

**Metropolitan Transportation Commission and Association of Bay Area Governments  
Joint MTC ABAG Legislation Committee**

**March 11, 2022**

**Agenda Item 3c**

**MTC/ABAG Housing Request for Fiscal Year (FY) 2022-23 State Budget**

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**Subject:**

Overview of staff advocacy proposal for housing funding in FY 2022-23 state budget.

**Overview:**

State budget negotiations for FY 2022-23 are underway and ABAG and MTC have an opportunity to advocate for significant new housing and homelessness resources in this year's budget. This memo provides background on the housing funding requests from leading statewide housing advocacy organizations, the Governor's budget request, and outlines staff's proposal for ABAG and MTC's FY 2022-23 State Budget housing advocacy priorities.

**Housing Advocacy Organization Budget Requests**

Despite the ongoing pandemic, the state's fiscal outlook continues to be rosy; the Legislative Analyst's Office (LAO) in November 2021 projected a \$31 billion budget surplus for FY 2022-23. Seizing on this opportunity, statewide housing advocacy organizations in December coalesced around a bold budget request for approximately \$6.5 billion for affordable housing production and preservation, including:

- \$5 billion in Housing Accelerator & Multifamily Housing Program funds to advance state-supported housing projects into production and to tee up the next round of affordable housing developments.
- \$500 million for the state Low Income Housing Tax Credit (LIHTC) program
- \$500 million to support the acquisition and preservation of unsubsidized affordable housing (i.e., naturally occurring affordable housing, or NOAH) through a new Community Anti-Displacement and Preservation Program (CAPP (see Attachment A)).
- \$500 million in tax credits to incentivize owners of NOAH or subsidized affordable housing to sell to affordable housing buyers.

Regarding homelessness assistance, the Bay Area's All Home, the Non-Profit Housing Association of Northern California, and Housing California have requested between \$2.5 billion and \$5 billion in homelessness assistance. Housing leaders are also exploring the opportunity to secure additional emergency rental assistance in this year's budget.

**Housing and Homelessness Components of Governor's Budget Proposal**

The Governor's January budget request proposed \$2 billion for affordable housing over two years, with \$1 billion proposed for FY 2022-23. Encouragingly, the Governor is proposing to continue the recent years' investments of \$500 million in state low-income tax credits. The bulk of the remaining budget request focuses largely on the Governor's "housing as a climate strategy." The budget proposes \$800 million over two years to augment the Infill Infrastructure Grant (IIG) Program and to augment the cap-and-trade funded Affordable Housing and Sustainable Communities (AHSC) program, including \$500 million for the IIG (\$225 million in FY 2022-23) and \$300 million for AHSC (\$75 million in FY 2022-23). It does not, unfortunately, include the coalition request for \$5 billion in Housing Accelerator & Multifamily Housing Program funds to clear the pipeline of projects that have already secured Housing and Community Development (HCD) grants but are awaiting gap funding and to tee up the next round of affordable housing developments. The Governor also proposes \$50 million for 2022-23 and \$150 million for 2023-24 to preserve multifamily rental housing at risk of converting to market rate.

Regarding homelessness assistance, the Governor's budget proposed \$1.5 billion for bridge housing as well as to augment last year's \$50 million in Encampment Resolution Grants with another \$500 million.

Conversations about revised advocacy priorities in response to the Governor's budget amongst the affordable housing community are ongoing. In general, there is consensus around the need to advocate for a larger scale investment in affordable housing and for multi-year investments in homelessness assistance.

**Recommendation for ABAG/MTC FY 2022-23 Housing Budget Advocacy:**


Staff recommends ABAG and MTC focus our advocacy on increasing affordable housing investment commensurate with the statewide coalition target of approximately \$7 billion for affordable housing investments as described below.

- \$5.5 billion for affordable housing production, distributed as follows:
  - \$5 billion for the Multifamily Housing Program and California Housing Accelerator Program to move through the pipeline HCD-funded projects that are ready to go but awaiting gap funding and to tee up the next round of projects.
  - \$500 million for state LIHTC, consistent with the Governor’s budget.
- \$500 million to preserve naturally occurring affordable housing, to be distributed through a new Community Anti-Displacement and Preservation Program; advocate that the Bay Area Housing Financing Authority (BAHFA) be eligible to apply for these funds.
- \$500 million for IIG funding to support the Governor’s proposed “housing as a climate strategy,” consistent with the Governor’s budget.
- \$500 million for other affordable housing production, preservation or protection investments, including potentially investments for which the BAHFA could compete. This leaves open the opportunity to respond to new proposals and partner requests as they are refined over the coming months.

Additionally, staff recommends ABAG and MTC advocate for *a minimum* of \$2 billion over two years for funding to support individuals experiencing homelessness, consistent with the Governor’s budget. We further recommend staff work with housing partners to further explore potential opportunities to secure additional emergency rental assistance in this year’s budget. We look forward to hearing the Committee’s feedback to guide our budget advocacy.

**Attachments**

- Attachment A: Community Anti-Displacement and Preservation Program fact sheet



Therese W. McMillan

# Community Anti-Displacement & Preservation Program (CAPP)

Our coalition of housing and equity organizations are fighting to secure \$500 million from the state budget surplus for the new Community Anti-Displacement & Preservation Program (CAPP). CAPP will allow mission-driven organizations to prevent displacement and create stable, permanently affordable homes across California.

The majority of low-income Californians live in private-market rental housing, which is increasingly becoming unaffordable as residents are pushed out and priced out of their homes. This trend has been occurring across the state for many years, with the Bay Area losing 32,000 unsubsidized affordable homes annually between 2012–2017, and San Diego losing an estimated 72% of its unsubsidized housing stock affordable to very low-income households between 2000–2020. **Local programs** to acquire these properties and preserve them as permanently affordable housing has proved to be a **successful place-based strategy** to keep vulnerable Californians housed -- preventing families from being displaced and forced to commute long distances to jobs and services.

## How Would CAPP Work?

- Create an **innovative partnership** between The California Department of Housing & Community Development, community development financial institutions, & local governments
- Provide **revolving short-term acquisition capital & long-term public subsidy** through a single, streamlined program
- Provide financing & **technical assistance** to mission-driven orgs like community development corporations, community land trusts, & BIPOC-led groups who often face barriers to accessing resources

Investing in CAPP is **investing in an upstream solution to prevent Californians from being displaced -- and stop Californians from experiencing housing instability or homelessness in the first place.** CAPP can help put our state on path for a more equitable recovery and long-term community and climate resilience.

For more information, contact [stablehomescoalition@gmail.com](mailto:stablehomescoalition@gmail.com).



**Prevent Displacement**  
and Housing Instability  
for an Estimated  
**4,500 Households**



**Increase**  
**Affordable Housing**  
by 4,500 Homes  
Estimated to Serve  
**49,500+**  
**Households** over the  
next 55 years



**Grow Local Capacity**  
through Technical  
Assistance and Targeted  
Community Resources