September 13, 2021

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: AB 1423 (Daly): Housing programs: multifamily housing programs: expenditure of loan proceeds.  
Ordered to Engrossing and Enrolling – September 8, 2021 – Request for Signature

Dear Governor Newsom:

The California State Association of Counties (CSAC) respectfully requests your signature on AB 1423, which, pursuant to guidelines developed by the Housing and Community Development Department (HCD), would allow developers to receive grant funding during the construction period thereby saving hundreds of thousands of dollars in construction period interest expenses.

California’s housing crisis continues to plague individuals and families across the state. According to the California Housing Partnership, more than 1.4 million California households need affordable housing. In 2019, the California Department of Housing and Community Development cited a need for more than 1.3 million housing units to be built within the next decade. Nearly one-third of all Californians are spending more than fifty percent of their income on housing costs. Our lack of affordable housing has also played a key role in our homelessness crisis. While California only has 12 percent of the nation’s total population, we have about 25 percent of the total homeless population in the country or 150,000 people currently experiencing homelessness.

AB 1423 will aid in the development of much needed housing by significantly reducing construction period interest expenses and the overall cost of development. There would still be a private construction loan, albeit significantly smaller, and the private construction lender would continue to monitor construction progress and approve draws. To ensure that the state can rely on the private construction lender’s due diligence, the bill requires the private lender to have skin in the game by funding 25% of each draw until HCD’s funds are fully disbursed.

For these reasons, CSAC respectfully requests your signature on AB 1423. If you need additional information about our position, please contact me at clee@counties.org.
Sincerely,

[Signature]

Christopher Lee
Legislative Representative

cc: The Honorable Tom Daly, Member, California State Assembly