



FACT SHEET FOR AB 434 (DALY) TO STREAMLINE HCD RENTAL HOUSING PROGRAMS INTO A SINGLE APPLICATION AND AWARD PROCESS

Problem: While the Multifamily Housing Program (MHP) was created in 1999 to serve as the Department of Housing and Community Development's omnibus affordable rental housing finance program, the Legislature has since created at least nine separate rental housing programs for specific purposes:

- Transit-Oriented Development Housing Program
- Joe Serna, Jr. Farmworker Housing Grant Program
- SB 2 Farmworker Program
- Veterans Housing and Homelessness Prevention Program
- Infill Infrastructure Grant Program
- Housing for a Healthy California
- SB 2 Permanent Local Housing Allocation competitive funds
- Affordable Housing and Sustainable Communities Program
- No Place Like Home Program

Affordable housing providers must piece together a combination of these sources to fully fund a development. According to a [recent study by the Turner Center for Housing Innovation](#) at UC Berkeley, 89% of new affordable developments built with 9% Low-Income Housing Tax Credits rely on four or more sources of funding, and each additional source of funding is associated with an average increase of \$6,450 (2%) in total development costs of each affordable home. The added costs of having to apply to multiple programs in multiple funding rounds include the cost of preparing the additional applications, the review and coordination of additional loan documents, increased staff and property holding costs due to time delays between application cycles. Perhaps the largest added cost is the 0.5% increase in construction costs that accrues for each extra month it takes to obtain these multiple funding commitments. In addition, this compartmentalized funding process creates significant additional cost for HCD as different program staff review the same project at different times and projects funded under one program return awards when they fail to win funding from a needed second program.

Solution: AB 434 (Daly) harmonizes the statutes relating to MHP and the first seven of the bulleted special purpose rental housing programs so that HCD can use a single application and scoring system to make coordinated awards for all eight programs at one time while maintaining the special intent of each original program. With this single application and award process, applicants would select which specialty programs they are applying for based on the populations they intend to serve. HCD would use a single scoring and tiebreaker system to rank

applications and would then fund developments in ranked order, using funds from the specialty programs as requested. Once funds were exhausted in any specialty program, the top ranked applications would receive the more general MHP funds as a replacement until they exhausted. By streamlining the application process for HCD resources, this bill will measurably reduce the cost of affordable housing by reducing HCD and developer staff time spent on multiple applications and decreasing long development timeline delays.

Sponsors: California Housing Consortium
California Housing Partnership