



SCAG HOUSING POLICY FORUM SERIES



S O U T H E R N C A L I F O R N I A A S S O C I A T I O N O F G O V E R N M E N T S

SCAG HOUSING POLICY FORUM: A RUNDOWN OF FEDERAL AND STATE FUNDING AND LEGISLATION

FORUM Q&A SUMMARY

This document responds to questions asked by participants at the live SCAG Housing Policy Forum: A Rundown of Federal and State Funding and Legislation. Questions focused on federal legislation and budget, state legislation, and a wide range of other housing topics. Topics included corporate consolidation, tenant and small landlord protections, collective ownership models, housing production strategies to achieve multiple objectives, and messaging strategies to build broad-based support.

The final section of this document includes comments and questions that were unclear, outside the scope of the forum, or addressed in response to other questions.

FORUM Q&A

FEDERAL LEGISLATION AND BUDGET

1. How much is in the Build Back Better plan for unlocking affordable housing possibilities?

Negotiations continue around the exact amount of the Build Back Better Plan, which as of November 19th includes more than \$150 billion for Housing and Community Development. While the amount is lower than originally proposed, it remains the most substantial investment in affordable housing seen in the United States. The bill now moves to the Senate for a vote. Once the senate approves this bill, it goes back to the House for a second vote to enact legislation.

The bill currently expands and improves the Low-Income Housing Tax Credit (LIHTC), the most prominent federal housing production program and provides the largest expansion of the Housing Choice Voucher/Section 8 program since its inception.

If these provisions are retained as the bill moves through the legislative process, it will have significant impact on affordable housing production, preservation, and rental assistance across the country.

Advocates continue to push for these provisions to be included and for the bill to be passed quickly, as these investments continue to be at risk as negotiations drag on.

Key Investments:

Capital Investments in Public Housing

The bill provides \$65 billion in public housing preservation, including \$53 billion for investments determined by the HUD Secretary, \$10 billion for the Capital Fund, and \$2.25 billion to make comprehensive investments in public housing and surrounding neighborhoods. This final allocation includes \$1.2 billion in competitive grants to transform public housing and its surrounding neighborhoods.

Affordable Housing Production and Preservation

The legislation also includes \$10 billion in HOME funding to fund the construction, purchase, or rehabilitation of affordable homes for rent or homeownership targeting low-income individuals and \$15 billion for the Housing Trust Fund to support the preservation and creation of new rental homes affordable to the lowest income households.

\$1.6 billion is allocated for the preservation and improvement of distressed multifamily properties to improve safety conditions, targeting properties receiving Section 8 Project-Based Rental Assistance.

The bill also provides \$750 million for a new fund called the Housing Investment Fund to provide competitive grants for CDFIs and developers to invest in the development, purchasing, preservation, or financing of affordable housing for renters and homeowners within 120 percent of the area median income. Funds can also support economic development and community projects related to housing.

Housing Choice Vouchers and Rental Assistance

The plan allocates \$24 billion in incremental Housing Choice Vouchers, the largest increase since the inception of the program. The bill would provide around 42,500 extremely low-income Californian families with rental assistance, phased in over 5 years. The Secretary of the U.S. Department of Housing and Urban Development (HUD) is also given discretion to exempt these vouchers from the project-based voucher cap, enabling the development of permanent supportive housing. Of this funding, \$7.1 billion is provided for individuals and families experiencing or at risk of homelessness, and survivors of domestic violence, dating violence, sexual assault, stalking and human trafficking. \$300 million is provided for competitive grants for mobility related services and \$230 million is provided for landlord incentives to participate in the program.

An additional \$1 billion is allocated to Project-Based Rental Assistance, which provides rental assistance to eligible households, but unlike Housing Choice Vouchers, the assistance is fixed to a property rather than tied to the household.

Expansion of Low-Income Housing Tax Credits

The bill increases the 9% LIHTC allocation and small state minimum for calendar years 2022–2025 by 40% phased in over three years and reduces the tax-exempt bond financing requirement (50% test) from 50% to 25% for five years to enable housing credit deals to unlock more 4% credits. Other LIHTC improvements include a new 8% set-aside for extremely low-income properties; a permanent 50% basis boost for LIHTC buildings that designate at least 20% of their occupied units for extremely low-income tenants and meet other provisions; a permanent basis boost for tribal properties; and fixes to a qualified contract loophole and Right of First Refusal.

