



May 3, 2022

The Honorable Sharon Quirk-Silva
State Capitol, Room 6012
Sacramento, CA. 95814

RE: AB 1288 - Support

Dear Assemblywoman Quirk-Silva:

MidPen Housing Corporation is proud to support AB 1288, your bill to increase the effectiveness of the state low-income housing tax credits.

MidPen Housing is one of the nation's leading nonprofit developers, owners and managers of high-quality, affordable housing and onsite resident services. Since MidPen was founded in 1970, we have developed over 100 communities and 8,000 homes for low-income families, seniors and those with supportive housing needs throughout Northern California.

We greatly applaud the state's commitment over the last few years to augment the amount of state low-income housing tax credits by \$500 million annually. When first approved in 2019, the Legislature paired the \$500 million in additional state credits with tax-exempt bonds and 4% federal low-income housing tax credits because these resources were undersubscribed. The intent was to utilize federal resources that California was leaving on the table.

Since then, however, the tax-exempt bonds have become highly oversubscribed and will remain so for the foreseeable future. Given the state's inability to increase the federal limit on tax-exempt bonds, this linkage of state credits with tax-exempt bonds now results in greater unmet bond demand and uncertainty for all bond applicants. Each state credit development receiving a bond allocation displaces another applicant seeking bonds. While the 9% low-income housing tax credit program is also oversubscribed, adding additional resources expands the program and the number of developments that receive an award because there is no constraining factor.

In this environment, the state can maximize the production of affordable homes by redirecting the additional state credits to the 9% tax credit program in years when tax-exempt bonds are oversubscribed. AB 1288 grants the Tax Credit Allocation Committee (TCAC) the authority but does not require them to do so. In years when tax-exempt bonds will be oversubscribed, the TCAC members would determine how best to allocate that year's additional \$500 million in state credits, except for credits set aside for the California Housing Finance Agency's Mixed Income Program, across the 9% and 4% federal credit programs in any combination.

Thank you for your leadership in authoring this important legislation to improve one of the state's most critical financing programs for affordable housing.

Sincerely,

Matthew O. Franklin
President & CEO, MidPen Housing Corporation



MidPen
HOUSING

Building Communities. Changing Lives.

cc:

Senator Mike McGuire
Senator Bill Dodd
Senator Jim Nielsen
Senator Steve Glazer
Senator Nancy Skinner
Senator Bob Wieckowski
Senator Scott Wiener
Senator Anna Caballero
Senator Josh Becker
Senator Dave Cortese
Senator John Laird
Assemblymember Marc Levine
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Assemblymember Mia Bonta
Assemblymember Phil Ting
Assemblymember Bill Quirk
Assemblymember Kevin Mullin
Assemblymember Marc Berman
Assemblymember Alex Lee
Assemblymember Ash Kalra
Assemblymember Mark Stone
Assemblymember Robert Rivas
Nevada V. Merriman, Director of Policy, MidPen Housing