

## MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing

FROM: HomeBase

DATE: April 18, 2008

RE: Recent Changes to Proposition 1C

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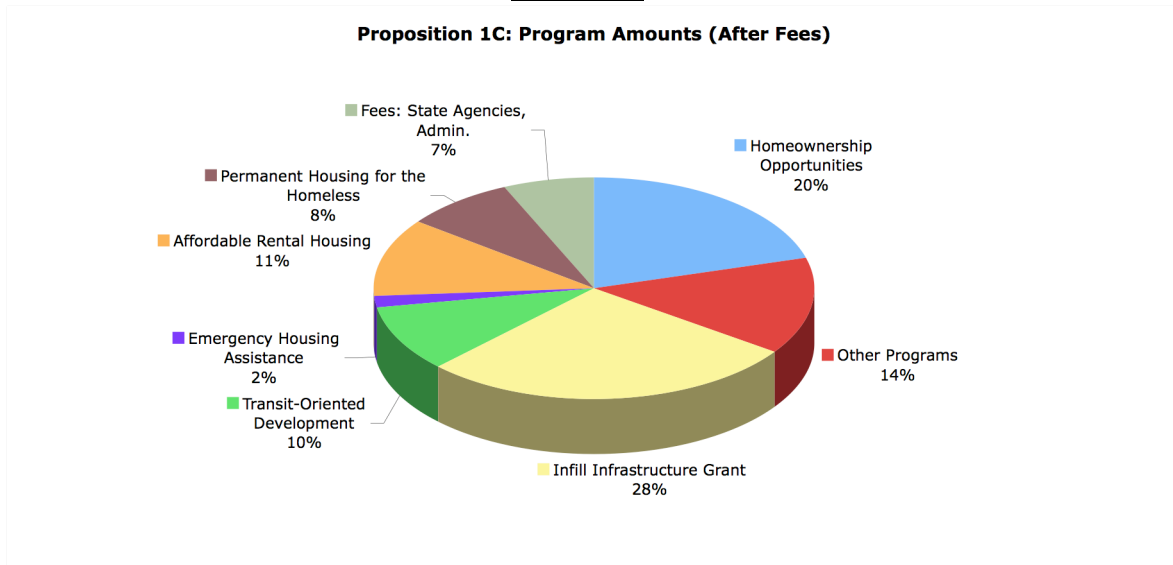
### **Introduction**

The Regional Steering Committee (“RSC”) discussed Proposition 1C, its importance to communities, and its effect on the work of our housing and homelessness agencies during the September 29, 2006 meeting. Voters passed this \$2.85 billion housing bond in November 2006 and California’s Department of Housing and Community Development (“HCD”) has awarded \$330 million as of February 2008.

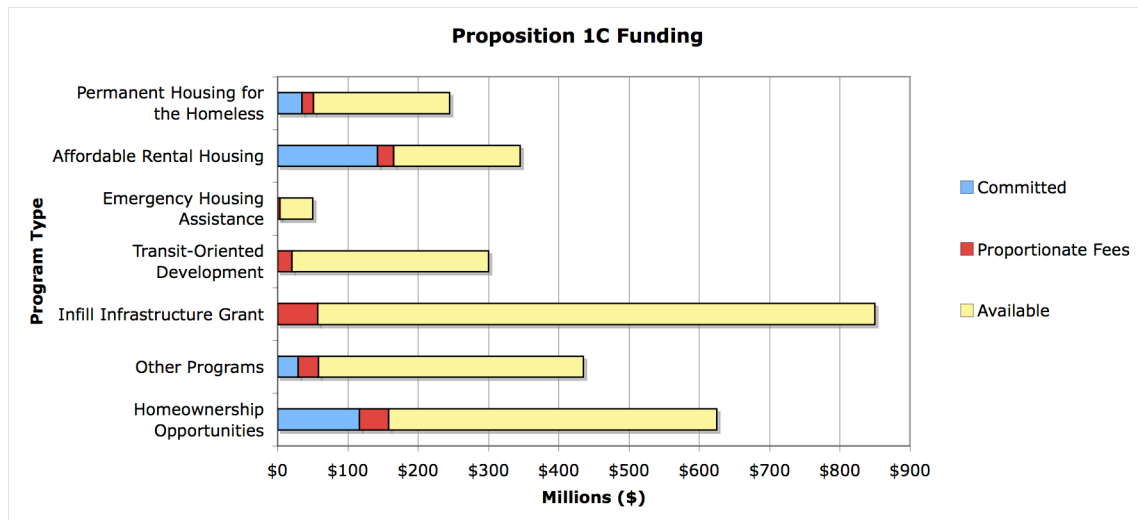
This memo provides basic program information and an overview of recent changes to Proposition 1C that may affect RSC members. The analysis particularly focuses on Proposition 1C programs most relevant to homelessness and affordable housing.

After reviewing the programs, funding patterns, and program changes, this memo concludes by suggesting that those who are working with the homeless and seeking to create new housing opportunities should apply for Proposition 1C funding under the Multifamily Housing Program’s general and targeted funding processes. Those working with the homeless would best fit the eligibility criteria and goals of this program, and a significant amount of funding is still available. However, homeless service providers should investigate methods to qualify for the two deepest Proposition 1C funding pools, which have a large amount of unallocated funding remaining. Particular issues to consider are partnering with developers and communities, and locating their sites in infill areas and close to public transport. For those focused specifically on developing emergency and transitional housing, the Proposition 1C program focused specifically on capital costs for these types of housing might be most relevant. Those working on cost efficiency should watch for updates to Proposition 1C’s \$100 million affordable housing innovation program.

