

FEBRUARY 28, 2023

# Overview of State Housing Spending

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PRESENTED TO:

Senate Housing Committee  
Hon. Scott D. Wiener, Chair

Assembly Committee on Housing and Community  
Development  
Hon. Buffy Wicks, Chair



LEGISLATIVE ANALYST'S OFFICE

# State's Fiscal Role in Addressing Housing Affordability

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## ***Long-Standing Approach to Addressing Housing Affordability.***

Historically, federal, state, and local governments have implemented a variety of programs aimed at helping Californians, particularly low-income Californians, afford housing. These programs generally work in a few ways: (1) reducing the cost of building housing, (2) paying a portion of households' rent costs, (3) limiting the prices and rents property owners may charge for housing, and (4) assisting with homeownership.

### ■ ***Historical Sources of State Funding.***

- ***Bonds.*** Voters have authorized several bonds over the years that are used to fund several state housing programs.
  - ***State Low-Income Housing Tax Credit Program.*** The state Low-Income Housing Tax Credit Program provides tax credits to builders of rental housing affordable to low-income households. The program was created to promote private investment in affordable housing for low-income Californians. The California Tax Credit Allocation Committee administers the federal and state Low-Income Housing Tax Credit Programs. The state has historically made about \$100 million available annually for this purpose.
- ***Recently, State Has Provided Significant, Mostly One-Time and Temporary, Funding to Address Housing Affordability.*** As the housing affordability crisis has become more acute over time, the state significantly increased its fiscal role in addressing rising prices largely by expanding existing programs and establishing some new programs that help subsidize housing development at the local level using mostly one-time and temporary resources.



# The Veterans and Affordable Housing Bond Act of 2018 (Proposition 1)

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The Veterans and Affordable Housing Bond Act of 2018 authorized \$4 billion in bond funding for various housing programs.

(In Millions)	
Program	Amount
<b>Affordable Housing</b>	
Multifamily Housing Program	\$1,500
Local Housing Trust Fund Matching Grant Program	300
<b>Transit Oriented Development</b>	
Infill Infrastructure Grant Program	\$300
Transit-Oriented Development Program	150
<b>Farmworker Housing</b>	
Joe Serna, Jr. Farmworker Housing Grant Program	\$300
<b>Homeownership</b>	
CallHome	\$300
Home Purchase Assistance <sup>a</sup>	150
<b>Veterans Homeownership</b>	
Farm and Home Loan Program <sup>a</sup>	\$1,000
<b>Total</b>	<b>\$4,000</b>

<sup>a</sup> Most of the bond programs are administered by the Department of Housing and Community Development. The home purchase assistance is provided by the California Housing Finance Agency. The Farm and Home Loan Program is administered by the Department of Veterans Affairs.

Of the \$3 billion administered by the Department of Housing and Community Development (HCD) and the California Housing Finance Agency, \$322 million has been expended and an additional \$1.7 billion has been encumbered. The bond has \$973 million remaining. The next release of funding is expected in March/April 2023 for the Local Housing Trust Fund Program. HCD anticipates exhausting all Proposition 1 funding by the end of the 2024 calendar year.



## **No Place Like Home Act of 2018 (Proposition 2)**

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The No Place Like Home Act of 2018 authorized \$2 billion in bonds for permanent supportive housing for people who are in need of mental health services and are experiencing homelessness or are at risk of chronic homelessness. All bond funding has been allocated as of August 2022. The bonds will be repaid over time using Mental Health Services Act funds.

### ***Snapshot of No Place Like Home Status and Anticipated Outcomes as of August 2022.***

- \$1.9 billion awarded to counties.
- 247 projects funded.
- 7,852 No Place Like Home assisted housing units anticipated.
- 119 projects are under construction.
- 30 projects have been completed.
- 498 units have units have been completed and are occupied.



## Building Homes and Jobs Act (SB 2)

The Building Homes and Jobs Act (SB 2, Atkins) established a \$75 recording fee on real estate documents to generate revenue that is used to increase the supply of affordable housing in California.

