LEAGUE OF CALIFORNIA CITIES

Financial and Policy Tools to Support Affordable Housing

Annual Conference 2026

A Guide to Funding Affordable Housing in California

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Executive Summary

California faces a persistent and well-documented affordable housing crisis. The state needs millions of additional affordable units to meet demand, and the financial burden of developing those units cannot fall on any single source of funding. Fortunately, a wide array of federal, state, and local programs, financing tools, and policy mechanisms exists to help cities and counties fund, incentivize, and deliver affordable housing at scale. Recent developments have reshaped this landscape: since January 2025, several federal programs have been modified, narrowed, or placed under review, while at the state level the Legislature has placed the Veterans and Affordable Housing Bond Act of 2026 (SB 417) before the voters, which—if approved at the November 2026 general election—would authorize $11.25 billion in bonds to fund many of the state programs described in this guide.

This white paper is designed as a practical reference guide for California's city attorneys, city staff and elected officials who play a critical role in directing local housing policy and securing funding. It provides a comprehensive overview of every major federal and state program available to California localities for affordable housing, identifies the legal authority underlying each program, describes eligibility and application processes, and offers practical recommendations for maximizing the use of these tools. While the guide surveys the full funding landscape, it gives particular emphasis to the two strategies most within a city's direct control: (1) forming or participating in a local or regional housing trust fund that provides gap financing through loans and grants, and (2) adopting and refining local policy tools — inclusionary housing programs, accessory dwelling unit policies, laws requiring ministerial approval of housing that includes an affordability component, and local soft-money loans — that encourage both naturally occurring and deed-restricted affordable housing. Because an individual jurisdiction may struggle to make affordable development feasible on its own, the guide also highlights opportunities for regional collaboration.

The guide is organized to lead with the two local strategies the accompanying presentation highlights and then to detail the funding sources cities can layer in. It is organized into the following sections: (1) Local Housing Trust Funds; (2) Local Policy Tools to Encourage Affordable Housing (including inclusionary housing, accessory dwelling units, ministerial and streamlined approval laws, preservation of existing and naturally occurring affordable housing, and local soft-money loans); (3) Federal Programs and Funding Sources; (4) California State Programs and Funding Sources; (5) Tax Increment Financing and Successor Agency Tools; (6) Key Eligibility Requirements, Application Processes, and Practical Tips; (7) a Summary Comparison Table of Key Programs; (8) Conclusion and Recommended Next Steps; and (9) an Appendix with a glossary of key terms and relevant agency contacts.

Every statute, regulation, and program cited in this white paper has been verified through authoritative legal research. Elected officials and their staff should use this document as a starting point for identifying the programs most suited to their community's needs and for developing a diversified affordable housing funding strategy.

Introduction and Purpose

The cost of housing in California has risen far beyond the reach of millions of the state's residents. According to successive reports from the California Department of Housing and Community Development (HCD), the state must plan for millions of housing units over the coming decades to keep pace with demand, and a significant share of that need is concentrated among very low-income, low-income, and moderate-income households. See, e.g., Government Code § 65589.5. Local governments are on the front lines of this crisis. Cities and counties control land use decisions, administer key federal pass-through programs, and increasingly are expected to fund, facilitate, or mandate the production and preservation of affordable housing.

The purpose of this white paper is to provide a resource identifying the major federal and state programs, local policy tools, and financing mechanisms that jurisdictions can deploy to address affordable housing needs. For each program or tool, this guide identifies the governing legal authority, describes how the program works, identifies eligible uses and applicants, summarizes funding levels where available, and provides practical guidance on how to access the funding or implement the tool.

While no single jurisdiction can solve the affordability crisis alone, there are practical strategies every city can pursue. This guide is built around the two strategies most within a city's direct control. First, a city can form or participate in a local or regional housing trust fund that provides gap financing — loans and grants — to affordable housing projects, drawing on a range of dedicated revenue sources. Second, a city can adopt and refine local policy tools that encourage both naturally occurring and deed-restricted affordable housing, including inclusionary housing programs, accessory dwelling unit policies, state laws that require ministerial approval of housing projects with an affordability component, preservation of existing affordable stock, and local soft-money loans that close project financing gaps. Because a jurisdiction acting on its own may lack the scale to make affordable development feasible, this guide also emphasizes the value of regional collaboration. Sections 1 and 2 address these two local strategies; Sections 3 through 5 then describe the federal, state, and tax increment funding sources cities can layer in to support them.

Part One: Local Strategies to Support Affordable Housing

Section 1: Local Housing Trust Funds

1.1 Overview of Housing Trust Funds

Legal Authority: Health & Safety Code §§ 50842.1–50843.5; Government Code § 6539.1 (joint powers agreement to create a regional housing trust); Government Code §§ 65583.2 (e)(2)(A)(ii), 65589.5 (k)(1)(B), 65589.9 (f)(3)(A) (sections of Housing Element Law referencing housing trust funds). Local agencies also possess broad authority to establish programs and expend funds for municipal purposes pursuant to the California Constitution and applicable local police powers.

Description: A housing trust fund is a dedicated financing mechanism established by one or more public agencies to support the production, preservation, and rehabilitation of affordable housing. Unlike individual appropriations made through the annual budget process, housing trust funds are designed to receive, manage, and reinvest dedicated revenues over many years, providing a stable institutional framework for long-term housing investment. As discussed further below, funding for housing trust funds come from a variety of sources such as local fee or general revenues, state and federal grants and appropriations, and philanthropic contributions.

Housing trust funds may be created and administered directly by a city or county, through a nonprofit corporation, or by a joint powers authority ("JPA") or other regional entity. Regardless of governance structure, trust funds typically provide loans, grants, land acquisition financing, predevelopment assistance, or other gap financing needed to facilitate affordable housing development.

1.2 Local vs. Regional Housing Trust Funds

Housing trust funds may serve a single jurisdiction or multiple jurisdictions working collaboratively. Local housing trust funds allow cities or counties to tailor funding priorities to local needs, while regional housing trust funds enable neighboring jurisdictions to pool financial resources, coordinate housing strategies, and address housing markets that extend beyond municipal boundaries.

Regional housing trust funds have become an increasingly important model in California. By sharing administrative costs, combining technical expertise, and leveraging larger pools of capital, regional trust funds can often finance projects and compete for state and federal funding more effectively than individual jurisdictions acting independently. Regional collaboration may also promote greater consistency in underwriting standards, efficient program administration, and housing investment across a broader geographic area.

1.3 Why Establish a Housing Trust Fund?

Cities and counties may choose to administer affordable housing funding directly through existing departments within the jurisdiction's purview. However, establishing an independent, dedicated housing trust fund offers several advantages, including creating a permanent institutional framework for affordable housing investment, separating long-term housing financing from annual budget decisions, and improving transparency regarding the receipt and expenditure of housing funds.

In terms of the flexibility of receiving and using various funding sources, housing trust funds provide greater flexibility to receive and administer multiple funding sources, including public funding, private and philanthropic contributions, loan repayments, and program income. This structure facilitates partnerships with developers, lenders, nonprofit organizations, and other public agencies while allowing jurisdictions to recycle repayments into future affordable housing investments and leverage state matching funds available through HCD. Housing trust funds can also improve a jurisdiction's ability to acquire strategic housing sites by maintaining dedicated acquisition capital, providing greater flexibility to make time-sensitive investments, and allowing acquisition financing to revolve into future housing opportunities.

1.4 Governance and Organizational Considerations

The governance structure of a housing trust fund should reflect the needs and priorities of the participating jurisdiction or jurisdictions. Key considerations when forming an independent housing trust fund include the composition of the governing board, decision-making authority, conflict-of-interest policies, eligible uses of funds, underwriting standards, reporting requirements, and long-term financial sustainability. Another approach is through jurisdiction-specific enabling legislation.