**Background: Proposition 1C Funds Development Costs for 14 Housing-Related Programs**



Proposition 1C is the \$2.85 billion bond approved to fund development costs for 14 housing-related programs, which can be grouped into the categories above. This pie chart<sup>1</sup> shows the split between the different types of housing programs. Although the bond measure totals \$2.85 billion, slightly less than 7% of this amount will be used to pay state agencies’ and state administrative costs over the life of the bond and is held in reserve.<sup>2</sup> For purposes of this analysis, the fees are split proportionally in line with the proportion allocated to program type of the original bond total.<sup>3</sup> As of February 2008, 11% of the \$2.85 billion bond measure had been awarded.<sup>4</sup>



The Proposition 1C programs most directly relevant to affordable housing and homelessness are those characterized as “Affordable Rental Housing” (i.e., Multifamily Housing Program), “Permanent Supportive Housing for the Homeless” (i.e., Multifamily Housing-Supportive, Homeless Youth Housing), and Emergency Housing Assistance.<sup>5</sup> These programs represent 22% of the bond funds available.<sup>6</sup> Approximately \$176.6

million in funds have been awarded to the “Affordable Rental Housing” and “Permanent Supportive Housing for the Homeless” programs so far, making up 55% of the bond funds awarded as of February 2008.<sup>7</sup> However, none of the Emergency Housing Assistance funds designated for emergency shelter and transitional housing programs’ capital development<sup>8</sup> had been awarded as of February 2008.<sup>9</sup> The state has funded this program outside of Proposition 1C, through the use of funds from an earlier housing bond (i.e., Proposition 46).<sup>10</sup>

### **Multifamily Housing Program-General**

#### *Program Information*

The Multifamily Housing Program (“MHP”) funds capital costs<sup>11</sup> for “affordable” developments targeting people with lower income levels. This likely encompasses workforce housing since the maximum area median income for “affordable” is set at 60 percent of the area (county) median income (“AMI”).<sup>12</sup> However, HCD gives heavy priority to projects that serve households at even lower-income levels<sup>13</sup> by awarding extra points for projects serving households earning 40, 35, and 20 or below percent of AMI.<sup>14</sup>

MHP covers activities like new construction, rehabilitation, and preservation of permanent and transitional rental housing serving lower-income households.<sup>15</sup> Selected projects also can include converting nonresidential structures into housing.<sup>16</sup> “MHP funds will be provided for post-construction permanent financing only. Eligible costs include the cost of child care, after-school care and social service facilities integrally linked to the assisted housing units; real property acquisition; refinancing to retain affordable rents; necessary onsite and offsite improvements; reasonable fees and consulting costs; and capitalized reserves.”<sup>17</sup>

Program funds are distributed in 55-year, three percent simple-interest loans.<sup>18</sup> Eligible applicants are local public entities; for-profit and nonprofit corporations; limited equity housing cooperatives; Indian reservations and rancherias; and some types of limited partnerships.<sup>19</sup> MHP includes sub-programs like the Multifamily Supportive Housing Program, Multifamily Housing Program for Homeless Youths, and the Governor's Homeless Initiative, all of which are discussed in more detail below.

HCD allocates funding in a competitive process using notice of funding applications (“NOFA” or “NOFAs”) or requests for proposals. There will be “general” NOFAs and funding of MHP sub-programs through NOFAs targeting their more specific populations. Applicants can earn extra scoring points in “general” NOFA scoring by designating some units for special needs populations like the chronically homeless and homeless youth.<sup>20</sup> However, applicants cannot be funded under both an MHP General NOFA and other MHP NOFAs targeting specific populations like the Supportive Housing or Homeless Youth Housing Programs mentioned below.<sup>21</sup>

### *Prior Funding Awards*

There have been three NOFA rounds, with the last MHP “general” NOFA released this past January with a March 2008 deadline.

The funding awarded must be allocated at least 45 percent to Southern California and 30 percent to Northern California projects. 10 percent of the funding should be awarded to rural<sup>22</sup> area projects. Funding has been awarded for the first two NOFA rounds:

- Geographic distribution
  - Round 1C-1: (\$72.6 million funded): 8 Northern California projects awarded \$38 million, representing 53% of the amount awarded. 7 Southern California projects for \$34 million were funded and represented 47% of funds available.<sup>23</sup>
  - Round 1C-2 (\$81.5 million funded<sup>24</sup>): Funded 7 Northern California projects for \$45 million and represented 55.5% of the funds awarded this round. 8 Southern California projects were funded for \$36 million, representing 44.5% of funds awarded.<sup>25</sup>
- Rural funding:
  - Round 1C-1: Funded 4 projects, all in Northern California, for \$12 million, representing 17% of funds awarded.<sup>26</sup>
  - Round 1C-2: Funded 2 projects, one each in Northern and Southern California, for \$6.9 million and represented 8.48% of the funds awarded.<sup>27</sup>

### *Recent Program Changes*

The most significant change to the most recent MHP General NOFA was its inclusion of senior housing developments. Qualifying senior units will now represent 15.9% of the total units funded under this latest NOFA.<sup>28</sup> Funding awards must comply with AB 927 (Saldaña) requirements that obligate MHP funds, excluding the MHP homeless youth and supportive housing sub-programs,<sup>29</sup> to be spent on senior rental homes in proportion to the number of senior households in California’s<sup>30</sup> lower-income renter population.

Those who are developing projects with at least 5 homeless youth units, which may be provided with other non-homeless youth targeted units, may apply and compete for funding under the MHP General NOFA.<sup>31</sup> Applications can classify the homeless youth units as “Special Needs” units for the MHP General NOFA,<sup>32</sup> making them eligible for extra points in the scoring process and larger loan amounts.

