

# California's Affordable Housing Resource System and Current Outcomes

CalHFA Workshop  
June 11, 2020

# Presentation Topics

- California's Affordable Housing Needs
- California's Rent Burden Challenge
- Affordable Housing Production Levels
- State Affordable Housing Resource Targeting
- Policy Considerations

# California's Affordable Housing Needs

Comparison of Households (By Income Category) to Cumulative Units Affordable & Available to Them

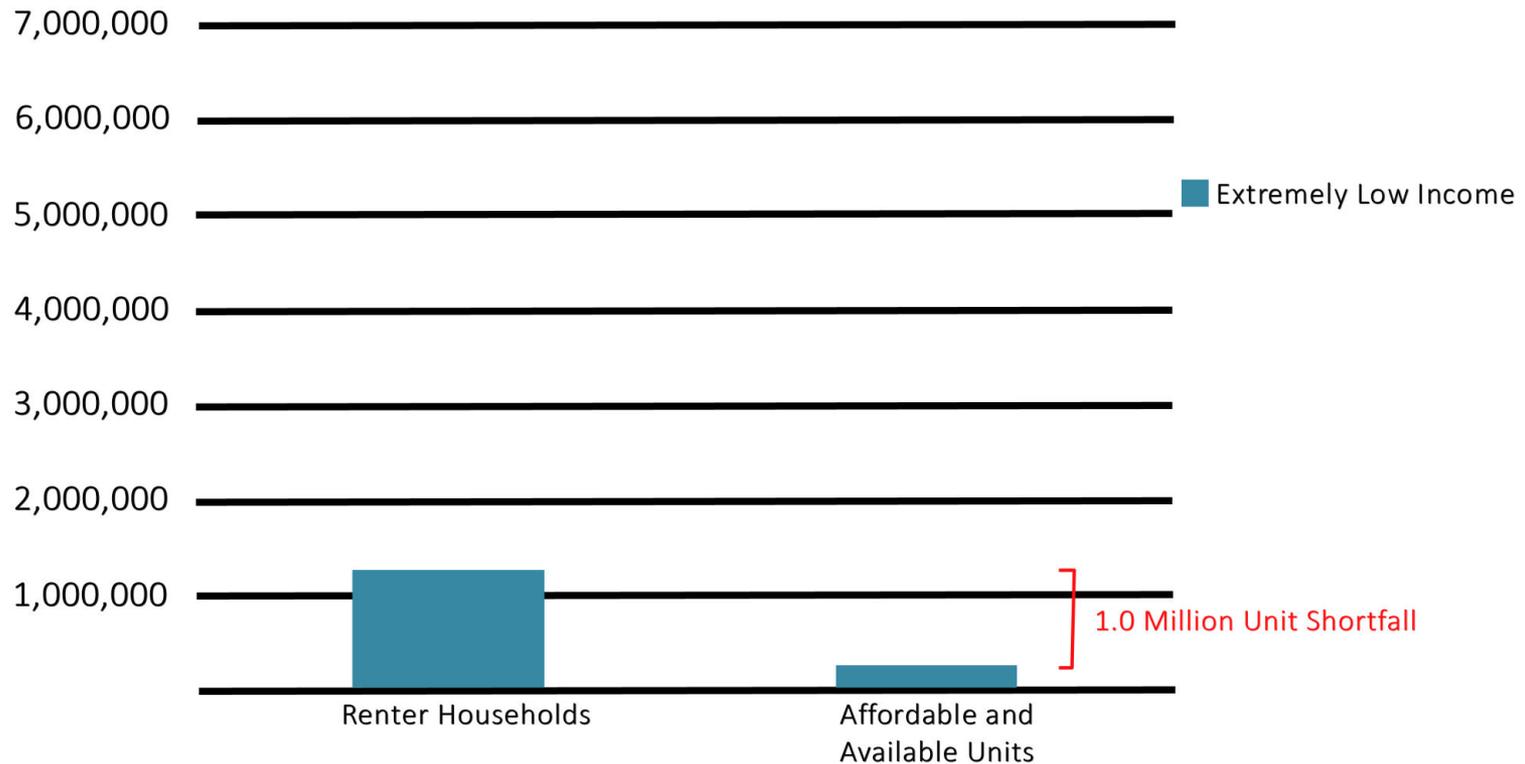


Chart derived from Figure 1.25 of California's Housing Future: Challenges and Opportunities; Data based off of 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMNS) housing file.

