

# **The Emergency Shelter and Housing Needs of Southern California and the Accomplishments of Proposition 46**

A joint hearing of the Senate Transportation and Housing Committee  
and the Assembly Housing and Community Development Committee

Wednesday, October 11, 2006  
Ronald Reagan State Office Building  
300 South Spring Street, Auditorium  
Los Angeles, CA

9:30 to Noon

## **BACKGROUND PAPER**

### **Purpose of the Hearing**

Four years ago California voters approved Proposition 46, the Emergency Shelter and Housing Trust Fund Act of 2002. This general obligation bond provided \$2.1 billion for a variety of new and existing affordable housing programs.

The purpose of this hearing is to ascertain the current status of Proposition 46 funding and to review the funding commitments that have been made to date. In particular, the committee is interested in answering the following questions:

- How many units of affordable housing have been produced by Proposition 46?
- What types of projects have received funding?
- Have the funding awards been geographically balanced?
- At what point will Proposition 46 funds be exhausted?

The hearing will also focus on remaining housing needs in Southern California, especially the needs of homeless families with children, domestic violence victims, seniors, veterans, and emancipated foster youth.

## **Background on Proposition 46**

The Housing and Emergency Shelter Trust Fund Act of 2002 provided \$2.1 billion for a variety of affordable housing programs that support emergency shelters, rental housing, farmworker housing, homeownership opportunities, and other needs. Specifically, bond funds were allocated as follows:

### *Major Programs*

#### **Multifamily Housing Program - \$1.03 billion**

This program administered by the Department of Housing and Community Development (HCD) provides deferred-payment loans to local governments, for-profit and non-profit entities for the new construction, rehabilitation, or acquisition and rehabilitation of permanent and transitional rental housing for lower income households. Loan funds can also be used to pay the cost of child care, after-school care and social service facilities integrally linked to the housing units. There are set-asides for supportive housing for persons with disabilities (\$195 million), to include space for health and social service programs in MHP projects (\$20 million), and for student housing (\$15 million). [<http://www.hcd.ca.gov/ca/mhp/>]

#### **Farmworker Housing Grant Program - \$200 million**

This HCD program provides grant or loan funds to local governments, nonprofit corporations, and federally recognized Indian tribes for the rehabilitation or new construction of owner-occupied and rental units for low income agricultural workers. There are set-asides for migrant farmworker housing (\$25 million) and farmworker housing linked to on-site health services (\$20 million). [<http://www.hcd.ca.gov/ca/fwhg/>]

#### **Emergency Housing Assistance Program - \$195 million**

This HCD program provides capital grants for the development of emergency shelters, transitional housing, and services for homeless individuals and families. [<http://www.hcd.ca.gov/ca/ehap/>]

#### **California Homebuyers Downpayment Assistance Program - \$130 million**

Administered by the California Housing Finance Agency (CalHFA), the Homebuyers Downpayment Assistance Program helps first-time homebuyers achieve homeownership by providing “silent” second-mortgage loans to reduce the principal and interest payments on the first mortgage. Buyers generally access these loan funds through their lender. There is a set-aside (\$12.5 million) for households purchasing a home in a revitalization area and who have received counseling from a Neighborhood Housing Services type organization. [<http://www.calhfa.ca.gov/homeownership/programs/chdap.htm>]

### **CalHome Program - \$115 million**

The HCD administered CalHome Program provides grants and loans to local governments or non-profit organizations for any type of activity that helps low-income households achieve or maintain homeownership. Grant funds may be used for first-time homebuyer downpayment assistance, home rehabilitation, homebuyer counseling, home acquisition and rehabilitation, or self-help mortgage assistance programs, or for technical assistance for self-help and shared housing homeownership. Loan funds may be used for the purchase of real property, site development, predevelopment, construction period expenses incurred on homeownership development projects, and permanent financing for mutual housing or cooperative developments. [<http://www.hcd.ca.gov/ca/calhome/>]

### *Other Programs - Homeownership*

### **California Loan Insurance Fund - \$85 million**

The California Loan Insurance Fund, administered by CalHFA, insures mortgage loans for first-time homebuyers. [<http://www.calhfa.ca.gov/insurance/programs/index.htm>]