### *Proposed Change*

Currently there are bills in the California Assembly and Senate proposing to set aside MHP funds for projects serving veterans. There is additional information on the proposed bills and Housing California’s stance on them in a later section of this analysis.

### *Future Funding*

The next competitive MHP General NOFA round is expected in August 2008.<sup>33</sup> Those

seeking development costs for permanent supportive housing can apply for MHP Supportive Housing funds in this next MHP General NOFA round.<sup>34</sup> Projects will be ranked and rated in the MHP General process.<sup>35</sup> Projects that meet the Supportive Housing criteria like having 35 percent of units set aside for supportive housing are eligible for the higher loan levels awarded for the MHP Supportive Housing Component.<sup>36</sup>

The California Governor has allocated \$194 million in the proposed 2008-2009 fiscal year budget.<sup>37</sup> Housing California has noted that a MHP shortage is expected, with funds running out in early 2009 if no action is taken.<sup>38</sup> The organization is working with California Assembly Speaker Núñez and Senate President pro Tem Perata to address the upcoming shortage.<sup>39</sup>

### **Multifamily Housing Program-Supportive Housing Component**

#### *Program Information*

The MHP-Supportive Housing Component provides low-interest loans to cover capital costs for permanent housing linked to supportive services. Projects must serve households that are both (1) homeless or at risk of being homeless; and (2) include a disabled adult.<sup>40</sup> The supportive housing units must be restricted to households with incomes at or below 30 percent of the greater amount of AMI or State Median Income (“SMI”).<sup>41</sup> Program funds may not be used for supportive services, with possible exceptions with HCD approval.<sup>42</sup>

#### *Prior Funding Awards*

The first MHP Supportive Housing NOFA was just released, so there have been no reported awards under this NOFA.<sup>43</sup>

However, supportive housing applicants under the MHP General NOFAs have been awarded \$5 million in the first round<sup>44</sup> and \$28 million in the second round.<sup>45</sup>

- Round 1 funding: 2 projects awarded \$5 million from the Los Angeles Region<sup>46</sup>
- Round 2 funding: 2 Northern California projects were awarded \$9.8 million and 3 Southern California projects were awarded \$18.1 million.<sup>47</sup>

#### *Current Funding Opportunity & Program Changes*

A MHP Supportive Housing NOFA was released March 5, 2008<sup>48</sup> and offers \$45 million for permanent supportive housing units on an “over-the-counter” basis until funding runs out.<sup>49</sup> Projects that reserve at least 35 percent of its units for the homeless may choose between 2 funding benefits: (1) higher loan levels, or (2) a 9 percent tax credit.<sup>50</sup> The released NOFA highlights the following changes: adjusting replacement reserve deposits;<sup>51</sup> encouraging market studies;<sup>52</sup> providing a five-point bonus for local subsidies of operating costs, services funding, or both;<sup>53</sup> adding reporting requirements for veterans and the elderly;<sup>54</sup> providing priority points for environmentally-friendly projects;<sup>55</sup> and continuing the use of the “Universal Application” with a program-specific addendum.<sup>56</sup>

The funding will be awarded at least 45 percent to Southern California and will evaluate the funding awards in June 2008 to ensure that adequate funding is directed to Southern California.<sup>57</sup>

#### *Other Funding Opportunities for Similar Target Populations*

Applications currently are being accepted for permanent supportive housing projects serving chronically homeless people with severe mental illness.<sup>58</sup> Applicants can apply under the Governor's Homeless Initiative (GHI) NOFA.<sup>59</sup> The State is accepting applications until it has received a sufficient number of applications to utilize this money or other circumstances require this NOFA to be closed.<sup>60</sup> This initiative is being funded partially by approximately \$40 million in MHP Funds.<sup>61</sup> For additional information on this NOFA and its requirements, please see <http://www.hcd.ca.gov/fa/ghi/> for further details.

As mentioned above, applicants will also be able to apply under the MHP General NOFA released in August 2008, but may not apply under both the MHP General and MHP Supportive Housing NOFAs.<sup>62</sup> MHP General applicants would not be able to utilize the 9 percent tax credit available under the MHP Supportive Housing NOFA.<sup>63</sup>

#### *Future Funding*

The funding for this likely suffers from the same problems mentioned above in the MHP-General section because this is a MHP sub-program.

### **Multifamily Housing Program-Homeless Youth Housing Program**

#### *Program Information*

The Homeless Youth Housing Program provides capital costs for housing linked to supportive services. Eligible projects must serve households meeting both criteria: (1) at least one homeless or at-risk of being homeless youth; and (2) extremely limited income at move-in.<sup>64</sup> There is no requirement that any member of the household is disabled.<sup>65</sup>

#### *Prior Funding Award*

There has been one announced award to a homeless youth project. It was announced with the MHP General awards, but may have been applied for under an MHP-Homeless Youth Housing Component NOFA.<sup>66</sup>

- 1 award to Los Angeles Region: \$1.4 million, 11 housing units serving emancipated youth<sup>67</sup>

