



County Executive  
David Villanueva

Governmental Relations and  
Legislative Officer  
Elisia De Bord

## County of Sacramento

Board of Supervisors  
Phillip R. Serna, District 1  
Patrick Kennedy, District 2  
Rich Desmond, District 3  
Sue Frost, District 4  
Patrick Hume, District 5

August 5, 2024

The Honorable Buffy Wicks, Chair  
Assembly Appropriations Committee  
1021 O Street, Suite 8220  
Sacramento, CA 95814

**Re: SB 1032 (Padilla). Housing Finance: Portfolio Restructuring**  
(As amended on May 16, 2024) (Support)  
Hearing: August 7, 2024

Dear Assembly Member Wicks:

On behalf of the County Board of Supervisors, I write to support SB 1032 (Padilla), which gives the Housing and Community Development Department (HCD) the authority to forgive specific legacy loans to prevent closures of affordable housing sites.

HCD administers loan programs authorized by the Legislature in the 1980's and 1990's that were created to preserve existing affordable housing across the state. These programs offered loans to public housing providers (housing agencies) with terms that attempted to strike a balance between providing impactful funding and ensuring the rents charged by the housing agencies on these properties would remain affordable. These programs are closed and no longer offer loans.

While it was easy to obtain the loan, terms that allowed housing agencies to forgo making principal and interest payments on the loan effectively trapped these housing agencies in an endless debt cycle with no exit. The loans were set up with the premise that in rare cases the housing provider would only need to pay the HCD monitoring fee. It was assumed that housing entities could use excess future cash flows to pay down the principal and interest. Over the decades, affordable housing units seldom experience excess cash flows due to the loan programs rent affordability restrictions and maintenance costs. These combined financial challenges led many housing providers only paying the HCD monitoring fee with interest balances growing significantly. HCD ought to have authority to forgive these loans to provide relief to the impacted housing agencies.

Housing agencies that would benefit from loan forgiveness serve as the main affordable housing providers in the Sacramento region. Without loan forgiveness, these housing agencies will default on these loans, which may likely result in housing agencies closing affordable housing sites. This could obviously lead to more homelessness statewide.

Housing is an important element of economic development and essential for the health and wellbeing of our communities. SB 1032 does not require HCD to forgive any specific loans but gives HCD the choice to forgive certain legacy loans that are most at risk. SB 1032 will allow

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housing providers to preserve current affordable housing units without the need to evict low-income residents out of their homes.

For these reasons, Sacramento County supports SB 1032. Please feel free to contact me at (916) 874-4627 or [deborde@saccounty.gov](mailto:deborde@saccounty.gov).

Sincerely,



Elisia De Bord

Governmental Relations and Legislative Officer

cc: The Honorable Stephen Padilla  
Alexis Castro, Legislative Director, Office of Senator Stephen Padilla  
Members, Assembly Appropriations Committee  
Sacramento County Delegation  
Chair and Members, Board of Supervisors  
Audrey Ratajczak, Cruz Strategies  
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