



California Community Colleges

# CCC Affordable Student Housing Movement Update

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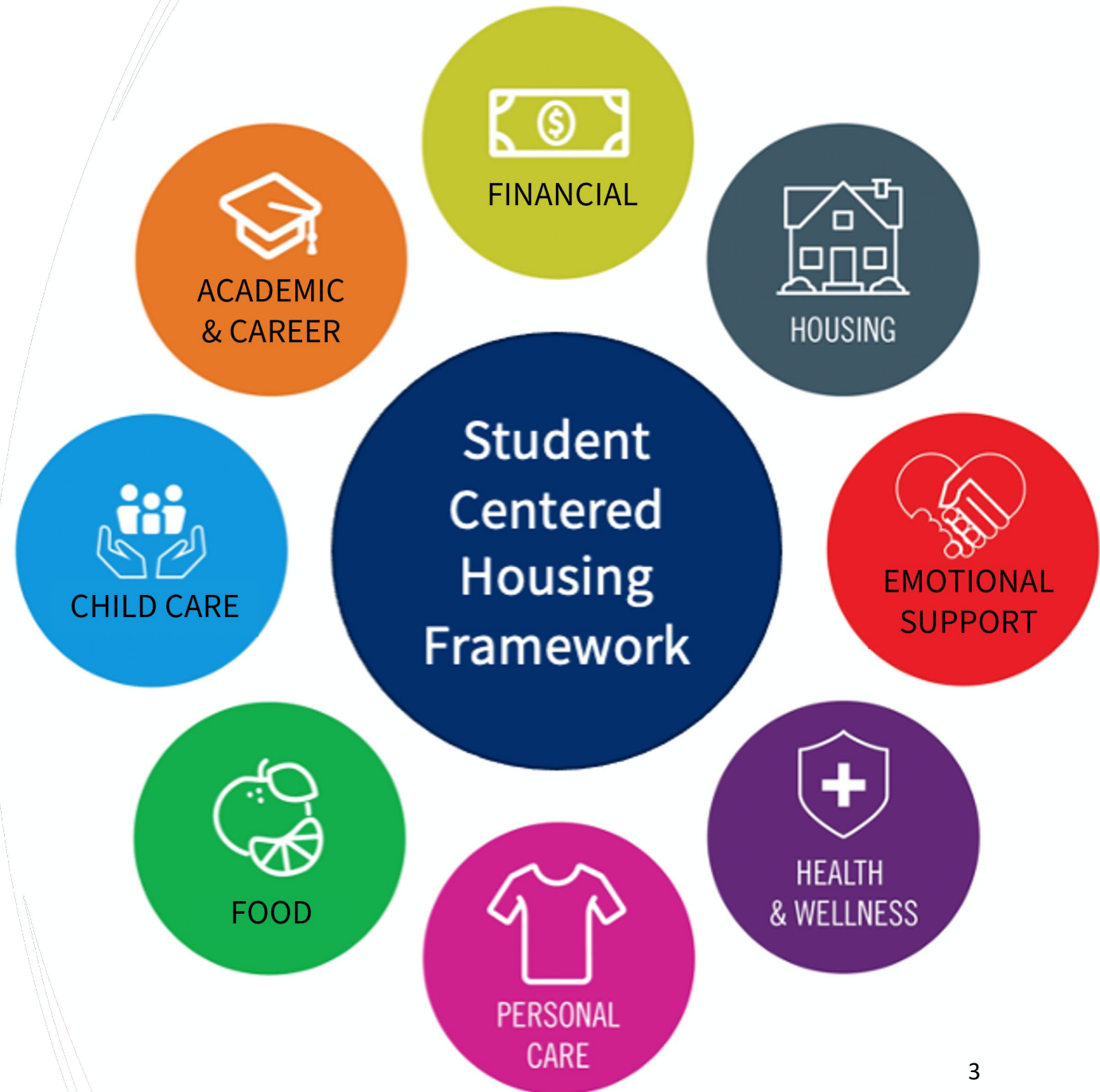
# Topics

- Update on Rounds 1 and 2
- Status of Round 3
- State funding for Affordable Student Housing and FAQ
- Regulation
- Professional development
- Questions



