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April 15, 2016

Senator Ricardo Lara
Chair
Senate Committee on Appropriations
State Capitol, Room 2206
Sacramento, CA 95814

**Re: SB 873 (Beall) Income Taxes: Insurance Taxes: Credits: Low-Income Housing:
Sale of Credit – NOTICE OF SUPPORT**

Dear Honorable Chair Ricardo Lara and Members of the Senate Committee on Appropriations:

The Cities Association of Santa Clara County is pleased to support SB 873 (Beall), which would increase the benefits for private investors who choose to invest in affordable housing. This will ultimately increase the number of affordable housing units in the state.

Under current law, private equity investors must become owners of a property to claim tax credits against their state tax liabilities. However, a decrease in an investors' state tax liability triggers an increase in their federal tax liability. SB 873 addresses this issue by allowing an affordable housing developer to sell the credits to an investor without admitting them to an ownership partnership.

The Cities Association is a collaboration of the 15 cities of Santa Clara County and strongly prioritizes additional funding for affordable housing, especially since the loss of over \$1 billion per year of redevelopment housing funds. While there continues to be a need for a permanent public funding source, SB 873 provides a tool to incentivize private investments in affordable housing.

For these reasons, the Cities Association supports this legislation.

Thank you for your consideration,

Jim Griffith
President, Cities Association of Santa Clara County
Council Member, City of Sunnyvale