Regional housing trust funds are commonly established through joint powers agreements authorized by the California Joint Exercise of Powers Act (Government Code §§ 6500–6599.3). In 2023, the Legislature enacted SB 20 (Stats. 2023, ch. 147), adding Government Code § 6539.1, which authorizes any two or more cities, counties, or councils of governments to establish a regional housing trust through a joint powers agreement, eliminating the need for jurisdiction-specific enabling legislation, what can be a long and challenging process. Whether organized locally or regionally, clear governance policies help promote accountability, consistency, and public confidence in housing investment decisions. For regional housing trusts formed pursuant to Government Code § 6539.1, the statute establishes governance, transparency, and reporting requirements that support these objectives while providing participating agencies with a flexible framework for regional housing investment.

1.5 Common Revenue Sources

Housing trust funds are typically funded through one or more dedicated revenue sources. Common sources include inclusionary housing in-lieu fees, commercial linkage fees and other development impact fees authorized under the Mitigation Fee Act (Government Code §§ 66000–66025), general fund appropriations, successor agency housing assets, tax increment revenues where authorized by law (see Section 5), loan repayments, and investment earnings.

Many housing trust funds also leverage state and federal funding by providing local matching funds or gap financing for affordable housing developments. In addition, trust funds may receive contributions from employers, health care institutions, philanthropic organizations, financial institutions, and other private partners seeking to support affordable housing within the communities they serve.

1.6 California Examples of Housing Trust Funds

California's housing trust funds vary considerably in their governance, funding sources, and geographic focus, reflecting the needs and priorities of the communities they serve. Some are longstanding municipal programs funded through local revenues, while others are newer regional entities created through collaboration among multiple jurisdictions. The following examples illustrate several of the approaches currently in use throughout California.

A. **City of Santa Monica Housing Trust Fund**. Established more than four decades ago, Santa Monica operates one of California's longest-standing municipal housing trust funds. The City's trust fund provides acquisition, predevelopment, rehabilitation, and permanent financing for affordable housing developments and is funded through a combination of redevelopment housing assets, voter-approved local sales tax revenues

(Measures GS and GSH), loan repayments, and other dedicated local housing revenues. The program is administered directly by the City's Housing Division pursuant to adopted Housing Trust Fund Guidelines.

B. **City of West Hollywood Affordable Housing Trust Fund**. West Hollywood has maintained a dedicated affordable housing trust fund for decades as part of its broader affordable housing strategy. The trust fund supports affordable rental housing preservation and development and is funded through a combination of local housing revenues, inclusionary housing in-lieu fees, redevelopment housing assets, and other municipal resources. The City administers the program directly and integrates it with its longstanding rent stabilization and affordable housing policies.

C. **City of Santa Cruz Housing Trust Fund**. Santa Cruz established and administers a municipal housing trust fund to support affordable housing production, preservation, and acquisition. Funding has included local appropriations, housing impact and in-lieu fees, loan repayments, and state housing funds, allowing the City to provide flexible local gap financing while leveraging state and federal resources.

D. **San Gabriel Valley Regional Housing Trust (SGVRHT)**. Created through special legislation in 2020, the SGVRHT serves twenty-five San Gabriel Valley jurisdictions. In addition to providing loans and grants for affordable housing development, the Trust has expanded into regional technical assistance, acquisition financing, and revolving loan fund activities. The programs are funded through member agency contributions, state grants, and other public funding sources. A board of seven jurisdictional representatives and two housing/homeless experts oversee the Trust with administration by both dedicated staff and staff shared with the San Gabriel Valley Council of Governments.

E. **Burbank-Glendale-Pasadena Regional Housing Trust (BGPRHT)**. Established by special legislation in 2022, BGPRHT is governed by representatives of its member jurisdictions. The BGPRHT administers competitive funding programs across the three participating cities using local contributions, state matching funds, and other public resources to finance affordable housing development.

F. **Housing Trust Silicon Valley (HTSV)**. Established in 2000 through a public-private partnership led by the County of Santa Clara, the Silicon Valley Leadership Group, local employers, foundations, and community organizations, HTSV operates as an independent nonprofit Community Development Financial Institution (CDFI). As a certified CDFI, HTSV provides mission-driven financing designed to expand access to capital in underserved communities, allowing it to leverage both public and private investment to support affordable housing and homeownership. Originally focused on Santa Clara County, HTSV now develops and administers financing programs throughout the greater Bay Area and Sacramento region. Since its founding, HTSV has invested more than $690 million to help create more than 28,700 housing opportunities while leveraging approximately $9 billion in additional public and private investment.

G. **Housing Trust Fund Ventura County (HTFVC)**. Created in 2008 through a collaborative effort among Ventura County, its ten incorporated cities, and community partners, HTFVC operates as an independent regional nonprofit housing trust. The organization provides revolving acquisition, predevelopment, construction, and permanent financing for affordable housing developments throughout the county. HTFVC has funded its lending programs through a diverse mix of local government funding, state housing grants, and federal Community Development Financial Institution (CDFI) Fund awards. It has also attracted significant private investment through below-market Community Impact Notes provided by banks, credit unions, foundations, and private companies, as well as contributions from businesses, non-profit organizations, foundations, and individual donors. The Community Impact Notes are fixed-income debt securities purchased by financial institutions and investors that provide a modest financial return with a lower risk profile and help to satisfy Community Reinvestment Act requirements. This diversified capital structure demonstrates how regional housing trust funds can leverage both public and private investment to expand affordable housing opportunities.

H. **San Joaquin Regional Housing Fund (SJRHF)**. Formed in 2024 as a 501(c)(3) nonprofit subsidiary of the San Joaquin Council of Governments, the SJRHF represents a newer generation of regional housing trusts focused on both financing and regional coordination. The SJRHF combines local contributions with philanthropic support, including funding from the insurance provider Health Net, and public housing resources to finance affordable housing developments and regional housing initiatives throughout San Joaquin County.

1.7 Best Practices and Practical Guidance for Elected Officials

Housing trust funds are most successful when they are established with a clearly defined purpose, a sustainable funding strategy, and governance structures that reflect local and regional housing needs. Before creating a new housing trust fund, staff and elected officials should evaluate whether existing staff capacity within their jurisdiction is sufficient to administer affordable housing financing programs or whether greater efficiency and impact could be achieved through collaboration with neighboring jurisdictions. In many regions, a regional housing trust fund may reduce administrative costs, improve access to specialized housing finance expertise, and better align housing investment with regional labor and housing markets.

Regardless of organizational structure, jurisdictions should identify reliable long-term revenue sources, establish transparent underwriting and reporting policies, and coordinate trust fund investments with available federal, state, and private financing programs to maximize leverage. Housing trust funds are most effective when they serve not only as a source of local funding, but also as a platform for attracting additional public and private capital, acquiring strategic development sites, and preserving institutional expertise that supports affordable housing production and preservation over time.

Section 2: Local Policy Tools to Encourage Affordable Housing

2.1 Legal Authority for Inclusionary Housing

Legal Authority: Government Code §§ 65580–65589.8 (Housing Element Law); Government Code § 65850 (zoning authority); Government Code § 65915 (Density Bonus Law). See also *California Building Industry Assn. v. City of San Jose* (2015) 61 Cal.4th 435 (upholding the validity of inclusionary housing ordinances under California law and State Supreme Court's interpretation of Fifth Amendment).

Description: Inclusionary housing ordinances (also referred to as "inclusionary zoning") require developers of market-rate residential projects to include a specified percentage of affordable units in their developments or, in the alternative, to pay in-lieu fees, dedicate land, or construct affordable units off-site. The California Supreme Court in *California Building Industry Assn. v. City of San Jose* upheld the authority of cities to impose inclusionary requirements as a valid exercise of the police power, holding that such ordinances are consistent with the Housing Element Law and rejecting a claim that such ordinances must be treated as an exaction requiring special scrutiny under the takings clauses of the California and US constitutions. (61 Cal.4th 435.)

2.2 Special Regulations Regarding Inclusionary Ordinances for Rental Housing

Legal Authority: Government Code § 65850 et seq. (the *Palmer* Fix, enacted by AB 1505 (Stats. 2017, ch. 376)).