# California's Affordable Housing Needs

## Comparison of Households (By Income Category) to Cumulative Units Affordable & Available to Them

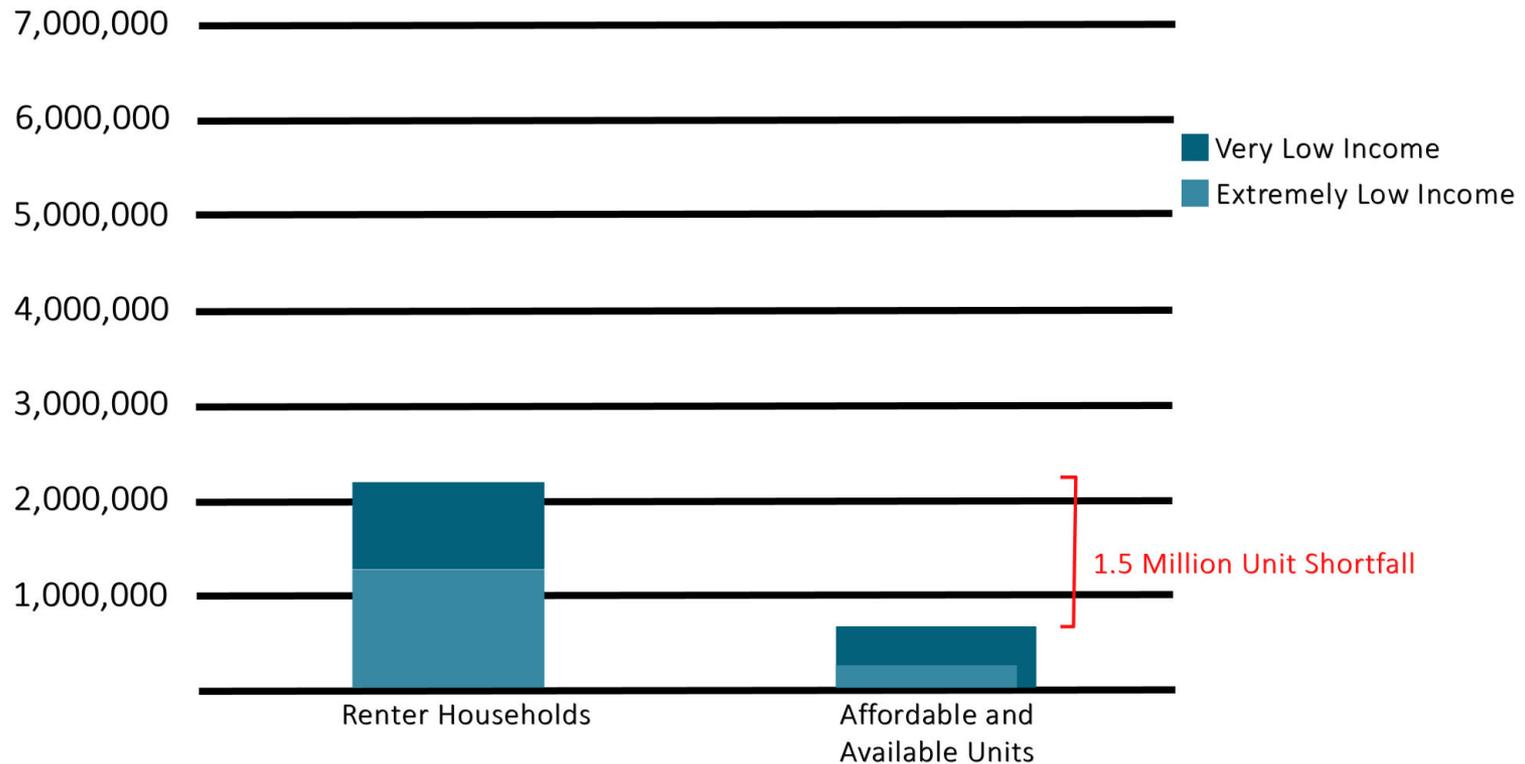


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# California's Affordable Housing Needs

