

SEPTEMBER 2022

News...

from the desk of
California State Treasurer Fiona Ma, CPA



WELCOME LETTER

Dear Friends,

On September 5th we celebrated Labor Day, a day on which we honor the social and economic achievements of American workers and the sacrifices made to realize those victories. Here at the State Treasurer's Office, a number of important programs help to advance these accomplishments and uplift laborers toward the "California Dream." Working individuals and their families are the backbone of California's great economy. These individuals are vital to our state's economic stability and I would like to express my admiration and gratitude for their contributions to society.

We know that Labor Day was created to recognize the men and women who campaigned tirelessly for workers' rights, but did you know that the origins of Labor Day also highlight housing issues faced by the American worker? The laborers involved in the Pullman Strike of 1894, an event that led to the creation of Labor Day, were disgruntled with not only their low pay, but also their unaffordable housing costs. In the midst of an ongoing housing crisis, my administration views housing affordability and accessibility as quintessential labor issues. Please turn to page 3 to read an article about how the low-income housing tax credit and related bond programs at the California Tax Credit Allocation Committee and California Debt Limit Allocation Committee serve California workers.

My administration also offers several programs that help to elevate Californians in the workplace. Please turn to page 6 to read an article about how recent legislation I co-sponsored now allows Californians to utilize monies in their ScholarShare 529 accounts for expenses related to trade and vocational schools. Additionally, I've included a guest article from Dr. Nari Rhee, Director of the Retirement Security program at the University of California, Berkeley Labor Center, about how our CalSavers Retirement Savings program serves as a model to provide workers with access to retirement savings in the workplace.

In recognition of Labor Day this year, I hope you can join me in championing critical issues like housing affordability, higher education savings, and retirement security to give all Californians an opportunity for a better quality of life.

In Peace and Friendship,

A stylized, handwritten signature of Fiona Ma, CPA.

Fiona Ma, CPA
California State Treasurer

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Past performance does not guarantee future results. Investment return and principal value may fluctuate, so account value in State Treasurer's Office savings programs at the time of the withdrawal may be higher or lower than the amount invested.

This material is not intended to provide, and should not be relied on, for tax, legal or financial advice.

For more information about our programs and upcoming events, please visit:

<https://www.treasurer.ca.gov>

ASK FIONA

To: Treasurer Fiona Ma

From: Annie

Dear Fiona,

I read that the Governor approved inflation relief payments for Californians. How do I apply for the payment?

Sincerely,
Annie

To: Annie

From: Treasurer Fiona Ma

Dear Annie,

The 2022-23 California budget includes \$9.5 billion for inflation relief payments to help Californians cope with rising costs. The Middle Class Tax Refund is a one-time payment that is estimated to reach 23 million Californians. You do not need to apply for this payment. If you are eligible, you will automatically receive a payment.

The Franchise Tax Board (FTB) will issue payments between October 2022 and January 2023. If you filed your 2020 state tax return electronically and requested a direct deposit of your refund, you will receive the relief payment as a direct deposit. Otherwise, the payment will be mailed to you on a debit card.

According to the FTB, you are eligible if you:

- Filed your 2020 tax return by October 15, 2021
- Meet the California [adjusted gross income \(CA AGI\)](#) limits
- Were not eligible to be claimed as a dependent in the 2020 tax year
- Were a California resident for six months or more of the 2020 tax year
- Are a California resident on the date the payment is issued

Eligible Californians can receive up to \$1,050. The payment amount depends on several factors, including CA AGI, filing status, and dependents. The FTB has a [calculator](#) on its website that you can use to determine your eligibility and estimate your payment amount.

For more information, please visit the [FTB's Middle Class Tax Refund](#) website.

Sincerely,

Fiona

Have a Question for the Treasurer?