### Revenue Allocation From Building Homes and Jobs Act

(In Millions)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 <sup>a</sup>
<b>Allocation for First Year</b>						
Planning Grants (50 percent)	\$72.6					
Homelessness Programs (50 percent)	72.1					
<b>Total</b>	<b>\$144.7</b>					
<b>Allocation for Second Year and Beyond</b>						
Locally Administered Affordable Housing Programs (70 percent)		\$183.5	\$268.5	\$408.6	\$272.9	\$39.6
CalHFA's Mixed-Income Program (15 percent)		39.3	57.5	87.6	58.5	8.5
HCD's Joe Serna, Jr. Farmworker Housing Grant Program (10 percent)		26.2	38.4	58.4	39.0	5.7
Production Incentive Grants (5 percent)		13.1	19.2	29.2	19.5	2.8
<b>Totals</b>		<b>\$262.2</b>	<b>\$383.5</b>	<b>\$583.8</b>	<b>\$389.9</b>	<b>\$56.5</b>

<sup>a</sup> Reflects partial-year revenue.

CalHFA = California Housing Finance Agency and HCD = Housing and Community Development.



# Major Recent Housing Spending Augmentations

The state has authorized additional spending augmentations in recent budgets, reflecting the increased fiscal role of the state in addressing housing affordability and homelessness.

## Major Discretionary Housing Spending Augmentations Since 2019-20<sup>a</sup>

(In Millions)

Program	2019-20	2020-21	2021-22	2022-23	2023-24 <sup>b</sup>	Program Total
<b>Housing and Community Development</b>						
Homekey Program	—	\$800	\$1,600	\$1,300	—	\$3,700
Housing Accelerator Program	—	—	1,750	250	—	2,000
Emergency Rental Assistance	—	—	1,950	—	—	1,950
Infill Infrastructure Grant Program	\$300	—	250	200	\$225	975
Local Planning Grants	250	—	600	—	—	850
Foreclosure Prevention and Preservation	—	—	500	—	—	500
Portfolio Reinvestment Program	—	—	300	50	100	450
Adaptive Reuse	—	—	—	150	250	400
CalHome <sup>c</sup>	—	—	—	250	100	350
Multifamily Housing Program	—	—	—	100	225	325
State Excess Sites Development	3	—	45	25	75	148
Transitional Housing Program <sup>d</sup>	8	8	17	43	43	118
Joe Serna Jr. Farmworker Housing Grant Program	—	—	50	50	—	100
Manufactured Housing Opportunity and Revitalization Program	—	—	—	25	75	100
Veteran Housing and Homeless Prevention Program	—	—	—	50	50	100
Golden State Acquisition Fund	—	—	50	—	—	50
Migrant Farmworker Housing Deferred Maintenance	—	—	30	—	—	30
Housing Navigators Program <sup>d</sup>	5	—	5	14	14	37
Subtotals	(\$566)	(\$808)	(\$7,147)	(\$2,506)	(\$1,156)	(\$12,184)
<b>California Tax Credit Allocation Committee</b>						
State Low Income Housing Tax Credit Program	\$500	\$500	\$500	\$500	—	\$2,000
Subtotals	(\$500)	(\$500)	(\$500)	(\$500)	(—)	(\$2,000)
<b>California Housing Finance Agency</b>						
California Dream for All Program <sup>e</sup>	—	—	—	\$500	—	\$500
Mixed-Income Program (MIP)	\$200	\$50	\$45	—	—	295
Accessory Dwelling Unit Financing <sup>f</sup>	—	—	81	50	—	131
Homebuyer Assistance	—	—	100	—	—	100
Subtotals	(\$200)	(\$50)	(\$226)	(\$550)	(—)	(\$1,026)
<b>Grand Totals</b>	<b>\$1,266</b>	<b>\$1,358</b>	<b>\$7,873</b>	<b>\$3,556</b>	<b>\$1,156</b>	<b>\$15,210</b>

<sup>a</sup> This table generally captures the major discretionary spending actions within the state entities principally responsible for administering housing programs. The table does not include previously authorized base funding for some of these programs, such as funding from the Veterans and Affordable Housing Bond Act of 2018 and SB 2. The table reflects all fund sources.

<sup>b</sup> The 2022-23 budget authorized some spending actions in 2023-24.

<sup>c</sup> 2023-24 Governor's Budget proposes withdrawing \$100 million from 2023-24 and making it subject to a trigger restoration.

<sup>d</sup> The 2022-23 funding is ongoing.

<sup>e</sup> 2023-24 Governor's Budget proposes withdrawing \$200 million from 2022-23 and making it subject to a trigger restoration.

<sup>f</sup> 2023-24 Governor's Budget proposes withdrawing \$50 million from 2022-23 and making it subject to a trigger restoration.