



November 12, 2020

Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

Dear Governor Newsom:

I'm writing on behalf of the City of Coachella to express my strong support for the Coachella Valley Housing Catalyst Fund, a dynamic multi-sectoral investment solution led by our regional housing collaborative, Lift To Rise. We strongly support Lift To Rise's request for the State to allocate \$25 million towards the establishment of a loan loss reserve for the fund. Like the State's previous investment in the Golden State Acquisition Fund (GSAF), this capital magnetizes public, private and philanthropic resources to immediately catalyze the production of more than 2,000 units of housing across the next two years. By inducing significant investment to the region, the fund creates a permanent investment vehicle that allows for a sustained increase in production over time.

The Coachella Valley's fragile tourism-based economy has created severe wealth inequity with few investment vehicles to address this reality and no infrastructure to respond to economic shocks. Pre-COVID nearly two-thirds of renters in the Coachella Valley were rent burdened (a number which has exponentially grown across the past 6 months) and more than half of our residents lived at the edge of financial precarity. Over the past decade, the cost of living in the Coachella Valley has increased at a faster rate than household incomes, such that in 2018, 29% of renter households were paying more than half of their monthly incomes on rent. The State has communicated a commitment to breaking the patterns of disinvestment that disproportionately impact non-coastal communities in our Inland Regions. We, too, believe that housing is central to solving many of our most pressing problems.

Lift To Rise has worked for three years with 50+ community partners, including the City of Coachella to lay the groundwork for investment, policy and pipeline solutions that will effect real population-level change. Together we have a shared goal of reducing rent-burden by 30% by the year 2028 by dramatically increasing affordable housing production, shifting the focus from a project-by-project approach to a Valley-wide, 10-year pipeline production strategy with annual benchmarks. These efforts will reduce the rent burden faced by nearly 10,000 households, improving the quality of life for thousands of families and children.

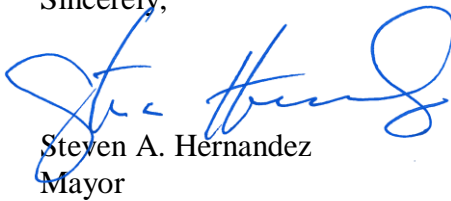
Lift to Rise and its network of stakeholders have assembled a pipeline of real, investable projects delivering more than 2,000 affordable housing units and bringing over \$800 million in total

Page two
Governor Newsom
November 12, 2020

investment to the region. A \$25 million investment in “loss reserve” or risk capital from the State would catalyze more than \$100 million in private and philanthropic investments from Community Development Finance Institutions, foundations, local cities, and other investors. Our municipalities are actively working together to make this work possible and we ask that the State support our shared regional effort to realize real and immediate housing results.

The allocation of \$25 million from the State will create a new paradigm for housing development and generates important lessons for addressing affordability at scale. We are deeply appreciative of your bold leadership on this issue and your continued interest in addressing inequity across inland regions. Please do not hesitate to contact me with any questions. We are extremely grateful for the opportunity to write to you about this investment opportunity.

Sincerely,



Steven A. Hernandez
Mayor

cc: California State Treasurer Fiona Ma
State Treasurer's Office

Gustavo Velasquez
Executive Director, California Department of Housing and Community Development

Assembly Member Eduardo Garcia
California Assembly District 56

Assembly Member Chad Mayes
California Assembly District