

Memo regarding the State Budget Proposal for the Lift to Rise Coachella Valley Housing Catalyst Fund

Over the last several years, the State of California has allocated close to \$10 billion towards the production of affordable housing, but Inland California has struggled to benefit from the State's resources at the same level as its coastal counterparts.

In the Coachella Valley, a group of 50+ stakeholders has come together with a plan to reverse this. Convened by Lift to Rise in partnership with Riverside County's Housing Authority, this work presents an immediate opportunity to address housing production at scale.

Lift to Rise has identified a pipeline of nearly 3,000 units of affordable housing with \$100 million in financing gaps that would be fulfilled by an innovative Housing Catalyst Fund. These projects, representing a potential \$750 million in investments in the Coachella Valley, cannot move forward without the flexible, favorably-priced capital which the Fund will assemble. Giving these stalled projects the lift that they need will draw new investment to the Valley and boost its economy as well, at a time of severe economic hardship.

Even more, the Fund builds toward a holistic vision of how to create healthy communities, recognizing that housing is a starting point. The Fund will speak to several of the State's most important priorities with its innovative capital strategy. The priorities include:

- Early Care and Education (ECE) – The Fund will incentivize the production of housing that integrates ECE by doubling the size of planning and predevelopment grants for housing projects that incorporate a plan for early learning services or on-site services. The Fund expects to serve as many as 20,000 children when the full initiative is complete.
- Farmworker housing – The Fund will provide critical farmworker housing by catalyzing the development of Polanco Mobile Home Park housing by offering a loan product catered directly to this product type in its portfolio.
- Clean drinking water, -- By providing funding for Polanco Mobile Home Parks and other projects in Eastern Coachella Valley, the Fund also supports the development of key infrastructure and brings clean water to under-resourced areas of the County.

At present, Lift to Rise has identified six projects from the pipeline, representing over 560 affordable housing units of diverse product types throughout the region that could immediately draw down on the Fund's catalytic capital. Three of these projects incorporate ECE services and/or collocated facilities in their plans. For example, the Oasis Villas project would not only supply 162 units of affordable housing in the unincorporated community of Oasis, but it would also integrate a childcare facility, medical clinic, and grocery store to an area lacking these important amenities.

When fully deployed, the Fund will leverage \$100 million in public, private and philanthropic investments. Local governments have pledged to provide capital subsidies to the housing projects served by the Fund. The County of Riverside has pledged additional housing subsidies in Section 8 housing choice vouchers. All told, this is a widely supported, collaborative effort by residents and public officials in Coachella Valley.

The missing ingredient is \$25 million credit enhancement that will allow Lift to Rise to leverage the full \$100 million required. The State has provided similar resources in the past to the Golden State Acquisition Fund (GSAF), which was also a \$100 million fund. The State's investment can meet the need for credit enhancement to get this fund up and running.

The Fund will be a nationally-recognized example of how residents and partners working together

can solve their own problems. Its innovative commitment to ECE in tandem with housing is a best-in-class approach and will draw attention to California and the Coachella Valley.

Lift to Rise has tapped the Low Income Investment Fund, a nationally recognized Community Development Financial Institution (CDFI), to be the Fund Manager. Not only is LIIF recognized as one of the best CDFIs in the country, but it was one of the first CDFIs to focus on ECE as a part of community development. LIIF has also been working closely with the Governor's Office in supporting the State's "Master Plan for Early Learning and Care". In addition to LIIF, the Rural Community Assistance Corporation (RCAC) will help deploy the Fund's resources.

Lift To Rise is a regional collaboration focused on reducing the number of rent burdened families in the Coachella Valley by radically increasing the supply of affordable housing. Through a community-led process, Lift to Rise established a 10-year goal of producing 10,000 affordable housing units, which would reduce the number of rent burdened families by a third. Their vision is not housing production alone, but housing production paired investments in young children, bold policy reform, pipeline development, and an investment agenda. At the center of this vision is the Coachella Valley Housing Catalyst Fund.

As noted above, Coachella Valley's vision builds off the success of the past. The State of California through GSAF used \$23 million to establish a loan loss reserve funds to leverage \$93 million in a revolving loan pool. To date, the GSAF has deployed \$105 million for 1,500 housing units and 18 projects in the state of California.

Lift to Rise and Riverside County have put nearly three years of effort into laying the groundwork for the Coachella Valley Housing Catalyst Fund and is ready to move. They have conducted a rigorous demand analysis and structured a powerful investment solution that is proven to work.

Investing in housing on a project by project or city by city basis continues to leave regions short. The Fund started first with community voice and heard that affordable housing is the highest priority. It now seeks to attract the capital needed to respond to the community's voice. The State's investment in the Fund will provide an immediate boost to attract and leverage other investments, jump start projects, and serve as a model for the rest of the Country.