Pursuant to a court of appeal ruling in 2009 (*Palmer/Sixth Street Properties, L.P. v. City of Los Angeles* (2009) 175 Cal.App.4th 1396), cities were precluded from imposing inclusionary requirements on rental housing under the Costa-Hawkins Rental Housing Act, Civil Code § 1954.50 et seq. However, in 2017, the Legislature enacted AB 1505, which amended Government Code § 65850 to authorize cities and counties to adopt inclusionary housing ordinances that apply to rental housing developments, expressly superseding *Palmer*. The legislation, however, provides that if more than 15% of units in a rental project are required to be affordable, HCD may review and potentially override the city's ordinance if it determines that it unduly constrains housing production. Government Code § 65850.01(a).

2.3 In-Lieu Fees

In-lieu fees are payments made by developers who choose not to construct the required affordable units on-site under the inclusionary housing ordinance. These fees must bear a reasonable relationship to the cost of producing affordable housing and are typically deposited into a local housing trust fund for use in financing affordable housing projects. The Mitigation Fee Act, Government Code §§ 66000–66025, governs the imposition, accounting, and expenditure of such fees, requiring that they be maintained in a separate fund and used exclusively for the purposes for which they were collected. See *Sterling Park, L.P. v. City of Palo Alto* (2013) 57 Cal.4th 1193, 1207; *California Building Industry Assn. v. City of San Jose* (2015) 61 Cal.4th 435, 481.

2.4 Practical Tips on Inclusionary Ordinances

Inclusionary housing policies are among the most powerful tools available to local governments for generating affordable units without expending public dollars. However, they must be carefully calibrated to local market conditions to avoid discouraging overall housing production.

Elected officials should work with their planning and legal staff to analyze the local housing market and set inclusionary percentages and in-lieu fee levels that maximize affordable housing production while maintaining overall development feasibility. Compliance with the Density Bonus Law, Government Code § 65915, is essential, as developers of projects that include affordable units are entitled to density bonuses and other incentives by right.

Further, cities often conduct a study to ensure that permit conditions and fees are legally defensible and do not constitute an improper taking. For the following reasons, conducting a study is a best practice.

Generally, when the government imposes conditions on a permit that requires conveyance of property rights or money, the courts will scrutinize the condition to determine if it constitutes an improper taking of private property without just compensation. The analysis is conducted pursuant to rules established in two cases, *Nollan v. California Coastal Commission* (1987) 483 U.S. 825 (*Nollan*), and *Dolan v. City of Tigard* (1994) 512 U.S. 374 (*Dolan*), and subsequent decisions. Under this line of cases, courts will consider whether a permit condition constitutes an improper taking by considering: (1) whether there is an "essential nexus" between the permit condition at issue and a legitimate land-use interest, and (2) whether there is rough proportionality between the cost the permit condition imposes on the property owner and the impacts caused by the development that the permit condition is meant to mitigate. If there is not an essential nexus, or rough proportionality is lacking, the permit condition constitutes a taking.

This general rule raises a legal question concerning inclusionary ordinances. If a city requires as a permit condition that a developer agree that a certain number of units be rented at below-market rates to households who income-qualify, this will generally mean that the developer will generate less profit from the development than the developer otherwise would have if the condition had not been imposed. Does this mean that some or all inclusionary ordinances need to be reviewed under the preceding two-step analysis? Do some or all inclusionary ordinances constitute takings of private property without just compensation?

In *California Building Industry Assn. v. City of San Jose* (2015) 61 Cal.4th 435, the California Supreme Court ruled that inclusionary ordinances are not a type of permit condition requiring special scrutiny under *Nollan* and *Dolan*'s two-step analysis. Accordingly, the Court, in effect, endorsed a view that cities do not need to conduct a study prior to adopting an inclusionary ordinance in order for it to be legally defensible.

However, litigation concerning permit conditions is increasingly occurring in federal rather than state court due to the US Supreme Court's decision in *Knick v. Township of Scott, Pennsylvania* (2019) 588 U.S. 180, 194, which permits plaintiffs to bring takings claims directly in federal court without first pursuing state judicial remedies. Federal courts are not obligated to adhere to the California Supreme Court's holding with respect to takings claims under Fifth Amendment of the US Constitution, which raises a federal question, so the California Supreme Court will not have the final answer.

Encouragingly, in *Palmer Kearney Mesa Properties, LP v. City of San Diego* (S.D. Cal., Jan. 16, 2026, No. 23-CV-01755-DMS-BJW) 2026 WL 125686, at *10, a federal district court recently cited *California Building Industry Assn.* approvingly and reached the same conclusion as the California Supreme Court, holding that the inclusionary ordinances are generally not the type of permit condition which trigger the two-step analysis under *Nollan* and *Dolan* discussed above. However, the issue will ultimately need to be resolved by the Ninth Circuit, or US Supreme Court, and as it stands, there is uncertainty. It is possible that federal courts will determine that inclusionary ordinances must each be individually scrutinized under *Nollan* and *Dolan* to determine whether they are valid, or constitute takings under their particular circumstances. If that is the outcome, a study would likely be helpful in defending the City's inclusionary ordinance in any resulting litigation.

Accordingly, we recommend that elected officials have their planning staff review their inclusionary ordinance, or proposed inclusionary ordinances with legal counsel to analyze whether they were prepared in a manner which is less vulnerable to a legal challenge in federal court. Conducting a study concerning whether an inclusionary ordinance passes the test set up in *Nollan* and *Dolan* will help ensure the city can argue later that, even if it is determined by federal courts that the *Nollan/Dolan* analysis is applicable to inclusionary ordinances, the city's particular inclusionary ordinance does not constitute a taking under that city's particular circumstances. This review is especially critical since the U.S. Supreme Court ruled in *Sheetz v. County of El Dorado* (2024) 601 U.S. 267, that *Nollan/Dolan* analysis applies to the imposition of conditions pursuant to legislation, not only to ad-hoc impositions.

2.5 Accessory Dwelling Units (ADUs)

Legal Authority: Government Code §§ 66310–66342 (accessory dwelling unit and junior accessory dwelling unit law, recodified from former §§ 65852.2 and 65852.22 by SB 477 (Stats. 2024, ch. 7)); Government Code § 66311 (legislative intent, formerly § 65852.150).

Description: Accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) are among the fastest and least costly forms of infill housing, and state law now sharply limits a local agency's ability to impede them. A complete ADU permit application must be considered and approved ministerially, without discretionary review or a hearing, and must be approved or denied within 60 days or it is deemed approved. Government Code § 66317. A city may adopt an ADU ordinance, but the ordinance may impose only objective standards (such as parking, height, setback, and size) and may not require a minimum lot size; a noncompliant ordinance is null and void, and the statutory state standards apply by default. Government Code §§ 66314, 66316. Regardless of whether a city has adopted an ordinance, state law guarantees certain by-right units — one ADU and one JADU per single-family lot, one detached new-construction ADU of up to 800 square feet, and conversions of up to 25 percent of the units in an existing multifamily building. Government Code § 66323.

Restrictions on Local Impediments: State law limits common local barriers. No parking may be required where the ADU is within one-half mile of public transit, in a designated historic district, or created by converting existing space, among other circumstances. Government Code § 66322. No impact fee may be imposed on an ADU of 750 square feet or less (or a JADU of 500 square feet or less), and an ADU or JADU generally may not be treated as a new residential use for utility connection-fee or capacity-charge purposes. Government Code § 66311.5.

Affordability and Practical Value: ADUs commonly rent well below market for comparable units and expand the supply of naturally occurring affordable housing without public subsidy. Adopting an ADU ordinance that reduces barriers beyond the statutory baseline also qualifies as a "prohousing" local policy, earning bonus points or preference in competitive state housing and infrastructure funding programs. Government Code § 65589.9. Cities should confirm their ADU ordinances are current with the 2024 recodification and later amendments and should submit any adopted ordinance to HCD within 60 days of adoption, as required. Government Code § 66326.

2.6 Ministerial and Streamlined Approval of Housing With an Affordability Component
Legal Authority: Government Code § 65913.4 (SB 35 streamlined ministerial approval, as amended and extended by SB 423 (Stats. 2023, ch. 778)); Government Code §§ 65912.100–65912.132 (the Affordable Housing and High Road Jobs Act of 2022 (AB 2011)); Government Code § 65915 (Density Bonus Law); Government Code § 65589.5 (Housing Accountability Act).