Community Development

The legislation provides \$3 billion towards the Community Development Block Grant program (CDBG), including \$700 million and \$500 million to address the housing and community infrastructure needs of colonias and resident-owned manufactured housing communities, respectively. The bill additionally allocates \$3 billion in competitive grants to eligible local partnerships led by nonprofits through the Community Restoration and Revitalization Fund to conduct affordable, accessible housing activities and neighborhood revitalization activities. Lastly, the bill provides \$100 million in competitive grants to nonprofit entities to provide capacity building and technical support to community housing providers, including community development corporations, land trusts, and other mission-driven nonprofit organizations.

Streamlining Processes

The bill addresses land use and regulatory barriers facing housing supply by allocating \$1.6 billion in grants to the new Unlocking Possibilities Program, available for jurisdictions to streamline regulatory requirements, shorten processes, and reduce barriers to housing supply.

Neighborhood Homes Investment Act

Build Back Better would also establish a new federal tax credit program, the Neighborhood Homes Investment Act (NHIA) tax credit, to encourage the rehabilitation of homes in distressed neighborhoods. States will be given this new authority and administer tax credits to fill financing gaps for communities, properties, and homeowners that meet certain conditions.

Other Investments

The plan additionally provides for the following housing investments:

- \$5 billion to address lead-based paint and other housing related health hazards for families with lower incomes.

- \$2 billion to create a new grant program for owners to make energy efficiency upgrades, including electrification of systems and appliances, installation of renewable energy, and projects to improve property resiliency.
- \$2 billion to support rural rental housing, including new construction, health, safety, and climate-related improvements, and other preservation of housing under Section 515 Rural Rental Housing and Section 514/516 Farm Labor Housing programs.
- \$500 million for HUD's Section 811 program, which provides project based rental assistance for people with disabilities.
- \$500 million for the Section 202 program that expands affordable housing and supportive services for the elderly.

The section-by-section bill is available [here](#) (See page 55 for housing funding and page 123 for LIHTC/tax credits). For more analysis on the tax credit provisions, read [this summary](#) or [this article](#). [This article](#) from the Center for Budget and Policy Priorities summarizes the housing choice voucher investments and their anticipated impact.

2. It seems like the federal legislation is similar to the series of bills sponsored by CA YIMBY over the last couple of legislative cycles. Is this true?

Federal lawmakers recognize the need to increase housing supply by eliminating regulatory and zoning barriers, stabilizing vulnerable tenants, and expanding housing for low-income tenants. It is important to note, however, that California can pull additional, different levers to encourage housing production that the federal government cannot. Most notably, state and local zoning and land use policies can greatly increase supply. Federal funding for vouchers, housing production and other capital needs are a big complement to support housing production at the state and local level, particularly for affordable and public housing options.

The House's most recent passage of the Build Back Better/Reconciliation Act plan on Nov. 11 includes a substantial and historic level of funding for these issues. Note that these amounts may be revised prior to the upcoming Senate vote.

- \$24 billion in incremental Housing Choice Vouchers, which could expand the rental assistance program to roughly 42,500 low-income families in California.
- \$10 billion in HOME funding to fund the construction, purchase, or rehabilitation of affordable homes for low-income people, and the extension of 9% LIHTC tax credits that heavily subsidize low-income and affordable housing.
- The plan also includes \$1.6 billion in grants under the new Unlocking Possibilities Program, available for jurisdictions to streamline regulatory requirements, shorten processes, and reduce barriers to housing supply.

Other legislators have continually advocated for policies that provide vulnerable communities with housing opportunities. For example, in Rep. Maxine Waters' Ending Homelessness Act, she



includes the use of small area fair market rents (FMRs) in calculating voucher limits – the use of small area FMRs would enable voucher values to be adjusted higher in areas of opportunity to make it more feasible for voucher holders to move there. The Eviction Crisis Act (S 2181), a bipartisan bill introduced by Sens. Michael Bennett and Rob Portman, includes funding for an emergency assistance program that would provide short-term assistance to renters at risk of housing instability.

