



California State Teachers'
Retirement System
100 Waterfront Place, MS-04
West Sacramento, CA 95605-2807
916.414.6000

**Proposed policy regarding affordable housing to be submitted to CalSTRS Board on
Thursday, April 8, 2010**

Investment Prohibitions

1. CalSTRS will not invest in strategies that are intended to capitalize on the displacement of low income households; 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, so long as:
 - a. Any rent-regulated housing units that are demolished as part of such investment or project are replaced with new rent-regulated housing units; and
 - b. Any persons lawfully residing in rent-regulated housing 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.
2. This section shall not prohibit investment in existing low income housing tax credit or multifamily housing revenue bond financed assets with regulatory agreements that limit, among other things, allowable rent increases. However, such regulatory agreements do expire. Without replacement financing from regulatory authorities, this may cause certain assets to revert to market rate.
3. This prohibition shall apply to all private Real Estate investment strategies.
4. Rent increases permitted by federal, state, or local ordinance for rent-regulated properties shall be deemed appropriate and consistent with this policy.
5. This Section shall not prohibit lawful eviction for cause such as illegal activity, tenant safety issues or non-payment of rent.
6. If an investment manager makes investments with CalSTRS capital that are inconsistent with the stated prohibitions, CalSTRS will not make any new investments with that manager.
7. Staff will return to the Investment Committee if significant unforeseen issues arise as a result of this investment prohibition.

Our Mission: Securing the Financial Future and Sustaining the Trust of California's Educators