

1 [Supporting California Assembly Bill No. 346 (Quirk-Silva): Income Tax Credits: Low-Income  
2 Housing: California Debt Limit Allocation Committee Rulemaking]

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

7  
8 WHEREAS, In San Francisco and throughout California, affordable rental housing is  
9 financed with Federal Low-Income Housing Tax Credits (LIHTC), which enables affordable  
10 housing developers to raise financing through the distribution of tax benefits to investors; and

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

14 WHEREAS, Federal tax credits come in two forms, at 4% and at 9% tax credits, where  
15 9% credits have a limited availability and are generally used for new construction and 4%  
16 credits are used for rehabilitation or new construction; and

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

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

23 WHEREAS, In 1987, the California State Legislature created a State LIHTC program to  
24 increase the capacity of the federal tax credit program for projects that are already are  
25 receiving 4% in federal tax credits; and

1           WHEREAS, In 2019, The California State Legislature signed into law a housing trailer  
2 bill, Assembly Bill No. 101, which provided an additional \$500 million in enhanced LIHTCs to  
3 encourage developers to seek out the 4% tax credits at a time when developers were not  
4 utilizing them; and

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

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

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

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

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

21          WHEREAS, Ahead of CDLAC's April 27, 2022 meeting, the Mayor's Office of Housing  
22 and Community Development (MOHCD) submitted a number of comments on proposed  
23 regulations that threaten San Francisco's efforts to build and preserve affordable housing;  
24 and

1           WHEREAS, As written in MOHCD's analysis at State Legislation Committee on  
2 Thursday, May 18, 2023, there was \$260 million in CDLAC funds allocated six projects in San  
3 Francisco in 2022, representing 575 units, and without this funding, these projects would not  
4 have been feasible, and streamlining the application process and increasing the availability of  
5 LIHTC would reduce the timelines for affordable housing projects to break ground; and

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

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

13           WHEREAS, State Assemblymember Sharon Quirk-Silva introduced Assembly Bill No.  
14 346 which would allow the CTCAC to reallocate some of the \$500 million in enhanced state  
15 low-income housing tax credits made available from 4% federal credit projects to 9% federal  
16 credit projects; and

17           WHEREAS, Expanding the eligible use of the States LIHTC that also receive federal  
18 9% credits, there could be reduced competition for private-activity tax-exempt bonds, which  
19 would bring more State funding for affordable housing projects in San Francisco; now,  
20 therefore be it,

21           RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
22 supports Assembly Bill No. 346 that would make various amendments to the low-income  
23 housing tax credits program and the California Debt Limit Allocation Committee rulemaking;  
24 and, be it  
25

1           FURTHER RESOLVED, That the Board of Supervisors of the City and County of San  
2 Francisco hereby directs the Clerk of the Board of Supervisors to transmit a copy of this  
3 Resolution to State Senator Scott Wiener, State Assemblymember Matt Haney, State  
4 Assemblymember Phil Ting, the California State Senate Housing Committee, Governor Gavin  
5 Newsom, Treasurer Fiona Ma, the California Debt Limit Allocation Committee, the California  
6 Tax Credit Committee and the bill's primary sponsor, State Assemblymember Sharon Quirk-  
7 Silva.

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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 230713

Date Passed: June 13, 2023

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

File No. 230713

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.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

Unsigned

06/23/2023

London N. Breed
Mayor

Date Approved

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.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

06/23/2023

Date