



August 2, 2017

Honorable State Senator Jim Beall
California State Senate
State Capitol, Room 2082
Sacramento, CA 95814

RE: Support for SB 3 – Affordable Housing Bond Act of 2018

Dear Honorable Senator Beall:

The San Diego Housing Commission (SDHC) supports Senate Bill (SB) 3, the Affordable Housing Bond Act of 2018, which will create a source of funding that is essential to creating more housing that is affordable for low-income families.

The \$1.5 billion proposed for the state's Multifamily Housing Program (MHP) would support affordable housing developments, such as Independence Point in the Lincoln Park neighborhood of the City of San Diego. Independence Point opened last year as the first residential complex in Southern California to provide affordable housing specifically for families with members who have developmental disabilities. More than \$3.1 million in MHP funds and a \$2.5 million loan invested by SDHC were among the funding sources for the \$13.5 million development of Independence Point, which created 31 affordable rental housing units.

In addition, SB 3 would set aside \$200 million for the Transit-Oriented Development (TOD) Implementation Program, through which low-interest loans are available as gap financing for rental housing developments that include affordable units and are within one-quarter mile of transit stations. Trolley Park Terrace, which provides 51 affordable rental apartments for low-income families in the Chollas View neighborhood of San Diego, is an example of the type of development these funds would support. A California TOD loan of \$4 million and an SDHC loan of \$3.1 million were invested toward the total development cost of \$23 million for Trolley Park Terrace, located adjacent to the San Diego Metropolitan Transit System's (MTS) Euclid Avenue Station. Trolley Park Terrace celebrated its grand opening last October.

The additional funding for the state's TOD Implementation Program would also support the San Diego Affordable Housing TOD Fund, which is being created by SDHC and Civic San Diego with approval from the San Diego City Council. This San Diego TOD fund would leverage \$20 million in initial public "seed" money to raise \$60 million to \$100 million in private investment to support the development of affordable housing near transit.

With funds from successful state housing bonds like propositions 46 in 2002 and 1C in 2006 running out, coupled with the dissolution of state redevelopment agencies in 2012, fewer state dollars are available to leverage federal and private investment toward the development of affordable housing.

Subject to approval by the voters in the November 6, 2018 election, SB 3's proposed \$3 billion in bond financing would replenish this state funding by attracting an estimated \$11 billion in additional federal funding that would then be directed toward programs that seek to resolve multiple aspects of the state's housing affordability need.

This need is significant statewide and in the City of San Diego.

While the city of San Diego is projected to need 38,680 additional rental housing units for low- and very low-income residents between 2010 and 2020, according to the 2011 San Diego Association of Governments' (SANDAG) Regional Housing Needs Assessment, only 5.9 percent of those units were built between 2010-2013 according to SANDAG's Regional Housing Progress Report released on May 8, 2017.

Together with its companion bills SB 2 and SB 35, SB 3 is an important step to strengthen efforts by local municipalities, public agencies, such as SDHC, and private sector partners to increase the supply of affordable housing.

Sincerely,



Richard C. Gentry
President & Chief Executive Officer
San Diego Housing Commission