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Issue #74

## No Place Like Home Program Analysis

Gov. Jerry Brown on July 1 signed into law the No Place Like Home program ([AB 1618](#), Chapter 43, Statutes of 2016). This program will distribute \$2 billion dollars among counties as deferred payment loans to finance capital costs of permanent supportive housing for persons who are eligible for services under Proposition 63 (2004) and are homeless, chronically homeless, or at risk of chronic homelessness. The Legislature intends that that the loans will not have to be repaid. *For more, see Page 2.*



## Helpful Clean Up to Last Year's CRIA Law Goes to Governor *Cities Encouraged to Send Signature Request Letters on AB 2492*

The Assembly on a bipartisan vote on Monday passed [AB 2492 \(Alejo and Garcia\)](#). This League-sponsored measure contains helpful clean up to facilitate implementation of last year's [AB 2 \(Alejo and Garcia\)](#), which authorized Community Revitalization and Investment Authorities (CRIAs). *For more, see Page 3.*



## League-Sponsored Bond Agency Issues \$11.5 Million in Tax-Exempt Bonds for Affordable Housing Apartments in Fresno

Some of the most significant benefits of League membership for cities since 1988 have flowed from the League's co-sponsorship of the [California Statewide Communities Development Authority](#) (CSCDA). *For more, see Page 4.*

This funding program is critical to aid in the effort to end homelessness. California has an estimated affordable housing shortage of more than one million homes. Funding provided by the state for the development and preservation of affordable homes dropped by 79 percent, from approximately \$1.7 billion annually to nearly nothing today. The No Place Like Home program marks the state's first effort to reinvest dollars into housing for the homeless in recent history.

The Department of Housing and Community Development (HCD) will administer the program in consultation with an advisory committee. This committee comprises directors of various state departments including HCD and Health Care Services Department as well as county administrative officers, a representative of an affordable housing organization and an administrative officer of a city. The committee will assist and advise the department in the implementation of the program. It will also review and make recommendations on the department's guidelines and review the department's progress in distributing funds and lastly provide advice and guidance more broadly on statewide homelessness issues.

The funding will be divided into a competitive program (\$1.8 billion) and a non-competitive program (\$200 million) for counties. HCD will develop final guidelines, however, the bill includes requirements for the general outline of the programs as described below.

### **Competitive Program (\$1.8 billion)**

For the competitive loan program, counties will be grouped into four categories based on total population, within which they will compete for funding: Los Angeles County, large counties with a population greater than 750,000, medium counties with a population between 200,000 and 750,000, and small counties with a population less than 200,000. HCD will distribute funding among the groupings based on a calculation that includes the number of homeless persons residing within each county and considers minimum funding levels necessary for a permanent supportive housing development.

Criteria for the competitive program include:

1. A county may apply as the sole applicant if it is the development sponsor or jointly with a separate entity as development sponsor.
2. Funded developments must integrate the target population with the general public.
3. Funded developments must utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.
4. The guidelines can provide for alternative housing models, such as shared housing models of fewer than five units. Integration requirements may be modified in shared housing.
5. Funds will be offered as deferred payment loans to finance capital costs including acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves of, permanent supportive housing for the target population.
6. Guidelines adopted by HCD must include establishing income and rent standards.

The small county category is guaranteed access to at least 8 percent of the total funds. There is also the option of an "alternative process" for the counties with more than 5 percent of the statewide homeless population to access funding directly, but this option limits the amount of funding an alternative county may access to their proportionate share of the homeless count. If money is left over in any of the tiers, it reverts back to the overall fund and will be made available to other counties. AB 1618 requires a minimum of four competitive funding rounds which will occur over five years. If additional funding is available at the end of the four rounds, further rounds of funding may be provided. Additional rounds are not required to comply with the competitive groupings, small county set aside, or alternative process.

### **Non-Competitive Program (\$200 million)**

In order to jumpstart the program, HCD will distribute \$200 million in initial "over the counter", non-competitive, funding to finance construction, rehabilitation, or preservation, and to capitalize

operating reserves, of permanent supportive housing for individuals in the target population with a priority for those with mental health supportive needs who are homeless or at risk of chronic homelessness. Funds will be made available to all counties within the state and are proportionate to the number of homeless persons residing within each county with a minimum funding level of \$500,000. Funds not awarded within 18 months following the first allocation will revert to the competitive program.

### **Technical Assistance and Reporting Requirements**

The proposal also includes \$6.2 million for the department to provide technical and application preparation assistance to counties based on size and allows up to 5 percent of funds to be used for state administrative costs.