STATE LEGISLATION

1. What penalties are involved with AB 1398?

AB 1398 requires cities and counties that fail to adopt a legally compliant housing element within 120 days of the statutory deadline to undergo an expedited rezoning within one year instead of three years, which is the current requirement.

For a jurisdiction to avoid the expedited timeline, this bill requires HCD to determine that the housing element is substantially compliant with housing element law. This update is intended to ensure that jurisdictions do not approve non-compliant housing elements to escape penalties. Furthermore, AB 1398 provides that if a jurisdiction fails to complete the required rezoning within one year, HCD must notify the jurisdiction and may provide notice to the Attorney General.

You can view the text of bill, as well as Senate and Assembly analyses [here](#).

2. Who are the partners for the Emergency Housing Voucher (EHV) Program?

Public Housing Agencies (PHAs) partner with Continuums of Care (CoCs) and/or referral partnering agencies (in accordance with PIH Notice 2021-15 requirements). CoCs and referral partnering agencies will vary across regions.

PHAs are responsible for administrative responsibilities for the EHV Program, and are required to partner with at least one Continuum of Care (CoC) in the administration of EHV's (*although HUD strongly recommends that PHAs partner with as many CoCs as possible to effectively administer EHV's*)

The following list of CoCs in the SCAG region are all part of the Southern California CoC Alliance:

- CA-600 - Los Angeles City & County CoC (*LAHSA being the lead agency*)
- CA-602 - Santa Ana, Anaheim/Orange County CoC
- CA-606 - Long Beach CoC
- CA-607 - Pasadena CoC
- CA-608 - Riverside City & County CoC
- CA-609 - San Bernardino City & County CoC
- CA-611 - Oxnard, San Buenaventura/Ventura County CoC
- CA-612 - Glendale CoC
- CA-613 - Imperial County CoC

For more information about the Southern California CoCs Alliance, visit their website [here](#). For more information about the EHV Program, visit HUD's [EHV FAQs](#).

3. **How are Emergency Housing Vouchers (EHVs) being distributed? Are they going to the Housing Authority of Los Angeles (HACLA) or the Los Angeles County Development Authority (LACDA)? Or to California's Department of Housing and Community Development (HCD) to be project-based?**

Emergency Housing Vouchers (EHVs) are administered by PHAs which are required to partner with at least one Continuum of Care (CoC) in the administration of EHVs.

In Los Angeles County, HACLA and LACDA (formerly HACoLA) partner to administer the EHV program, and have an MOU with LAHSA, which prioritizes and identifies eligible applicants using the Coordinated Entry System (CES) and participation in various programs.

Please note: EHVs cannot be project-based, and vouchers have already been allocated to PHAs. For detailed information on what the program eligibility and timeframe was, visit this [resource](#) from the Los Angeles Homelessness Services Agency (LAHSA).

4. **What's the process for Housing Choice Vouchers (HCVs)?**

Housing Choice Vouchers (HCVs) are administered by local Public Housing Agencies (PHAs) using federal funding from HUD. Most cities and unincorporated areas fall under the jurisdiction of the county's PHA while some cities have their own PHA. For example, the Los Angeles County Development Authority (LACDA) includes all unincorporated areas of LA County and 62 cities while the City of LA has its own PHA, the Housing Authority of the City of Los Angeles (HACLA). Project-based vouchers (PBVs) are also distributed by PHAs and are attached to a project instead of to a family. For more information on HCVs, contact your local PHA.

OTHER TOPICS

CORPORATE OWNERSHIP

1. **For the first time in L.A. history, most of the housing stock is owned by corporations and private developers. How can we prevent corporate consolidation?**
2. **Due to unregulated corporate ownership, how do families compete with corporations to purchase housing?**

Corporate ownership (or at a large scale, corporate consolidation) of housing can cause further speculation in the housing market, especially when unregulated. It can also result in increased resistance to zoning changes that enable more housing since scarcity in the housing market has proven to be an effective business model in driving profits for investors. These impacts reduce housing affordability.

For these reasons, there has been a growing focus on strategies and legislation aimed at preventing or reducing corporate ownership at the federal, state, and local levels, as well as political and social

momentum around elevating strategies that enable current tenants or community members to be prioritized in purchasing housing.

