

**Written Testimony of Michael D. Lane
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California (NPH)**

**Hearing before the Little Hoover Commission
on
The Governor's Reorganization Plan**

Tuesday, April 24, 2012

Dear Commission Members,

My name is Michael Lane and I serve as Policy Director for the Non-Profit Housing Association of Northern California or NPH. I speak today on behalf of our more than 750 members including over 60 nonprofit affordable housing developers with over 100,000 units of affordable housing produced.

We appreciate the opportunity to provide testimony and address this important topic. We also understand and appreciate the need to identify ways to make state government more cost-effective, efficient and responsive and we support such efforts. In fact, in the past, we have encouraged the California Housing Finance Agency (CalHFA) and the Department of Housing and Community Development (HCD) to create synergies through the coordination of programs and comprehensive and consolidated funding applications as affordable housing developments typically require funding from multiple state sources and programs.

The merging of CalHFA into HCD can provide a tremendous opportunity for collaboration. The staff at CalHFA has expertise in housing finance and real estate investment. HCD has additional policy expertise including the review and certification of housing elements. We support their consolidation.

However, context is everything. As you know, the existing super agency, Business, Transportation & Housing, has "housing" in its title and the state's housing policy is represented by a cabinet secretary. This cabinet secretary is explicitly charged with implementing the state's role and responsibility in the provision of safe, decent and affordable housing for low-income Californians.

In our view, the Governor's reorganization proposal would demote the Department of Housing and Community Development to the Business and Consumer Services Agency. For us, dropping the word "housing" from the agency title is not just symbolic. We have to ask if this is one more step in the process of state government abandoning its historic leadership role in affordable housing policy and finance. Therefore, we oppose the relegation of housing to a place under the rubric of "consumer services." It is inappropriate and illogical to locate HCD in this proposed agency structure.

As the most populous state with the second-most expensive real estate market in the nation - most of our major metropolitan areas are among the top ten most expensive - we believe that California deserves to have a high-profile cabinet-level agency dedicated to housing. This has been clearly demonstrated and justified by the impact of the housing and real estate sectors on the overall health of the economy. For this reason, we propose the creation of a new cabinet-level Business and Housing Agency.

The links between home construction, job creation, economic development and jobs-housing balance underline the pressing need to create a 21st century system for affordable housing production that makes these connections and creates more opportunities for people to live near where they work. This would clearly be advantageous for business, employees and the California economy.

Thank you for the opportunity to provide this testimony.