Description: Several state laws now require cities to approve qualifying housing projects ministerially — without discretionary review or public hearings — when the project includes a defined affordability component. These laws effectively convert a portion of the local approval process from discretionary to by-right.

SB 35 / SB 423 (§ 65913.4): In a jurisdiction that has not met its share of the regional housing need, a multifamily project of two or more units that satisfies objective planning standards and dedicates the required share of affordable units must be approved through a streamlined, ministerial process and is not subject to a conditional use permit or other nonlegislative discretionary approval. The required affordability share depends on which category of housing need the jurisdiction has failed to meet — generally at least 10 percent of units affordable (to households at or below 50 percent of AMI for rental projects, or 80 percent of AMI for ownership projects), rising to 50 percent of units where the shortfall is in lower-income housing. The city must document any conflict with objective standards within 60 days (150 or fewer units) or 90 days (more than 150 units), or the project is deemed to satisfy those standards.

AB 2011 (§§ 65912.100 et seq.): The Affordable Housing and High Road Jobs Act of 2022 makes housing a use by right, subject to streamlined ministerial review, on eligible commercial corridors. A 100-percent-affordable project — all units dedicated to lower-income households under a recorded 55-year (rental) or 45-year (ownership) covenant — qualifies under Article 2. A mixed-income project qualifies under Article 3 if it meets specified affordability set-asides (for rental, either 8 percent very-low-income plus 5 percent extremely-low-income units, or 15 percent lower-income units). The local government must approve a consistent project within 60 or 90 days and may not impose additional fees or inclusionary requirements based solely on the project's streamlined eligibility.

SB 4 — Affordable Housing on Faith and Higher Education Lands (§ 65913.16): The Affordable Housing on Faith and Higher Education Lands Act of 2023 makes affordable housing a use by right — not subject to a conditional use permit or other discretionary review, and not a "project" for purposes of CEQA — on land owned on or before January 1, 2024 by a religious institution or an independent institution of higher education. Substantially all units must serve lower income households, with limited exceptions permitting up to 20 percent of units for moderate-income households and up to 5 percent for the institution's staff, under a recorded 55-year (rental) or 45-year (ownership) affordability covenant. Government Code § 65913.16 (added by SB 4, Stats. 2023, ch. 771). The Act sunsets January 1, 2036.

SB 79 — Transit-Oriented Development (§§ 65912.155–65912.161): The 2025 Transit-Oriented Development law makes housing an allowed use near major transit stops — generally within one-quarter to one-half mile — and establishes tiered minimum density and height standards (rising to approximately 120 units per acre and 75 feet at the highest-tier stops). A qualifying project must include affordable units — generally 7 percent for extremely-low-income, 10 percent for very-low-income, or 13 percent for lower-income households, with projects of 10 units or fewer exempt — under a recorded 55-year (rental) or 45-year (ownership) covenant. Government Code § 65912.157. Standing alone, SB 79 confers "allowed use" status rather than ministerial approval; a project obtains by-right, ministerial approval by electing the streamlined process under Government Code § 65913.4, as provided in Government Code § 65912.159. Enacted by Stats. 2025, ch. 512, SB 79 is effective January 1, 2026 and generally applies at the local level beginning July 1, 2026.

Density Bonus Law (§ 65915): A project that dedicates a qualifying share of affordable units is entitled, by right, to increased density plus a graduated number of incentives or concessions, waivers of development standards, and reduced parking. Although not itself a wholesale ministerial-approval track, it is a mandatory entitlement overlay that cities must grant.

Housing Accountability Act (§ 65589.5): The Act sharply limits a city's ability to deny or reduce the density of an affordable or mixed-income housing project, requiring written findings before disapproval; where a jurisdiction lacks a compliant housing element, it also constrains the conditions the city may place on a "builder's remedy" project.

Practical Value: These statutes shift much of the discretion, risk, and delay out of the entitlement process for affordable projects, materially improving feasibility and competitiveness for state and federal funding. Cities should align their objective design standards, application checklists, and staff procedures with these ministerial pathways.

2.7 Preservation of Existing and Naturally Occurring Affordable Housing
Legal Authority: Government Code §§ 65863.10–65863.13 (preservation notice and opportunity-to-purchase law); Government Code §§ 65583(a)(9), (c)(4), (c)(6) and 65583.1 (housing element preservation mandates and local acquisition authority).

Description: Producing new units is only half the task. Preserving existing affordable units — both deed-restricted units at risk of converting to market rate and unsubsidized "naturally occurring" affordable housing (NOAH) — is often faster and less costly than new construction, and state law gives cities both advance notice and tools to act.

At-Risk Assisted Housing: The owner of an assisted housing development (a rental development of five or more units receiving specified federal, state, or local assistance) must give at least 12 months' notice to affected tenants and to affected public entities — including HCD and the city — before terminating a subsidy contract, prepaying the mortgage, or allowing rental restrictions to expire, followed by a further six-month notice. Government Code § 65863.10. Before that conversion, the owner must first give qualified entities — including the tenant association, local nonprofit organizations, and public agencies — an opportunity to purchase the development at market value, with a 270-day window to submit a bona fide offer. Government Code § 65863.11. An owner is exempt only where a recorded regulatory agreement maintains affordability for at least 30 years. Government Code § 65863.13.

Housing Element Mandates: Every housing element must inventory assisted developments at risk of converting within the next ten years, estimate the cost of preserving versus replacing them, and adopt a program to preserve them for lower-income households using all available financing; the jurisdiction must also conserve and improve the condition of its existing affordable stock. Government Code § 65583(a)(9), (c)(4), (c)(6).

Local Acquisition of NOAH: A city or county may acquire unsubsidized units — in foreclosed properties or in multifamily complexes of three or more units — and convert them to affordable housing through "committed assistance," recording covenants that keep the units affordable to lower-income households for at least 55 years, and may count those units toward its regional housing need. Government Code § 65583.1.

Practical Value: Housing trust funds and the acquisition tools described in this guide are well suited to preservation. A city can pair a soft acquisition loan with a recorded affordability covenant to capture expiring-use or NOAH units before they are lost to the market.

2.8 Local Soft-Money Loans and Gap Financing

Even where a project has secured its primary financing, most affordable developments cannot close without a final layer of "soft" money — low-interest or deferred-payment loans, and occasionally grants, that fill the gap between total development cost and the funds available from conventional loans and tax credit equity. Providing that gap financing is one of the most direct tools a city has to make a specific project feasible. Local soft-money loans are typically structured as residual-receipts or deferred-payment loans secured by a recorded regulatory agreement, so that the city's funds are repaid over time and recycled into future projects while the affordability restriction runs with the land. Cities commonly draw these funds from a local housing trust fund (Section 1), inclusionary in-lieu fees (Section 2.3), Housing Successor and other legacy redevelopment resources (Section 5.2), and federal HOME and CDBG allocations (Section 3). Because state programs such as HCD's Multifamily Housing Program and CTCAC / CDLAC tax credit and bond financing expressly credit local contributions in their competitive scoring, even a modest local soft loan can help secure substantially larger state and federal awards.

Part Two: Federal, State, and Tax Increment Funding Sources to Layer In

Section 3: Federal Programs and Funding Sources

The federal government is a significant source of funds that can be used by local jurisdictions for affordable housing programs. Most federal housing programs are administered by the U.S. Department of Housing and Urban Development (HUD), though the Internal Revenue Service (IRS), the Federal Home Loan Banks, and the U.S. Department of Agriculture (USDA) also play significant roles. The following subsections describe each major federal program available to California cities.

Under the second Trump administration (beginning January 2025), some affordable housing programs and funding streams have been modified, ended, or are under review. Most core HUD programs—including Housing Choice Vouchers, HOME, CDBG, and public housing assistance—remain authorized and funded. However, HUD has terminated the Affirmatively Furthering Fair Housing (AFFH) rule, sought to restrict housing assistance for mixed-immigration-status households, and implemented significant workforce reductions. California local governments relying on federal funding may need to reassess their programs or develop alternative strategies. Additionally, Executive Order No. 14394 conditions certain grant funding on local adoption of streamlined permitting, capped fees, and other housing production practices, which may affect California jurisdictions.