On the federal level, legislators have advocated for emergency funding to prevent foreclosures and evictions, and to restrict delinquent mortgages sales in order to prevent buy up from large investors.

In California, Senator Nancy Skinner authored SB 1079 in 2020, which included provisions aimed at mitigating blight, vacancy, and corporate ownership in case California experienced a wave of foreclosures in the aftermath of COVID-19. Provisions restrict the bulk sale of homes sold at a foreclosure auction, and provide more opportunities for tenants, nonprofit affordable housing providers, community land trusts, and similar entities to purchase these homes.

Additional strategies include:

- **Housing Trust Funds:** These are funds that provide grants or other forms of capital to produce or preserve affordable housing, often for low-income households.
- **Community Land Trusts:** This is a community-oriented structure of ownership through which homes typically remain affordable in perpetuity to ensure housing stability for residents.
- **Tenant Opportunity to Purchase Act (TOPA) or Community Opportunity to Purchase Act (COPA):** TOPA gives tenants the right of first purchase. Under this policy, landlords must give tenants notice as well as time to relay their interest, provide an offer, and acquire sufficient funds. This gives tenants a pathway to avoid eviction and removes housing speculative pressure if the purchase is successful. Under COPA policy, this same process occurs with qualified non-profit organizations instead of tenants.
- **Eliminating or loosening exclusionary zoning:** This works to reduce scarcity and therefore the appeal for corporate investors to buy housing.

*Please note: The Los Angeles County Assessor's entries for property owner names helps determine the percentage of homes owned by corporate entities compared to individuals or other forms of ownership (as is alluded to in this question above). You can view the Strategic Actions for a Just Economy, SAJE's analysis of this data [here](#).

3. Why is the focus only on production instead of accessing vacant units in the hands of investors (e.g., Blackstone, Redfin, Airbnb) who are outbidding homebuyers?

In the United States, individuals, partnerships, corporations, and limited liability companies are allowed to own real property, and state laws control the process for purchasing, leasing, selling, and using real property. In some places, jurisdictions are trying to reduce the impact of corporate investment on available housing stock.

However, it is challenging for public agencies to identify these vacant units, making it difficult to analyze the impact of imposing penalties on vacant property and to enforce penalties.

Despite these challenges, some localities have imposed a tax on vacant properties. One example is Oakland's Measure W, the Oakland Vacant Property Tax Act, which went into effect on July 1, 2020. This tax creates an annual tax for 20 years on properties determined to be vacant. Revenue generated from this tax will be used to fund homelessness programs and services, affordable housing, code enforcement, and related maintenance services. Under this Act, a property is vacant if the property has been in use less than fifty days in a calendar year.

In addition to this effort, analyses have been conducted on Los Angeles to determine the potential impact and feasibility of a vacancy tax. The Blue Sky Consulting Group provided analysis for a city commission, and the Los Angeles Housing and Community Investment Department also analyzed the anticipated impact of this policy.

On the state level, and as mentioned in response to the question above, SB 1709's objectives include mitigating vacancy by forbidding bulk sales of foreclosed properties (which tend to be purchased by large investors or corporations) while increasing opportunities for tenants, qualified nonprofits, and similar entities to purchase the homes. The bill also increases fines a governmental agency can impose on an owner for failing to provide sufficient maintenance on a property obtained through a foreclosure sale.

COLLECTIVE OWNERSHIP MODELS

1. How can we prioritize collective ownership models instead of relying on trickle-down market tools when we think about housing production?

Employing collective, community-oriented ownership models can be an effective way to achieve long-term housing affordability and stability, alongside other community goals.

An in-depth understanding of the various models that exist and of one's community needs are the first steps to creating robust alternatives to the traditional structures of private individual or corporate ownership within the housing market.

Advocates of these alternative strategies can team up with affordable housing developers to increase the pipeline of properties included in their portfolio to extend the benefits of those models, when applicable.

