CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

JOINT HEARING

Senate Budget and Fiscal Review Subcommittee No. 4 on State Administration and General Government and Senate Housing Committee

Senator Sydney K. Kamlager and Senator Scott D. Wiener, Chairs

Wednesday, February 16, 2022

9:00 a.m. - State Capitol – Senate Chambers

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Oversight Hearing

Subject: Reviewing California's Investments in Affordable Housing and Homelessness

I.   Opening Remarks

II.   Panel 1: State Investments in Affordable Housing and Homelessness

        Lourdes Morales, Principal Analyst, Legislative Analyst's Office
        Julie Lo, Executive Officer, California Interagency Council on Homelessness
        Zachary Olmstead, Deputy Director, California Department of Housing and Community Development
        Francesc Marti, Director of Legislation and Policy, California Housing Finance Agency

III.   Panel 2: Local Experience with State Funding Programs

        Sharon Rapport, Director, California State Policy, Corporation for Supportive Housing
        Ann Silverberg, CEO NorCal and Northwest Affordable Divisions, Related California
        Stephanie Dietz, City Manager, City of Merced

IV.   Public Comment

V.   Concluding Remarks

Housing and Homelessness Program Descriptions

HCD PROGRAMS

1) Project Homekey – An initiative, which builds on Project Roomkey, to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other types of innovating housing, and convert them into permanent, long-term housing for people experiencing or at-risk of homelessness.

2) Affordable Housing Backlog (Housing Accelerator Program) – Funds are used to fill funding gaps in shovel-ready projects that have received funding under other HCD programs and have been unable to access low-income housing tax credits. In other words, this program reduces the backlog of projects "stuck" in the funding pipeline to accelerate the development of housing for those most in need.

3) Local Early Action Plan (LEAP) and Regional Early Action Plan (REAP) Grant Programs (local planning grants) – Provides regions, cities, and counties with grant funding to update their planning documents (such as their 6th cycle Housing Elements), implement process improvements to facilitate the acceleration of housing production, and develop and implement housing projects that meet both housing and vehicle miles traveled goals.

4) Infill Infrastructure Grant (IIG) Program – Provides grants to cities and counties to fund infrastructure improvements like water, sewer, other utility service improvements, streets, roads, other transit linkages, sidewalks, and other streetscape improvements to reduce the cost of developing infill housing.

5) Foreclosure Intervention Housing Program – Offers grants or loans to qualifying nonprofits, community land trusts, or qualifying LLCs to purchase smaller housing properties (one to 25 units) either out of foreclosure or after the property has defaulted on its loans but before it enters foreclosure.

6) Affordable Housing Preservation – Loans, grants, or both, to rehabilitate, capitalize operating subsidy reserves for, and extend the long-term affordability of HCD-funded housing projects that have affordability restrictions that have expired or are otherwise at-risk for conversion from affordable to market rate.

7) Joe Serna, Jr. Farmworker Housing Grant Program – Finances the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households through loans or grants.

8) Golden State Acquisition Fund – Makes up to five-year loans to developers for the acquisition or preservation of affordable housing.

9) Excess State Lands Development – Provides grants to developers and local governments to support and accelerate selected affordable housing projects on excess state sites.

10) Farmworker Housing Deferred Maintenance – Provides funding to upgrade the state's 24 migrant farmworker housing centers.

11) Transitional Housing Program – Allocates funding to counties for helping young adults – aged 18 to 24 years -- secure and maintain housing, with priority given to young adults formerly in the foster care or probation systems.

12) Foster Youth Housing Navigators – Provides counties with funding to provide housing navigation services directly or through a contract with other housing assistance programs in the county in order to help young adults – aged 18 to 21 years – secure and maintain housing.

CA INTERAGENCY COUNCIL ON HOMELESSNESS

13) Homeless Housing, Assistance, and Prevention Program (HHAPP) – Block grants to large cities, counties, and CoCs, and more recently tribal governments, for a variety of solutions for those experiencing homelessness or at risk of homelessness, such as rapid rehousing, operating subsidies, street outreach, services coordination, delivery of permanent and innovative housing solutions, and homelessness prevention.

14) Homeless Emergency Aid Program (HEAP) – Block grants to large cities and continuums of care (CoCs) for a variety of solutions for those experiencing homelessness or at risk of homelessness, such as shelters, rapid rehousing, rental assistance, street outreach, homelessness prevention, and affordable housing construction and rehabilitation.

15) COVID-19 Emergency Funding – Provides emergency funding to local governments to help protect people experiencing homelessness and reduce the spread of COVID-19

16) Encampment Resolution Program – Provides grants to cities, counties, and CoCs to resolve homeless encampment concerns and transition individuals living in encampments into safe and stable housing.

17) Family Homelessness Challenge Grants -- Provide grants and technical assistance to local jurisdictions in order to address and end family homelessness.

