



March 15, 2023

The Honorable Josh Becker
1021 O Street, Suite 7250
Sacramento, CA. 95814

RE: SB 341 - Support

Dear Senator Becker:

Resources for Community Development (RCD) is pleased to support SB 341, your bill to more appropriately target incentives for local governments to achieve housing element compliance and the new pro-housing designation.

RCD is a nonprofit organization dedicated to creating and preserving affordable housing for people with the fewest options. RCD houses over 5,250 low-income residents in 2,550 units in 63 developments throughout the Bay Area, with 375 more units under construction.

Incentivizing local governments to adopt housing elements that meet statutory requirements is a laudable goal. However, using housing element compliance as a threshold for eligibility in highly competitive programs for affordable housing funding, for which private developers are the applicants, penalizes affordable housing developers and not local governments. Under existing threshold requirements, approximately 75% of RCD's predevelopment portfolio – over 600 units – would be currently ineligible for disbursement from critical state funding sources because they are in jurisdictions where the housing element is out of compliance. This includes three developments currently applying for the Affordable Housing and Sustainable Communities program this spring, where our ability to even apply for funding now depends on whether local planning staff continue to engage productively with the state on their housing element. While we're hopeful that jurisdictions will continue to make progress, even a best-case outcome has created significant, undue risk for us. We are preparing and submitting application packages, and may even eventually need to execute award agreements, at-risk pending the results of a local government process that we have no control over as a private, non-profit developer.

Removing the housing element threshold requirement is critical to avoid delays to affordable housing developments in this current moment, as some jurisdictions that we work in do not expect to achieve housing element compliance for another year or more. However, it is also critical in the long term as the Department of Housing and Community Development (HCD) shifts to treating housing elements as active contracts with local jurisdictions. In past cycles, developers could be relatively certain that housing elements would remain in compliance for all eight years after their initial certification. However, now that HCD has indicated a more proactive role towards ensuring a jurisdiction is meeting milestones in its housing element, developers will have less certainty regarding future compliance. Without a change to the

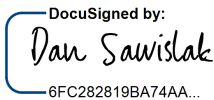
threshold requirements, mid-cycle compliance actions will have the unintended and backwards consequence of adding further uncertainty, delay, and ultimately cost to affordable housing developments.

Incentivizing local governments to implement policies that facilitate an overall increase in housing production is another laudable goal. However, awarding additional points to funding applications for projects located in pro-housing jurisdictions has the unintended consequence of penalizing developers who have taken on the arduous task of building much-needed affordable housing in less housing-friendly areas. Applying pro-housing incentives in this manner effectively rewards anti-housing attitudes by decreasing the likelihood that affordable housing development will be funded in cities and counties dominated by these sentiments.

SB 341 strikes the right balance of incentivizing local jurisdictions to adopt compliant housing elements and pro-housing policies while still facilitating the funding and development of affordable housing within these jurisdictions. The bill applies housing element compliance thresholds and pro-housing points only to state programs in which cities and counties, as opposed to private affordable housing developers, are the primary applicants. These are funds aggressively sought by local governments - such as transportation, park, infrastructure, and general funds.

Removing the link between housing element compliance, pro-housing incentives, and critical affordable housing funding programs will help to ensure that affordable housing developments in all communities are on a level playing field. Thank you for your authorship of this important bill.

Sincerely,

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Dan Sawislak
Executive Director
Resources for Community Development