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California State Senate

SENATOR
ELOISE GÓMEZ REYES
TWENTY-NINTH SENATE DISTRICT



COMMITTEES:
EDUCATION
ENVIRONMENTAL QUALITY
HOUSING
JUDICIARY
LEGISLATIVE ETHICS
RULES

SB 686 (Reyes): Affordable Housing Financing

SUMMARY

SB 686 will allow the sale and refinancing of housing projects that were funded by Department of Housing and Community Development (HCD) loans in order to deploy additional affordable housing opportunities. This bill will unlock millions of dollars in loan repayments for HCD to use to increase the stock of desperately needed affordable homes.

BACKGROUND

Affordable housing developers often need access to multiple sources of funding to have the necessary resources to build housing, including loans from HCD.

HCD currently has a prohibition on loan repayments or partial repayments for loans the state lends to affordable housing developers. This prohibition can lead to the original developer losing ownership of the project to an owner who does not preserve the project as an affordable housing development.

At a time when the state needs to be rapidly accelerating the construction of new affordable housing, it's imperative that we do not allow bureaucratic policies to exacerbate the housing crisis.

Allowing HCD loans to be prepaid in whole or in part would free up funding that can be loaned out sooner for new affordable housing

projects. Having consistent access to capital allows housing developers the opportunity to cut costs and avoid higher interest rates.

THIS BILL

SB 686 will allow for HCD to authorize the sale and refinancing of HCD financed projects. This will let HCD approve the pay-off of a HCD loan in whole or part, prior to the end of its term, and also approve the extraction of equity from a development for purposes approved by HCD.

Any sale or refinancing of HCD loans would include an agreement that the affordable housing development remains affordable for the duration of the original loan period.

After an HCD loan is repaid in full, HCD will still receive monitoring fees to ensure compliance with the existing regulatory agreement to ensure affordability. These unlocked tools will increase funds available for additional affordable housing projects.

SUPPORT

California Council for Affordable Housing
(Co-Sponsor)

California Housing Consortium (Co-Sponsor)
Affirmed Housing
Affordable Housing Development Corporation
AMCAL

BLIEU Companies
Bowman & Company
Buckingham Property Management

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California Building Industry Association
California Housing Partnership
Century Housing Corporation
Cohn Reznick LLP
Community Development Partners
Community Revitalization & Development
Corporation
CRP Affordable Housing and Community
Development
Danco Communities
Dawson Holdings Inc
Eden Housing
Highridge Costa
Housing Authority of the County of Santa
Barbara
Housing California
MBS Property Management Inc
Meta Housing
Palm Communities
People's Safe-Help Housing
R4 Capital
Red Stone Equity Partners
Resources for Community Development
Sabelhaus & Strain PC
Southern California Housing Collaborative
Tenderloin Neighborhood Development
Corporation
The Armory Companies
The Pacific Companies
USA Properties Fund, Inc
Western Community Housing
WNC & Associates

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