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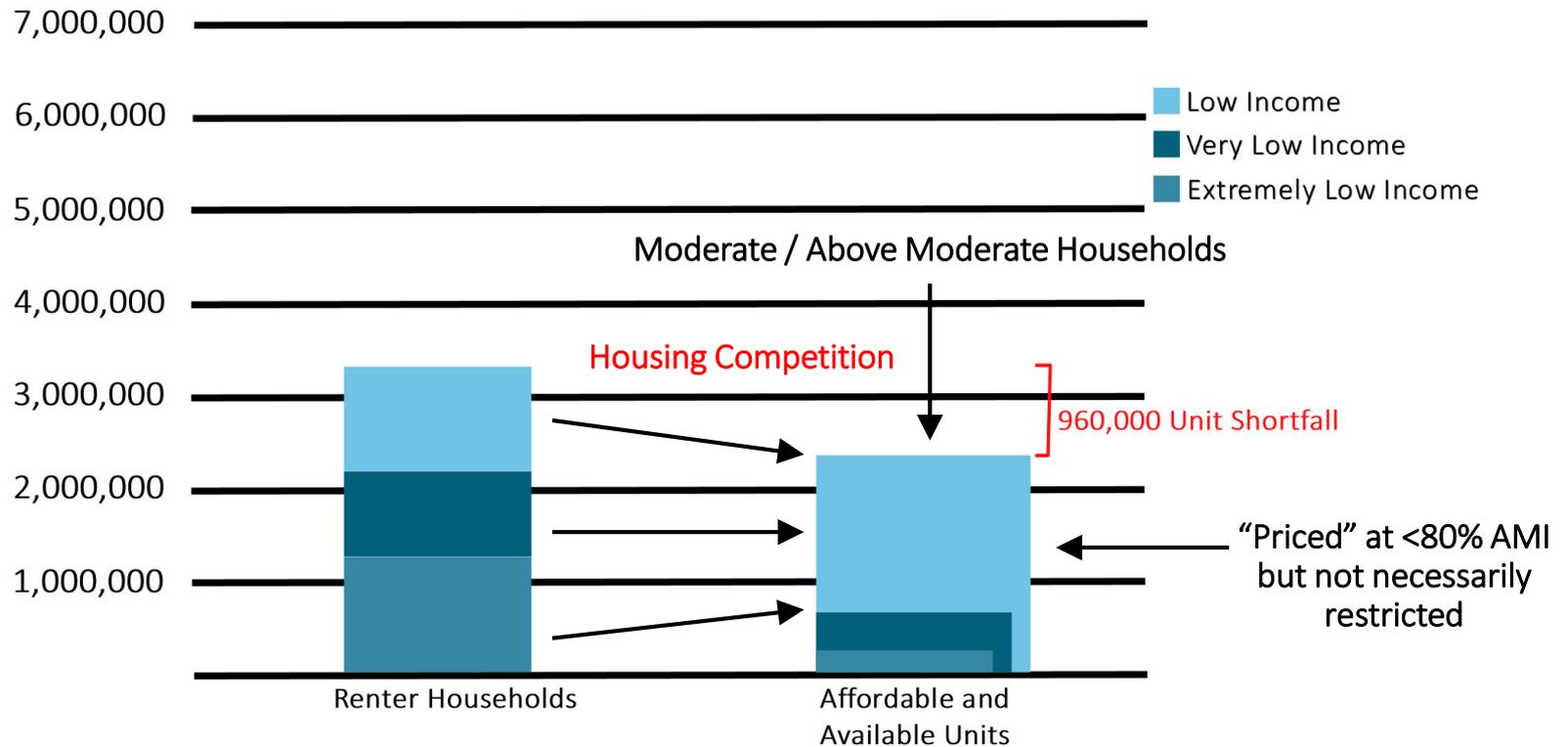