#### *Current Funding Opportunity*

HCD released a \$24 million NOFA for the Homeless Youth Housing Component of the MHP on January 31, 2007.<sup>68</sup> It has extended the application deadline twice, most recently on February 28, 2008.<sup>69</sup> The latest amendment extends the deadline to the earlier of July 31, 2008 and a time when HCD has received a sufficient amount of applications to reasonably use the \$24 million in funds.<sup>70</sup> Funds not obligated within 30 months of

availability revert to the MHP for general use.<sup>71</sup>

#### *Recent Changes*

New guidelines rescind a provision that required tenants to move out when they turn 25 and make this eligible household requirement apply only at initial occupancy.<sup>72</sup> As a result, programs can elect to provide transitional housing with durational requirements (i.e., until the youth ages out) or permanent housing.<sup>73</sup> However, sponsors must still maintain a goal of assisting the youths in transitioning to independent, self-sufficient adults by focusing on stability, employment, and education.<sup>74</sup>

Another guideline change provides higher loan limits for these developments.<sup>75</sup> For example, Marin County developers can request a loan of approximately \$193k per efficiency unit and \$202k per 1 bedroom unit for 15 percent for median income level.<sup>76</sup>

#### *Related Funding Opportunity*

Additionally, the changes allow developments that include at least 5 units for homeless youth to compete for MHP General funds for the remainder of the homes in the development. Developers can request the higher loan limits for units set aside for homeless youth.

#### *Future Funding*

The funding for this likely suffers from the same problems mentioned above in the MHP-General section because this is a MHP sub-program.

#### **Emergency Housing and Assistance Program Capital Development (“EHAPCD”)**

Proposition 1C sets out \$50 million to fund capital costs for emergency shelters and transitional housing. Allocated funds are to be split 80 percent available to urban areas and 20 percent to rural areas.<sup>77</sup> However, as mentioned above, this program currently is being funded without using Proposition 1C funds.

#### *Future Funding*

The California Governor has allocated \$24 million of Proposition 1C funding for this program in the 2008-09 fiscal year budget.<sup>78</sup>

#### **Infill Incentives Grant & Transit-Oriented Development Programs**

Other programs like the Infill Infrastructure Grant (“IIG”) and Transit-Oriented Development (“TOD”) programs, which together comprise 40% of the bond funds available,<sup>79</sup> have a portion of their funding programs available for affordable housing projects. Affordable housing proponents have investigated even the small portion potentially available for affordable housing under these programs because of the significant amounts allocated to these housing programs, together totaling \$1.15 billion.<sup>80</sup> In addition, commonly there is a need for infrastructure improvements when building affordable housing, which frequently are located in older, urbanized communities because

land available for affordable housing is in short supply.<sup>81</sup>

#### *Relevant Program Info*

The \$850 million IIG Program does not directly fund housing, but provides loans and grants for capital outlay for infrastructure that supports or facilitates infill housing development. Examples of projects that may be funded include water, sewer or other public infrastructure costs associated with infill housing development; transportation improvements and traffic mitigation projects related to infill housing development and parks related to infill housing development. Brownfield cleanup is also funded, but Office of the State Treasurer administers it.<sup>82</sup>

The Transit-Oriented Development program funds homes, at least 15 percent of which must be sold or rented to households at or below 80 percent of the area median income, and related infrastructure within .25 mile of public transportation.<sup>83</sup>

#### *Funding*

A \$240 million NOFA was recently released for infill infrastructure and a \$95 million NOFA for transit-oriented development,<sup>84</sup> Both NOFA deadlines have passed, but no money has been awarded yet to date.<sup>85</sup>

The IIG information is as follows:

- April 4, 2008 deadline<sup>86</sup>
- \$240 million NOFA released<sup>87</sup> out of total \$850 million program (excluding fees).
- \$50 million awarded to Qualifying Infill Projects, representing a projects (20%) to areas (80%) split of funding<sup>88</sup>
  - Rural (\$250k minimum), Urban (\$500k minimum), Maximum \$20m<sup>89</sup>
  - HCD had recommended a projects (58%) to areas (42%) split: \$140m to projects<sup>90</sup>
  - California Housing Consortium had recommended projects (42%) to areas (58%) split: \$100m to projects<sup>91</sup>
- Regional distribution targets<sup>92</sup>
  - Southern California: 45%<sup>93</sup>
  - Central Valley: 10%<sup>94</sup>
  - Northern California: 45% (not including Central Valley counties)<sup>95</sup>
- Scoring criteria still favor rental housing properties over homeownership housing proposals<sup>96</sup>
- Proposals to adjust affordability scoring to proportionally reflect moderate income targeting were not adopted<sup>97</sup>

The TOD grant information is as follows:

- March 7, 2008 deadline<sup>98</sup>
- \$95 million NOFA released<sup>99</sup> out of total \$300 million program (excluding fees)
- Final guidelines-affordability: 30 out of 350 total points in scoring criteria<sup>100</sup>

- This was reduced in half from 60 points after pressure to eliminate completely affordability as a scoring factor and political pressure from State Senate Pro Tem Don Perata (D, Oakland) on the nominated Secretary of the Business, Transportation, and Housing Agency, which oversees HCD.<sup>101</sup>
- Regional distribution targets<sup>102</sup>
  - Southern California: at least 45%<sup>103</sup>
  - Northern California: at least 30%<sup>104</sup>
  - At least 1 project within each ABAG, SACOG, SANDAG, SCAG region<sup>105</sup>
- Eligible projects are housing developments within specified regions<sup>106</sup> and infrastructure projects<sup>107</sup>

### ***Recent Changes***

Affordability merits extra points in the competitive scoring process, but the final guidelines allocate a vast majority of the funds allocated to larger development areas. These areas are less likely to include affordable housing developers, who are likely to apply for funds in the small portion of the funds allocated to specific projects. Housing California had advocated for the infrastructure money to be tied directly to specific projects that include housing affordable to low-income households.<sup>108</sup>

### **Affordable Housing Innovation**

“The new Affordable Housing Innovation Fund (AHIF) creates three programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing: the California Affordable Housing Revolving Development and Acquisition Program, the Construction Liability Insurance Reform Pilot Program, and the Innovative Homeownership Program. This fund also provides funding to the existing Local Housing Trust Fund Program.... Because legislation was recently enacted, specific program design is in progress.<sup>109</sup> This program is funded with \$100 million from Proposition 1C<sup>110</sup> and the charts above characterize this program within “Other Programs.”

