Resolution supporting the passage of California State Assembly Bill No. 346, authored by Assemblymember Sharon Quirk-Silva, which would make various amendments to the Low-Income Housing Tax Credits program and the California Debt Limit Allocation Committee rulemaking.

WHEREAS, In San Francisco and throughout California, affordable rental housing is financed with Federal Low-Income Housing Tax Credits (LIHTC), which enables affordable housing developers to raise financing through the distribution of tax benefits to investors; and

WHEREAS, Developers can sell those tax credits to private investors looking to reduce their federal tax liability to generate additional capital, which can then be invested into affordable housing projects; and

WHEREAS, Federal tax credits come in two forms, at 4% and at 9% tax credits, where 9% credits have a limited availability and are generally used for new construction and 4% credits are used for rehabilitation or new construction; and

WHEREAS, The California Tax Credit Allocation Committee (TCAC) awards tax credits to qualified developers; and

WHEREAS, The California Debt Limit Allocation Committee (CDLAC) administers and awards allocation of the State's tax-exempt Private Activity Bonds (“PAB”), a critical vehicle to finance the new construction or acquisition and rehabilitation of multifamily affordable housing; and

WHEREAS, In 1987, the California State Legislature created a State LIHTC program to increase the capacity of the federal tax credit program for projects that are already are receiving 4% in federal tax credits; and
WHEREAS, In 2019, The California State Legislature signed into law a housing trailer bill, Assembly Bill No. 101, which provided an additional $500 million in enhanced LIHTCs to encourage developers to seek out the 4% tax credits at a time when developers were not utilizing them; and

WHEREAS, Since 2019, there has been a significant uptick in developers applying for tax-exempt bonds, causing the available Private Activity Bonds to be over prescribed; and

WHEREAS, A 2022 Demand Survey found that the demand for Private Activity Bonds was 3 times more than available volume cap, and as a result, no affordable housing projects in San Francisco received these bond allocations; and

WHEREAS, When the 4% bond volume cap is met, developers are not able to access the $500 million made available in supplemental funding, Assembly Bill 346 would allow the state to transfer the remaining $500 million in enhanced LIHTC funds to projects receiving 9% credits so that developers can still access this money; and

WHEREAS, Assembly Bill 346 would allow CDLAC to streamline the process to make amendments to the regulatory process to better meets the needs of the projects applying for LIHTCs, by eliminating the requirement that any new regulation must go through the Administrative Procedures Act (APA) process; and

WHEREAS, Increasing eligibility of the state’s LIHTC funds would reduce overall competition for Private Activity Bonds and increase the likelihood that San Francisco receives affordable housing funding; and

WHEREAS, Ahead of CDLAC’s April 27, 2022 meeting, the Mayor’s Office of Housing and Community Development (MOHCD) submitted a number of comments on proposed regulations that threaten San Francisco’s efforts to build and preserve affordable housing; and
WHEREAS, As written in MOHCD’s analysis at State Legislation Committee on Thursday, May 18, 2023, there was $260 million in CDLAC funds allocated six projects in San Francisco in 2022, representing 575 units, and without this funding, these projects would not have been feasible, and streamlining the application process and increasing the availability of LIHTC would reduce the timelines for affordable housing projects to break ground; and

WHEREAS, In 2021, Supervisor Shaman Walton authored a resolution entitled “Urging Tax-Exempt Bonds Regulation Changes” which is on file with Clerk of the Board of Supervisors in File No. 210886, which is hereby declared to be a part of this Resolution as if set forth fully herein; and

WHEREAS, This resolution urged State Treasurer Fiona Ma and the California Debt Limit Allocation Committee to amend the adopted CDLAC regulation to address the regional inequities of the allocation system resulting in no awards to San Francisco; and

WHEREAS, State Assemblymember Sharon Quirk-Silva introduced Assembly Bill No. 346 which would allow the CTCAC to reallocate some of the $500 million in enhanced state low-income housing tax credits made available from 4% federal credit projects to 9% federal credit projects; and

WHEREAS, Expanding the eligible use of the States LIHTC that also receive federal 9% credits, there could be reduced competition for private-activity tax-exempt bonds, which would bring more State funding for affordable housing projects in San Francisco; now, therefore be it,

RESOLVED, That the Board of Supervisors of the City and County of San Francisco supports Assembly Bill No. 346 that would make various amendments to the low-income housing tax credits program and the California Debt Limit Allocation Committee rulemaking; and, be it

Supervisors Chan; Walton, Mandelman
BOARD OF SUPERVISORS
FURTHER RESOLVED, That the Board of Supervisors of the City and County of San Francisco hereby directs the Clerk of the Board of Supervisors to transmit a copy of this Resolution to State Senator Scott Wiener, State Assemblymember Matt Haney, State Assemblymember Phil Ting, the California State Senate Housing Committee, Governor Gavin Newsom, Treasurer Fiona Ma, the California Debt Limit Allocation Committee, the California Tax Credit Committee and the bill’s primary sponsor, State Assemblymember Sharon Quirk-Silva.
Resolution supporting the passage of California State Assembly Bill No. 346, authored by Assemblymember Sharon Quirk-Silva, which would make various amendments to the Low-Income Housing Tax Credits program and the California Debt Limit Allocation Committee rulemaking.

June 13, 2023 Board of Supervisors - ADOPTED
Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

I hereby certify that the foregoing Resolution was ADOPTED on 6/13/2023 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board