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CAPITOL ALERT

Capitol Alert

State spends less on renters + SVB failure divides Democrats + Newsom signs abortion pill letter

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Good morning and welcome to the A.M. Alert!

CALIFORNIA SPENDING BENEFITS HOMEOWNERS MORE THAN RENTERS, STUDY SAYS

Via Lindsey Holden

California is producing only a fraction of the affordable housing it needs, and the state spends far more money to support homeowners than it does to help renters, according to new data from the **California Housing Partnership**.

The Partnership on Wednesday released an Affordable Housing Needs Report showing that California's leaves few affordable options for tenants, who have seen the state's median rent increase by nearly 40% since 2000.

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The state's housing crisis has been well-documented, but it is especially serious for low-income renters. More than 50% of California renters are considered low-income, the report says.

Almost 80% of the state's extremely low income tenants are considered severely cost-burdened, meaning they spend more than 50% of their income on housing.

Gov. **Gavin Newsom** has struggled to meet the ambitious housing goals he has set for the state. As a gubernatorial candidate in 2017, he famously called for the state to [build 3.5 million new housing units](#) by 2025.

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The governor and the Legislature now [want to see 2.5 million units](#) by 2030, including 1 million for low-income households.

The Partnership and other organizations in 2021 produced [Roadmap Home 2030](#), which shows how California could produce 1.2 million new affordable homes by 2030.

The state has significantly increased its affordable housing production since 2019, but California programs in 2022 funded only 20% of the nearly 120,000 units it needs, according to the Roadmap.

Affordable housing production is lowest in the San Joaquin Valley, which has produced just 13% of the units needed. The greater Bay Area has produced 38% of the affordable housing it needs, and the greater Sacramento area has produced 30%.

In addition, California has spent significantly more money on assistance for homeowners, such as property tax and mortgage interest deductions, than it has on programs funding affordable rentals.

To address these issues, the Partnership suggests solutions such as investing nearly \$8 billion in 2023-2024 state budget dollars into affordable housing programs — a tough ask in [a challenging budget](#) year.

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The Partnership also supports [Assembly Bill 1657](#) from Assemblywoman **Buff** **Wicks**, D-Oakland, which would create an affordable housing bond to raise a yet-to-be-determined amount of money. If the bill makes it through the Legislature, voters would consider it during the 2024 election.

SVB FAILURE LEAVES DEMOCRATS DIVIDED

Last week, the collapse of **Silicon Valley Bank** came as a thunderclap, and it has left Democrats in the Golden State divided over the best way to respond.

Newsom called for the **Federal Deposit Insurance Corporation** to shore up the bank's depositors, and praised President **Joe Biden** when he gave the FDIC the go-ahead to protect all deposits at the bank, not just those up to \$250,000 as federal law requires.

Newsom has [a personal stake](#) in the bank's well-being, as reported by **The Intercept**, with three of Newsom's businesses listed as clients of the bank and his wife, **Jennifer Siebel Newsom**, receiving a \$100,000 donation from the bank to her charity, **California Partners Project**. Though, as Newsom spokesman **Nathan Click** told **The Intercept**, the governor's businesses have been held in a blind trust since 2018.

While state Democrats have mostly been mum about those ties, they have offered competing proposals for how best to handle the bank's failure.

That includes Reps. (and **U.S. Senate** candidates) **Katie Porter** and **Adam Schiff**.

Porter on Tuesday announced that she is partnering with fellow bank watchdog Sen. **Elizabeth Warren** on a bill to repeal a **Trump**-era law that rolled back "critical **Dodd-Frank** protections," such as stiffer capital requirements and stress tests.

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“In 2018, politicians rolled back critical regulations protecting Americans’ deposits—ignoring warnings from financial experts in favor of Wall Street special interests. I’m calling on Congress to restore common-sense guardrails that keep corporate greed in check and restore confidence in our financial system,” Porter said in a statement.

For his part, Schiff said he also is introducing a bill, “to hold execs at failed banks accountable.”

“When banks fail, it’s working people who suffer the consequences. Missed paychecks and economic uncertainty. After 2008, we went for exec bonuses and compensation. We should do so again. This time we must succeed,” Schiff wrote [in a Monday tweet](#).

NEWSOM, OTHER GOVS PEN WARNING LETTER TO PHARMACY COMPANIES