“SB 586 (Dutton), was enacted into law on October 13, 2007, to allocate the bond's \$100 million for "innovative financing" to four new and existing programs:

- \$50 million for short-term loans for property acquisitions (expected Notice of Funding Availability (NOFA): Winter 2008);
- \$35 million for the Local Housing Trust Fund Matching Grant Program (expected Notice of Funding Availability (NOFA): Summer 2008);
- \$10 million for a new, undefined homeownership program (expected Notice of Funding Availability (NOFA): Spring 2009); and
- \$5 million for a pilot program to reduce developers' insurance costs (expected Notice of Funding Availability (NOFA): Spring 2009).

The Affordable Homes Collaborative, which Housing California convenes, lobbied heavily on this measure and was pleased its top two priorities -- property acquisitions and local trust funds -- received the bulk of the funds.<sup>111</sup>

Any funds not obligated within 30 months of availability revert to the Self-Help Housing Fund.<sup>112</sup>

### **Future Proposition 1C Funding**

HCD expects to announce \$400 million in awards by June, the end of this fiscal year, for Infill Infrastructure Grant, Brownfield Cleanup, and Transit-Oriented Development.<sup>113</sup> Governor Schwarzenegger has allocated \$771 million for Proposition 1C expenditures in the 2008-2009 fiscal year budget.<sup>114</sup> This is a decrease of \$202 million from the current fiscal year.

### **New Related Bills**<sup>115</sup>

#### *Directly-Related*

Both bills seek to fund projects directed at veterans using MHP funds.<sup>116</sup> This may be similar to the recent MHP change reserving a portion of funds for low-income senior projects. Housing California supports both bills, but is tracking them as medium priority items.

- AB 1818 (Fuentes) Housing: veterans
  - Location: 03/25/2008-Assembly Judiciary
- SB 1220 (Cedillo) Housing: Multifamily Housing Program: veterans
  - Location: 02/28/2008-Senate Transportation & Housing

#### *Related to Emergency Shelters and Transitional Housing*

HCD has sponsored the following bill related to emergency shelter programs. It addresses the forgiveness terms of EHAP capital costs, which could be funded using Proposition 1C. A provision requires HCD to distribute EHAP capital costs as forgivable deferred loans, consistent with its last NOFA. The bill forgives loan principal if the program is still operating as an emergency shelter or transitional housing at the end a term set from 5-10 years varying by activity.<sup>117</sup> The current policy from the last NOFA makes the loan potentially repayable far into the future, if project ceases to be “used as a qualifying homeless housing facility and provide the proposed services ... represented in the application.”<sup>118</sup> Housing California is considering taking a position on it and is tracking this as a low-priority item.<sup>119</sup>

- AB 3005 (Jones) Community development: emergency housing and assistance: The bill potentially reduces fees to proposed developments by requiring local agency approval fees to be proportionate to development size, rather than flat fees; and providing reduced transportation impact fees for transit-oriented developments.<sup>120</sup> As mentioned above, another provision sets a finite term for determining loan forgiveness, making loans forgivable as long as programs are operating consistent with their application at the end of 5-10 year terms.
  - Location: Assembly Housing & Community Development

#### *Indirectly-Related*

These following bills are not directly relevant to homelessness, but encourage affordability links in other Proposition 1C programs. Housing California supports these bills and is tracking these among its highest priority items:

- AB 2494 (Caballero) Housing-Related Parks Program: Allocates \$200 million for Proposition 1C's housing-related parks program. Local governments receive park grants for issuing permits for the construction of homes affordable to low- and very-low-income households.<sup>121</sup> This provides some additional incentive to construct housing serving the lowest income levels.
  - Location: Assembly Housing & Community Development
- SB 46 (Perata) Housing and Emergency Shelter Trust Fund Act of 2006: Regional Planning, Housing, and Infill Incentive Account (amended version): Amended version creates the program allocating Proposition 1C infill development funds. Among its key components is a requirement to include affordability levels in HCD's ranking criteria.<sup>122</sup>
  - Location: Assembly Appropriations

Housing California opposes the following bill. It directs funds away from other priorities like affordability.

- SB 465 (Lowenthal) Housing: grant and loan programs: Assembly-amended version allows Business Improvement Districts to apply for Proposition 1C infill infrastructure funds.<sup>123</sup>
  - Location: Assembly inactive file

Housing California is watching the following bill, which is an alternative to the bill above supported by Housing California.

- SB 732 (Steinberg) Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006: Creates a program to spend the \$200 million in Proposition 1C funding for housing-related parks.<sup>124</sup>
  - Location: Placed on inactive file at Assembly Member Bass's request.

