administration to find a pathway forward to fund these critical projects either through the Foreclosure Intervention and Housing Preservation Program or another programmatic avenue.

In addition to the budget priorities detailed in this letter, we urge the State to consider housing affordability and stability as it works to address the devastation and catastrophic scale of the Los Angeles wildfires. We appreciate the Administration and Legislature's swift response to the Los Angeles wildfires by making an initial $2.5 billion investment to help with recovery and response efforts, including funding to provide additional resources to local governments to streamline building approvals. With over 12,000 homes destroyed and over 80,000 people still under evacuation orders, the wildfires will worsen an already significant housing affordability and homelessness crisis in the region. Rebuilding Los Angeles and preventing a deepening affordability and homeless crisis will require a significant and sustained level of investment from the State. As state and local leaders assess the impacts of the wildfires and communities begin to reimagine how to rebuild for the future, the State should direct investments, including, but not limited to the following:

- Advancing shovel-ready affordable housing projects in the Los Angeles and Ventura County pipeline through the State's Housing Accelerator program
- Expediting and streamlining affordable housing production
- Providing additional HHAP funding for the five HHAP-eligible entities directly impacted by fires to prevent further homelessness stemming from this crisis
- Incentivizing housing that is wildland fire resilient and responsive to changing climate
- Ensuring the viability of the California FAIR plan and the availability and affordability of insurance for homeowners and affordable housing providers
- Land banking for affordable housing and other community benefits as well as other measures to prevent speculation
- Rental assistance for low-income people who have lost their home or have experienced a loss of income as a result of the wildfires

- Effectively resourcing enforcement of existing anti-rent gouging policies and eviction prevention protections
- Assistance with environmentally conscious reconstruction, including cleanup and land remediation

We acknowledge the evolving nature of these priorities and remain responsive to the emerging needs of the communities of Los Angeles. However, we know that disasters like the Los Angeles wildfires will become more unpredictable and much more common across our state, reinforcing the need for affordable, stable housing strategies. Existing state programs such as LIHTC, MHP, and CalHOME have been designed to layer with federal disaster relief funding. Absent state resources, California will be unable to rebuild necessary housing. We urge the Governor and the Legislature to put forth a special budget allocation to ensure housing that is safe, affordable, and climate-resilient for all those who call Los Angeles home.

Our coalition stands committed to advocating for this complete package of housing and homelessness programs. Thank you for your ongoing leadership and partnership in creating a more affordable and equitable California. We look forward to working together closely on the budget over the next year.

Sincerely,

Statewide
Brilliant Corners
California Association of Local Housing Finance Agencies
California Coalition for Rural Housing
California Housing Consortium
California Housing Partnership
California Rural Legal Assistance Foundation
California Women's Law Center
Courage California
Enterprise Community Partners
Evolve California
Friends Committee on Legislation of California
Habitat for Humanity California
Housing California
Housing Now!
Indivisible CA: StateStrong
LeadingAge California
Linc Housing
Merritt Community Capital
Milestone Housing Group, LLC
Mogavero Architects
PICO California
Realty One Group
Sisters of St. Joseph Healthcare Foundation
Western Center on Law and Poverty
YIMBY Action

National
Corporation for Supportive Housing
Housing Rights Initiative
Human Impact Partners
Mercy Housing California
National Alliance to End Homelessness
National Housing Law Project
Prevention Institute

Northern California
Alta Housing
CCH (Christian Church Homes)
CARE Community Land Trust
First Congregational United Church of Christ
Housing Trust Silicon Valley
Mutual Housing California
Non-Profit Housing Association of Northern California
Sacramento Housing Alliance
Sierra Business Council

Southern California
A Community of Friends
Housing Trust Fund Ventura County
FSY Architects, Inc.
Inner City Law Center
Resilience Orange County
Southern California Association of Non-Profit Housing
The Kennedy Commission
Val American Corporation
Wakeland Housing and Development Corporation

Bay Area
Bay Area Business Roundtable
Community Action Council
Compass Family Services
Destination: Home
East Bay Asian Local Development Corporation
East Bay Housing Organizations
Ensuring Opportunity Campaign
Housing Accelerator Fund
Housing Trust Silicon Valley
LISC Bay Area
Mission Economic Development Agency
Resources for Community Development
Sacred Heart Community Service
San Francisco SafeHouse
San Francisco Tenants Union
SPUR

Sustainable Economies Law Center
Tenderloin Neighborhood Development Corporation
The Big Tent
The Unity Council

Central Valley/Central Coast
Faith in the Valley
Monterey County Renters United
San Joaquin Valley Housing Collaborative
Self-Help Enterprises

Los Angeles
Downtown Women's Center
Rising Communities
Safe Place for Youth
Supportive Housing Alliance
Thai Community Development Center (Thai CDC)
The People Concern
United Parents and Students

Inland Empire
Inland Equity Community Land Trust
Inland SoCal Housing Collective
Lift to Rise
RV Commercial Real Estate

San Diego
Viet Voices