



CALIFORNIA STATE TREASURER JOHN CHIANG

# NEWS RELEASE

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## Treasurer Leads Fight to Save Affordable Housing in LA

*Out-of-State Pension Funds Are Maneuvering to Renege on Promise to Taxpayers and Convert Dozens of Apartments to Market Rates*

**LOS ANGELES** – State Treasurer John Chiang today announced he will vigorously battle the owners of a large Los Angeles apartment complex who are attempting to break an agreement requiring them to maintain affordable, below market rents for 79 taxpayer supported housing units.

In 2001, the owners of the San Regis apartment complex took \$23.6 million in tax-exempt bond allocations from the state to acquire and rehabilitate the 390-unit facility located at 15454 Sherman Way, Van Nuys, California. In exchange for the public subsidy, the owners agreed to maintain 79 units as affordable housing for 55 years.

In 2005, two out-of-state public pension funds – the Colorado Public Employees Retirement Association and the Utah State Retirement Investment Fund – purchased the San Regis. Earlier this year, they filed a lawsuit attempting to exploit an unintended legal loophole in San Regis’s contract with the City of Los Angeles, arguing that the units could be converted to more costly, market-rate housing in only 15 years of an agreed upon 55-year term.

Today, we are announcing that my office has responded to the pension funds’ lawsuit and countersued them in an effort to preserve the 55-year affordability requirement. We also understand that the City Attorney will be doing so as well. And we call on the funds to drop their frivolous legal maneuvering.

“These two out-of-state public pension funds, which pay their bills on the backs of taxpayers and public servants, should be ashamed of their craven greed. Their actions only serve to deepen the affordable housing crisis afflicting Los Angelenos,” Chiang said.

“The San Regis made a contractual commitment to the City of Los Angeles, California taxpayers, and a lot of families and individuals in need of this affordable housing. We intend to hold them to it.”

The California Housing Partnership has indicated that Los Angeles County needs 549,197 more affordable housing units and nearly 47,000 people are homeless, [according to the Los Angeles Times](#).

Housing advocates and lawyers, as well as religious and neighborhood leaders, joined the Treasurer in calling for the pension funds to drop their frivolous lawsuit and keep faith with their agreement to maintain the affordability of the 79 units.

“Los Angeles is in the midst of an affordable housing crisis that has led to a sharp rise in homelessness,” said Neal Dudovitz, executive director of Neighborhood Legal Services. “We cannot tolerate the loss of a single affordable unit, let alone 79 of them.”

“There’s never been a more important time to support maintaining existing affordable housing. Our thousands of elderly and disabled clients live on fixed incomes that haven’t been adjusted for inflation in generations,” said Jessie Kornberg, president of Bet Tzedek Legal Services.

“They sit on a collision course with rapidly rising rents and historically low vacancy rates. Losing affordability protections like those at issue here means almost certain eviction, homelessness, or worse. We are proud to stand with the Treasurer’s office.”

At stake are not only taxpayer funds, but the welfare of hundreds of poorer families, seniors, and veterans.

“These are the people who will call these apartments ‘home’ over the course of the next four decades,” Chiang said.

“The state and the City of Los Angeles will fight to stop these two out-of-state pension funds, which combined boast more than \$70.52 billion in assets, from taking away housing promised to struggling Los Angelenos making less than \$39,100 per year. If public shame doesn’t change their minds, then they’re in for a long, dogged fight.”

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