

FEBRUARY 27, 2025

Overview of State Funding for Affordable Housing Production

PRESENTED TO:

Senate Budget Subcommittee No. 4 on State
Administration
Hon. Christopher Cabaldon, Chair



LEGISLATIVE ANALYST'S OFFICE

Bonds and Ongoing Programs

In Recent Years, State Has Funded Affordable Housing Production in Three Major Ways

- Voter-approved bonds.
- Ongoing, statutorily required programs.
- Various one-time, discretionary initiatives (often supported by the General Fund).

Voters Have Passed Some Notable Affordable Housing Bonds in Recent Years

- In 2018, voters approved two statewide bonds related to affordable housing: \$4 billion for the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and \$2 billion for the No Place Like Home Act of 2018 (Proposition 2). All funds associated with these bonds generally have been committed to projects.
- In 2024, voters approved the Behavioral Health Infrastructure Bond Act of 2024 (Proposition 1), which will provide about \$2 billion in permanent supportive housing for veterans and other people with behavioral health challenges who are at risk of, or experiencing, homelessness. Funds to be awarded to applicants beginning in summer 2025.

Statute Commits a Total of Roughly \$1 Billion Annually for Affordable Housing

- Tax Credit Allocation Committee's Low-Income Housing Tax Credits (since 1987).
- Revenue from a \$75 fee on certain real estate documents, per Chapter 364 of 2017 (SB 2, Atkins).
- Affordable Housing and Sustainable Communities program (administered by the Strategic Growth Council and funded by the Greenhouse Gas Reduction Fund).



One-Time, Discretionary Initiatives

Legislature Has Funded Various One-Time Housing Initiatives in Recent Years

- Figure 1 shows that from 2019-20 through 2023-24, the Legislature provided a total of about \$12 billion for various one-time, discretionary housing initiatives.
- The state did not provide any discretionary funding for those purposes in 2024-25. In fact, due to the state's budget problem, the 2024-25 budget package reverted \$641 million in previously appropriated funds for several affordable housing-related programs.
- The Governor's January budget does not include any discretionary spending or reduction proposals for affordable housing production in 2025-26.



One-Time, Discretionary Initiatives

(Continued)

Figure 1

Major Discretionary Spending Actions Related to Affordable Housing Production Since 2019-20^a

(In Millions)

Program	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 Proposed	Program Total
Department of Housing and Community Development (HCD)								
Homekey Program ^b	—	\$800	\$1,615	\$1,300	—	—	—	\$3,715
Housing Accelerator Program	—	—	1,750	250	—	—	—	2,000
Regional Early Action Planning Grants	\$250	—	560	—	—	—	—	810
Infill Infrastructure Grant (IIG) Program	300	—	250	190	—	—	—	740
Portfolio Reinvestment Program	—	—	300	50	\$100	—	—	450
Multifamily Housing Program	—	—	—	100	315	—	—	415
IIG Program - Catalytic (adaptive reuse)	—	—	—	150	123	—	—	273
CallHome	—	—	—	148	—	—	—	148
State Excess Sites Local Government Matching Grant Program	—	—	45	25	75	—	—	145
Manufactured Housing Opportunity and Revitalization Program	—	—	30	25	75	—	—	130
Joe Serna, Jr. Farmworker Housing Grant Program	—	—	50	50	—	—	—	100
Subtotals	(\$550)	(\$800)	(\$4,600)	(\$2,288)	(\$688)	—	—	(\$8,925)
California Tax Credit Allocation Committee (TCAC)								
State Low-Income Housing Tax Credit Program (LIHTC) ^c	\$500	\$500	\$500	\$500	\$500	\$500	—	\$3,000
Subtotals	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	—	(\$3,000)
Grand Totals	\$1,050	\$1,300	\$5,100	\$2,788	\$1,188	\$500	—	\$11,925

^a This table captures the major recent discretionary (non-statutorily required) spending actions for certain programs at HCD and TCAC intended to support affordable housing production, net of any program funding reductions included in the 2024-25 budget package. The table does not include the No Place Like Home Act of 2018 or the Veterans and Affordable Housing Bond Act of 2018, which were authorized by voters.

^b In addition, the Behavioral Health Infrastructure Bond Act of 2024 (Proposition 1) is providing about \$2 billion for a related program known as "Homekey+", which is intended to provide permanent supportive housing to veterans and other individuals with behavioral health issues who are at risk of or experiencing homelessness. Grant awards to local and regional applicants are scheduled to be announced beginning in summer 2025.

^c Does not include the statutory LIHTC (about \$120 million annually in recent years).