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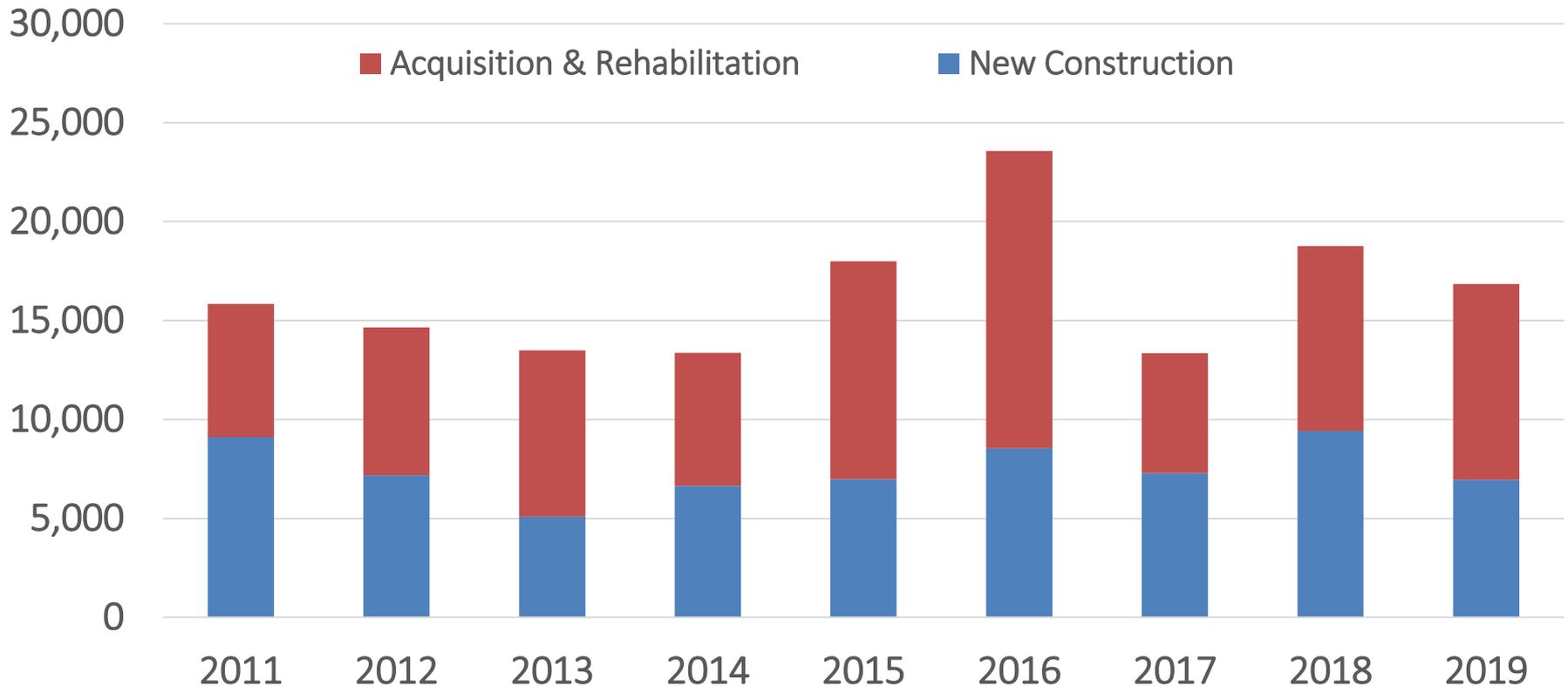
# California's Rent Burden Challenge

Table 1.2  
Percentage of California's Renter Households Experiencing Rent Burden by Income

