

CalPERS Proposed Real Estate Policy Revision
April 5, 2010

Section VIII: Investment Selection

D: Investment Parameters

1. *Subject to the provisions of Section VIII.D.7 below, CalPERS will not participate in private real estate investment strategies that rely on or result in eliminating rent-regulated multi-family housing units, converting such units to market rate units, or raising rents above regulated levels as determined by the appropriate governing authority.*
2. *This Section is intended to prevent the displacement of low-income or workforce households in rent regulated units. However, this Section is not intended to prohibit investment in strategies that create new, or redevelop existing rent-regulated housing units, including, without limitation, strategies that include demolition of existing rent-regulated housing units, provided that:*
 - a. *Any rent-regulated housing units that are demolished as part of such investment or project are replaced with new rent-regulated housing units.*
 - b. *Any persons lawfully residing in rent-regulated units who are displaced as a result of such strategies receive relocation benefits in accordance with relocation requirements as mandated by the local housing authority or by state or federal relation laws, if applicable.*
3. *This Section shall not prohibit investment in existing low income housing tax credit or multi-family housing revenue bond financed assets with regulatory agreements that limit, among other things, allowable rent increases.*
4. *Rent increases permitted by federal, state, or local law, regulation, ordinance or agreement for rent-regulated properties shall be deemed appropriate and consistent with this Policy.*
5. *This Section shall not prohibit lawful eviction for cause (e.g., illegal activity, tenant safety issues or non-payment of rent) or activities that are necessary to carry out the creation of new or redevelopment of existing rent-regulated housing units described in Section VIII.D.2 above.*

