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April 2, 2026

Assemblymember Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

Senator John Laird
Chair, Senate Budget and Fiscal Review
Committee
1021 O Street, Suite 8720
Sacramento, CA 95814

Assemblymember Sharon Quirk-Silva
Chair, Assembly Budget Subcommittee No. 5
1021 O Street, Suite 4210
Sacramento, CA 95814

Senator Melissa Hurtado
Chair, Senate Budget Subcommittee No. 4
1021 O Street, Suite 6510
Sacramento, CA 95814

RE: CCAH Comments on Proposed California Housing and Homelessness Agency Trailer Bill

Dear Assemblymember Gabriel, Assemblymember Quirk-Silva, Senator Laird, and Senator Hurtado,

On behalf of the California Council for Affordable Housing (CCAHA), thank you for the opportunity to provide comments on the proposed budget trailer bill related to the new California Housing and Homelessness Agency (RN 26 08726). We appreciate your administration's efforts to reform a fragmented system and welcome continued collaboration to advance affordable housing production. While we are excited about many of the concepts outlined in the plan, we are concerned about the proposal to divide the state's private activity bond cap equally between the new Housing Development and Finance Committee (HDFC) and the State Treasurer's Office, which houses the California Tax Credit Allocation Committee (CTCAC) and the California Debt Allocation Committee (CDLAC).

CTCAC and CDLAC administer federal and state Low-Income Housing Tax Credits and tax-exempt bonds—critical tools for financing affordable rental housing. The Treasurer's

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Office has long provided expert staff, consistent processes, and transparent stewardship of these resources. In 2025 alone, the committees awarded over \$162 million in 9% credits supporting 3,232 units, and \$505 million in 4% credits paired with bonds supporting 15,271 units. This track record reflects decades of institutional knowledge. We strongly support reserving at least 90% of the bond volume cap for affordable rental housing.

Given this proven success, we are concerned that shifting half of the state's bond allocation authority to a newly created entity could introduce risk at a time when stability is essential. While we share your goals of improving coordination and elevating housing statewide, we believe these objectives can be achieved without disrupting established systems that already produce reliable, high-quality outcomes. We recommend an alternative approach: maintain full bond cap authority with CDLAC while HDFC builds its internal systems and completes a full application and award cycle. This would enhance interagency coordination while preserving the effective frameworks that have financed tens of thousands of affordable homes.

Based on the HDFC's performance, the Administration could then consider modifying the bond cap allocation in future years. Rather than assigning a fixed 50% baseline to HDFC, we would recommend moving no more than 30%, with CDLAC authorized to increase the share up to 50% depending on HDFC program demand and available funding. This adjustment should be based on HDFC's assessment of the resource needs for its funded projects and the level of program funding available each year. The annual demand for bonds to support HDFC-funded projects will fluctuate depending on the program resources HDFC receives. It is also important to recognize that local and preservation projects may require bond financing as well, and these projects may or may not fall under HDFC-administered programs. This flexible model—similar to the structure used for CalHFA's Mixed-Income Program—would ensure bond resources match actual project needs while preserving capacity for local and preservation projects.

We also recommend that state LIHTCs, farmworker credits, and federal 9% credits remain with CTCAC, which has efficiently administered these resources. For several budget cycles, the Legislature has provided one-time annual allocations to CTCAC for enhanced low-income housing tax credits. If HDFC receives a dedicated share of the bond cap for the next award cycle, the department would have the opportunity to administer the resources associated with the programs under its jurisdiction, including their related 4% federal tax credits. Because the state credits, farmworker credits, and 9% federal credits are cost-neutral, they do not introduce additional state expenditures or impose new overlay requirements driven by competing policy priorities. As a result, they are more appropriately paired with projects that can deliver greater unit production at scale without relying on higher levels of public subsidy.

We support the proposal to return unallocated HDFC bond authority to CDLAC, but recommend moving the reallocation date from November 1 to August 1. This would align with CalHFA practices and allow CDLAC to effectively use remaining bond capacity in the final funding round.

CCAH represents the broad interests of California's affordable housing industry, including lenders, syndicators, developers, and long-term operators. We appreciate your continued commitment to housing affordability and stand ready to support solutions that strengthen our shared mission. Please contact me at jabbott@californiacouncil.org or 916-216-9501 with any questions.

Respectfully,



Jenna Abbott
Executive Director

CC:

Speaker Robert Rivas, California State Assembly
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