Send emails to:

AskFiona@treasurer.ca.gov, with the subject line: "Ask Fiona"

Address letters to:

California State Treasurer Fiona Ma
Post Office Box 942809
Sacramento, CA 94209-0001

Tackling Affordable Housing Needs

This Labor Day, the State Treasurer's Office (STO) recognized that housing affordability has become one of the definitive labor issues of our time. Despite making up the backbone of the world's fifth-largest economy, California's working residents are often unable to afford the costs of housing in our state. There is a struggle to find affordable rentals, especially for those who work in high-cost areas, where the area median rent is higher.

According to a January 2021 report issued by the California Budget & Policy Center, nearly 17 million California renters are likely to face unaffordable housing costs. Considering these findings, it is becoming increasingly important that the state of California work to achieve innovative housing solutions, not only for homeless and low-income groups, but also for middle-income essential workers. Below are just a few examples of how the STO contributes to the development of affordable housing for working Californians.

Workforce Housing

The North Lake Tahoe-Truckee region is just one example of a California community with high housing costs, which have often become unaffordable for local workers. Recognizing this issue, the region has made significant progress by recently adding several new affordable housing developments, providing essential housing for local workers, and allowing them to live within the communities they serve.

One of these projects, the Truckee Artist Lofts (TAL) was primarily funded with a bond allocation from the California Debt Limit Allocation Committee (CDLAC), and low-income housing tax credits (LIHTC) from the California Tax Credit Allocation Committee (CTCAC), both of which are chaired by Treasurer Fiona Ma. Treasurer Ma and CTCAC and CDLAC's Executive Director Nancee Robles were honored to attend the ribbon-cutting ceremony of the TAL to celebrate the opening of the new development. Located at the Truckee Railyard Project in downtown Truckee, TAL is an affordable housing community for artists and local workers alike. The Truckee Railyard project also received a CALReUSE Remediation Program grant in 2008 for brownfield remediation from the California Pollution Control Financing Authority, which is also chaired by Treasurer Ma.

The community was developed as a part of the Truckee Railyard Master Plan to complement historic Downtown Truckee by mixing multi-use developments and workforce housing and to meet the town of Truckee's Inclusionary Housing Requirements. Within the TAL there are 76 income-restricted apartments, which range from studios to three-bedroom units. The ground floor offers commercial and retail space. TAL units are accessible and restricted to artist households earning 80% or less of the area median income (AMI). Nineteen of these units are available to residents making no more than 50% of the AMI with Section 8 housing choice vouchers. TAL was constructed by CFY Development, a community developer, to bring affordable, artist, and workforce housing to downtown Truckee.



[Photo caption here.] (Photo Credit: TBD)

While in Truckee, Treasurer Ma also toured several other new rental and for-purchase housing sites, some of which were financed with LIHTCs, that were built in the area specifically to address the labor shortage and enhance the community's workforce. The Placer County Board of Supervisors approved a Workforce Housing Preservation Program (WHPP) in February 2021, which was developed in response to rising housing costs and limited housing availability for local workers. In Placer County, the WHPP incentivizes housing for the local resident workforce in exchange for deed-restricting homes that can only be occupied by the local workforce.

The program funds homebuyers up to 16% of the purchase price toward a down payment. The deed restriction stays with the property for 55 years and automatically renews with each sale or transaction. To qualify, there are income restrictions, and the participants must work at least 30 hours a week at a site within 20 miles of the deed-restricted residence. The program was initially developed to include existing homes, but now also includes new construction and is consistent with the state of California's legal framework for deed-restricted affordable housing. It is this type of innovation produced at the local level that will help the labor force in high-cost areas find affordable housing.

Farmworker Housing

Los Arroyos, Farmersville, CA

There is no doubt that in a city named Farmersville, farmers need affordable housing.

"Farmersville is surrounded by rich farmland, many creeks, and is home to about 11,000 people, many earning their living by working in the fields and nearby packing houses," said Paul Boyer, the city's mayor. "Just under 26% of Farmersville residents live below the poverty line and many families are forced to double up in overcrowded conditions to pay the rent."

