



June 30, 2016

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

The Honorable Ricardo Lara
Chair, Senate Appropriations Committee
State Capitol, Room 5050
Sacramento, CA 95814

**Re: AB 2817 (Chiu): Tax Credits: Low-Income Housing: Allocation Increase
As amended on May 27, 2016 – SUPPORT
Set for hearing on August 1, 2016 – Senate Appropriations Committee**

Dear Senator Lara:

The California State Association of Counties (CSAC) is pleased to support Assembly Bill 2817 by Assembly Member David Chiu, which would increase the amount of state Low-Income Housing Tax Credit (LIHTC) allocations by an additional \$300 million annually. AB 2817 would also increase the amount the LIHTC Committee could allocate to farmworker housing projects from \$500,000 to \$25 million per year.

According to the Legislative Analyst's Office, housing prices in California continue to far exceed prices in the rest of the country. The average price of a home in the state is two-and-a-half times the average national price and rents are fifty percent higher than the rest of the country. The housing affordability crisis is in part due to the demand to live in California and also the high cost of land and construction costs in the state. California's 58 counties support efforts to build more affordable housing in the state.

The state's LIHTC program was created to augment the federal low-income housing tax credit program, which enables affordable housing developers to raise private capital through the sale of tax credits to investors. The federal program offers two types of tax credits, commonly referred to as 4% and 9% credits. California receives an annual ceiling of federal 4% and 9% tax credits. While the state is able to access all of the 9% credits, the state has been unable to maximize the 4% credit ceiling. AB 2817, by increasing the state tax credit allocations will allow California to maximize all federal tax credits. In total, the investment of state funds will allow us to access \$200 million in federal 4% credits and at least another \$400 million in federal tax-exempt bond authority.

AB 2817 will result in the development of additional and much needed affordable housing across the state. For these reasons, CSAC supports AB 2817. Should you have any questions regarding our position, please do not hesitate to contact me at 916-327-7500, ext. 566, or kvalentine@counties.org.

Sincerely,

A handwritten signature in blue ink that reads 'Kiana Valentine'.

Kiana Valentine
Legislative Representative

cc: The Honorable David Chiu, California State Assembly Member
Members and Consultants, Senate Appropriations Committee
Heather White, Senate Republican Caucus