### **Building Equity and Growth in Neighborhoods Program - \$75 million**

Administered by HCD, the BEGIN program provides grants to local governments for the provision of downpayment assistance loans to low or moderate income homebuyers who purchase a home in a new development that has received one or more local government development incentives. [<http://www.hcd.ca.gov/fa/begin/>]

### **School Facility Fee Downpayment Assistance Program - \$50 million**

This CalHFA administered program awards grants to buyers of newly constructed homes throughout California to provide a partial or full rebate of the school facility fees paid by the builder. The assistance can be used for down payment, closing costs, or any costs associated with the buyer's first mortgage loan. [<http://www.calhfa.ca.gov/homeownership/programs/sff.htm>]

### **Extra Credit Teacher Home Purchase Program - \$25 million**

The Extra Credit Teacher Program provides a below market interest rate CalHFA first loan, together with a forgivable interest CalHFA second loan to assist qualified credentialed school teachers, administrators, or staff working in eligible low-performing schools or districts to purchase their first home. It is designed in most cases to provide up to 100% of the financing needed for the purchase of a home. [<http://www.calhfa.ca.gov/homeownership/programs/ectp.htm>]

### **California Self-Help Housing Program - \$10 million**

Administered by HCD, this program assists low and moderate income families to build and rehabilitate their own homes with their own labor. Grants are given to sponsor organizations that provide training and supervision of self-help home-builders or repairers.

[\[http://www.hcd.ca.gov/ca/cshhp/\]](http://www.hcd.ca.gov/ca/cshhp/)

### *Other Programs – Rental Housing*

### **Preservation Opportunity Programs - \$50 million**

The Preservation Opportunity Program, administered by CalHFA, and the Interim Repositioning Program, administered by a non-profit entity selected by HCD, facilitate the purchase and maintenance of existing affordable housing units that are at risk of converting to market rate rents. The programs provide two-year, deferred loans to purchasers to allow them to gain control of the development and then have time to apply for low-income housing tax credits and other permanent financing. [\[http://www.hcd.ca.gov/fa/pirp/\]](http://www.hcd.ca.gov/fa/pirp/) and

[\[http://www.calhfa.ca.gov/multifamily/financing/programs/preservation.pdf\]](http://www.calhfa.ca.gov/multifamily/financing/programs/preservation.pdf)

### **Local Housing Trust Fund Matching Grants - \$25 million**

Under this program, HCD will provide matching grants of \$1-2 million for existing and new local housing trust funds. Grants must be matched one-to-one, and state and matching funds must be used to finance rental housing units affordable to very-low and low income households.

### **Disability Modification Grants - \$5 million**

This HCD program makes grants available through local governments or non-profit organizations to low-income tenants with disabilities for the purpose of making modifications to common areas of a rental development that will ensure access to one or more units.

[\[http://www.hcd.ca.gov/fa/eagr/\]](http://www.hcd.ca.gov/fa/eagr/)

### *Other Program – Local Governments*

### **Local Government Incentives - \$75 million**

Administered by HCD, the Workforce Housing Reward Program rewards local governments for permitting new housing developments affordable to low-income households. The rewards are in the form of grants that may be used for any capital purpose. [\[http://www.hcd.ca.gov/fa/whrp/\]](http://www.hcd.ca.gov/fa/whrp/)

### **Jobs-Housing Balance Improvement Program - \$25 million**

This HCD program effectively rewards local governments for increasing the number of residential building permits they issue over the average number of annual building permits issued

in the previous three years. Communities may use funds for any type of infrastructure project, including parks, police and fire stations, libraries, etc. The bond funds are used to pay a prorata share of the grants that communities qualified for in 2001 before the budgeted funds were returned to the General Fund. [<http://www.hcd.ca.gov/ca/jhbig/>]

**Code Enforcement - \$5 million**

Under this program, HCD makes grants to local governments for the purchase of capital equipment that enhances local code enforcement activities. [<http://www.hcd.ca.gov/codes/cegp/>]