



Anna M. Caballero

12th Senate District

SB 490 – Housing Acquisition and Rehabilitation Technical Assistance Program

SUMMARY

SB 490 would create a Housing Acquisition and Rehabilitation Technical Assistance Program to provide guidance on how to purchase, rehabilitate, and convert unsubsidized rental housing into deed-restricted affordable housing.

PROBLEM

The vast majority of low-income renters live in unsubsidized, private market rental housing (unsubsidized affordable housing), and this housing stock has steadily decreased over the past few decades. In response, programs in the Bay Area and Los Angeles have proven that acquisition-rehabilitation (acq-rehab) of unsubsidized affordable housing is an effective, place-based strategy to stabilize low-income communities, while quickly and cost-effectively increasing the supply of deed-restricted affordable housing. However, these programs have been geographically limited, and other localities often do not have the capacity or expertise to set up acq-rehab programs.

BACKGROUND

Unsubsidized affordable housing is disappearing rapidly as residents are priced out of their homes, and as older market-rate housing deteriorates in quality. Before COVID-19, the supply of unsubsidized affordable housing was shrinking swiftly. According to a study done by Enterprise Community Partners, the Bay Area lost roughly 32,000 unsubsidized affordable homes annually between 2012 and 2017. Another study by the San Diego Housing Commission found that the City of San Diego lost 72% of its unsubsidized housing affordable to very low income tenants from 2000-2020. The pandemic is likely to accelerate this trend, as many low-income renters cannot pay their rent and are displaced from their homes, and many small landlords cannot remain afloat.

In the Fall of 2020, the State launched Project Homekey, to acquire hotels, motels, and underutilized

buildings and convert them into deed-restricted affordable housing. Homekey has demonstrated early success, creating 6,055 new affordable homes within months, while building the State's capacity to expand its housing preservation efforts in the process.

SOLUTION

California now has the opportunity to leverage increased State capacity for preservation, and draw upon best practices from local programs, to protect residents from displacement and efficiently scale up the supply of deed-restricted affordable housing.

SB 490 will authorize California's Housing and Community Development (HCD) department to create the Housing Acquisition and Rehabilitation Technical Assistance Program to provide mission-driven organizations and public sector partners technical assistance. The Program will:

- Issue a Request for Proposal and contract a consultant team with specific expertise;
- Create a cohort model, with peer-to-peer learning and shared best practices amongst entities engaged in acq-rehab;
- Create technical assistance toolkits, including training modules, acq-rehab-specific financing templates and guidance (i.e., proformas and worksheets), best practices guides for engaging tenants before and after acquisition, managing safe, accessible rehabilitation of occupied buildings, facilitating resident ownership, and other related topics; and
- Support navigating the requirements and process for applying for acquisition-rehab funding.

SUPPORT

Housing California (Sponsor)

CONTACT

Jeffrey Roth, Legislative Director

Jeffrey.Roth@sen.ca.gov | (916) 651 – 4012