18) Homeless Landscape Assessment – Requires the CA ICH to conduct a statewide assessment of state programs providing housing or services to persons experiencing or at-risk of homelessness, and to college and analyze data from those programs to provide a comprehensive view of the state homeless responses system. This assessment also includes data from local jurisdictional analyses.

19) Homeless Data Integration System (HDIS) – Statewide data tool that compiles and processes data from the 44 COCs into a statewide data warehouse, including services and interventions provided, as well as demographic information.

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

20) Low Income Housing Tax Credit (LIHTC) Program – State tax credits that finance the new construction of multifamily housing projects that receive federal 4% tax credits.   Tax credits must be paired with tax exempt bonds awarded by the California Debt Limit Allocation Committee (CDLAC).

CALHFA

21) 1st-Time Homebuyer Downpayment Assistance – Provides loans through approved lenders to assist income eligible families achieve homeownership.

22) Mixed Income Program (MIP) – Provides long-term financing for new construction of affordable multifamily developments that provide housing for Californians earning between 30% and 120% of the Area Median Income (AMI).

23) Accessory Dwelling Unit (ADU) Grant Program – Provides grants up to $25,000 to reimburse pre-development costs associated with the construction of an ADU.

Major Recent Discretionary Housing and Homelessness Spending Augmentations[a]

(In Millions)

Program	2018-19	2019-20	2020-21	2021-22	2022-23[b]	Program Total
Housing and Community Development (HCD)						
Homekey Program	—	—	$800	$1,450	$1,300	$3,550
Affordable Housing Backlog (Housing Accelerator)	—	—	—	1,750	—	1,750
Local Planning Grants	—	$250	—	600	—	850
Infill Infrastructure Grant (IIG) Program[c]	—	300	—	250	—	550
Foreclosure Prevention and Preservation	—	—	—	500	—	500
Affordable Housing Preservation	—	—	—	300	—	300
Farmworker Housing (Joe Serna Jr. Farmworker Housing Grant Program)[d]	—	—	—	50	—	50
Golden State Acquisition Fund	—	—	—	50	—	50
Scaling Excess State Lands Development	—	—	—	45	—	45
Migrant Farmworker Housing Deferred Maintenance	—	—	—	30	—	30
Transitional Housing Program	—	—	—	13	17	30
Foster Youth Housing Navigators	—	—	—	5	5	10
Subtotals	(—)	($550)	($800)	($5,043)	($1,322)	($7,715)
California Interagency Council on Homelessness (Cal ICH)						
Homeless Housing, Assistance and Prevention Program (HHAPP)	—	$650	$300	$1,000	$1,000	$2,950
Homeless Emergency Aid Program (HEAP)	$500	—	—	—	—	500
COVID-19 Emergency Funding	—	100	—	—	—	100
Encampment Resolution Program	—	—	—	50	—	50
Family Homelessness Challenge Grants	—	—	—	40	—	40
Homeless Landscape Assessment	—	—	—	6	—	6
Homeless Data Integration System	—	—	—	4	—	4
Subtotals	($500)	($750)	($300)	($1,100)	($1,000)	($3,650)
California Tax Credit Allocation Committee (CTCAC)						
Low-Income Housing Tax Credit Program (LIHTC)[e]	—	$500	$500	$500	—	$1,500
Subtotals	(—)	($500)	($500)	($500)	(—)	($1,500)
California Housing Finance Agency (CalHFA)						
Homebuyer Assistance	—	—	—	$100	—	$100
Accessory Dwelling Unit Financing	—	—	—	81	—	81
Mixed-Income Program (MIP)[f]	—	$200	$50	45	—	545
Subtotals	(—)	($200)	($50)	($226)	(—)	($726)
Grand Totals	**$500**	**$2,000**	**$1,650**	**$6,869**	**$2,322**	**$13,591**

[a] This table generally captures the major discretionary spending actions within the state entities principally responsible for administering housing and homelessness programs. The table does not include augmentations within departments that have other primary missions, for example health and human services. The table also does not include the No Place Like Home Program, which was authorized by voters (Proposition 2, 2018). The table reflects all fund sources.

[b] The 2021-22 budget authorized some spending actions in 2022-23. The Governor's 2022-23 budget proposes additional augmentations in the budget year, which are not reflected in this table.

[c] Bond proceeds have also supported the IIG Program—$850 million from Proposition 1C (2006) and $300 million from Proposition 1 (2018).

[d] Bond proceeds from Proposition 1 (2018)—$300 million—have also supported farmworker housing.

[e] Does not include the annual $100 million available for LIHTC from the state.

[f] Revenue from Chapter 91 of 2017 (SB 2, Atkins) also supports MIP, $87 million in 2021. Additionally, the $500 million provided in 2019-20 includes a $19 million set aside to support ADU development.