



CSCDA

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



California State Association of Counties



CSCDA's Workforce Housing Program Provides Rent Relief for California's Middle-Income Residents

www.cscda.org

Webinar Logistics

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About the Institute for Local Government

- ILG is the non-profit training and education affiliate of three statewide local government associations
- Together with our affiliates, we serve over 2,500 local agencies – cities, counties and special districts
- We provide practical and easy-to-use resources so local agencies can effectively implement policies on the ground



**California Special
Districts Association**
Districts Stronger Together

ILG's Programs & Services

Program Areas

Leadership & Governance

Civics Education & Workforce

Public Engagement

Sustainable Communities



Services

Education & Training

Technical Assistance

Capacity Building

Convening

Our mission is to help local government leaders **navigate complexity, increase capacity & build trust** in their communities

Find out more at www.ca-ilg.org

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The California Statewide Communities Development Authority (CSCDA) was created in 1988 by the League of California Cities and California State Association of Counties, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects.

About CSCDA:

- 533 cities, counties and special districts are members to CSCDA.
- CSCDA helps local governments build community infrastructure, provide affordable housing, create jobs, and make access available to quality healthcare.
- CSCDA has issued more than \$65 billion in bonds for local governments throughout California.

- CaLease Program
- Total Road Improvement Program (TRIP)
- 501c3 Nonprofit Bonds
- Affordable Housing Bonds
- Exempt Facility Bonds
- Infrastructure Financing
 - Statewide Community Infrastructure Program (SCIP)
 - Community Facility Districts (CFDs)
- New Markets Tax Credit Program
- Property Assessed Clean Energy (PACE) Bonds
- Workforce Housing Program

- CSCDA is a leader in providing affordable housing and has financed the construction or preservation of nearly 100,000 affordable units throughout California.
- Affordable housing is typically financed with a combination of private activity bonds, low-income housing tax credits, and other state or local funding, but these subsidies are generally limited to projects that restrict units for residents earning less than 60% of the area median income (AMI).

The Missing Middle

- California has a significant shortage of available workforce housing for the “missing middle”, individuals and families that earn too much to qualify for traditional affordable housing, but not enough to afford market rate rents in the communities where they work.
- Workforce housing (also known as middle-income or moderate-income housing) is housing for individuals and families typically earning between 60% and 120% AMI, including healthcare workers, first responders, teachers and government employees.
- Unfortunately, workforce housing for the “missing middle” is not eligible for tax credits, private activity bonds or most other federal, state or local government subsidies.

Workforce Housing Program

- CSCDA (via its affiliate joint powers authority) acquires new or existing multifamily housing properties and records a regulatory agreement restricting rents, rent increases, and occupancy for residents earning between 60% and 120% AMI.
- All properties are 100% financed with CSCDA issued tax-exempt governmental bonds (no equity or other public subsidies are required).
- The City or County enters into a Public Benefit Agreement whereby the City/County (along with other taxing agencies) receive all surplus revenue when a property is sold or refinanced.

- City/County Adopts One Single Resolution:
 - City/County Becomes Additional Member of CSCDA Community Improvement Authority (CSCDA's Affiliate JPA).
 - City/County Acknowledges CSCDA's Issuance of Bonds for Eligible Projects.
 - City/County Agrees to Receive Surplus Revenue.
- The City/County incurs no fees, costs, liability or administrative responsibilities in connection with the program or individual projects.

- City or County
 - Adopts Resolution to Participate & Receives Surplus Revenue.

- Project Sponsor
 - Identifies Eligible Properties and Enters into Purchase & Sale Contract. Later Assigns PSA to CSCDA.

- Property Seller

- Joint Powers Authority (CSCDA)
 - Owner of Property.

- Project Administrator
 - Manages Asset (Usually Same Firm as Project Sponsor).

- CSCDA's Workforce Housing Program provides Cities and Counties with expansive, unparalleled access to eligible projects and the capital markets through its underwriting and project sponsor partners.
- CSCDA is Currently Working With:
 - Four National Underwriting Firms
 - Four Project Sponsors

Project Closings and Pipeline

- 150 units in the City of Carson (\$75 million) closed in December.
- 1,017 units (3 Projects) in the City of Anaheim (\$500 million) closed in December and February.
- 216 units in the City of Long Beach (\$150 million) closing in March.
- 261 units in the City of Monrovia (\$120 million) closing in April.
- 507 units in the City of Glendale (\$300 million) closing in April.
- \$1 billion+ in projects closing in early 2021 in other cities throughout both Northern and Southern California.

- Oceanaire Apartments, Long Beach
 - Transaction Closing March 25, 2021
- 216 Units Built by Lennar in 2019
- Long Beach's Moderate Income RHNA Goals
- Restricted Units
 - 40% of units at or below 80% AMI
 - 20% of units at or below 100% AMI
 - 40% of units at or below 120% AMI
- Rent Increases Limited to 4%
- Property Tax Loss to City - \$350,000 Annually
- Aggregate Annual Tenant Savings - \$1,400,000
- Anticipated Surplus Revenue Back to City
 - Year 15 – \$93,000,000
 - Year 30 – \$202,000,000
- Extensive Reserves

Summary

- Innovative and creative approach to creating affordable housing for the “missing-middle”
- Little to no upfront cost for the participating city/county
- Protections for existing residents
- Projects are privately managed and monitored
- Protections are built in to the financing structure
- City/County controls ultimate disposition of the properties
- Potential for significant net sale proceeds
- Seeking legislative amendment to enable RHNA credit

QUESTIONS?

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