Tackling Affordable Housing Needs

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Donning cowboy boots, CTCAC's and CDLAC's Robles attended the groundbreaking of an affordable housing project in Farmersville called Los Arroyos, which is a new development that will provide permanent affordable rental housing to the local workforce. Los Arroyos is conveniently located within walking distance of shopping, schools, and recreation. It is a highly energy-efficient and transit-friendly project, with sustainable features including solar PV, water conservation, and a greywater recycling system.



Groundbreaking for Farmersville's Affordable Housing. Pictured left to right: Betsy McGovern-Garcia, Self-Help Enterprises; Jennifer Gomez, City Manager, city of Farmersville; Greg Gomez, Councilman, City of Farmersville; Paul Boyer, Mayor of Farmersville; Larry Micari, Tulare County Board of Supervisors; Nancee Robles, Executive Director, CTCAC & CDLAC; Craig Shields, California Department of Housing and Community Development; Ted Smalley, Tulare County Association of Governments; Tom Collishaw, Self-Help Enterprises. (Photo Credit: John Lababit, Self-Help Enterprises.)

In addition, Los Arroyos will include a vanpool program in partnership with the California Vanpool Authority that will transport residents from Los Arroyos and the surrounding community to and from work. The project's solar panel system will offset the power used in the common area, residential loads, and community center, making Los Arroyos a grid-neutral zero net energy project.

Somis Ranch Farmworker Community, Ventura, CA

Los Arroyos and other projects, such as the Somis Ranch Farmworker Community in Ventura County, are the result of efforts by the STO to support California's working class. Somis Ranch is a 360-unit affordable housing community that has dedicated 200 of those units to farmworkers.

This project is designed to foster a sense of community among residents. A centrally located community center will house the full-time social services coordinator who will work with tenants to determine the appropriate menu of services they need, including adult education, health, wellness, and skill-building classes, as well as an after-school program for school-aged children. The community center will also be a gathering place for events, as well as the on-site services.

To finance this project, the issuer used low-income housing tax credits, bond allocation, and recycled bonds from the Bond Recycling Program, a not so well-known program resurrected by Treasurer Ma in 2020. The Bond Recycling Program was created in 2008 and allows states to use private activity bond allocation from previous years if they are paid off and new bonds are issued at the same time. In 2020, the California Housing Finance Agency became the first to use this program since its inception. The program provides additional sources of financing to address the affordable housing crisis.

Looking Forward

Through CTCAC and CDLAC, the STO is responsible for awarding the state and federal LIHTCs and tax-exempt bonds which help affordable housing developers finance the construction, rehabilitation, and preservation of affordable housing projects. These housing projects are not simply the result of tax credits and bonds awarded by the STO. These new homes are the result of innovative partnerships forged between federal, state, and local government, as well as private sector partners in the affordable housing industry.

As CTCAC and CDLAC work tirelessly to finance affordable rental housing for California's low-income individuals and families, the STO recognizes that additional solutions must be crafted in order to move the needle on housing affordability for working Californians. Treasurer Ma and Robles recently participated in a workgroup on property tax abatement strategies hosted by the

Tackling Affordable Housing Needs

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California State Board of Equalization. This event encouraged participants to engage in discussions around affordable housing strategies that involve property tax abatement to subsidize rents for California's working class and the "missing middle."

This Labor Day, Treasurer Ma applauds the scaling of solutions, alongside the LIHTC programs she administers through CTCAC and CDLAC, to deliver affordable housing for all California workers.



The Housing Pipeline

August 12 – A ribbon cutting ceremony was held for the grand opening of the River City Senior Apartments in Petaluma. The California Tax Credit Allocation Committee awarded \$7,908,590 in state low-income housing tax credits to Petaluma Ecumenical Properties (PEP) to finance the development of 53 units of affordable housing for seniors and veterans experiencing homelessness. Robles, Executive Director, CTCAC and CDLAC, attended the ceremony and presented a certificate of recognition to PEP Housing for its help to advance California's housing production goals.