# CCC Focus on Affordable Student Housing

- Investment made by the Governor and Legislature in affordable student housing allows CCC to **center equity and affordability** in our housing efforts.
- Guiding principle of CCC student housing efforts: **Ensuring affordable housing is a means to support equitable student success.**



# Mission

For California Community Colleges, the Affordable Student Housing agenda is grounded in principles of student equity, affordability, access, student-centered design, holistic supports, and district adaptability to student needs. Guided by these principles, the mission of the Affordable Student Housing program is to advance:

- **EQUITY.** Examine disproportionate impacts and design to meet the needs and long-term success of students most adversely affected.
- **AFFORDABILITY.** Commit to housing that advances college access and affordability for students with the greatest economic need.
- **ADDRESS HOUSING SHORTAGES.** Community colleges are an important partner and can play a key role in reducing state- and community-wide housing shortages that hinder social and economic progress.
- **FISCAL SUSTAINABILITY.** Plan for and support the long-term quality and viability of affordable student housing at colleges and communities where a need exists and can be supported.
- **STUDENT-CENTERED DESIGN.** Recognize that affordable student housing cannot exist in isolation from holistic supports and interventions – such as basic needs, financial aid, transportation, social services, campus culture, and learning supports for success.



# State Approved Housing Projects - Rounds 1 and 2

# State Approved Housing Projects – Round 1

- Approved in 2022-23 CA Budget
- \$541.1M for construction grants
  - 11 community college projects
  - 1 intersegmental project
- \$17.9M to be allocated for planning grants
  - 70 grants
- Five colleges have started construction
- Six colleges are in design or seeking design approval
- One college has opened their housing

## Round 1 Projects College Map



# State Approved Housing Projects – Round 2

- Approved in 2023-24 CA Budget
  - 4 community college projects
  - 3 intersegmental project
- Will provide more than 3,100 low-income student beds
- \$464M state funding
- \$542M total project costs