It should be noted that the current administration has not eliminated the Fair Housing Act itself. The Fair Housing Act of 1968 remains federal law and continues to prohibit housing discrimination based on race, color, religion, sex, national origin, disability, and familial status. HUD and courts remain obligated to enforce those statutory protections.

What has changed is the administration's approach to the AFFH regulations, which are rules governing how HUD grantees demonstrate compliance with the Fair Housing Act's requirement to promote fair housing. In 2025, HUD withdrew a proposed AFFH rule and adopted a significantly streamlined interim rule.

3.1 Community Development Block Grant (CDBG) Program

Legal Authority: Title I of the Housing and Community Development Act of 1974, as amended, codified at 42 U.S.C. §§ 5301–5321; implementing regulations at 24 C.F.R. Part 570.

Description: The Community Development Block Grant (CDBG) Program provides formula-based grants to states, cities, and counties to address a wide range of community development needs, including affordable housing. Entitlement communities—cities with populations of 50,000 or more and urban counties of 200,000 or more—receive CDBG funds directly from HUD. Non-entitlement communities receive CDBG funds passed through the State. Local agencies may use CDBG funds to subsidize property acquisition, rehabilitate homes, and provide down payment or purchase assistance to lower-income residents.

Eligible Uses: CDBG funds may be used for a broad range of housing and community development activities, including acquisition of real property, rehabilitation of residential and nonresidential structures, construction of public facilities and improvements, public services (up to 15% of the grant), homeownership assistance, and assistance to for-profit entities for economic development. All activities must meet one of three national objectives: (1) benefiting low- and moderate-income persons; (2) preventing or eliminating slums or blight; or (3) addressing urgent community development needs. 42 U.S.C. §§ 5301(c), 5304(b)(3), and 5305; 24 C.F.R. § 570.208.

Funding Amounts and Limits: The total annual CDBG appropriation is set by Congress. Grant allocations to entitlement communities and states are determined by a dual statutory formula based on criteria including population, poverty levels, housing overcrowding, and age of the housing stock. For entitlement communities, one formula weights poverty (50%), population (25%), and overcrowded housing (25%), while the alternative formula uses age of housing stock (50%), poverty (30%), and population growth lag (20%). Communities receive the greater of these two amounts, subject to a pro rata reduction if total allocations exceed available funds. Administrative costs are capped at 20% of the grant amount plus program income. 42 U.S.C. § 5306.

How to Access: Entitlement communities receive CDBG funds directly from HUD upon submission of a Consolidated Plan, which is a five-year strategic plan, and an Annual Action Plan. 24 C.F.R. § 91.1 et seq. Non-entitlement communities apply through the State of California's HCD, which administers the state CDBG program. Jurisdictions must certify compliance with the Civil Rights Act of 1964, the Fair Housing Act, 42 U.S.C. §§ 3601–3619, and the obligation to affirmatively further fair housing. 42 U.S.C. § 5304(b). Non-entitlement cities in California are not required to prepare and submit their own Consolidated Plan or Annual Action Plan directly to HUD. Instead, it is the State of California, through its Department of HCD, that bears the obligation to submit a Consolidated Plan and Annual Action Plan to HUD in order to receive and distribute CDBG funds to non-entitlement communities. Non-entitlement cities access CDBG funds by applying directly to HCD through a competitive application process governed by California's state CDBG program regulations.

3.2 HOME Investment Partnerships Program

Legal Authority: Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, codified at 42 U.S.C. §§ 12721–12839; implementing regulations at 24 C.F.R. Part 92.

Description: The HOME program is the largest federal block grant specifically dedicated to creating affordable housing for low-income households. It provides formula grants to states and to participating jurisdictions (cities and counties that qualify by population or through a consortium agreement). HOME funds are designed to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing for very low-income and low-income families.

Eligible Uses: HOME funds may be used for four categories of activities: (1) acquisition of existing housing; (2) new construction of housing; (3) rehabilitation of existing housing (including reconstruction); and (4) tenant-based rental assistance. 42 U.S.C. § 12742. All HOME-assisted housing must serve households at or below 80% of area median income (AMI), and a specified percentage of rental units must serve households at or below 60% of AMI. 42 U.S.C. § 12744; 24 C.F.R. §§ 92.2, 92.216(a). Jurisdictions must provide a 25% nonfederal match, which may be reduced for communities in fiscal distress. 42 U.S.C. § 12750.

Funding Amounts and Limits: HOME allocations are determined by a statutory formula. Per-unit subsidy limits are established by HUD for each geographic area. HOME-assisted rental units are subject to affordability periods ranging from 5 to 20 years depending on the amount of subsidy and type of activity. 24 C.F.R. § 92.252.

How to Access: Participating jurisdictions must submit a Consolidated Plan and Annual Action Plan pursuant to 42 U.S.C. § 12705. Jurisdictions that do not qualify individually may form a consortium with other local governments to meet the funding threshold. Smaller jurisdictions may also access HOME funds through the State of California, which receives a state-level HOME allocation.

3.3 Low-Income Housing Tax Credit (LIHTC)

Legal Authority: Internal Revenue Code § 42, codified at 26 U.S.C. § 42; Treasury regulations at 26 C.F.R. § 1.42.

Description: LIHTC provides federal income tax credits to private investors who invest equity in qualified affordable housing developments. The credits are allocated to state housing finance agencies, which in turn allocate them to developers through a competitive application process. In California, the state housing finance agency is the California Tax Credit Allocation Committee ("CTCAC").

There are two types of credits: the "9% credit," which provides a larger subsidy for new construction or substantial rehabilitation projects that are not federally subsidized (as defined in 26 U.S.C. § 42(i)(2)), and the "4% credit," which is used in conjunction with tax-exempt bond financing. 26 U.S.C. § 42(b).

Eligible Uses: Credits may be used for new construction, acquisition and rehabilitation, or substantial rehabilitation of residential rental housing. Projects must meet one of three income tests: (A) at least 20% of units must be rent-restricted and occupied by households at or below 50% of AMI (the "20-50 test"); (B) at least 40% of units must be occupied by households at or below 60% of AMI (the "40-60 test"); or (C) the "average income test," added by the Consolidated Appropriations Act of 2018, which allows units to serve households at varying income levels (up to 80% of AMI per unit) provided the average imputed income limitation across all restricted units does not exceed 60% of AMI. 26 U.S.C. § 42(g)(1). Projects must maintain affordability for an initial 15-year compliance period, plus an additional 15-year extended use period for projects placed in service after 1989. 26 U.S.C. § 42(h)(6).

Funding Amounts and Limits: Each state receives an annual per capita allocation of 9% credits, which is adjusted periodically for inflation. The 4% credit is not subject to a per capita cap and is available as of right for projects financed with tax-exempt bonds meeting the 50% rule under 26 U.S.C. § 42(h)(4). Noncompliance during the initial compliance period may result in recapture of a portion of the tax credits by the IRS. 26 U.S.C. § 42(j).

How to Access: Developers apply to CTCAC for an allocation of tax credits. Local governments can support LIHTC projects by providing land, gap financing (such as HOME or CDBG funds), fee waivers, or expedited entitlements. Cities and counties do not directly receive the tax credits but play a critical role in facilitating projects that utilize them.

3.4 Section 8 Housing Choice Voucher Program and Project-Based Rental Assistance

Legal Authority: Section 8 of the United States Housing Act of 1937, codified at 42 U.S.C. § 1437f; implementing regulations at 24 C.F.R. Parts 982 (tenant-based) and 983 (project-based).

Description: Section 8 is a federal government program that assists very low-income families. 42 U.S.C. § 1437f(a). The program operates in two forms: tenant-based rental assistance (the Housing Choice Voucher program), which allows eligible households to select housing of their choice and use the voucher to pay a portion of rent, and project-based rental assistance, which is attached to specific housing units pursuant to a housing assistance payments ("HAP") contract between HUD and a local public housing agency ("PHA"). The PHA in turn contracts with property owners. A public housing agency is any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of public housing, or a consortium of such entities or bodies as approved by the Secretary. 42 U.S.C. § 1437a.

