



STATE LEGISLATIVE UPDATE: Spring 2022

May 24, 2022

Greetings CAL-ALHFA Members, Friends and Colleagues

With the release of the Revised California State budget on May 13, 2022, we have reached another milestone in the state legislative process. Committee work in the house of origin is almost complete and the legislature is devoting the next month to completing the state budget by June 15, 2022.

Budget hearings are now being held on housing and homeless budget proposals, and work on the enabling “trailer bills” has begun. Trailer bills make the statutory changes needed to implement the budget. They are the same as any other bill, but they take effect immediately with a majority vote if it contains an appropriation related to the budget bill and is listed as a “trailer bill” in the budget bill.

The deadline for policy bills to reach the fiscal committees was May 20. The deadline for non-fiscal bills was May 6. May 27 is the last day for bills to be passed out of their house of origin. The Legislature adjourns for Summer Recess on July and reconvenes on August 1.

Breaking News!

HIGHEST PROFILE BILL OF 2022

AB 2011 (Wicks) Commercial sites for affordable housing; strong labor protections.

NEW SUPPORT

SEIU, Ca School Employees Association,
Sacramento Bee Editorial Endorsement

PROPOSED CALIFORNIA BUDGET

Governor Newsom unveiled his [revised May budget proposal](#), on May 13, 2022 which projects a \$97.5 billion surplus, maintains support for his January budget’s [affordable housing and homelessness investments](#), and includes new proposals for adaptive reuse (\$500 million) and rental assistance (\$2.7 billion) that are outlined below. The proposal now goes before the Legislature, which must approve a final 2022-2023 state budget by June 15, 2022.

Key affordable housing proposals in the Governor's May Revise include:

- \$1 billion in one-time funds to accelerate affordable development in downtown areas (including \$500 million for the Infill Infrastructure Grant Program, \$300 million for the Affordable Housing and Sustainable Communities Program, and two new \$100 million investments in state excess site development and adaptive reuse incentive grants)
- \$200 million for the Portfolio Reinvestment Program
- \$200 million for the CalHFA Mixed-Income Program
- \$500 million for the Low-Income Housing Tax Credit
- An additional \$2 billion in funding for affordable housing for college students was included in the January proposal.
- \$500 million for adaptive reuse—converting existing infrastructure, underutilized retail space, and commercial buildings into housing
- \$2.7 billion in emergency rental assistance

Key Homelessness programs:

- \$1.5 billion for quick and interim solutions that help people move from the streets into behavioral health shelter and treatment (\$1 billion in FY 2022-23 and \$500 million in FY 2023-24).
- \$700 million for crisis response/interim housing (\$500 million), Homekey expansion (\$150 million), and the CARE Court (\$65 million), which is the Governor's proposal for responding to severe mental health needs of the population

While we appreciate Governor Newsom's ongoing commitment to making affordable housing and homelessness a top priority—and his willingness to support struggling renters and consider new ways to accelerate production of the affordable housing every community needs – we believe that the proposed budget falls short of accomplishing the most pressing housing need in the State: **THE PRODUCTION OF THOUSANDS OF NEW AFFORDABLE HOUSING UNITS**

CAL-ALHFA supports a plan that would commit:

- \$5 billion over three years for the Multifamily Housing Program and the California Housing Accelerator Program
- \$5 billion over five years to prevent and end homelessness
- \$5 billion for an expanded Infill Infrastructure Grant Program
- \$600 million for owner-occupied home production and down payment assistance for first-time homebuyers
- \$500 million for a permanent extension of the State's Low Income Housing Tax Credit (LIHTC) program
- \$500 million for the Community Anti-Displacement and Preservation Program (CAPP) to acquire and preserve privately-owned housing to make it permanently affordable.
- \$500 million in one-time funding for a new Bay Area fund to address Black housing needs and create inter-generational wealth and health for Black families.

Previously reported proposals:

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 Home key units.

\$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.

\$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.

For additional information, click on the [Senate released its budget proposal](#), which spells out additional funding for housing, and the [Assembly mentioned housing in its budget presentation](#), but did not put a price tag on it.

Thanks to the California Housing Consortium and LeSar Development Consultants for their analyses of the Revised California Budget, which were used in developing this summary.

AFFORDABLE HOUSING LEGISLATION

Of the 90 + bills related in some way to affordable housing and homelessness introduced in the current session, we are following about 13. CAL-ALHFA is working with our colleagues at NIMBY, CHC, Housing California, and NPH to advance these bills.

CAL-ALHFA HIGH PRIORITY BILLS

AB 2011 (Wicks) would open new sites to affordable housing with the potential to produce millions of units, while creating strong labor protections that support all of the workers on these essential jobs.

Status: Assembly Floor

ACA 14 (Wicks) is a new constitutional amendment that would create a permanent, ongoing source of funding for affordable housing through the state general fund. ACA 14, the Housing Opportunities for Everyone (HOPE) Act, would dedicate 5% of the state budget each year for the next decade to the state's affordable housing and homelessness crisis—an investment of approximately \$10 billion each year.

Status: Assembly Appropriations. May 11. Expedited process for ACAs – moved to Third Reading File, Assembly Floor

Previously reported:

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 efforts, 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.

Status: Passed Assembly. Referred to Senate Housing Committee

AB1911 (Gabriel) This bill creates the Low Income Housing Preservation Tax Credit Program to preserve naturally occurring affordable housing (NOAH). There is no appropriation in the bill, but there are proposals for \$500 million to be included in the state budget.

Status: Referred to Assembly Appropriations (11-0 vote) Held in Appropriations

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.

Status: Assembly Floor

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.

Status: On Assembly Floor. Third Reading.

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.

Status: Assembly Floor

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.

Status: Assembly Appropriations. 11 – 0 vote

CAL-ALHFA BILLS TO WATCH

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

Status: Passed Assembly. Double referred to Senate Housing and Government Finance committees

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

Status: Assembly Floor

AB2186 (Grayson) Local impact fee deferral for agencies not in compliance with Housing Elements.

Status: Assembly Floor

AB2357 (Ting) Surplus lands update bill.

Status: Assembly Floor

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.

Status: Senate Floor

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.

Mary Ellen Shay,

Executive Director

California Association of Local Housing Finance Agencies (CAL-ALHFA)

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CAL-ALHFA was established in 1989 to represent local housing professionals and agencies in the California State legislature and State housing programs. We also work on housing issues at the federal level. CAL-ALHFA is a non-profit organization with a broad based membership including public and private agencies which develop, finance, and administer programs to create affordable housing in California.

CAL-ALHFA | 1724 10th Street, Suite 110, Sacramento, CA 95811

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