

Date of Hearing: April 9, 2024

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 2005 (Ward) – As Introduced January 31, 2024

SUBJECT: California State University: faculty and employee housing.

SUMMARY: Establishes the California State University (CSU) Faculty and Employee Housing Act of 2024. Specifically, **this bill:**

- 1) Provides that a CSU may establish and implement programs that address the housing needs of CSU employees and faculty who face challenges in securing affordable housing.
- 2) Provides that a program established by the CSU may be restricted to CSU faculty or employees, except that a CSU campus may allow local public employees or other members of the public to occupy housing created through this bill, subject to applicable laws and regulations.
- 3) Allows a CSU campus to prioritize CSU employees over local public employees or other members of the public to occupy housing.
- 4) Creates a state policy supporting housing for CSU employees and faculty, as specified, to allow the following:
 - a) A CSU and a developer in receipt of local or state funds or tax credits designated for affordable rental housing to restrict occupancy to CSU employees or faculty on land owned by the CSU Trustees; and,
 - b) A developer in receipt of tax credits designated for affordable rental housing to retain the right to prioritize and restrict occupancy on land owned by the CSU to employees and faculty so long as that housing does not violate any other applicable laws.
- 5) Makes the provisions of the Act severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.
- 6) Defines the following for purposes of this measure:
 - a) “Affordable rental housing” means a rental housing development with a majority of its rents restricted to levels that are affordable to persons and families of low or moderate income;
 - b) “Faculty or CSU employee” means any person employed by a CSU campus, including, but not limited to, faculty and staff;
 - c) “Local public employees” includes employees of a city, county, city and county, charter city, charter county, charter city and county, special district, or any combination thereof;
 - d) “Persons and families of low or moderate income” has the same meaning as defined in Section 50093;

- e) “Rental housing development” means a structure or set of structures with common financing, ownership, and management with one or more dwelling units, including efficiency units. No more than one of the dwelling units may be occupied as a primary residence by a person or household who is the owner of the structure or structures.

EXISTING LAW: *Federal law.* Provides that a low-income housing tax credit (LIHTC) project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants: (1) With special needs; (2) Who are members of a specified group under a Federal program or state program or policy that supports housing for such a specified group; or, (3) Who are involved in artistic or literary activities (Internal Revenue Code Section 42(g)(9)).

State law.

- 1) Establishes the CSU administered by the Board of Trustees, and provides that the Trustees shall have the full power over the construction and development of any CSU campus and any buildings or other facilities or improvements (Education Code Section 89030, et seq.).
- 2) Establishes the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable rental housing for teachers and school district employees and to allow teachers or school district employees to access and maintain housing stability;
- 3) Provides that a program developed under the Teacher Housing Act of 2016 must be limited to teachers and school district employees;
- 4) Defines “affordable rental housing” to mean housing of five or more units in which a majority of the rents are restricted to level that affordable to person and families of low or moderate income;
- 5) Defines “teacher or school district employee” to mean a person employed by a unified school district, an elementary school district, or a high school, including, but not limited to, certificated or classified staff
- 6) Allows a school district to establish and implement a program that address housing needs of teachers and school district employees who face challenges securing affordable housing, by:
 - a) Leveraging federal, state, local public, private, nonprofit programs and fiscal resources available to housing developers;
 - b) Promoting public and private partnerships; and,
 - c) Fostering innovative financing options.
- 7) Creates a state policy supporting housing for teachers and school district employees pursuant to existing federal law (see *federal law* above) and permits school districts and developers in receipt of local or state funds or tax credits for affordable housing to restrict occupancy to teachers and school district employees on land owned by school districts, provided that no other laws are violated (Health and Safety Code (HSC) Section 53571).

- 8) Establishes the Community College Faculty and Employee Housing Act of 2022 to allow a community college district to establish and implement programs that address the housing needs of community college district employees and faculty who face challenges in securing affordable housing (HSC 53580).
- 9) Creates a state policy supporting housing for community college employees and faculty as described in existing federal law (see *federal law* above) to allow the following:
 - a) A community college district and a developer in receipt of local or state funds or tax credits designated for affordable rental housing to restrict occupancy to community college district employees or faculty on land owned by the community college district; and,
 - b) A developer in receipt of tax credits designated for affordable rental housing to retain the right to prioritize and restrict occupancy on land owned by community college district to employees and faculty so long as that housing does not violate any other applicable laws (HSC 53584).

FISCAL EFFECT: Unknown

COMMENTS: *Double referral.* This measure was heard by the Assembly Committee on Housing, on March 20, 2024, where it passed out with a vote of 7 – 0.

Purpose of the measure. According to the author, “the California State University educates the most ethnically, economically, and academically diverse student body in the nation. The CSU provides more than half of all undergraduate degrees earned by California’s Latinx, African American and Native American students combined. Nearly one third of CSU students are the first in their family to attend college. Nearly 70% of CSU employees are women and minorities.”

