

**Infrastructure Bond Guide
Proposition 1C
\$2.85 Billion Housing Bond**

What is Proposition 1C?

Prop. 1C is the Housing and Emergency Shelter Trust Fund Act of 2006 (SB 1689: Chapter 27, Statutes of 2006).

How much money is contained in Prop. 1C?

Prop. 1C contains \$2.85 billion in twelve different programs.

What are the different programs?

Brownfield Cleanup and Infill Incentive Grants	\$850 million
Multifamily Housing Program - General	\$345 million
Transit Oriented Development Implementation Program	\$300 million
CalHome Program	\$300 million
California Homebuyer Downpayment Assistance Program	\$200 million
<i>Residential Development Loan Program (up to \$100 million from above account)</i>	
Housing Urban-Suburban-Rural Parks Program	\$200 million
Multifamily Housing Program - Supportive Housing	\$195 million
Serna Farm Worker Housing	\$135 million
Building Equity and Growth in Neighborhoods Program	\$125 million
Affordable Housing Innovation Programs	\$100 million
Multifamily Housing Program - Homeless Youth	\$50 million
Emergency Housing Assistance Program	\$50 million

*Under the terms of Proposition 1C, \$100 million may be used for the Residential Development Loan Program.

(Those accounts bolded represent new programs according to the Legislative Analyst's Office.)

What is the timing, process, and eligibility for accessing each program?

Brownfield Cleanup and Infill Incentive Grants: \$850 million for the cleanup of brownfields in infill areas identified by regional growth plans and infill incentive grants to local governments.

Timing: Funds in the account shall be made available upon appropriation by the Legislature.

Process: Not defined in current statute. Subject to further conditions and criteria that the Legislature may provide in statute. The Housing and Community Development Department (HCD) plans to release a Notice of Funding Available (NOFA) in January 2008.

Eligibility: Not defined in current statute. However, a number of bills have been introduced to define the criteria and eligibility with AB 1053 (Nunez) and SB 46 (Perata) expected to be the primary vehicles.

Multifamily Housing Program - General: \$345 million for new construction, rehabilitation and preservation of permanent and transitional rental homes for lower income households, through loans to local governments, non-profit developers and for-profit developers.

Timing: Senate Bill 1689 states that it is the Legislature's intention to fund the housing-related programs contained within this bond to be funded over the next decade. SB 1689 does not

require further legislative action. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA was released on January 25, 2007. To be expended as a loan program. Three to four more NOFAs expected at the rate of two per year.

Eligibility: Local public entities, for-profit and nonprofit corporations, limited equity housing cooperatives, individuals, Indian reservations and Rancherias, and limited partnerships in which an eligible applicant or an affiliate of an applicant is a general partner. Applicants or their principals must have successfully developed at least one affordable housing project.

Transit Oriented Development Implementation Program: \$300 million for grants to cities, counties, and transit agencies for the provision of infrastructure necessary for the development of higher density housing within close proximity to a transit station and loans for the development of affordable housing within a quarter-mile of a transit station.

Timing: Funds in the account shall be made available upon appropriation by the Legislature.

Process: To be expended in accordance with the Transit-Oriented Development Implementation Program. Stakeholder meetings will be held during February and March 2007 to receive input on the program design. The first NOFA is expected to be issued in Summer 2007 with two more to follow at a rate of one per year for two more years.

Eligibility: Cities, counties, transit agencies and developers.

CalHome Program: \$300 million to fund down payment assistance, home rehabilitation, counseling, self-help mortgage assistance programs, and technical assistance for self-help and shared housing through grants and loans.

Timing: SB 1689 does not require further legislative criteria. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA was released on February 13, 2007 with four more to follow at the rate of one per year.

Eligibility: Local public agencies and nonprofit corporations.

California Homebuyer Down Payment Assistance Program (CHDAP): \$200 million to provide a deferred payment, simple interest rate junior loan of an amount up to three percent (3%) of the sales price or appraised value, whichever is less. The junior loan may be used for down payment or closing costs and may be combined with a California Housing Finance Agency (CalHFA) or non-CalHFA conventional or government first mortgage loan. *Up to \$100 million can be used for the Residential Development Loan Program.*

Timing: SB 1689 does not require further legislative action. Monies in this account shall be continuously appropriated to the existing program.

Process: Funds are continuously available for this program. Borrowers can apply for funds through any CalHFA approved lender.

Eligibility: This program is intended for low and moderate income first-time homebuyers anywhere in California. Borrowers must occupy the homes as their primary residence, must meet income criteria, and the properties are subject to sales price limitation. Additional information is available at <http://www.calhfa.ca.gov/homeowners/programs/chdap.htm>.

Residential Development Loan Program (RDLP): \$100 million from the CHDAP described above may be spent for the RDLP for project-specific funding that provides a 3% interest rate loan with a maximum term of 4 years to local government agencies for site acquisition and predevelopment expenses attributed to affordable infill and owner-occupied housing developments. The program will also directly link RDLP-financed development to CalHFA's

CDHAP to provide subordinate loans as necessary, to first-time homebuyers. Additionally, CalHFA will assist local government entities and developers to utilize CalHFA's existing menu of affordable primary and subordinate loan programs for homebuyers.