*What are the effects of Proposition 1C and its recent changes on you and members of your community?*

*What can we do now about decisions made on final guidelines for Proposition 1C's largest programs?*

*What are potential opportunities to access funding from these larger programs? For example, do we have development plans that might qualify as infill or transit-oriented development projects?*

*How do we feel about any proposed changes?*

*Are there any recent changes you would want to reverse or modify?*

*Do you want to take a position on any of the bills above?*

### **Additional Information**

*Please contact HomeBase Staff Attorney Joni Canada at (415) 788-7961, extension 320 or [joni@homebaseccc.org](mailto:joni@homebaseccc.org) for additional information.*

<sup>1</sup> Pie chart created using information from the Department of Housing and Community Development (“HCD”), available at <http://www.bondaccountability.hcd.ca.gov/>. Fees are held in reserve and deducted from the total amount of the bond measure. HCD was not able to tell me how the fees would be split among the programs, so the fees allocated to each program are an estimate. Please see footnotes 2-3 for additional information.

<sup>2</sup> \$191,038,000 in fees is held in reserve to ensure their availability. These fees reduce the amount available to be awarded to the programs. Calculated using amounts from the “Schedule of Funds Committed as of February 2008” prepared by HCD and CalHFA. See <http://www.bondaccountability.hcd.ca.gov/> for the schedule and amounts.

<sup>3</sup> For this pie chart, state agencies’ and administrative fees are allocated proportionally to each program based on amounts approved for each program in original bond measure. HCD was not able to provide the actual fee split, but thought that fees would be split proportionally based upon the amounts actually allocated, rather than the original amounts. Therefore, the amounts deducted from each program for fees for this pie chart are estimated and may differ from the actual amounts deducted.

<sup>4</sup> \$321,772,009 is the total awarded amount as of February 2008, but all of these amounts may not have been disbursed yet. Calculated using amounts from the “Schedule of Funds Committed as of February 2008” prepared by HCD and CalHFA. See <http://www.bondaccountability.hcd.ca.gov/> for the schedule and amounts.

<sup>5</sup> See <http://www.bondaccountability.hcd.ca.gov/> for a list of programs and the amount designated for each program. The pie chart available on this website has slightly different program types than those used in this analysis. For descriptions of each program, see the California State Association of Counties’ “Infrastructure Bond Guide: Proposition 1C: \$2.85 Billion Housing Bond,” updated April 24, 2007 and available at <https://www.csac.counties.org>.

<sup>6</sup> Calculated using amounts from the “Schedule of Funds Committed as of February 2008” prepared by HCD and CalHFA. See <http://www.bondaccountability.hcd.ca.gov/> for the schedule and amounts.

<sup>7</sup> *Id.*

<sup>8</sup> The Emergency Housing Assistance Program (“EHAP”) funding designated for operating facility grants, coming from a different source of funds, was cut by \$401,000 in the proposed California 2008-2009 budget. Housing California, *Homeless and Farmworker Shelter Take Brunt of Proposed Housing Cuts*,

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January 23, 2008, available at

[http://www.housingca.org/policy\\_leg/policynews/homelessfarmworkerbudgetcuts/](http://www.housingca.org/policy_leg/policynews/homelessfarmworkerbudgetcuts/). EHAP funding for capital costs in the proposed 2008-209 budget is \$24 million. Office of the Governor website, *Building a Better California: 2008-09 California State Budget*, available at <http://gov.ca.gov/issue/specifics/2008-09-budget-housing-and-transportation>

<sup>9</sup> *Id.* at 7

<sup>10</sup> Current funding information for EHAPCD from 2007-2008 states, “[d]ue to the passage of Proposition 46, approximately \$31 million in EHAP Capital Development funds will be available each year for 6 years beginning with fiscal year 2002-2003. These funds are available as forgivable deferred loans for capital development to acquire, construct, or rehabilitate sites for emergency shelters, transitional housing, and safe haven facilities for homeless persons.” HCD, *Current Emergency Housing Assistance Program Capital Development (EHAPCD) Deferred Loan Information*, available at

<http://www.hcd.ca.gov/fa/ehap/ehap-capdev.html>

<sup>11</sup> Funds only capital costs. HCD, *Notice of Funding Availability (NOFA): MULTIFAMILY HOUSING PROGRAM (MHP): SUPPORTIVE HOUSING COMPONENT*, March 3, 2008, available at

<http://www.hcd.ca.gov/fa/mhp/SupportiveHousing.html>

<sup>12</sup> Senate Rules Committee, SB 707 Bill Analysis, available at <http://leginfo.ca.gov>

<sup>13</sup> *Id.*

<sup>14</sup> HCD, *MHP (Including Supportive Housing) Regulations*, available at <http://www.hcd.ca.gov>. Up to 35 points are awarded for projects serving the lowest income levels, with 0.75 points awarded per unit at 40 percent AMI, 1 point per unit at 30 percent AMI, 1.5 points per unit at 20 percent AMI up to 10% of units, and 1 point per unit at 20 percent AMI above 10% of units.

<sup>15</sup> HCD, *HCD: State Housing Program Summary*, December 2007, available at

<http://www.hcd.ca.gov/permsource/summary.php>

<sup>16</sup> *Id.*

<sup>17</sup> HCD, *MHP*, available at <http://www.hcd.ca.gov/fa/mhp/>

<sup>18</sup> *Id.* at 15

<sup>19</sup> *Id.*

<sup>20</sup> HCD, *NOFA: MHP: 2007-08 FUNDING ROUND 1C-2*, August 22, 2007

<sup>21</sup> HCD, *NOFA: MHP: HOMELESS YOUTH HOUSING*, January 31, 2007, available at

<http://www.hcd.ca.gov/fa/mhp/HomelessYouth.html>

<sup>22</sup> “Rural” is defined using the same definition as TCAC for the tax credit program. For additional information, see <http://www.treasurer.ca.gov/ctcac>. HCD, *2008 Funding Round 1C-3: NOFA: MHP*, January 31, 2008

<sup>23</sup> HCD, *January 25, 2007 Prop 1C-1 Award List*, available at <http://www.hcd.ca.gov/fa/mhp/>

<sup>24</sup> A total of \$81.6 million was awarded, including amounts for Downtown Rebound projects. Excluding the Downtown Rebound projects, \$69.6 million was awarded from the MHP funds. For further details, see HCD, *January 31, 2008 Prop 1C Award List*, available at <http://www.hcd.ca.gov/fa/mhp/>. An HCD analyst said 3 such projects were awarded funds and 1 project was completed. The Downtown Rebound funds were from a program prior to Proposition 46 and had reverted to MHP. An HCD analyst told me that the committed amount listed on the Bond Accountability website and used for the charts in this analysis likely did not include the \$12 million in Downtown Rebound funds. Interview with HCD MHP analyst, April 16, 2008.