The author contends that, “the diversity that makes up the CSU system and national rankings demonstrate its power to uplift students and drive upward social mobility. Nevertheless, a lack of available affordable housing makes it especially challenging for students to succeed and leaves faculty and staff to face long commute times or to potentially leave the state. This bill will increase available housing stock for the diverse makeup of the CSU system and thereby increase access to higher education to low-income Californians. The CSU system needs the ability to support students, faculty, and staff with affordable housing to retain its diverse workforce and continue to educate its diverse student body.”

The author states that, “AB 2005 would ensure California State Universities are able to retain quality staff and students that reflect the diversity of California, and encourage social mobility for our students. AB 2005 strengthens CSU’s ability to recruit and retain excellent staff as well as continue to welcome students that reflect the diversity and excellence of California.”

Further, according to information provided by the author, according to the California Department of Housing and Community Development, only 16% of residents in California can afford to buy a home.¹ Additionally, California renters also have the nation’s second highest rent burdens.²

¹ https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf

² <https://calmatters.org/commentary/2023/01/california-housing-shortage-triggers-cycle-of-despair/>

Lack of access to affordable housing has resulted in a greater difficulty in recruitment and retention of diverse, faculty and staff at the CSU who may be considering other career opportunities, or leaving California altogether.

Low Income Housing Tax Credits (LIHTC). Most affordable housing created in the State is funded in part by federal and state LIHTC. The LIHTC are used to develop housing for households that make up to 80% of the area median income (AMI). 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 2021-23 Annual Budget Acts all authorized an additional \$500 million for state tax credits.

Generally, under federal Internal Revenue Service (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 not for use by the general public and is not eligible for federal LIHTC. However, federal IRS law also states that a qualified LIHTC project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants: (1) with special needs; (2) who are members of a specified group under a federal program or a state program or policy that supports housing for such a specified group; or, (3) who are involved in artistic or literary activities.

This measure would establish the CSU Faculty and Employee Housing Act to allow LIHTC to subsidize construction of rental housing affordable to faculty and staff at or below 80% of AMI.

Teacher Housing Act of 2016. 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. School districts are authorized to establish and implement programs that address the housing needs of teachers and school district employees by leveraging funding sources including state, federal, local, public, private and resources available to housing developers, promoting public and private partnerships, and fostering innovative financing opportunities. SB 1413 also created a state policy supporting the use of federal and state LIHTC 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.

The intent of SB 1413 was to provide express state statutory authority to permit school districts to construct housing on their property and limit the occupancy to teachers and school districts employees. By declaring a state policy supporting housing for teachers/school district employees, these housing projects could qualify under federal law as general public housing and therefore be eligible for both federal and state LIHTCs.

AB 3308 (Gabriel), Chapter 199, Statutes of 2020, further amended the Act to make clear that school districts could still access LIHTC if the school district restricts occupancy of housing constructed on their land to their own employees, but at their discretion offers the housing to other public employees.

Further, AB 1719 (Ward), Chapter 640, Statutes of 2022, established the California Community College (CCC) Faculty and Employee Housing Act of 2022, creating a state policy to allow

developers that receive LIHTC to restrict occupancy to faculty and community college district employees on land owned by community college districts.

This measure (AB 2005, Ward), appears to bring parity to CSU faculty and staff with that of CCC faculty and staff. However, the bill does not address UC faculty and staff.

Moving forward the author may wish to include UC faculty and staff.

Arguments in support. According to the CSU Chancellor's Office, sponsors of this measure, "AB 2005 will allow the CSU to support our staff and faculty by enabling CSU universities to develop their own affordable housing. This will help our university better retain and recruit quality staff, and it will add important housing stock to the state. For these reasons, the CSU urges your support for AB 2005."

Prior legislation. AB 1719 (Ward), Chapter 640, Statutes of 2022, established the Community College Faculty and Employee Housing Act of 2022 to allow community colleges and developers in receive of LIHTC to limit occupancy of affordable housing constructed using LIHTC to faculty and employees of community colleges.

AB 3308 (Gabriel), Chapter 199, Statutes of 2020, amended the Teacher Housing Act of 2016 to make clear that school districts could restrict occupancy of housing constructed on their land to their own employees but at their discretion can open up the housing to other public employees.

SB 1413 (Leno), Chapter 732, Statutes of 2016, established the Teacher Housing Act of 2016 and to allow a school district to establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing. In addition, to allow housing developments to use LIHTC to build housing restricted to teachers and employees of school districts.

REGISTERED SUPPORT / OPPOSITION:

Support

Associated General Contractors of California
Associated General Contractors-San Diego Chapter
Bakersfield, California State University
Cal Maritime, California State University
California Apartment Association
California Polytechnic State University, San Luis Obispo
California State Polytechnic University, Pomona
California State University Maritime Academy
California State University, Los Angeles
California State University, Office of the Chancellor (Sponsor)
California Teamsters Public Affairs Council
Channel Islands, California State University
Chico, California State University
Dominguez Hills, California State University
East Bay, California State University
Fresno, California State University
Fullerton, California State University

Long Beach, California State University
Los Angeles, California State University
Monterey Bay, California State University
Northridge, California State University
Sacramento, California State University
San Bernardino, California State University
San Diego State University
San Francisco State University
San José State University
San Marcos, California State University
Sonoma State University
Stanislaus, California State University
Yimby Action

Opposition

None on file.

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