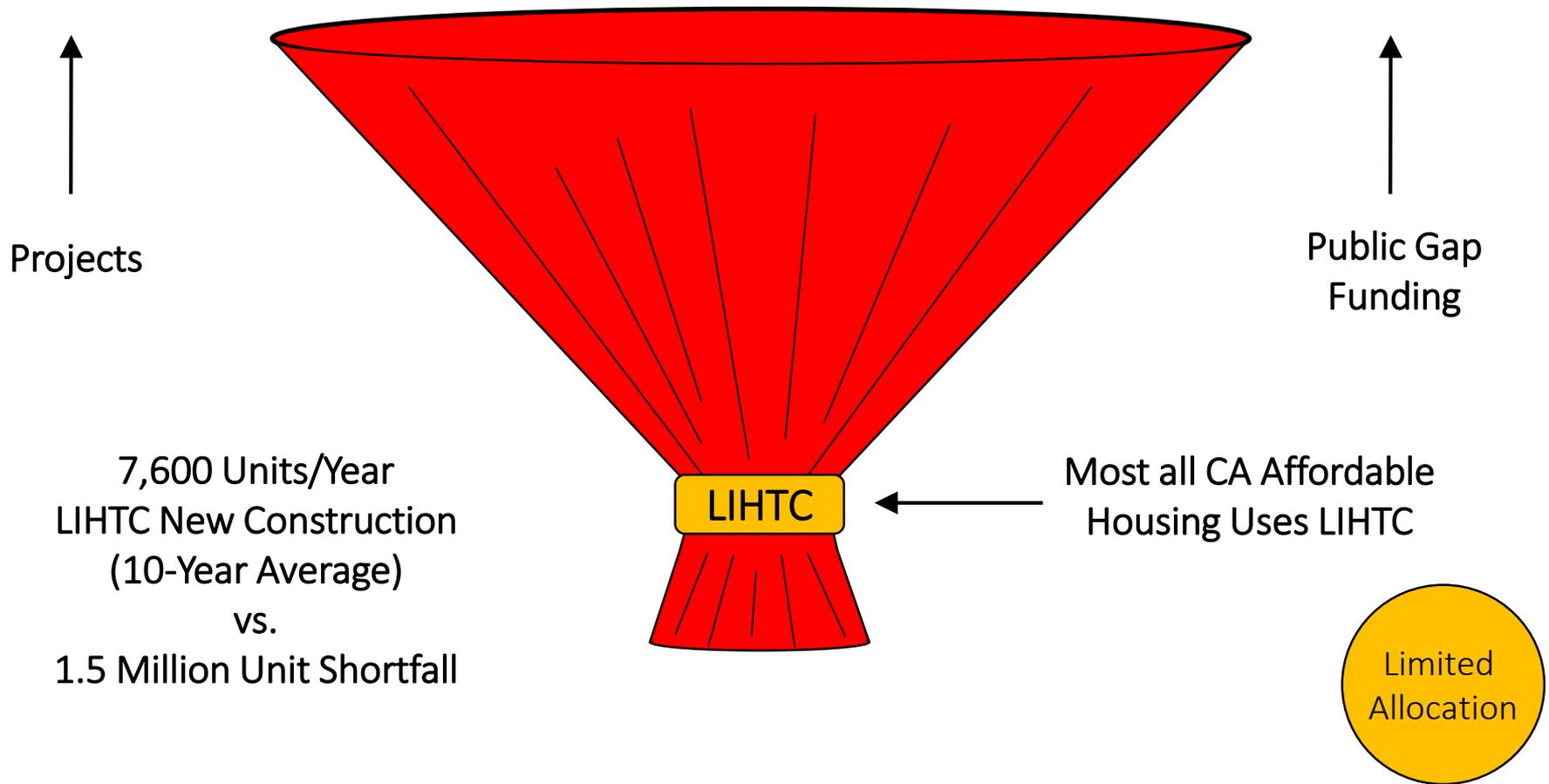
Income	Total Renter Households (million)	% Rent Burdened	% Severely Rent Burdened
Extremely Low-Income or Below Poverty Line	1.41	90.2%	76.9%
Very Low-Income	.82	85.4%	47.4%
Low-Income	1.13	64.6%	16.9%
All Lower-Income Renter Households (80% AMI and below) Subtotal of above	3.36	80.4%	49.5%
Moderate-Income	.59	41.5%	5.3%
Above Moderate-Income	2.03	12%	0.9%
All Renter Households Total	5.97	53.4%	28.7%

Source: 2017 National Low-Income Housing Coalition tabulations of 2015 American Community Survey Public Use Microdata Sample (PUMS) housing file.

# California Low Income Housing Units Produced and Preserved (4% and 9% LIHTC Programs)



# LIHTC/TE Bond-Constrained Production



# Resources and AMI Targeting

Program	Annual Funding	Avg. AMI Target
Affordable Housing Sustainable Communities (AHSC)	\$550,000,000	50%
CA State LIHTC (Budget Allocation)	\$500,000,000	57%
Veterans Housing & Homeless Prev. Prog. (VHHP)	\$75,000,000	30%
9% Federal LIHTC & Original CA State Tax Credit	\$1,213,859,023	51%
Housing for Healthy California Program (HHC)	\$43,500,000	30%
Joe Serna, Jr. Farmworker Housing Grant (FWHG)	\$74,000,000	51%
Multifamily Housing Program (MHP)	\$547,000,000	48%
No Place Like Home (NPLH)	\$622,000,000	30%
Supportive Housing Multifamily Hsg. Prog. (SHMHP)	\$77,000,000	30%
Infill Infrastructure Grant Program (IIG)	\$279,000,000	51%
Transit Oriented Development Housing Prog. (TOD)	\$141,000,000	50%
CalHFA Mixed Income Program (MIP)	\$195,000,000	57%
<b>Total Funding and Average AMI Targeting</b>	<b>\$4,317,359,023</b>	<b>48.6%</b>