Nancee Robles, Executive Director of CTCAC & CDLAC, presents a certificate of recognition to Mary Stompe, PEP Housing's Executive Director, during the grand opening of the River City Senior Apartments. (Photo Credit: PEP Housing.)

"It was an honor to have Ms. Robles attend and speak at the grand opening of River City Senior Apartments in Petaluma, supporting affordable housing for seniors and veterans. Thanks to CTCAC/CDLAC's participation in this project, we can provide beautiful homes to 53 homeless veterans and seniors."

- Mary Stompe, Executive Director, PEP Housing



Harrower Village Groundbreaking in Glendale, CA. Pictured above (left to right): Nancee Robles, Executive Director, CTCAC & CDLAC; Holly Benson, President and Chief Executive Officer, Abode Communities; Honorable Ardy Kassakhian, Mayor, city of Glendale; and Honorable Daniel Brotman, Councilmember, city of Glendale and Chair, Glendale Housing Authority. (Photo Credit: External Affairs Division, State Treasurer's Office).

August 17 – Abode Communities hosted a groundbreaking ceremony for an affordable housing project, Harrower Village, in the city of Glendale. CTCAC awarded \$1,730,599 in state low-income housing tax credits to finance the development of 39 low-income senior housing units. Nancee Robles, Executive Director of CTCAC, spoke at the ceremony and presented a certificate of recognition to Abode Communities' Holly Benson for her efforts on this project. Harrower Village, once a laboratory and clinic, is already under the Glendale Register of Historic Resources and once completed, will be included on the National Register of Historic Places.

August 18 – Treasurer Fiona Ma joined Sacramento Mayor Darrell Steinberg and Mayor Pro Tem Eric Guerra for Mercy Housings' groundbreaking ceremony in Sacramento. CTCAC awarded \$13,907,016 in state low-income housing tax credits to Mercy Housing to finance the new construction of 198 units of affordable housing which will serve large families. Treasurer Ma, who chairs CTCAC, gave remarks on the new project and its future addition to the State's housing stock. The site, formerly a Jon's Furniture store location, will soon provide 200 homes in the Sacramento area and will be Mercy Housing's largest community in the region.



Groundbreaking for Mercy Housing's 198-Unit Project. Pictured above (left to right): Christine Weichert, Director Development Finance, Sacramento Housing and Redevelopment Agency; Stephan Daves, Real Estate Manager, Mercy Housing California; Kendra Lewis, Executive Director, Sacramento Housing Alliance; Sacramento Mayor Darrell Steinberg; Sacramento Mayor Pro Tem Eric Guerra; State Treasurer Fiona Ma; Dave Tamayo, Sacramento Municipal Utility District Director, Ward 6; and Brian Putler, Senior Vice President, Bank of America, California. (Photo Credit: CTCAC, State Treasurer's Office.)

On ScholarShare

Did you know?
September is College Savings Month.

Get a \$100 bonus

when you open a new

ScholarShare 529 account!*

Celebrate College Savings Month with ScholarShare 529's \$100 Bonus Offer

September is College Savings Month and ScholarShare 529 is excited to offer a limited-time \$100 bonus to families who open new 529 college savings accounts!

The \$100 bonus will be awarded to eligible participants who open new ScholarShare 529 accounts between September 1 through September 30, 2022. What better time to take that first step to open a new college savings account and start saving today!

ScholarShare 529, California's official college savings program, strives to offer families a tax advantaged way to save for the cost of higher education or career training. Its goal is to make college accessible and affordable for every child in California.

ScholarShare 529 provides 100% tax-free growth, low fees, and flexibility. Funds can be used on tuition, fees, room and board, and other expenses at colleges, universities, vocational schools, for graduate and post graduate programs, apprenticeships, and more.

To qualify for the \$100 promotion, new account holders must open a new ScholarShare 529 account with an initial contribution of \$1,000 or more. For more information on this exciting limited-time offer, including complete terms and conditions, or to learn more about ScholarShare 529, visit www.scholarshare.com/bonus.

