

TO: Acting Chancellor Gonzales, Board of Governors Members

FROM: Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning

RE: Update on Affordable Student Housing Budget Investment

Background

The Board of Governors has prioritized the development of a holistic, student-centered, affordability and basic needs infrastructure. This priority includes a focus and strategy around student housing which increases the stock of affordable units to support low-income students and facilitates their access to higher education. We are greatly appreciative of the leadership provided by Board Vice President Costa and Boardmember Tarasova on this issue, among other members of the Board that have helped shape our advocacy on this issue.

This memo provides an update on student housing investments in the 2021-22 State Budget and next steps for the Chancellor's Office.

Affordable Student Housing Budget Investment

Senate Bill/Assembly Bill 169 (SB/AB 169), the postsecondary education budget cleanup trailer bill, appropriates \$500 million in FY 21-22, and states intent to provide \$750 million in FY 22-23 and FY 23-24, for the Higher Education Student Housing Grant Program. The program, with the purpose of providing affordable, low-cost housing options for public postsecondary students in California, will provide one-time grants for:

- construction of student housing,
- the acquisition and renovation of commercial properties into student housing,
- potential inclusion into facilities dining, academic and student support service spaces, basic needs centers, student healthcare services, and other necessary facilities and equipment.

For FY 21-22, the proposal focuses on funding projects that could quickly begin construction, in addition to an option to access funds for the purpose of feasibility studies and other planning.

Allocation of Grant Funds:

This bill would appropriate 50% of the available funds each year to California community colleges, 30% to California State University and 20% to the University of California.

Initial proposals for projects to be considered shall be submitted to the Department of Finance (DOF) by October 31, 2021. The Department of Finance will provide a list of projects, both submitted and proposed for funding, by March 1, 2022. Proposals will need to demonstrate that

construction on the project could begin by December 31, 2022, or by the earliest possible date thereafter.

Affordability:

Districts applying for student housing grants will need to provide a plan for the rent charged to students. Rent provided in the applicable units shall be calculated at 30% of 50% of the area median income for a single-room occupancy unit type. The percentage of area median income may be adjusted by the Director of Finance, with approval by the Joint Legislative Budget Committee. “Low income” means students eligible to receive [Pell Grant](#) or [Cal Grant financial aid](#), an exemption from paying nonresident tuition provided the student meets income criteria of the California Dream Act (AB 540 status with a gross family income of \$86,000 or less), or a fee waiver from a California Community College. Districts will need to provide a commitment to first offer housing to low-income students.

Enrollment Requirements:

In their grant applicant, a district would need to provide a commitment to require any students renting housing in the facilities to take a minimum average of 12 degree-applicable units per semester term, or the quarterly equivalent, to facilitate timely degree completion. A student may receive a temporary exemption to this requirement if they can demonstrate exceptional circumstances necessitating a reduced unit load, such as illness or injury.

Process:

Proposals shall include project goals, costs, number of students to be housed, timeline for the project, financial feasibility of the project, anticipated impact on the campus’ ability to accommodate California resident enrollment growth, a commitment to construct the project within the resource needs identified in the proposal, and any other information deemed necessary for evaluation.

Project selection criteria may include:

- Projects that would convert commercial space into campus student housing and projects that would serve the greatest percentage of a campus’s low-income student population
- Priority for greater unmet demand for student housing for a campus or service area.
- Priority for projects that can begin construction the earliest.
- Projects may be fairly representative of various geographical regions of the state.
- Projects in the state interest in intersegmental housing arrangements, particularly those that support transfer pathways between community colleges and four-year public postsecondary institutions.

Shovel-Ready Projects:

For the first round of funding, proposals shall demonstrate that construction could begin by December 31, 2022, or by the earliest possible date thereafter.

Public-Private Partnerships (P3s):

Community colleges may use public-private partnerships for the construction, operation, and maintenance of these facilities. UC and CSU are prohibited from using P3s.

Feasibility Studies and Planning

California community colleges may submit requests for planning grants for campuses that are exploring or determining if it is feasible to offer affordable student rental housing. Up to \$25 million over the three years could be used for the CCC planning grants for campuses that are exploring or determining the feasibility of offering affordable student rental housing. Those grants could be used for studies of feasibility, engineering, financing, and/or environmental impact; architectural plans; application fees; legal services; permitting costs; bonding; and site preparation.

Next Steps and A Comprehensive Student Housing Program

The Chancellor's Office will be working with the Department of Finance as grant applications are developed and to share options for a long-term comprehensive student housing program for California Community Colleges.

While this bill includes significant new detail on the program, there are still a number of questions regarding how it will operate. In a meeting lead by the Chancellor's Office and Board Vice President Costa, college stakeholder shared a desire for a student housing program that leverages some of the best practice elements of the Board of Governors Capital Outlay Program. Providing recommendations and options for an effective students-centered structure will be a priority over the next few month.