<sup>25</sup> HCD, *January 31, 2008 Prop 1C Award List*, available at <http://www.hcd.ca.gov/fa/mhp/>

<sup>26</sup> *Id.* at 23

<sup>27</sup> *Id.* at 25

<sup>28</sup> HCD, *2008 Funding Round 1C-3: NOFA: MHP*, January 31, 2008

<sup>29</sup> Housing California, *New Housing Legislation in 2008 (Part I)*, February 21, 2008, available at

[http://www.housingca.org/policy\\_leg/policynews/newhousinglegin2008-pt.1/](http://www.housingca.org/policy_leg/policynews/newhousinglegin2008-pt.1/)

<sup>30</sup> *Id.* at 28

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at 11

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

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<sup>36</sup> HCD, *Notice of Funding Availability (NOFA): MULTIFAMILY HOUSING PROGRAM (MHP): SUPPORTIVE HOUSING COMPONENT*, March 3, 2008, available at <http://www.hcd.ca.gov/fa/mhp/SupportiveHousing.html>

<sup>37</sup> Office of the Governor website, *Building a Better California: 2008-09 California State Budget*, available at <http://gov.ca.gov/issue/specifics/2008-09-budget-housing-and-transportation>

<sup>38</sup> Housing California, *Prop. 1C Update: Part I*, available at [http://www.housingca.org/policy\\_leg/policynews/prop1cupdate\\_part1/](http://www.housingca.org/policy_leg/policynews/prop1cupdate_part1/)

<sup>39</sup> *Id.*

<sup>40</sup> HCD, *NOFA: MHP: SUPPORTIVE HOUSING COMPONENT*, March 3, 2008, available at <http://www.hcd.ca.gov/fa/mhp/SupportiveHousing.html>

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> The chart included earlier in this analysis uses HCD's reported information on the Bond Accountability website. On this website, HCD reports the MHP-Supportive Housing funding committed using the amounts awarded to supportive housing applicants under the MHP General NOFA rounds.

<sup>44</sup> A listing of total awards by program, available at <http://www.hcd.ca.gov/news/release/07192007Prop1CAwards.pdf>, accompanies a related press release.

<sup>45</sup> A listing of total awards by program, available at <http://www.hcd.ca.gov/news/release/02152008TotalAward1C.pdf>, accompanies a related press release.

<sup>46</sup> *Id.* at 44

<sup>47</sup> *Id.* at 47

<sup>48</sup> *Id.* at 40

<sup>49</sup> HCD, *2008 Funding Round 1C-3: NOFA: MHP*, January 31, 2008

<sup>50</sup> *Id.* at 40

<sup>51</sup> For further detail, see *id.* (detailing new construction or conversion projects' required deposits of 0.6 percent of the construction cost up to \$600 per unit, possible adjustments, and that the Department will determine the deposit amount for rehab projects)

<sup>52</sup> *Id.* at 40

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* at 49

<sup>59</sup> *Id.*

<sup>60</sup> HCD, *AMENDMENT TO GOVERNOR'S HOMELESS INITIATIVE NOTICE OF FUNDING AVAILABILITY ISSUED NOVEMBER 15, 2005*, July 14, 2006, available at <http://www.hcd.ca.gov/fa/ghi/> (titled, "NOFA Amendment III")

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* at 40

<sup>63</sup> *Id.*

<sup>64</sup> HCD, *NOFA: MHP: HOMELESS YOUTH HOUSING*, January 31, 2007, available at <http://www.hcd.ca.gov/fa/mhp/HomelessYouth.html>

<sup>65</sup> *Id.*

<sup>66</sup> The chart included earlier in this analysis uses HCD's reported information on the Bond Accountability website. On this website, HCD reports the MHP-Homeless Youth Housing funding committed using the amounts awarded to homeless youth serving applicants. It is not clear if this amount was awarded using the "over-the-counter" process or the MHP General NOFA's second round.

<sup>67</sup> HCD, available at <http://www.hcd.ca.gov/news/release/02152008TotalAward1C.pdf>

<sup>68</sup> HCD, available at [http://www.hcd.ca.gov/fa/mhp/Second\\_Amendment\\_to\\_HY\\_NOFA.pdf](http://www.hcd.ca.gov/fa/mhp/Second_Amendment_to_HY_NOFA.pdf)

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> League of California Cities, *Funding Infrastructure Bonds*, January 9, 2007 (working draft, citing Section 11139.3 of Gov't Code)

<sup>72</sup> HCD, available at [http://www.hcd.ca.gov/fa/mhp/Amendment\\_to\\_HY\\_NOFA.PDF](http://www.hcd.ca.gov/fa/mhp/Amendment_to_HY_NOFA.PDF)