ScholarShare 529 Provides Increased Flexibility to Help Families Reach Their Career Aspirations

This September, we recognize the 140th anniversary of the Labor Day holiday. Every day should be a celebration of the strong and dedicated American workforce that drives our communities, our state, and our country. Whether it's in engineering, finance, sales, construction, manufacturing, information technology or trucking, we understand that our labor force is the backbone of our economy.

For more than 20 years, ScholarShare 529, our state-sponsored college savings plan, has provided families with a tax-advantaged savings vehicle which has played an important role in helping Californians achieve their higher education and career training goals. In addition, we recognize the important role that apprenticeships also play in the changing and growing workforce. According to July 2022 data from the U.S. Department of Labor, apprenticeships have seen strong growth in the last decade, with approximately 214,000 individuals aged 16 to 24 in apprenticeships in 2022, representing more than double the number 10 years ago.

To support apprenticeship programs, State Treasurer Fiona Ma, Chair of the ScholarShare Investment Board, sponsored Assembly Bill 340, authored by Assemblymember Christopher Ward. This bill expands the use of ScholarShare 529 funds to include costs related to eligible apprenticeship programs. The signing of this legislation is important because it recognizes the continually evolving postsecondary educational needs of our young professional workforce.

"AB 340 now gives families the flexibility to use their 529 college savings account to pay for apprenticeship program-related expenses," Treasurer Ma said. "This is a victory for many workers who are or will be seeking additional training to advance their careers in one of California's many, quality apprenticeship programs."

The importance of apprenticeship programs is supported by an Ohio State University study of programs in their state that found that within six to nine years, apprentices earned 38% more than their peers who have similar educational backgrounds but little or no training. Some experts agree that apprenticeships have the potential to close the wage gap between high school and college graduates.

We celebrate Labor Day on the first Monday of September each year, but recognize every day the many contributions our workforce makes to our society and culture. ScholarShare 529, which provides a number of key benefits that include 100% tax-free growth, low fees, and flexibility, encourages families to save and strive for higher education and other training and education to reach their future career goals. Whether families choose higher education or apprenticeships, ScholarShare 529 can play a pivotal role in helping them prepare for their future professional aspirations. Visit ScholarShare529.com for more information.

Guest Perspective

This month's Guest Perspective is from Dr. Nari Rhee, PhD, Director of Retirement Security Program at the University of California, Berkeley Center for Labor Research and Education.

Labor Day is a chance to celebrate and reflect on the contributions of workers in the U.S. who have toiled over generations to build the largest economy in the world and establish fundamental rights like safe workplaces, a living wage, the weekend, and the right to retire in dignity after a lifetime of work.

Major economic upheavals have challenged these rights over the past half century, including retirement security. Although Social Security has been extraordinarily successful in reducing senior poverty, the average benefit is no longer enough to meet basic needs in high-cost states like California. Most corporations have moved away from guaranteed pensions to 401(k)s. And there are huge gaps in the retirement system. A large share of private sector workers lack any kind of workplace retirement benefit and are left to wonder how they will ever afford to retire. In California, two-thirds of these workers are people of color.

The Golden State is leading the nation in tackling this crisis through CalSavers, an innovative program implemented by the State Treasurer's Office, that makes it easy for millions of California workers to save for retirement.

CalSavers helps workers invest a small percentage of each paycheck into an Individual Retirement Account (IRA) with low-cost, professionally managed investment choices. As of July 1 of this year, all California employers that do not offer their own retirement plan, and have five or more employees, are required to enroll all eligible employees into CalSavers and facilitate payroll deduction contributions.

Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the official policy or position of the State Treasurer's Office.

Employees can opt out at any time, change their savings rate, or switch investment options. Their accounts are fully portable, tied directly to the worker and not any particular employer.

The program is a big win for workers, especially in the service industry and the small business sector where retirement benefits are scarce. Participants can start to build a financial nest egg for themselves and their families, often for the first time in their working lives. CalSavers leverages the collective market power of California workers to minimize plan costs and provide investment options that are managed by top institutional money management firms, all under the oversight of the State Treasurer and a public board of trustees.

