

May 3, 2022

Assemblymember Tim Grayson
1021 O Street, Suite 5510
Sacramento, CA 94293

Re: AB 2186 (Gabriel) - Support

Dear Assemblymember Grayson,

MidPen Housing Corporation is proud to support AB 2186; your bill creates the Housing Cost Reduction Incentive Program.

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.

According to [Roadmap Home 2030](#), California needs to build 1.2 million additional affordable homes over the next ten years to meet low-income households' needs. Yet, California has never produced more than 20,000 new affordable rental homes in any year. One of the many factors inhibiting increased production is the high impact fees local governments charge all new development to address infrastructure needs. A [2019 Turner Center at UC Berkeley report](#) found that California's fees are especially high and can exceed \$150,000 per unit, not including utility fees. A [2014 California Affordable Housing Cost Study](#) found that development impact fees and lesser permitting fees represent 6% of the total cost, net of land, of an affordable housing development. These impact fees are particularly problematic for the builders of affordable homes as they significantly increase the need for scarce public subsidies, money that could otherwise fund additional affordable units.

AB 2186 encourages cities and counties to waive or reduce impact fees for affordable rental housing developments by reimbursing them 50% of the value of waivers or reductions granted. This bill will significantly reduce the cost of development and allow for available subsidies to support the increased production of affordable rental homes. The state will share the burden of lost local fee revenue and provide resources to meet local infrastructure needs. Thank you for authoring this critical measure.

Sincerely,



Matthew O. Franklin
President & CEO, MidPen Housing Corporation



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
Assemblymember Jim Frazier
Assemblymember Rebecca Bauer-Kahan
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