Date

The Honorable Sharon Quirk-Silva

1021 O Street, Suite 4210

Sacramento, CA 95814

**RE: AB 1789 - SUPPORT**

Dear Assemblymember Quirk-Silva:

[**Name of Your Organization**] is pleased to support AB 1789, your bill to expand access to the Portfolio Reinvestment Program in order to provide access to critical resources for existing affordable rental housing that is in dire need of repair.

California has thousands of affordable rental homes in need of rehabilitation after 15 years or more of occupancy. Those developments with rental income in excess of operating costs are often able to access debt and/or low-income housing tax credits to finance the rehabilitation. Developments with the lowest rents, however, are not in a position to leverage debt or tax credits and therefore have no ability to finance rehabilitation. Without rehabilitation, such challenged developments fall into disrepair, creating health and safety concerns for residents and, ultimately, jeopardizing the loss of precious affordable homes.

In 2021, California created the Portfolio Reinvestment Program (PRP) at the Department of Housing and Community Development (HCD). This program finances the rehabilitation of a limited universe of challenged developments, namely those with old HCD loans and regulatory agreements that expire within 10 years. This program is a perfect fit for the remaining universe of challenged developments if statutorily allowed to do so.

The proposed bill opens up PRP to all challenged developments while maintaining a priority for those that have HCD loans and expiring regulatory agreements. Consistent with tax credit law, the bill defines a challenged development as one with an average affordability of 45% of the area median income or less and insufficient access to private or other public resources to complete substantial rehabilitation.

AB 1789 will help maintain California’s precious affordable housing stock for the long term. Thank you for authoring this important legislation.

Sincerely,

Your name and title