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<sup>73</sup> HCD, available at [http://www.hcd.ca.gov/fa/mhp/Amendment\\_to\\_HY\\_NOFA.PDF](http://www.hcd.ca.gov/fa/mhp/Amendment_to_HY_NOFA.PDF)

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

<sup>76</sup> HCD, *MHP: 2008 Per Unit Loan Limits – (Chart B)*, available at <http://www.hcd.ca.gov/fa/mhp/SHIncomeRentsLoanLimits.pdf>

<sup>77</sup> HCD, available at <http://www.hcd.ca.gov/fa/ehap/ehapcd.html>

<sup>78</sup> Office of the Governor website, *Building a Better California: 2008-09 California State Budget*, available at <http://gov.ca.gov/issue/specifics/2008-09-budget-housing-and-transportation>

<sup>79</sup> Calculated using amounts from the “Schedule of Funds Committed as of February 2008” prepared by HCD and CalHFA. See <http://www.bondaccountability.hcd.ca.gov/> for the schedule and amounts.

<sup>80</sup> See e.g., California Housing Consortium (“CHC”), *HCD Infill Infrastructure NOFA Released*, February 28, 2008, available at <http://calhsng.org/main/> (commenting on the released Infill Infrastructure Grant NOFA and briefly highlighting the NOFA terms’ similarities and differences with CHC’s key recommendations); Housing California website, at <http://www.housingca.org>

<sup>81</sup> Community Housing Alliance, *Proposition 1C Bond Money Will Boost Affordable Housing*, March 18, 2007

<sup>82</sup> HCD, *HCD: State Housing Program Summary*, December 2007, available at <http://www.hcd.ca.gov/permsource/summary.php>

<sup>83</sup> Housing California, *Controversy Swirls Around Final T.O.D. Guidelines*, available at <http://www.housingca.org>

<sup>84</sup> California Housing Consortium, *HCD Infill Infrastructure NOFA Released*, February 28, 2008, available at <http://calhsng.org/main/>

<sup>85</sup> HCD website information on IIG and TOD; HCD, CalHFA, *Schedule of Funds Committed as of February 2008*, available at <http://www.bondaccountability.hcd.ca.gov/>

<sup>86</sup> *Id.* at 84

<sup>87</sup> *Id.*

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> HCD, *Infill Infrastructure Grant Program (“IIG”): Final Guidelines*, February 28, 2008; California Housing Consortium, *HCD Infill Infrastructure NOFA Released*, February 28, 2008, available at <http://calhsng.org/main/>

<sup>93</sup> *Id.*

<sup>94</sup> *Id.*

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 84

<sup>97</sup> *Id.*

<sup>98</sup> HCD, *2007-08 Funding Round: NOFA: TOD Housing Program*, December 11, 2008

<sup>99</sup> *Id.*

<sup>100</sup> HCD, *TOD Housing Program Guidelines*, December 3, 2008

<sup>101</sup> Housing California, *Controversy Swirls Around Final T.O.D. Guidelines*, available at <http://www.housingca.org>

<sup>102</sup> *Id.* at 100

<sup>103</sup> *Id.*

<sup>104</sup> *Id.*

<sup>105</sup> Association of Bay Area Governments (ABAG); the Sacramento Association of Governments (SACOG); the San Diego Association of Governments (SANDAG); and the Southern California Association of Governments (SCAG). HCD, *TOD Housing Program Guidelines*, December 3, 2008

<sup>106</sup> Antioch, San Francisco-Oakland, Concord, San Jose, Fairfield, Santa Barbara, Fresno, Santa Clarita, Gilroy-Morgan Hill, Santa Cruz, Livermore, Santa Rosa, Los Angeles-Long Beach-Santa Ana, Seaside-Monterey-Marina, Manteca, Simi Valley, Mission Viejo, Stockton, Modesto, Temecula-Murrieta, Petaluma, Thousand Oaks, Riverside-San Bernardino, Tracy, Sacramento, Vallejo, San Diego. *Id.* at 100

<sup>107</sup> *Id.* at 100

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<sup>108</sup> Community Housing Alliance, *Proposition 1C Bond Money Will Boost Affordable Housing*, March 18, 2007

<sup>109</sup> *Id.* at 82

<sup>110</sup> *Id.*

<sup>111</sup> Housing California, *New Housing Laws for 2008 (Part II)*, March 4, 2008, available at [http://www.housingca.org/policy\\_leg/policynews/newhousinglegin2008-pt.2/](http://www.housingca.org/policy_leg/policynews/newhousinglegin2008-pt.2/)

<sup>112</sup> League of California Cities, *Funding Infrastructure Bonds*, January 9, 2007 (working draft)

<sup>113</sup> California Housing Consortium, *HCD Infill Infrastructure NOFA Released*, February 28, 2008, available at <http://calhsng.org/main/>

<sup>114</sup> Office of the Governor website, *Building a Better California: 2008-09 California State Budget*, available at <http://gov.ca.gov/issue/specifics/2008-09-budget-housing-and-transportation>

<sup>115</sup> Housing California, *Housing-Related Bills as of 3/28/08*, available at <http://www.housingca.org>

<sup>116</sup> *Id.*

<sup>117</sup> AB 305, Section 3(a)

<sup>118</sup> HCD, *State of California: HCD, EHAPCD Deferred Loans: Statewide NOFA: 2007-08*, December 7, 2007, available at <http://www.hcd.ca.gov/fa/ehap/ehap-capdev.html>

<sup>119</sup> *Id.* at 115

<sup>120</sup> *Id.*

<sup>121</sup> *Id.*

<sup>122</sup> *Id.*

<sup>123</sup> *Id.*

<sup>124</sup> *Id.*