Eligible Uses: Vouchers subsidize rental housing for eligible families, who generally pay approximately 30% of their adjusted income toward rent. The voucher covers the balance of the rent up to a payment standard. At the time a family initially receives tenant-based assistance, the total amount a family may be required to pay for rent may not exceed 40% of monthly adjusted income. 42 U.S.C. § 1437f(o). PHAs administer the program, determine eligibility, inspect housing units for compliance with housing quality standards, and execute contracts with landlords. 24 C.F.R. § 982.1.

How to Access: Section 8 vouchers are administered by local PHAs. Cities and counties that operate or oversee a PHA receive voucher allocations from HUD. Jurisdictions without a PHA may be served by a county or regional housing authority, or HUD may choose to administer the program directly. HUD periodically issues Notices of Funding Availability ("NOFAs") for new voucher increments, including special-purpose vouchers (e.g., Veterans Affairs Supportive Housing ("VASH") vouchers and Emergency Housing Vouchers).

3.5 Choice Neighborhoods Initiative

Legal Authority: Authorized under annual HUD appropriations acts; program rules published in the Federal Register and governed by HUD NOFAs and grant agreements.

Description: The Choice Neighborhoods Initiative provides competitive grants to local governments, PHAs, and nonprofits for the transformation of distressed public and assisted housing and surrounding neighborhoods. The program funds comprehensive neighborhood revitalization plans that include housing, education, and economic development strategies.

Eligible Uses: Grants may be used for planning activities (Planning Grants) or for full implementation of a neighborhood transformation plan (Implementation Grants), including demolition and replacement of severely distressed public housing with mixed-income housing, critical community improvements, and supportive services.

How to Access: HUD issues NOFAs for Choice Neighborhoods grants on a periodic basis. Applicants must demonstrate a comprehensive plan, significant leveraging of other public and private resources, and community engagement.

3.6 Federal Home Loan Bank Affordable Housing Program (AHP)

Legal Authority: Federal Home Loan Bank Act, 12 U.S.C. § 1430(j); implementing regulations at 12 C.F.R. Part 1291.

Description: Each of the 12 Federal Home Loan Banks ("FHLBanks") is required to establish an Affordable Housing Program that provides subsidies to member financial institutions for the purchase, construction, or rehabilitation of owner-occupied and rental housing for very low-, low-, and moderate-income households. 12 U.S.C. § 1430(j)(1). In California, the relevant FHLBank is the Federal Home Loan Bank of San Francisco.

Eligible Uses: AHP subsidies may be provided as direct grants or as subsidized advances (below-market-rate loans) to FHLBank member financial institutions on behalf of eligible housing projects. Owner-occupied projects must serve households at or below 80% of AMI. Rental projects must reserve at least 20% of units for households at or below 50% of AMI.

How to Access: Local governments typically access AHP funds by partnering with an FHLBank member institution (such as a commercial bank or credit union) that sponsors the application. The FHLBank of San Francisco conducts a competitive application process, typically on an annual basis. Note that funding was decreased for FY2025, and may be eliminated for FY2026.

3.7 USDA Rural Development Housing Programs

Legal Authority: Title V of the Housing Act of 1949, codified at 42 U.S.C. §§ 1471–1490; implementing regulations at 7 C.F.R. Parts 3550–3560.

Description: The USDA Rural Development programs provide loans, grants, and loan guarantees for affordable housing in rural areas. Key programs include: (1) Section 502 Direct Loans, which provide low-interest direct loans to low- and very low-income applicants for homeownership in eligible rural areas (42 U.S.C. § 1472); (2) Section 515 Rural Rental Housing Loans, which provide direct loans to developers for the construction or rehabilitation of affordable multifamily rental housing in rural areas (42 U.S.C. § 1485); and (3) Section 514/516 Farm Labor Housing Loans and Grants, which fund housing for domestic farm laborers (42 U.S.C. §§ 1484, 1486).

Eligible Uses: Funds may be used for construction, acquisition, rehabilitation, and related costs of affordable housing in areas classified as “rural” by USDA (generally, areas with populations under 35,000 that are not within a metropolitan statistical area).

How to Access: Applications are submitted through the local USDA Rural Development office. California has multiple USDA Rural Development offices serving various regions. These programs are particularly relevant for smaller cities and rural counties in the Central Valley, Inland Empire, and northern California.

Section 4: California State Programs and Funding Sources

California has developed an extensive network of state-level programs to complement federal funding. Many of these programs are administered by HCD or the California Housing Finance Agency ("CalHFA") and are funded through a combination of general fund appropriations, voter-approved bond measures, and dedicated revenue streams. Recently in SB 417, the legislature adopted the Veterans and Affordable Housing Bond Act of 2026, which authorized the issuance of bonds totaling $11.25 billion, with proceeds allocated to fund these programs. The issuance of the bonds is contingent on voter approval in the November 2026 general election.

4.1 California Department of Housing and Community Development (HCD) Programs
HCD administers more than 20 programs that provide loans, grants, and technical assistance for affordable housing. The following are some of the key programs available to cities.

4.1.1 Infill Infrastructure Grant Program (IIG)
Legal Authority: Health & Safety Code § 53559.

Description: The IIG program provides grants to local governments for infrastructure improvements necessary to facilitate the development of new infill housing in designated infill areas. Health & Safety Code § 53559; see also, e.g., HCD 2021 Round 7 IIG Program Guidelines, available online at https://www.hcd.ca.gov/funding/iig/archive.

Eligible Uses: Grants may fund infrastructure improvements such as water, sewer, traffic, parks, streets, utility service improvements, transit facilities, and site preparation costs that are directly related to a qualifying infill housing project. Projects must include a significant affordable housing component. *Id*.

How to Access: HCD issues NOFAs and accepts applications on a periodic basis. *Id*. Applicants must demonstrate that the infrastructure investment is necessary for and will directly facilitate the qualifying housing development. Awards are issued on a competitive basis. The most recent NOFA was in 2023, however, SB 417 allocates $500M in bond proceeds to this program, so if voters approve the bond measure, we should expect to see more NOFAs in the future under this program. Health & Safety Code § 54054(b)(9).

4.1.2 CalHome Program
Legal Authority: Health & Safety Code §§ 50650–50665.

Description: CalHome provides grants to local governments and nonprofits for first-time homebuyer mortgage assistance and for owner-occupied housing rehabilitation. The program is specifically designed to assist low- and very low-income households in becoming or remaining homeowners. Health & Safety Code § 50650, see also HCD's Program Description, available online at https://www.hcd.ca.gov/funding/calhome#po-main-title. The 2018 Veterans and Affordable Housing Bond Act allocated $300M to the CalHome Program. Health & Safety Code § 54006(g). The statute includes a deadline to encumber funds by November 6, 2028 (a deadline to encumber is the deadline to enter into an agreement with the state with respect to funds under the program, not a deadline for funds to be disbursed.[1]) There is not currently an active NOFA, but it seems possible given that there are still a few years left to encumber funds. Further, SB 417 allocates $600M in bond proceeds to CalHome, provided that the bond measure is approved by voters in the November 2026 general election. Health & Safety Code § 54054(b)(5).

Eligible Uses: Funds may be used for: (1) deferred-payment loans to first-time homebuyers for down payment assistance and closing costs; (2) deferred-payment loans for owner-occupied housing rehabilitation; and (3) technical assistance for self-help homeownership projects. 2021 CalHome Program NOFA, p. 5, available online at https://www.hcd.ca.gov/funding/calhome/archive.

How to Access: HCD issues NOFAs for CalHome on a periodic basis. Local governments and qualified nonprofits apply directly to HCD.

4.1.3 Multifamily Housing Program (MHP)

Legal Authority: Health & Safety Code §§ 50675–50675.14.

Description: The MHP provides deferred-payment loans for the new construction, rehabilitation, conversion of nonresidential structures to rental housing, and preservation of permanent and transitional rental housing for lower-income households. Health & Safety Code § 50675.4. MHP is one of HCD's most competitive programs and has been a cornerstone of state affordable housing finance for decades. SB 417 allocates $5.1B in bond proceeds to fund this program, with an additional $1.15B to fund supportive housing, provided that the bond measure is approved by the voters in the November 2026 general election. Health & Safety Code § 54054(b)(1)-(2).