# Round 3 Construction Application Review



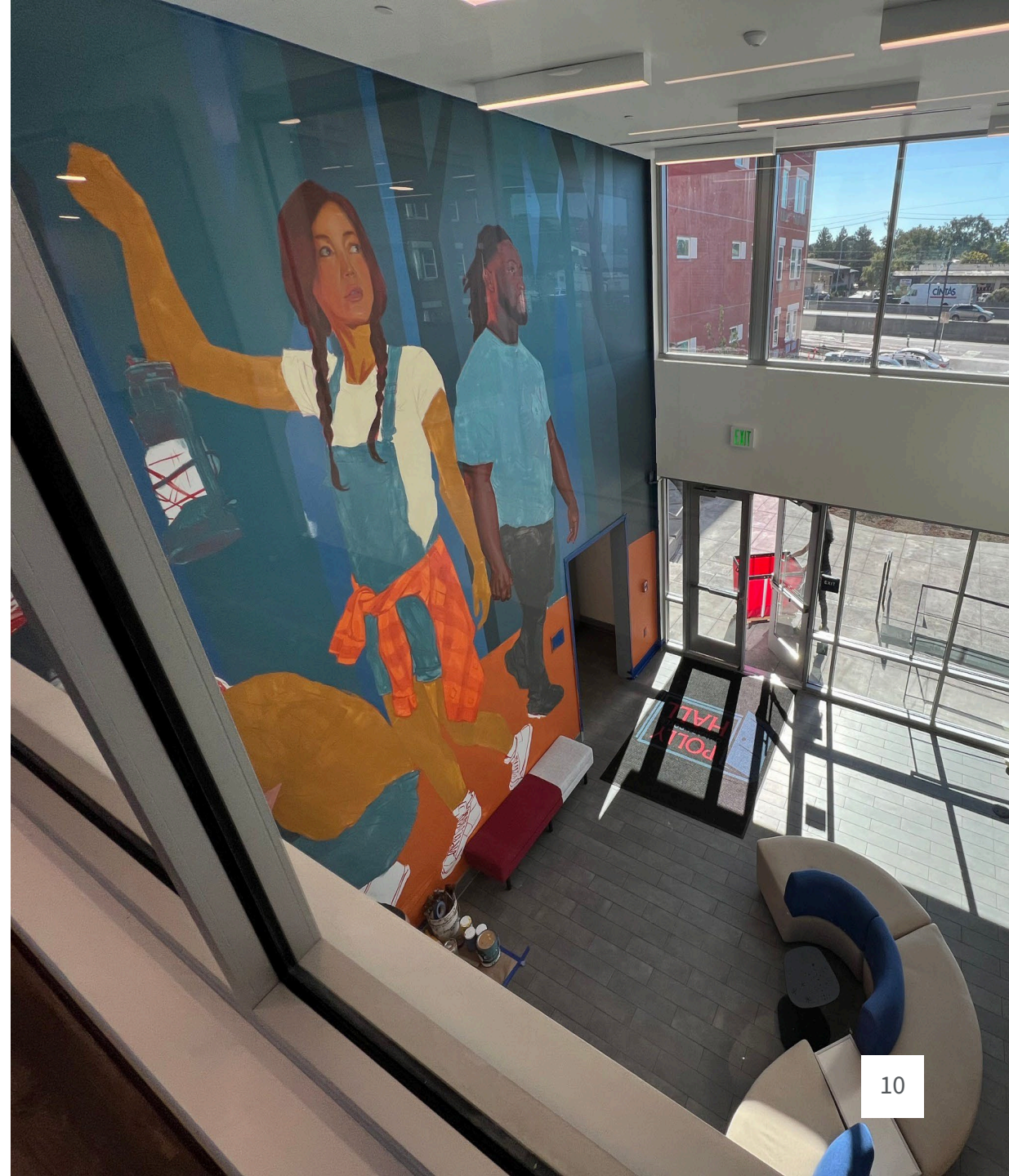
# Round 3 Application Process

- Received 30 applications
- \$1.6B requested state funding
- \$1.9B total project costs
- Proposes more than 6,700 low-income student beds
- \$81.3M available



# Round 3 Application Review Timeline

- Application received July 3, 2023
- Initial review complete November
- Application ranking and scoring finalized in January 2024
- Recommendation to CA Legislature and Department of Finance by February 1, 2024



# Scoring Considerations

## Data Considerations in Education Code

State funding per bed for low-income students.

Rental fees for low-income students that is lower than the rental computation provided in Education Code §17201(f)(2)(A).

Prepared to begin construction by December 31 in the year the grant is awarded, or earliest possible date thereafter in the subsequent calendar year.

Geographic location

Unmet demand for housing as determined by number of students waitlisted for student housing.

Unmet demand for housing as determined by county rental vacancy rates.

## CCC Specific Considerations

Has indicated that the project will be implemented in partnership with another California public postsecondary institution.

Augments the cost of construction and student housing program through partnership(s) or securing additional funding.

Ancillary services will be included in the scope of the housing project.

Located in a Region of High Need (Same as Capital Outlay Program)

