



**CAL-ALHFA**

# STATE LEGISLATIVE UPDATE: Spring 2022



## Greetings CAL-ALHFA members, supporters, colleagues and friends:

California's affordable housing legislative agenda for 2022 is now established and it offers a variety of bills addressing several aspects of affordable housing including planning and zoning items; administrative streamlining and simplification of existing programs; and financing for various affordable housing and homeless programs.

Hearings will be set in late March and early April for these bills. Work on the budget is in full swing.

*(Note: Legislative spring break is from April 7 - 15. The last day for policy committees to hear fiscal bills is April 29, and the last day for non-fiscal bills is May 6.)*

## PROPOSED CALIFORNIA BUDGET

The proposed budget contains proposals to maintain the \$500 million state Low Income Housing Tax Credit, as well as additional investment in the Infill Infrastructure Grant Program, the Affordable Housing and Sustainable Community Program, and the Portfolio Reinvestment Program.

CAL-ALHFA, along with most major affordable housing advocacy groups, supports the following additional budget proposals:

- **\$5 billion over three years for the Multifamily Housing Program (MHP)** and the California Housing Accelerator Program to increase production of desperately needed affordable housing. MHP will issue its final Proposition 1-funded NOFA in 2022. Absent any major new investment, this vital part of the affordable housing pipeline will stall. Just as important, a large number of HCD-funded developments, with many more joining the list as HCD makes more awards this year, still cannot access critical Low-Income Housing Tax Credits and therefore cannot move to construction. Funding the Housing Accelerator Program will finish the job. As No Place Like Home and the Veterans Housing and Homelessness Prevention

Program also wind down, we further recommend amending the MHP statute to allow for the funding of capitalized operating reserves which are so critical to the financing of permanent housing for persons experiencing homelessness, including Homekey units.

- **\$5 billion over five years to help prevent and end homelessness.** We urge the legislature to build on recent investments to build an equitable, coordinated, and sustainable path towards solving homelessness and permanently housing the over 160,000 Californians on our streets and in our shelters.
- **\$500 million to preserve at-risk and "naturally" occurring affordable housing.** Between 1997 and 2020, California lost 18,043 affordable homes with project-based rental assistance contracts and/or loans from HUD, CalHFA, and HCD or LIHTC due to owner decisions to opt out, sell, or allow their developments to convert to market rate. This does not account for the loss of low cost, private market rental housing, where the overwhelming majority of low-income Californians live. Keeping or bringing these units into the affordable housing realm is an efficient way to prevent displacement and homelessness. (The budget ask is also contained in AB1911 - Gabriel).
- **\$200 million for CalHOME** to assist in the production of new deed-restricted owner-occupied homes for qualifying families and help address racial and ethnic wealth gaps.
- **\$100 million to create a capitalized Emergency Revolving Loan Fund** to accelerate the reconstruction of affordable multifamily homes and owner-occupied single-family homes that have been damaged or destroyed in natural disasters, including wildfires and earthquakes. The revolving loans would be made by CDFIs and supplement federal relief, which can be delayed, accelerating the restoration of housing and infrastructure to disaster victims throughout California.
- **\$100 million for farmworker housing development and maintenance.** Farmworkers face significant housing disparities and have unique housing needs. It's critical that we provide quality affordable homes that support migrant families and make a life-changing difference in their children's health and educational outcomes.
- **\$100 million for tribal housing**, including homes for rent or purchase, to meet the unique housing, land, and sovereignty needs of California tribes.

## AFFORDABLE HOUSING LEGISLATION - 2022

Over 90 bills related in some way to affordable housing and homelessness were introduced in the current session. CAL-ALHFA is working with our colleagues at NIMBY, CHC and NPH to advance these bills.

## CAL-ALHFA HIGH PRIORITY BILLS

**AB1850 (Ward)** This bill establishes minimum standards for Joint Power Authorities middle income housing acquisitions. Last fall CAL-ALHFA hosted a webinar on this topic, which identified pros and cons in administering this new program. As a result of that discussion, and other similar effort, this bill has been introduced to ensure that the public benefits of converting market rate rentals to middle income rentals are commensurate with the private gains enjoyed by renters and the bond issuers.

**AB1911 (Gabriel)** This bill creates the Low Income Housing Preservation Tax Credit. Supports the \$500 million budget ask for tax credits to preserve naturally occurring affordable housing (NOAH).

**AB2006 (Berman)** This bill would streamline the compliance monitoring of affordable housing and make the work of the state and housing providers more efficient. This bill will eliminate the duplicative and inefficient oversight by directing the state agencies to coordinate their efforts. Agencies included are HCD, CalHFA, and CTCAC. An MOU would be established stating that ONLY ONE agency would conduct physical inspections for a particular project.

**AB2244 (Wicks)** This two-year bill would allow both existing and proposed affordable housing development to be developed on church land. This bill expands the supply of land available for the development of affordable housing.

**AB2334 (Wicks)** This bill will build on the improvements provided by AB1743 by allowing all location-efficient 100% affordable housing development to qualify for enhanced density bonuses. It will provide incentives for infill development in areas where Vehicle Miles Travelled (VMT) is 15% below the regional average. It will maintain existing local authority over the development approval process, and will maintain existing maximum height limits under the existing density bonus law. Other technical "clean up" provisions are also included.

**SB649 (Cortese)** This bill creates a state policy supporting local tenant preferences for lower income households. It also authorizes local governments and developers in receipt of specified affordable housing funds to restrict occupancy to those at risk of displacement. This bill protects tenants in gentrifying areas from being displaced from their homes through the development of new affordable housing, and preserves existing neighborhoods.

**SCA2 (Allen)** This constitutional amendment would repeal Article 34 of the State Constitution, which allows neighborhoods to veto affordable housing projects and support

racial discrimination. Senator Weiner has announced a \$20M fund-raising campaign to support this ballot measure.

## CAL-ALHFA BILLS TO WATCH

As bills are set and heard in committees, CAL-ALHFA will keep an alert eye on the following:

**AB1288 (Quirk-Silva)** Allows state tax credits to be used for both 4% and 9% federal credits.

**AB2097 (Friedman)** This bill reduces parking mandates on new homes built near transit facilities.

**AB2179 (Grayson)** Local impact fee deferral for agencies not in compliance with Housing Elements.

**AB2357 (Ting)** Surplus lands update bill.

**SB948 (Becker)** Creates pooled transition reserve for projects using subsidies. Rather than requiring each individual project to create a reserve to protect against the loss or reduction of these subsidies, it creates a statewide pool again which affected agencies could draw funds.

*This is not a comprehensive list. If you are interested in a bill that is not listed here, let us know. We will add it to the list and update progress as it occurs.*

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## SAVE THE DATE CAL-ALHFA ANNUAL SYMPOSIUM AND CONFERENCE OCTOBER 26-27

Holiday Inn Sacramento - Downtown-Arena  
an IHG Hotel