Eligible Uses: Loans may fund new construction, rehabilitation, or acquisition and rehabilitation of rental housing serving lower income households. Supportive housing projects are also eligible. Health & Safety Code §§ 50675.14, 54054(b)(2), 53533(a)(3). SB 417, if approved, includes programs for homeless and youth housing as well. Health and Safety Code § 54054(b).

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[1] Funds are generally deemed to be "encumbered" "at the time and to the extent that a valid obligation against the appropriation is created." (Gov. Code § 16304.) The phrase "valid obligation" refers to a legal obligation. (See *State v. Agostini*, 139 Cal.App.2d 909, 916.) Thus for our purposes here, the deadline to encumber funds refers to a deadline by which some enforceable obligation must be entered into with the state with respect to the funds. It is not a deadline for the funds to be disbursed by that date.

How to Access: HCD issues NOFAs for MHP on a periodic basis. The last NOFA was in 2021, however, in light of SB 417, we expect to see new NOFAs in this space if voters approve the bond measure. Eligible applicants include local governments, nonprofits, and for-profit developers. Applications are evaluated on a competitive basis.

4.1.4 Affordable Housing and Sustainable Communities (AHSC) Program

Legal Authority: Pub. Res. Code § 75200 et seq, Health and Safety Code § 39719.4.

Description: This program provides grants and/or loans for projects that achieve greenhouse gas reductions and benefit communities through increasing accessibility of affordable housing, employment centers, and key destinations via low-carbon transportation. "Key Destinations" is defined in the program guidelines, and generally means "vital community amenities and resources with a consistent presence located within the project area." 2026 AHSC Round 10 Program Guidelines, p. 66, available online at https://sgc.ca.gov/grant-programs/ahsc/guidelines/.

Eligible Uses: Eligible projects must have a sustainable transportation improvement component, and an affordable housing development or housing related infrastructure component, among other requirements. 2026 AHSC Round 10 Program Guidelines, section 102(b), available online at https://sgc.ca.gov/grant-programs/ahsc/guidelines/.

How to Access: AHSC is funded on a recurring basis from California's greenhouse gas cap and trade system. A NOFA was released as recently as February 2026. Recent awardees commonly include developers and cities as co-applicants. We expect to see future AHSC NOFAs.

4.2 California Housing Finance Agency (CalHFA) Programs

CalHFA is the state's affordable housing lender. It provides below-market-rate loans and financing tools for both single-family and multifamily affordable housing. CalHFA's multifamily programs are described here.

4.2.1 CalHFA Multifamily Permanent Loan Program

Legal Authority: Health and Safety Code sections 51100, 51125.

Description: CalHFA offers tax-exempt, long-term financing for affordable multifamily projects. Tax-Exempt Permanent Loan Termsheet, available online at: https://www.calhfa.ca.gov/multifamily/programs/index.htm.

Eligible Uses: Projects including newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities. Minimum loan amount is $5,000,000. It is available to for-profit, nonprofit, and public agency sponsors. Projects must ensure that at least 20% of units are restricted to renters with income of 50% or less of area AMI, or that 40% of units are restricted to renters with income of 60% or less of area AMU. Detailed criteria for eligibility is available at the term sheet linked above.

4.2.2 CalHFA Conduit Issuer Program

Legal Authority: Health and Safety Code sections 51330-51332, 51350, 51365, 51374, 51478.

Description: Many affordable housing projects are financed in part through the issuance of bonds. Private activity bonds are a type of bond often used to help finance construction. These bonds are attractive to investors because interest earned on these bonds is tax-exempt. See e.g., Introduction to Low-Income Housing Tax Credits, 8th Ed., Novogradac, 2024, p. 31-32. The power to control these bonds is allocated to the states, and the amount of tax-exempt bonds is capped per state. See 26 U.S.C. § 146. CalHFA's Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds by developers that seek financing for eligible projects in California. Conduit Issuer Termsheet, available online at: https://www.calhfa.ca.gov/multifamily/programs/index.htm. In a conduit financing, CalHFA lends its issuance authority and tax-exempt status to the transaction, but the debt is repaid entirely by the borrower and secured by the financed project.

Eligible Uses: Projects including newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities. Eligible applicants include for-profit, nonprofit, or public agencies. Projects must ensure that at least 20% of units are restricted to renters with income of 50% or less of area AMI, or that 40% of units are restricted to renters with income of 60% or less of area AMU. Detailed criteria for eligibility is available at the term sheet linked above. As noted above, the volume of tax-exempt bonds in each state are capped. In California, the California Debt Limit Allocation Committee (CDLAC) is responsible for allocating the bonds to project applicants. Gov. Code 8869.80 et seq. Accordingly, a project needs to be approved by CDLAC in order for CalHFA to be able to serve as a conduit for tax-exempt bonds.

4.3 Local Housing Trust Fund Matching Grant Program

Legal Authority: Health & Safety Code §§ 50842.1, 50842.2, 50843.5, 54006(f), see also HCD Program Overview, available online at https://www.hcd.ca.gov/funding/lhtf#overview.

Description: This state program provides matching grants to local and regional housing trust funds that have been established to support affordable housing. The program is designed to incentivize the creation of local housing trust funds by providing state matching dollars. The money provided by the state must be used to provide construction loans or permanent financing loans from the housing trust fund to support construction of affordable housing.

Eligible Uses: Loans for acquisition, predevelopment expenses and development of affordable rental housing projects, transitional housing projects, emergency shelters and homeownership projects, including down payment assistance to qualified first-time homebuyers, and for rehabilitation of homes owned by income-eligible homeowners. No more than 20 percent of each allocation may assist moderate-income households, and at least 30 percent of each allocation is required to assist extremely low-income households. (https://www.hcd.ca.gov/funding/lhtf#overview).

How to Access: Eligible local housing trust funds apply to HCD for matching grants pursuant to NOFAs. To qualify, the local trust fund must have a dedicated source of revenue and must serve households at specified AMI levels. SB 417 earmarked $200M for this program, however, the statutory text indicates that additional legislative action, potentially through a budget trailer bill item, will be needed to actually allocate the money so that it can be spent in support of the program. Health & Safety Code § 54054(b)(11).

4.4 Additional State Programs and Mechanisms

Golden State Acquisition Fund (GASF): A revolving loan fund administered by a consortium of community development financial institutions, providing short-term acquisition loans for affordable housing sites. HCD provided the initial capitalization. Cities are eligible to apply. Funds can be used for acquisition of vacant land or existing properties for rental or homeownership development. Development must be for affordable housing meeting income requirements. GASF website, available online at https://www.goldenstate-fund.com/. This program is not administered directly by HCD.

Joe Serna Jr. Farmworker Housing Grant Program: Health & Safety Code §§ 50517.5–50517.11. Provides grants and loans for the new construction, rehabilitation, and acquisition of owner-occupied and rental housing for agricultural workers and their families. HCD Program Overview, available online at https://www.hcd.ca.gov/funding/fwhg. Cities are among the eligible applicants. HCD 2021 NOFA, p. 3., available online at https://www.hcd.ca.gov/funding/fwhg/archive. SB 417 allocates $450M to this program, provided that the bond measure is approved by voters. Health & Safety Code § 54054(b)(7).

Homekey+ Program: Homekey+ is a major HCD program which builds on HCD's earlier Homekey Program, and that provides grants to local public entities (cities, counties, and other public agencies) for the acquisition and rehabilitation of motels, hotels, hostels, and other buildings for conversion into housing-first permanent or interim housing for veterans and other individuals with a behavioral health challenge who are at-risk of, or are experiencing homelessness. Homekey+ is funded with $2.1B in funding from Proposition 1, which passed in 2024. HCD recently amended its NOFA on March 27, 2026, and as of the date of this paper, its website does not indicate that funds have been exhausted. HCD Homekey+ Website, available online at https://www.hcd.ca.gov/grants-and-funding/homekey-plus. See also March 27, 2026 Amended NOFA, available from the Homekey+ website.