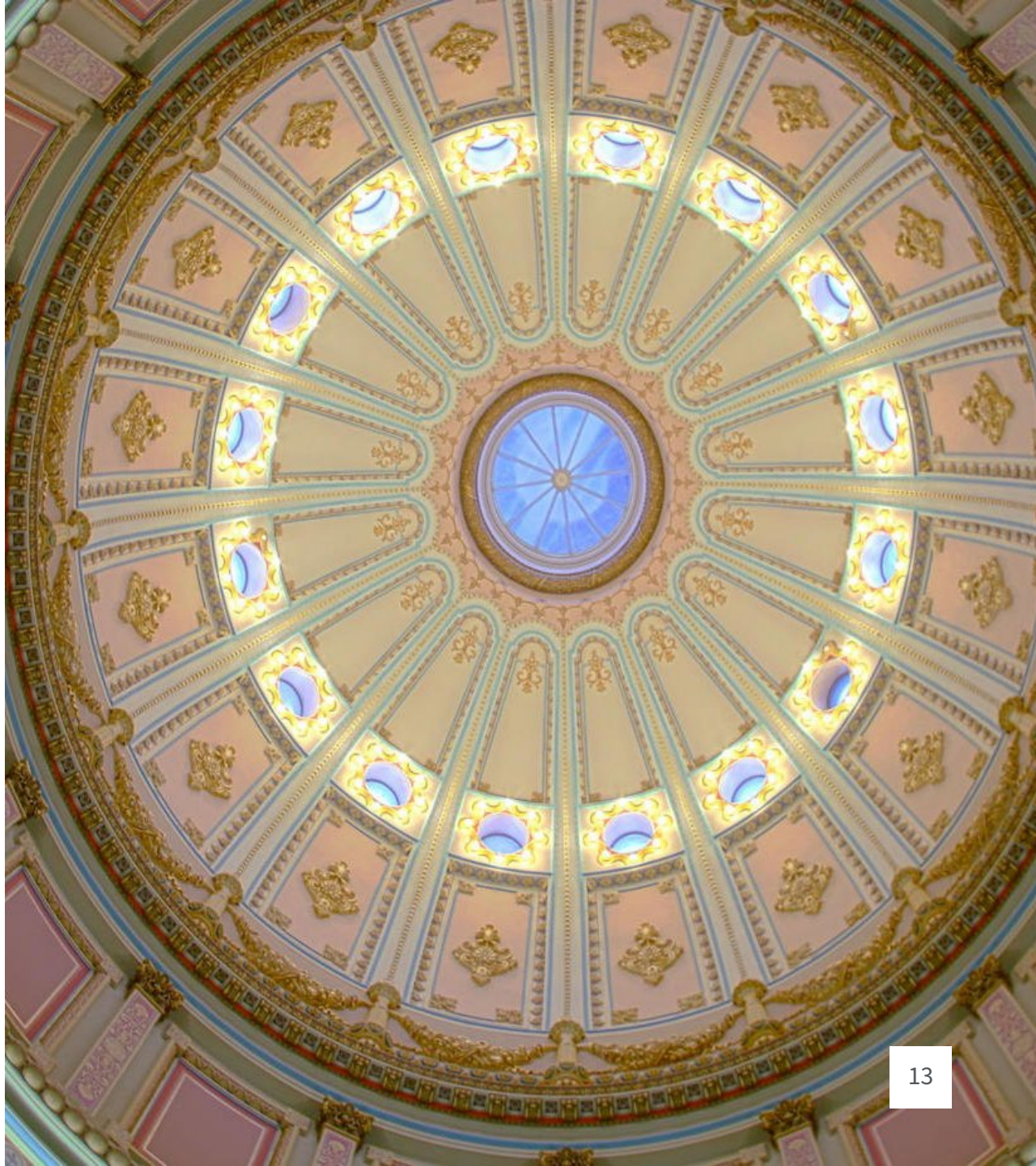
Cost of Living as determined regional rents



# State funding for Affordable Student Housing and FAQ

# State Funding for Affordable Student Housing

- Issues created by SB 117
  - Transitioned funding from state grants to local lease revenue bond
- Resolution through SB 104 and SB 142
  - SB 104: Provides ongoing rental subsidies
  - SB 142: Identify statewide lease revenue bond or other statewide financing or fiscal approach by January 2024