Alternative ownership models include:

- Community Land Trusts
- Limited equity co-ops
- Common-interest communities
- Cooperatives
- Neighborhood REIT
- Community development IPO

PROTECTING SMALL LANDLORDS

1. **How do we protect small property owners who are struggling to keep up when renters are given amnesty?**

California's COVID-19 Rent Relief Program "pays eligible tenants and landlords 100% of a tenant's past-due rent and utilities going as far back as April 1, 2020," thereby protecting both tenants and small landlords. Landlords are reimbursed for a renter's unpaid rent but must apply for rental assistance before starting the eviction process.

Landlords qualify for the program so long as:

- Their renter(s) are income eligible (the state will calculate this when they apply).
- All payments the landlord receives must be used to satisfy the renter's unpaid rent.
- Renters must take steps to verify that they meet eligibility requirements and sign the application.

HOUSING PRODUCTION

1. **Are there any dangers to heavily deregulating housing production? Especially for working-class communities vulnerable to gentrification.**

Deregulating housing production without addressing potential consequences—such as displacement—can pose dangers. State bills have and continue to require or incentivize practices intended to prevent displacement and mitigate the negative impacts of gentrification.

For example, SB 478 encourages more development of missing middle and lower-density housing by establishing requirements for Floor Area Ratio (FAR) and minimum lot requirements. While FAR requirements are used to protect neighborhood character, low FARs and high minimum lot sizes slow housing growth and are less likely to be home to BIPOC communities and blue-collar

workers. Legislation like SB 478 ensures that more housing is produced while also protecting existing communities.

2. Many cities have thousands of housing units entitled but not built, what is the major factor and how can it be overcome?

There are multiple factors that can inhibit an entitled project from actual development; the impact of these factors often varies by locality or region. Major factors can be grouped into two main buckets: high costs and insufficient capital for development.

High costs include the price of labor and materials, as well as costs incurred by needing to extend development timelines due to regulatory barriers. While reducing the price of labor and materials would be difficult, efforts have been made to reduce burdensome regulatory barriers that increase the overall cost of a project.

Recent legislation that works to streamline development include the following bills:

- SB 7 (Atkins): streamlines the development process for qualifying projects by reducing CEQA challenge timelines to less than 1 year and extends the benefit to small infill housing development projects.
- SB 8 (Skinner): extends SB 330, the Housing Crisis Act of 2019, which worked to improve streamlining of housing approvals that meet existing zoning and other rules, and to better address displacement by improving protections for low-income renters.
- SB 10 (Weiner): provides a streamlined path to rezone infill parcels to create light-touch, missing middle housing densities
- AB 3279 (Friedman): unlike the bills outlined above, this bill did not pass in the 2020 legislative session. If it had passed, AB 3279 would have worked to streamline the California Environmental Quality Act (CEQA) by requiring court to schedule a case management conference within 30 days of filing a complaint or petition.

For a detailed list of recommended strategies, view HUD's research [here](#).

Insufficient capital for development refers to the need for sufficient risk sharing amongst lenders or investors for a project to move from the planning phase to development, and then to its permanent phase where the building begins to generate income. This is particularly difficult for affordable housing development which generates less income than market-rate development, as a result of maintaining lower rents.

To get an affordable housing development built, it must have sufficient predevelopment financing – that is, financing to pay for the planning phase (i.e., architects, geotechnical engineers, and the like). However, predevelopment financing poses the greatest risk for investors since they are providing capital based on a good idea rather than by assessing what's already

underway or near completion, as is the case for financing during the construction or permanent phases.

To increase available capital, a notable amount of funding has been allocated at the federal and state levels to address this need. In California, \$10.3 billion has been allocated to housing initiatives and \$12 billion to homelessness initiatives.

State budget items addressing development financing include:

- \$1.75 billion for the California Housing Accelerator Program
- \$900 million combined for Affordable Housing Sustainable Communities, Infill Infrastructure Grants, and Building Homes and Jobs.

In addition to these resources, collaborating across sectors can also enable developers to obtain sufficient capital for development. This can be done by leveraging more co-benefits from housing by working to achieve interconnected goals such as promoting equity in housing, labor equity, and sustainable development, as well as building near access to transit and fresh food (to name a few).

