



CALIFORNIA STATE TREASURER JOHN CHIANG

# NEWS RELEASE

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## **Treasurer Chiang's Affordable Housing Initiative Moves Forward**

**SACRAMENTO** – Thousands of Californians could get greater access to housing they can afford under a new initiative by the State Treasurer's Office.

Two state commissions chaired by California State Treasurer John Chiang on Wednesday gave final approval to regulations that make it easier to tap up to \$6.5 billion in previously underutilized, federal government resources.

These resources, coupled with major regulatory reform, aim to put a dent in the Golden State's 1.5 million-unit deficit of affordable housing stock.

"Our communities are less prosperous, less healthy, less educated and less livable because affordable housing simply is not available to a large segment of our society," Chiang said. "To confront this growing crisis, we are unleashing up to \$6.5 billion in idle federal funds, cutting red tape, and facilitating the preservation of existing affordable housing. We have to boldly pursue a new California where its veterans, seniors, and the working poor aren't priced out of their hometowns or places where they can find work and services."

The shortfall is growing deeper with each passing year and threatening to become a drag on the state's economy even as it recovers from the lingering effects of the 2008-2009 Recession.

Indeed, Standard & Poor's Rating Services warns that California's higher housing costs are "posing a threat to longer-term economic growth prospects."

The Treasurer's new regulations are expected to spur a wave of new construction, affordable housing advocates and developers agree.

"These changes will help address California's homeless and affordable housing crises by spurring housing production," Los Angeles Mayor Eric Garcetti said.

For his part, Alan Greenlee, executive director of the Southern California Association of Non-Profit Housing, calls the Treasurer's new program "the most significant" in 15 years.

The proposals, said Michael Lane, policy director with the Non-Profit Housing Association of Northern California, "will help us address the affordability crisis in our state" and will "benefit many lower-income families and individuals."

The regulations increase affordable housing projects by making additional financing available both to private and non-profit builders.

The new and refurbished homes offer below-market-rate rentals to the poor and working poor, seniors, the homeless, veterans and others in need of safe and livable housing.

The rules provide a variety of financial incentives that cut red tape and construction costs and protect taxpayers and tenants by ensuring that properties remain well maintained and affordable for decades to come.

The incentives encourage building of larger projects in high-cost neighborhoods, creating economies of scale by putting more units in each development, and using a single application to construct multiple projects.

Together, they will stimulate the affordable-housing market – generating jobs, tax revenues and economic activity, said Caleb Roope, chief executive of The Pacific Companies, one of the biggest producers of affordable housing in both the state and the nation.

“As an affordable housing sponsor in California for nearly 20 years, I’m pleased that Treasurer Chiang has taken aggressive action to help increase the preservation and production of affordable housing for those most in need,” Roope said.

“With the implementation of his administration’s regulatory reforms, our company can immediately produce over 1,000 new affordable homes that otherwise would not have been possible.”

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