# State Funding for Affordable Student Housing

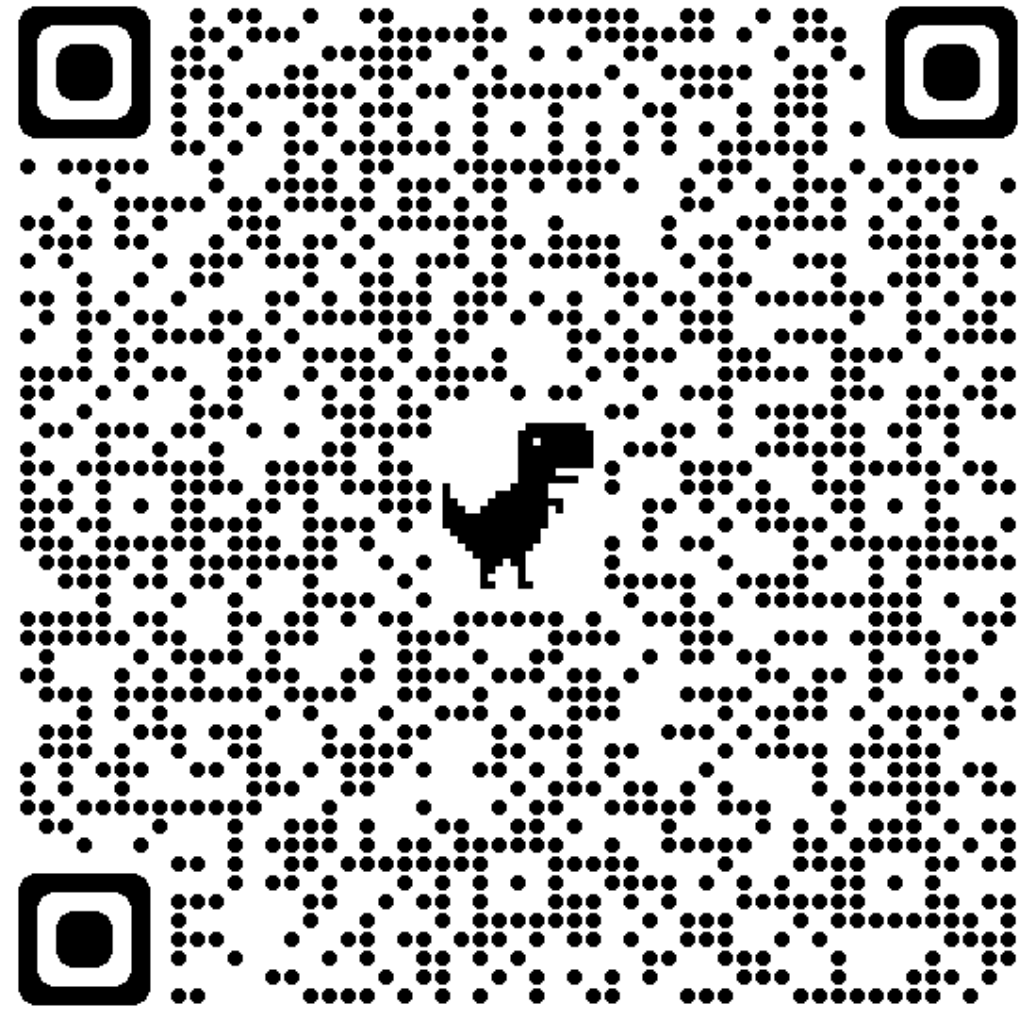
SB 142 also does the following:

- Shifts the issuance of revenue bonds for the CCC portions of three intersegmental projects with the UC from the CCC to the UC.
- States that the three CCC and UC intersegmental projects will be covered through the UC issuance of revenue bonds will retain a split in the number of beds for low-income students between the participating campuses that is consistent with the application approved by the state.
- Clarifies CCC districts that received General Fund support for grants in the Budget Act of 2022 shall revert those General Fund resources by June 29, 2024, or upon the enactment of the 2024 Budget Act, whichever is later.
- The June 2024 reversion date gives districts assurance they will not have to return funds until the end of the fiscal year, with the goal of not returning funds and providing time for the development of a state financing solution before June 2024.



# FAQ State Funding for Affordable Student Housing

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# Taskforce Report & Recommendations

- Mission
- Affordability
- Integrated Support Services
- Partnerships & Advocacy
- Data
- Total Cost of Lifetime Ownership

## → Regulations



### Affordable Student Housing Taskforce Report & Recommendations



# Regulatory Changes

Title 5 of the California Code of Regulations, Section 57001:

- A definition of "**affordable student housing**" is added.
- Definition aligns to Education Code section 17201:  
below market rate calculated at 30 percent of 50 percent of the area median income for a single-room occupancy unit type.



# Regulatory Changes

## Title 5, Section 57001.5:

- The definition of "project" permitted under the regulations is revised to include "**affordable student housing facilities.**"
- The term "dormitories" is removed from a list of things that are excluded from the definition of "project."



# Professional Development Opportunities

- Virtual Housing Forums
- Student Housing Symposium
- Vision Resource Center Student Housing Community





California Community Colleges

Thank you!

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# Appendix



# **Do you believe a state financing solution will in fact be included in the 2024-25 state budget?**

During budget committee hearings held in September 2023, the Department of Finance assured concerned legislators that community college districts that have already received funding from the Higher Student Housing Grant Program do not need to worry about returning funding to the state.

