

Date of Hearing: May 11, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1719 (Ward) – As Amended April 18, 2022

Policy Committee:	Housing and Community Development	Vote:	6 - 1
	Higher Education		9 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill establishes the Community College Faculty and Employee Housing Act of 2022, similar to the Teacher Housing Act of 2016. Specifically, this bill:

- 1) Authorizes a community college district (CCD) to establish and implement programs that address the housing needs of faculty and CCD employees who face challenges in securing affordable housing.
- 2) Allows, to the extent feasible, the CCD to establish and implement programs that leverage programs and fiscal resources available to housing developers, promote public and private partnerships and foster innovative financing opportunities.
- 3) Restricts a program established under the act to “faculty or CCD employees,” as defined, but authorizes a CCD to allow local public employees or other members of the public to occupy housing created through this bill, subject to applicable laws and regulations.
- 4) Provides that a CCD retains the right to prioritize CCD employees over local public employees or other members of the public to occupy housing.
- 5) Specifies this bill creates a state policy supporting housing for faculty and CCD employees as described in Section 42(g)(9) of the Internal Revenue Code. Permits a CCD and developers in receipt of local or state funds or tax credits designated for affordable rental housing to restrict occupancy to faculty and CCD employees on land owned by the CCD, including permitting a CCD and developers in receipt of tax credits designated for affordable rental housing to retain the right to prioritize and restrict occupancy on land owned by CCD to faculty and CCD employees of the community college district that owns the land, so long as that housing does not violate any other applicable laws.

FISCAL EFFECT:

Future cost pressures of an unknown amount, but potentially significant statewide. To the extent this bill results in additional affordable housing projects targeting CCD faculty and employees, greater demand would be placed on limited existing housing resources leading to greater competition for receiving certain financial benefits such as state low-income housing tax credits. According to the State Treasurer’s Office, state LIHTCs are oversubscribed by a 3:1 ratio.

COMMENTS:

- 1) **Purpose.** This bill seeks to facilitate the acquisition of affordable rental housing for faculty and community college district (CCD) employees to allow them to access and maintain stable housing. According to the author:

A 2019 study found 60% of California community college students were housing insecure, and 19% were unhoused in the previous year. In addition, community college staff continue to struggle with the skyrocketing cost of housing. CCDs need new authority to provide affordable housing to those who work and study in their district. [This bill] extends the flexibility afforded to K-12 school districts under current law to community college districts seeking to provide affordable housing options to district faculty and staff.

- 2) **Background.** SB 1413 (Leno), Chapter 732, Statutes of 2016, established the Teacher Housing Act of 2016, to facilitate the acquisition, construction, rehabilitation and preservation of affordable housing for teachers and school employees. SB 1413 also created a state policy supporting the use of federal and state low-income housing tax credits (LIHTCs) to fund housing for teachers and school district employees on land owned by the school district, and permitting school districts to restrict occupancy to teachers and school district employees.

Most affordable housing created in the state is funded in part by federal and state LIHTCs. LIHTCs are used to develop housing for households making up to 80% of the area median income. California receives an allocation of federal tax credits each year based on a per-resident formula. In 1987, the Legislature authorized the creation of a state LIHTC program to augment the federal tax credit program. The state tax credit program has an ongoing statutory authorization of \$70 million. The 2019-20, 2020-21 and 2021-22 budget acts each authorized an additional \$500 million for state tax credits. This year's Governor's budget proposes to continue this allocation for the 2022-23 budget year.

Generally, under federal IRS rules, if a residential unit is provided for only a member of a social organization or provided by an employer for its employees, the unit is considered not for use by the general public and is not eligible for federal LIHTCs. Federal IRS law creates an exemption to the "general use" requirement for a project in a state with an established policy or program supporting housing favoring certain tenants, including, among others, tenants who are members of a specified group such as teachers.

SB 1413 established such a policy for purposes of the Teacher Housing Act of 2016, by declaring a state policy supporting housing for teachers and school employees. AB 3308 (Gabriel), Chapter 199, Statutes of 2020, further clarified school districts could access LIHTCs if the school district restricts occupancy of housing constructed on its land to its own employees, but at its discretion offers the housing to other public employees.

This bill creates a similar program for CCDs, including establishing the statewide policy necessary for projects developed under the bill to qualify for LIHTCs.