# Resources and AMI Targeting

Resource Targeting Level	Approx. Annual Funding	% of Total
Extremely Low Income (<30% AMI)	\$1,199,435,902	27.8%
Very-Low Income (30% AMI to 50% AMI)	\$1,804,591,053	41.9%
Low-Income (51% AMI to 80% AMI)	\$1,305,532,068	30.2%
Moderate (81% AMI to 120% AMI)	\$5,850,000	00.1%
Total Annual Funding Amount	\$4,317,359,023	

- Average AMI Targeting of 48.6% is likely lower due to use of most restrictive funding source requirements
- Private Activity Bonds and 4% tax credits are excluded from totals since these resources are least restrictive
- Income targeting is estimated based on threshold and scoring criteria of each program
- Resource targeting in the Low-Income category is mostly skewed to a maximum of 60% AMI

# Deep-Targeting Trade-Off

	<u>Fresno</u>	<u>San Diego</u>	<u>Santa Clara</u>
<u>Total Development Cost Per Unit</u>	\$ 350,000	\$ 450,000	\$ 550,000
<u>Financing Sources - 60% AMI Unit</u>			
4% Federal Tax Credit Equity	\$ 117,936	\$ 155,002	\$ 193,565
Permanent Loan	\$ 74,261	\$ 163,056	\$ 243,314
<b>Gap Financing</b>	<b>\$ 157,803</b>	<b>\$ 131,943</b>	<b>\$ 113,122</b>
Total Financing Sources	\$ 350,000	\$ 450,000	\$ 550,000
<u>Financing Sources - 30% AMI Unit</u>			
4% Federal Tax Credit Equity	\$ 117,936	\$ 155,002	\$ 193,565
Permanent Loan	\$ (3,266)	\$ 34,996	\$ 68,247
<b>Gap Financing</b>	<b>\$ 235,330</b>	<b>\$ 260,002</b>	<b>\$ 288,188</b>
Total Financing Sources	\$ 350,000	\$ 450,000	\$ 550,000
<u>Additional</u> Gap Financing Needed to Support 30% AMI Unit	\$ 77,527	\$ 128,060	\$ 175,067
Units Produced if Gap Financing Resources Entirely to 30% AMI	1,000	1,000	1,000
Units Produced if Gap Financing Resources Entirely to 60% AMI	1,491	1,971	2,548
<u>Additional</u> 60% AMI Units Produced per 1,000 30% AMI Units	<b>491</b>	<b>971</b>	<b>1,548</b>

# Policy Considerations

- Improve Efficiency of Affordable Housing Delivery System
  - Per Unit Funding Limits Sufficient to use One Gap Source
  - Scoring Incentives to Reduce Costs
  - Incentives to Encourage Larger, Denser Projects
- Mitigate Cost Drivers Outside the System (BIG PROJECT!)
  - Amend CA Building Codes to Reduce Burden on Housing
- Amend State LIHTC and Gap Financing Programs
  - Remove or Reduce Dependency on Federal LIHTC
  - Incentivize Pairing of State Gap Funding with Private and/or Charitable Resources

# Policy Considerations

- Leverage Existing System to Increase Production
  - Reward the Production of Affordable Units that avoid Consumption of State Funding Sources
- Focus on Production of Housing Supply at greater AMI Levels while Targeting Rental Subsidies to these Affordable Units
- Eliminate Leveraging Overhang of Rental Subsidies to stretch Funding to serve more Extremely Low-Income Households
- Federal Advocacy for LIHTC Program Changes
  - Amend “50% Bond Test” to Increase 4% LIHTC
  - Fix the Floating 4% Tax Credit Rate like the 9% Tax Credit
  - State Authority to Designate 130% Areas like the 9% Tax Credit

Questions?