



September 8, 2020

Mr. Gustavo Velasquez
Executive Director
California Department of Housing and Community Development
Sacramento, CA 95833

Re: Comments on CARES Act State of California Draft 2015-2020 Consolidated Plan Substantial Amendment

Dear Director Velasquez,

We write to respectfully request that \$200 million of funding that HCD is programming through the tranche II of CARES Act funding be directed to break-even assistance for affordable housing properties during the COVID emergency to ensure that no one will be evicted or become homeless, that no properties or housing providers will go bankrupt, and that none of California's deed-restricted affordable housing stock is lost as a result of this crisis.

We remain committed to finding solutions with you and the Legislature to ensure that California's 300,000 existing rent-restricted homes in California that were created through the federal Low Income Housing Tax Credit program—and that are not currently receiving any rent subsidies are not permanently lost due to foreclosure.

We have learned, since our last letter, that the Department of Housing and Community Development (HCD) is presently developing guidelines for \$384 million in unspent CARES CDBG (\$113 million) and CARES ESG (\$271 million) funding for which rental assistance is an eligible use. **To that end, we respectfully request that the state redirect \$200 million of available CDBG and ESG funds to a time-limited subsidy pool to help preserve affordable housing communities. Specifically, we are requesting that \$40 million presently allocated to non-entitlement jurisdictions (either from ESG-CV2 or CDBG-CV2) be specifically dedicated to affordable housing rental assistance. For the remaining \$160 million we are requesting that it be redirected from ESG-CV2 for CoCs (to cover entitlement areas) to an HCD-administered program to provide breakeven operating assistance to affordable housing developments at risk of foreclosure. Projects should be considered on a project by project basis for subsidy amounts that are sufficient to keep projects at break-even cash flow.**

Given that the state has such funds available now and that the use of such funds would not require a budget adjustment, it is imperative that they be used to safeguard our limited affordable

housing stock. CARES Act funds are revenue neutral for the state general fund and would help prevent the irreversible loss of our state's very limited affordable housing stock.

We have also included the *Keep California Housed* for your reference. We are also eager to work with you and state partners, as called for in AB 3088, on ways to direct future federal assistance for breakeven rental assistance to affordable housing providers to keep tenants housed and affordable housing solvent.

We are grateful for your leadership during these unprecedented times and stand ready to work with you to address the needs of California's affordable housing residents.

Sincerely,

Amie Fishman
Non-Profit Housing Association of
Northern California

Ray Pearl
California Housing Consortium

Matt Schwartz
California Housing Partnership

Alan Greenlee
Southern California Association of
NonProfit Housing

Rob Wiener
California Coalition for Rural Housing

Steve Russell
San Diego Housing Federation