Date

The Honorable Sharon Quirk-Silva

State Capitol, Room 6012

Sacramento, CA. 95814

**RE: AB 1288 - Support**

Dear Assemblywoman Quirk-Silva:

[**Name of Your Organization**] is proud to support AB 1288, your bill to increase the effectiveness of the state low-income housing tax credits.

We greatly applaud 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 at the time. 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 simply 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,

Your name and title