

Date of Hearing: April 29, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 1470 (Haney) – As Amended March 24, 2025

**SUBJECT:** California Student Housing Revolving Loan Fund Act of 2022

**SUMMARY:** Authorizes a qualifying college or university applicant to use up to 20% of the funds received pursuant to the California Student Housing Revolving Loan Fund (CaSH RLF) Act of 2022, for purposes of constructing affordable student housing and affordable faculty and staff housing in the central business districts or main commercial and cultural hubs of a city or town in the state. And makes a nonsubstantive change to existing law.

**EXISTING LAW:**

- 1) Establishes the California School Finance Authority (CSFA), comprised of the following members: a) The State Treasurer; b) The Director of the State Department of Finance; and, c) The State Superintendent of Public Instruction. Specifies that each member of CSFA may designate an individual from the member's department or agency to act for the member and represent the member at all meetings; and, that members of the CSFA or their designees, shall serve without compensation, but may be reimbursed by CSFA for necessary and reasonable expenses incurred in the discharge of their duties (Education Code (EC) Section 17174).
- 2) Provides CSFA the authority to enter into contracts, as specified, and to issue revenue bonds to finance projects for a single or several participating parties, defined to include a community college district that undertakes the financing or refinancing of a project (EC Section 17180, et seq.).
- 3) Creates the Higher Education Student Housing and Capacity Expansion Grant Programs, which, in part, creates two new programs to support campus affordable student housing and campus capacity expansion projects. Appropriates \$500 million one-time General Fund in 2021-22 for student housing projects, and includes legislative intent to provide \$750 million in 2022-23, and \$750 million in 2023-24, for this purpose. Divides the appropriated and proposed funding by providing 50% to the California Community Colleges (CCC), 30% to the California State University (CSU), and 20% to the University of California (UC). Creates a process in which campuses will propose student housing projects by October 2021 for selection in a subsequent budget act. Creates the campus capacity expansion program and includes legislative intent to provide funding for this program in a future budget action (EC Section 17200, et. seq.).
- 4) Establishes the CaSH RLF for the purpose of constructing affordable student, faculty, and staff housing. States that the fund will receive \$1.8 billion in 2023-24 and 2024-25 and creates a process for the CSFA and the California Educational Facilities Authority (CEFA) to create and receive applications from campuses, and distribute funds (EC Section 67329.1, et seq.).

- 5) Establishes the CEFA Act, authorizing the CEFA, in part, to develop student housing on or near any campus of the CCC, CSU, or UC through the use of agreements with participating nonprofit entities (EC Section 94110, et seq.).
- 6) Establishes the UC as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services (Article IX, Section (9)(a) of the California Constitution).
- 7) Establishes the CCC, a postsecondary education system consisting of community college districts and the Board of Governors of the CCC (EC Section 70900).
- 8) Requires the Board of Governors of the CCC to provide leadership and direction in the continuing development of the CCC as an integral and effective element in the structure of public higher education in the state. The work of the board of governors shall at all times be directed to maintaining and continuing, to the maximum degree permissible, local authority and control in the administration of the CCC (EC Section 70901).
- 9) 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 (EC Section 89030, et seq.).

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Need for the measure.* According to the author, “AB 1470 will help address California’s deepening student housing crisis by building on AB 1602 (McCarty, 2022) and expanding flexibility within the Student Housing Revolving Loan Fund. It allows campuses to use up to 20% of housing funds to build in downtowns and commercial hubs—bringing affordable housing closer to jobs, transit, and opportunity. In the aftermath of the pandemic the lack of affordable housing is harming our students and leaving our downtowns underutilized. This bill helps remove barriers for low-income and underrepresented students and ensures that higher education is accessible, affordable, and connected to thriving communities. AB 1470 allows us to support students and staff while revitalizing struggling downtowns.”

*Background on CaSH RLF.* Enacted in 2022, the CaSH RLF provides zero interest loans for affordable student housing and affordable faculty and staff housing. By providing zero-interest loans to support campuses, this measure provides a financing option that addresses two of the main challenges that campuses face when launching a new housing project: reserves, and debt service costs. This zero-interest financing supports new projects and enables campuses to offer housing to students and employees at a more affordable rate.

The 2023 Education Budget Trailer Bill (SB 117), appropriated \$200 million (\$150 million for UC and CSU applicants through the CEFA in fiscal year 2023-24 and specifies the intent of the Legislature is to appropriate \$300 million each year in fiscal years 2024-25 through 2028-29 for CaSH RLF.

The Governor’s 2024-25 Budget included a number of cost-saving measures intended to address projected budget shortfalls, including the ongoing appropriation to CaSH RLF.

Committee Staff understands that CEFA has paused the development of the CaSH RLF due to the anticipation that future budget cycles will not appropriate additional funding.

It is presently unclear if the author submitted a budget priority letter for CaSH RLF.

*The CEFA.* The CEFA was established for the purpose of issuing revenue bonds to assist institutions of higher education in the expansion and construction of educational facilities and housing. The graph below shows the three main areas covered by CEFA:



*Committee comments.* Committee Staff understands that nothing in the CaSH RLF prohibits nor incentivizes institutions from building student and employee housing projects in central business districts/city centers.

As currently drafted, this measure authorizes qualifying campuses to use up to 20% of received CaSH RLF funds for purposes of constructing affordable student and employee housing in the central business districts or main commercial and cultural hubs of a city or town in the state. But the bill is silent as to the process if the qualifying campus does not own the project in the aforementioned areas.

If the intent of the author is to increase housing projects under CaSH RLF and not delay approval processes, it may be beneficial to explicitly state that qualifying campuses should already own the project.

Further, CaSH RLF awards campuses moneys for a specific project, it does not provide a lump sum of money for various projects that an approved campus could then spend 20% of moneys for one project and another percentage for another project, etc. This measure states that approved campuses would be able to allocate 20% for a project in the central business districts or main commercial and cultural hubs of a city or town in the state. In order to for a campus to build affordable housing with CaSH RLF moneys they would just simply have to propose a project in said areas.

*Moving forward the author may wish to amend CaSH RLF to reflect that instead of 20% of funds going to a project in the central business districts or main commercial and cultural hubs of a city or town in the state, a priority is given to campuses who own a project in those areas.*

Existing law states that that a campus has to *own* the project to be eligible for CaSH RLF, however, as drafted, this measure does not explicitly state that the campus would need to own the project. In order to bring clarity to this measure and align with exiting law, *the Committee has proposed, and the author has accepted the following amendments:*

(5) A qualifying college or university applicant may use up to 20 percent of the funds received pursuant to this chapter for the purpose of constructing affordable student housing and affordable faculty and staff housing *on property owned by the qualifying college or university applicant* in the central business districts or main commercial and cultural hubs of a city or town in the state.

*Prior legislation.* AB 1602 (McCarty) of the 2021-22 Legislative Session, which was held on the Suspense File in the Senate Committee on Appropriations, in part, would have established the CaSH RLF for the purpose of constructing affordable student, faculty, and staff housing. The contents of this measure were amended into AB 190 (Assembly Committee on Budget), Chapter 572, Statutes of 2022.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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