3. How do we link Housing, Transportation and Economic Development, so housing is built in the right places?

In addition to maximizing resources allocated specifically to housing, cross-sector collaboration is crucial to expanding capacity, financing, and other resources necessary to meeting the immense need for affordable housing in the SCAG region and beyond. Cross-sector collaboration can include developers, housing policymakers, advocates, and others working with transportation agencies, economic development corporations, green banks, as well as other agencies to achieve meet related goals.

One recent example of linking housing to transportation is SB 10. This bill gives cities and counties a new tool as they plan to address increased Regional Housing Needs Assessment (RHNA) goals. It allows cities to upzone a transit-rich area or urban infill site for 10 units by-right. In effect, this can enable more housing development in an area with transit access for residents.

MESSAGING TO BUILD BROAD-BASED SUPPORT

1. How do we combat objections to denser housing and low-income families in “my nice neighborhood”?

While many Californians agree that housing is an issue of shared public and political concern, reaching agreement on how to resolve the need for more housing has been far more difficult. One of the challenges to reaching agreement is the breadth of the issue, and lack of a shared narrative or story about how prior policy decisions contributed to the housing shortage and how the decisions we do or do not make today will shape our housing ecosystem and quality of life for

decades to come. To effect lasting change at scale, we need to help policymakers and the public understand how policies have shaped our communities over time and how safe, affordable homes for all benefits not just the individuals who live in them but the community as a whole.

Several organizations have conducted or funded research on how to communicate the benefits of increasing the housing supply and affordability, including [The Frameworks Institute](#), [the Housing Justice Narrative Initiative](#), and the [Chan Zuckerberg Initiative](#).

SECTION OVERVIEW: COMMENTS & QUESTIONS

In addition to the questions addressed above, participants submitted additional comments and questions about the topics outlined below. Each comment or question is not explicitly addressed within the Q&A portion of this document for the following reasons:

- *It is outside the scope of this forum*
- *It is already addressed above*
- *It is unclear or reads as a comment rather than a question*

To ensure transparency in forum participant activity, below please find a list of both key themes identified within these additional comments and questions, as well as the comments and questions themselves.

KEY THEMES

**The numbers identify which question or comment below is connected to each identified theme.*

- Increase in property taxes (1)
- Financial Education and Empowerment for Low-Income Renters (2)
- Lifetime component of Section 8 Housing Choice Vouchers (2)
- Negative impacts of density (3-6)
 - Increase in traffic and congestion (3-5)
 - Increase in crime (6)
 - Inequitable outcomes for BIPOC communities (6)
 - Health concerns (7)
- Concerns about housing as an investment and alternative ownership models
 - Fractional Ownership (8)
 - Short-term or Vacation Rentals (9)
 - Corporate Consolidation (10; See section above on this topic)
- Unintended Consequences of ADU development (9)
- Need for cross-sector collaboration (11-12; See section above on this topic)

COMMENTS & QUESTIONS

1. Is there any conversation about reducing or at the very least, to stop adding additional taxes to Housing?
2. How do you define a community's character? It's a common obstruction to affordable housing (or amenities deemed urban) but doesn't have definition.
3. What role can/should the State play to educate renters on their finances so they don't need vouchers for the rest of their life?
4. With the creation of extremely dense single-family neighborhoods, where does the appeal lie in home ownership (no yards, unsafe streets for kids)?
5. Reduced landscape/parking requirements may lead to more units but also negatively affects the quality of life. Crowded street parking, no yards for kids.
6. How do you tell residents that can't back out of their own driveways because of gridlock that we have a housing shortage?
7. Higher density areas, statistically, have a higher crime rate. How is creating dense areas of ownership units for BIPOC considered equitable?
8. Why is there a push to increase density? The pandemic showed that COVID slowly spread in less dense areas.
9. Picasa is stealthing as timeshare/vacation rental by calling itself "fractional ownership." How do we close that loophole?
10. There is pressure to allow ADUs to be vacation rentals. How does allowing ADUs or the primary home to be used as "Airbnb" increase fulltime housing units?
11. Is giving control of our neighborhoods to investors the only way to build more housing?
12. How to handle competing priorities between housing bills and CDFW efforts to protect species (Joshua trees) making it not feasible to develop and build housing?
13. How will the shortage of water and electrical supply, and the inability to process sewage and trash be addressed by these bills?