# **My district received an Affordable Student Housing Construction Grant as part of the 2022 California Budget. How will we return grant funding to the state and when does it need to be returned?**

Your district does not need to return the Affordable Student Housing Construction Grant funding at this time. By no later than the 2024 Budget Act, a statewide lease revenue bond or other statewide financing approach will be developed and included to support state-approved affordable student housing projects.

# **Can my district use the Affordable Student Housing Construction Grant funding now? What if we have already spent some of the grant funding?**

Districts with state-approved Affordable Student Housing construction projects may use grant funding appropriated in the 2022-23 fiscal year to cover project development activities. Districts decisions to proceed with construction are made at local discretion. Districts may consider a project delivery method which staggers the housing project's design and construction in phases. If your district is nearing construction, please consider completing your sitework and construction in increments. These approaches mitigate risks and allow projects to continue making progress.



# **Given the recent changes to the program, how should Affordable Student Housing Construction Grant revenue be recorded?**

Districts that were awarded Affordable Student Housing Construction Grant funds are not expected to return these funds. Therefore, revenue should be recognized in the fiscal year it was received and recorded as restricted within Object 6000, Capital Outlay.

# What is a lease revenue bond?

A lease revenue bond is a type of municipal security where the bond is financially backed by dedicated lease payments. Lease-revenue bonds are sometimes used by state and local government to finance capital outlay projects. The revenue stream paying the debt service on the bond is created from lease payments to the financing entity.

# Do lease revenue bonds require voter approval?

No. The Dean-Offner lease exception allows California's local governmental entities to issue lease revenue bonds without voter approval.

# When will the state lease revenue bond funding be available?

A funding solution will be determined in the 2024 Budget Act. Current legislation indicates the state will pursue a statewide lease revenue bond or develop another statewide financing or fiscal approach to provide ongoing funding support for CCC Affordable Student Housing projects. Announcement of a funding approach is anticipated as part of the Governor's 2024-25 Budget Proposal in January.

# **My district has a state approved intersegmental project with a UC or CSU campus. What does the financing transition from state grant funding to a local lease revenue bond mean for us?**

The University of California and the California State University will work with its respective community college partner to coordinate the issuance of revenue bonds through their respective debt-financing programs. CCC districts do not need to issue a local lease revenue bond. Please note that the scope of the project should remain consistent with the grant application approved by the State.

# **Explain why SB 104 provides ongoing rental subsidies for state approved Affordable Student Housing Construction projects? How much funding is currently available?**

SB 104, the amended 2023 Budget Act, provides ongoing funding to supplement rental revenue across approved projects. In practice, these funds allow colleges and state leaders to apply resources to debt service for approved projects, while also remaining committed to rental affordability. The 30-year timeline provides districts' assurance of the ongoing commitment to allocate resources for a period long enough to cover debt service on the construction of CCC affordable student housing projects. By covering construction costs, colleges can charge rental rates significantly below market value. These subsidies will be available for 30 years, through June 30, 2054, when construction cost debt service is paid. The amended 2023 Budget Act provides \$61.5 million.

# Is my district's Affordable Student Housing Planning Grant impacted by the changes made in the 2023 Budget Act?

No. The \$18 million appropriated in the 2022 Budget Act for planning grants remains unchanged by current legislation. Districts may continue to use these planning grant funds for the following eligible activities:

- Feasibility studies
- Financing studies
- Architectural plans
- Legal services
- Bonding
- Engineering studies
- Environmental impact studies
- Application fees
- Permitting costs
- Site preparation

# **When does Affordable Student Housing Planning Grant funding need to be encumbered and expended?**

The encumbrance deadline for Affordable Student Housing Planning Grants is June 30, 2025.  
The final expenditure deadline is June 30, 2027.



# How should Affordable Student Housing Planning Grant revenue be recorded?

Affordable Student Housing Planning Grant revenue should be recognized in the fiscal year received and recorded as either restricted within Object 6000, Capital Outlay, or as Object 8620, restricted general categorical funds, as determined by specific planning activities and local accounting policy.