CalSavers also provides a valuable benefit to employers, especially small businesses that are unable to shoulder the cost, complexity, and fiduciary liability of employer-sponsored plans. Free to employers, the program enables businesses to provide their valued employees with access to a retirement plan and helps level the playing field as they compete for qualified workers. And for some employers, CalSavers is a nudge to set up their own plan that allows them to match employee contributions.

Much needs to be done to ensure that all workers will have the resources they need, not just to survive, but to thrive in retirement. Programs like CalSavers—which are proliferating in states across the country—are an important step in the right direction.



CalSavers in the Workplace

July 19 – Treasurer Fiona Ma and CalSavers Executive Director Katie Selenski met with OBO' Italian Table & Bar staff and business owner Randall Selland to discuss the CalSavers Retirement Savings Program. OBO' is one of five restaurants owned and operated by Selland Family Restaurants, all of which participate in the CalSavers Program. Selland and his staff spoke about their experience participating in the program, which OBO' joined in 2020. CalSavers' last compliance deadline was June 30, 2022, requiring small businesses with five or more employees to sign up if they do not already sponsor a retirement plan. Over 106,000 employers have registered with CalSavers, the majority of whom are reporting how easy CalSavers is to use. CalSavers just crossed 326,000 funded saver accounts, with \$271 million in total assets, helping Californians prepare for the next chapter of their life.



CalSavers in the Workplace. Pictured above (left to right): CalSavers Executive Director Katie Selenski; California Treasurer Fiona Ma; Randall Selland, owner, OBO' Italian Table & Bar; and staff. (Photo Credit: CalSavers, State Treasurer's Office.)

"I was automatically enrolled in CalSavers and I logged in for the first time recently and was surprised how much I had already saved. It's a great way to commit to saving without having to feel the pain of actively setting aside money every paycheck."

- Esra Oktar, General Manager, The Kitchen, Selland Family Restaurants

In the Community



Treasurer Fiona Ma speaks at Equality California's LGBTQ+ Leadership Summit.

August 8 – Treasurer Fiona Ma delivered a keynote address to LGBTQ+ leaders during Equality California's LGBTQ+ Leadership Summit in Sacramento. Treasurer Ma detailed the need for standing together and speaking up when our communities are under attack, as well as legislation sponsored by the State Treasurer's Office, and programs aimed to help LGBTQ+ business owners and residents overcome adversity. EQCA's LGBTQ+ Leadership Summit brings together 100 openly LGBTQ+ appointed and elected officials from across the state to network and build consensus on community priorities.



Student Interns Tour State Treasurer's Office. Pictured above (left to right, front row): California Department of Finance student interns Oscar Castillo, Monica Mata, Molly Miller, and Noelle Fa-Kaji. (back row): Sherry Ma, Audit Manager, Office of State Audits and Evaluations, Department of Finance; Sarah Barkman, Administrative Coordinator, Legislative Analyst's Office; Treasurer Fiona Ma; and Laura Avala, Principal Program Budget Analyst, Health and Human Services Budget Unit, Department of Finance. (Photo Credit: State Treasurer's Office.)

August 9 - Treasurer Fiona Ma met with student interns and staff from the California Department of Finance and the Legislative Analyst's Office during the first stop of the students' tour of the STO. The students, who are pursuing their degrees in finance, public policy, accounting, and other fields, then went on to visit the Centralized Treasury, as well as the Securities Management, Investments, and Public Finance divisions to learn more about the STO's role and function within the state and how it helps California remain the fifth-largest economy in the world.

"It was exciting to meet with the next generation of public and civil servants that will aid California in providing vital services and life changing opportunities to its residents in the coming years. I am glad we were able to host the students and for them to learn from some of the best civil servants that the state has to offer. It is important for students to learn all aspects of a field that they are studying and a profession they are pursuing."

- State Treasurer Fiona Ma