Counties receiving funds are required to provide an annual report to HCD including information on the funded supporting housing development. Additional reported information must include location of projects, number of units assisted, occupancy restrictions, number of individuals and households served, related income levels, and homeless, veteran and mental health status. The department also must report to the Legislature annually on the processes established for distributing funds, the distribution of funds among counties, and any recommendations as to modifications to the program for the purpose of improving efficiency or furthering the goals of the program. Lastly, the department is required to hire an outside contractor for overall program evaluation.

The Legislature also authorized a \$1 million General Fund loan to support program implementation prior to the receipt of bond funds. Specifically, the loan is to allow the department to begin program activities, including, but not limited to, drafting program guidelines and regulations.

### **Bond Financing Cleanup Bill and Next Steps**

While the Legislature has adopted the policy framework in AB 1618, an additional measure is pending ([AB 1628, Committee on Budget](#)) that outlines the bond financing and mechanics of how it will be taken from Prop. 63 revenues. This measure would facilitate and authorize the issuance of bonds by the California Health Facilities Financing Authority (CHFFA) for the purposes of establishing a loan program for counties to develop and administer permanent supported housing for homeless. The measure establishes a framework for the provision of housing through authorized service contract, address loans to be made by CHFFA for supportive housing, specifies the use for funds for projects across the state, and provides administrative structure for the program. Additionally, AB 1628 provides for direct funding from this program for the few cities that currently provide mental health services and are already eligible for Prop. 63 funding.

### **What Cities Need to Be Doing**

Prop. 63 provides funding to counties and cities providing mental health services that were grandfathered into the Bronzan-McCorquodale Act. Therefore, the No Place Like Home program cannot provide direct funding to cities with a few exceptions. However, there is already some indication that the No Place Like Home program guidelines may reward counties that have an active partnership with their cities. In order to be best positioned for funding to be used in their jurisdiction, cities should be working with their county and other community based organizations now to provide for the development of supportive housing and services for the homeless.

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'AB 2492' Continued from Page 1...

Now on Gov. Jerry Brown's desk, AB 2492 in brief:

- Clarifies the ways to calculate employment and crime data, based on input from the Employment Development Department and Department of Justice;
- Authorizes CRIAs to access several additional forms of financing that are available to Enhanced Infrastructure Financing Districts;
- Allows countywide and citywide income data to be used when designating areas, in addition to statewide income data, in recognition of regional income differences; and

- Allows state designated disadvantaged communities to more easily use the CRIA tool, which aligns economic development efforts with statewide objectives to reinvest in struggling communities and improve their environments.

The League thanks Assembly Members Luis Alejo (D-Salinas) and Eduardo Garcia (D-Coachella) for their continued leadership in helping restore this tool to revitalize disadvantaged areas within local communities. Cities are encouraged to submit signature request letters on this measure. A sample letter is available at [www.cacities.org/billsearch](http://www.cacities.org/billsearch) by plugging AB 2492 into the search function.

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**'CSCDA: Fresno' Continued from Page 1...**

This program provides a variety of public agencies and developers access to low-cost, tax-exempt financing and economic development tools. CSCDA recently issued \$11,555,000 in tax-exempt multi-family affordable housing bonds for El Cazador Apartments in Fresno.

**About El Cazador Apartments**

El Cazador Apartments is an acquisition and rehabilitation of 100 affordable housing apartments by El Cazador, LP. The project sponsor is Redwood Housing Partners. El Cazador will become 100 percent affordable and provide one-, two- and three-bedroom apartments to low-income residents in Fresno.

CSCDA and Redwood Housing Partners partnered with Citibank to provide tax-exempt multi-family affordable housing bonds for El Cazador. The rehabilitation will include the following: new roof coating system, upgraded HVAC systems, upgraded boilers, modernized landscaping, construction of a new community building (including management office, computer lab, library and fitness room), new security camera system, upgraded lighting, upgraded unit interiors and upgraded appliances. The financing of El Cazador will maintain the affordability of units for low-income tenants for 55 years.

**Background**

CSCDA is a joint powers authority created in 1988 and is sponsored by the League of California Cities® and the California State Association of Counties. It was created by cities and counties for cities and counties. More than 500 cities, counties and special districts are program participants in CSCDA, which serves as their conduit issuer and provides access to efficiently finance locally-approved projects. CSCDA has issued more than \$50 billion in tax exempt bonds for projects that provide a public benefit by creating jobs, affordable housing, healthcare, infrastructure, schools and other fundamental services. Visit [CSCDA's website](http://CSCDA's website) for additional information on the ways in which CSCDA can help your city.