Timing: SB 1689 does not require further legislative action. Monies in this account shall be continuously appropriated to the existing program.

Process: Funding will be available twice a year through a formal announcement by CalHFA.

Eligibility: A minimum of 15% of the for-sale housing units in developments that receive RDLP commitments must meet homebuyer income and sales price eligibility requirements (as may be updated from time to time) of the CHDAP. If the homebuyers utilize the CHDAP subordinate loans, then all other requirements of the CHDAP Program will apply. Proposals are competitively evaluated and ranked. Local government entities must have a direct involvement with the development. Local government entity involvement can include financial contributions of Federal, State, and local program funds, and contributions such as land write-downs, fee waivers, density bonuses, and local agency program staffing and administration and other similar benefits. *Additional information is available at:*

<http://www.calhfa.ca.gov/multifamily/special/rdlp.pdf>

Housing Urban-Suburban-Rural Parks Program: \$200 million for the development of housing-related parks in urban, suburban, and rural areas.

Timing: Funds in the account shall be made available upon appropriation by the Legislature.

Process: Other than stating that the funds shall be allocated as grants, statute does not define further the process for allocation. Subject to further conditions and criteria that the Legislature may provide in statute. The first NOFA is expected to be released in January 2008.

Eligibility: Not defined in current statute however, AB 600 (Garcia), AB 1017 (Ma), AB 1252 (Caballero), and AB 1536 (Smyth) have all been introduced to define the eligibility criteria.

Multifamily Housing Program - Supportive Housing: \$195 million to fund rental homes with support services for persons who have a disability and are homeless, or at imminent risk of becoming homeless, through loans to local governments, non-profit developers, and for-profit developers.

Timing: SB 1689 does not require further legislative criteria. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA was issued on January 3, 2007, with applications accepted starting on February 1, 2007. To be expended as a loan program. Four more NOFAs expected at the rate of two per year until all funds are expended.

Eligibility: Local governments, non-profit developers, and for-profit developers.

Serna Farm Worker Housing: \$135 million to fund the development of ownership or rental homes for agricultural workers through grants and loans to local governments and non-profits organizations.

Timing: SB 1689 does not require further legislative criteria. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA for owner-occupied housing was issued on December 28, 2006. Another NOFA for rental housing was issued on January 18, 2007 with applications accepted through April 27, 2007. Two more NOFAs for owner-occupied housing at the rate of one per year. Another NOFA expected in 2007 for rental housing with two more in total to follow.

Eligibility: Local government agencies, nonprofit corporations, cooperative housing corporations, limited partnerships where all the general partners are nonprofit mutual or public benefit corporations, and federally recognized Indian tribes. Eligible beneficiaries of the grants

are households with at least one person who derives, or prior to retirement or disability derived, a substantial portion of their income from agricultural employment.

Building Equity and Growth in Neighborhoods Program (BEGIN): \$125 million for grants to local governments for the provision of downpayment assistance loans to low or moderate income homebuyers who purchase a home in a new development that has received one or more local government development incentives.

Timing: SB 1689 does not require further legislative criteria. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA was released in March 2007 with two more to follow at the rate of one per year.

Eligibility: Cities and counties.

Affordable Housing Innovation Programs: \$100 million to provide grants or loans for sponsoring entities that develop, own, lend, or invest in affordable housing through pilot programs that demonstrate innovative, cost-saving approaches.

Timing: Funds in the account shall be made available upon appropriation and a two-thirds vote of the Legislature.

Process: Not defined in current statute. Subject to further conditions and criteria that the Legislature provides in statute. First NOFA expected in January 2008.

Eligibility: Not defined in current statute.

Multifamily Housing Program – Homeless Youth: \$50 million to fund housing for homeless or emancipated foster youth tied to supportive services that assist the youth in stabilizing their lives and developing the skills and resources they need to make a successful transition to independent, self-sufficient adulthood.

Timing: SB 1689 does not require further legislative criteria. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA was issued on January 31, 2007. To be expended as capital development grants. One more NOFA expected in one years time.

Eligibility: Local governments, non-profit developers, and for-profit developers.

Emergency Housing Assistance Program: \$50 million to fund emergency shelters and transitional homes for homeless individuals and families through grants to local government agencies and non-profit entities for rehabilitation, renovation, expansion, site acquisition, and equipment.

Timing: SB 1689 does not require further legislative criteria. Monies in this account shall be continuously appropriated to the existing program.

Process: Applications will be invited by the issuance of a NOFA from HCD. The first NOFA is expected to be released in November 2007. One more NOFA to follow one year from release of first NOFA.

Eligibility: Local government agencies and nonprofit corporations that shelter the homeless on an emergency or transitional basis, and provide support services.

Do counties have direct access to any of the programs?

There are no direct subventions under Prop. 1C however, counties are eligible to apply for grants and loans through many of these programs. Further, the \$850 million Infill Development program and the \$200 million Urban-Suburban- Rural Park program are expected to be defined by legislation under current negotiation in the Legislature.