Multifamily Finance Super NOFA: This program provides gap funding for projects which have previously received an HCD funding award, but which have not proceeded to construction because the project did not receive an allocation of tax-exempt bonds from CDLAC and/or were not allocated tax credits by the California Tax Credit Allocation Committee (CTCAC), and accordingly sufficient financing was not available. Where a project is otherwise ready to proceed, but is not allocated needed bonds, or tax credits, it can create a financing gap which stalls the project. The Super NOFA is intended to help ensure these projects have funding so that they can apply again for bonds and tax credits. This program serves projects participating in the Multifamily Housing Program, Infill Infrastructure Grant Program, Veterans and Homelessness Prevention Program, and Jose Serna, Jr. Farmworker Housing Grant Program, which meet the aforementioned criteria. HCD Super NOFA website, available online at https://www.hcd.ca.gov/funding/supernofa.

Section 5: Tax Increment Financing and Successor Agency Tools

5.1 Evolution from Redevelopment to Modern Tax Increment Financing

Legal Authority: Former Community Redevelopment Law, Health & Safety Code §§ 33000–33855; Health & Safety Code §§ 34161–34191.6 (the Dissolution Act, enacted by ABx1 26 (Stats. 2011, 1st Ex. Sess., ch. 5) and amended by AB 1484 (Stats. 2012, ch. 26)).

Description: For more than sixty years, California redevelopment agencies were the primary local source of affordable housing financing. Redevelopment agencies captured tax increment revenues generated within designated project areas and were required to dedicate at least twenty percent of those revenues to the development, preservation, and rehabilitation of housing affordable to low- and moderate-income households. (Former Health & Safety Code § 33334.2.)

In 2011, the Legislature enacted ABx1 26 (Stats. 2011, 1st Ex. Sess., ch. 5), dissolving all redevelopment agencies effective February 1, 2012. The California Supreme Court upheld the legislation in California Redevelopment Assn. v. Matosantos (2011) 53 Cal.4th 231. Although redevelopment agencies no longer exist, California has since created several alternative tax increment financing tools that allow local governments to support affordable housing and related public infrastructure.

5.2 Housing Successor Assets and Ongoing Redevelopment Housing Resources

Legal Authority: Health & Safety Code §§ 34176–34176.1.

Description: Although redevelopment agencies were dissolved, many cities and counties continue to administer affordable housing assets through their designated Housing Successor. Housing Successors generally assumed responsibility for the former Low and Moderate Income Housing Asset Funds, including real property, loan portfolios, enforceable obligations, and other housing-related assets transferred pursuant to the Dissolution Act.

Housing Successors may continue to use these assets for affordable housing purposes authorized by law, including property acquisition, housing rehabilitation, preservation, and loans or grants for affordable housing development. For many jurisdictions, these legacy redevelopment resources remain an important source of local housing financing and may be combined with newer state, federal, and local funding programs.

5.3 Enhanced Infrastructure Financing Districts (EIFDs)

Legal Authority: Government Code §§ 53398.50–53398.88.

Description: Enhanced Infrastructure Financing Districts (EIFDs) allow cities and counties to dedicate future growth in property tax revenues to finance public infrastructure and other eligible public capital facilities, including affordable housing. Unlike former redevelopment agencies, EIFDs require the voluntary participation of affected taxing entities and generally do not divert school district revenues.

EIFDs offer local governments a flexible financing mechanism for supporting housing-related infrastructure, site preparation, utilities, transportation improvements, and affordable housing developments that facilitate broader economic development. In 2019, legislation was enacted (AB 116) to allow EIFDs to issue bonds upon approval by a Public Financing Authority without voter approval, increasing their practicality as a long-term financing tool. (Government Code § 53398.77.)

5.4 Community Revitalization and Investment Authorities (CRIAs)

Legal Authority: Government Code §§ 62000–62208.

Description: Community Revitalization and Investment Authorities (CRIAs) were established to promote economic revitalization in disadvantaged communities through the use of tax increment financing. Unlike EIFDs, CRIAs are specifically intended to address areas experiencing significant economic distress and may finance a broad range of revitalization activities, including affordable housing, infrastructure, brownfield remediation, and economic development.

California law requires that at least twenty-five percent of all tax increment revenues received by a CRIA be dedicated to affordable housing for low- and moderate-income households. As a result, CRIAs may provide a particularly valuable financing mechanism for jurisdictions seeking to combine neighborhood revitalization efforts with long-term affordable housing investment.

5.5 Affordable Housing Authorities

Legal Authority: Government Code §§ 62250–62262.

Affordable Housing Authorities (AHAs) provide local governments with a tax increment financing mechanism dedicated exclusively to affordable housing. Originally authorized by SB 5 (Stats. 2019, ch. 667) and subsequently recodified within the Government Code, AHAs allow participating jurisdictions to capture and invest tax increment revenues to support housing affordable to households earning up to 120 percent of Area Median Income.

Unlike broader economic development financing districts, AHAs focus exclusively on housing production, preservation, and related activities. This specialized purpose may make them particularly attractive for jurisdictions seeking a long-term local funding source dedicated solely to affordable housing.

5.6 Best Practices and Practical Guidance for Staff and Elected Officials

Tax increment financing tools are not one-size-fits-all. The most appropriate financing mechanism depends on a jurisdiction's existing redevelopment assets, economic conditions, infrastructure needs, housing priorities, and willingness to partner with other taxing entities. Elected officials should evaluate available tax increment financing options as part of a broader affordable housing financing strategy rather than viewing them as standalone funding sources.

Housing Successor assets, EIFDs, CRIAs, and Affordable Housing Authorities are often most effective when combined with housing trust funds, federal and state housing programs, and private investment. By layering multiple financing tools, jurisdictions can create more resilient and sustainable funding strategies capable of supporting affordable housing production, preservation, and infrastructure investment over many years.

Section 6: Key Eligibility Requirements, Application Processes, and Practical Tips

6.1 Federal Programs

CDBG: Entitlement communities receive allocations automatically upon submission of a Consolidated Plan (42 U.S.C. § 12705) and Annual Action Plan to HUD. Non-entitlement communities apply through HCD. All activities must meet a national objective, primarily benefiting low- and moderate-income persons. Key deadline: Consolidated Plans are typically due every five years, with Annual Action Plans due annually. Administrative costs capped at 20%.

HOME: Participating jurisdictions must submit a Consolidated Plan and Annual Action Plan. A 25% nonfederal match is required (reduced for communities in fiscal distress). All HOME-assisted units must serve households at or below 80% of AMI, with a portion at or below 60% of AMI. Commitment and expenditure deadlines are strictly enforced by HUD. 42 U.S.C. § 12750.

LIHTC: Developers apply to CTCAC. Local governments are not direct applicants but can significantly support applications through local funding commitments, land donations, and expedited entitlement processing. CTCAC issues annual allocation rounds for 9% credits; 4% credits are available year-round in conjunction with tax-exempt bond issuance. Compliance with income and rent restrictions is monitored for a minimum of 30 years. 26 U.S.C. § 42(h).

Section 8: Local PHAs administer the program. Voucher allocations are received from HUD; new increments are available through competitive NOFAs. PHAs must maintain administrative plans and comply with federal regulations at 24 C.F.R. Part 982.

6.2 State Programs

MHP, CalHome, NPLH, VHHP, IIG, AHSC, and Other HCD Programs: All are awarded on a competitive basis pursuant to NOFAs published by HCD. Applications are evaluated based on criteria such as readiness to proceed, leveraging of other resources, depth of affordability, and community impact. Key eligibility criteria: applicants must be local governments, nonprofits, or qualified developers (varies by program). Projects must serve households at specified income levels (typically 60% of AMI or below for rental programs). Continued funding for many of these programs depends on voter approval of the Veterans and Affordable Housing Bond Act of 2026 (SB 417) at the November 2026 general election.

CalHFA Multifamily Programs: Developers apply directly to CalHFA for permanent financing. CalHFA financing is often combined with LIHTC, HCD soft loans, and local funding to create a complete capital stack.

State Matching Grants for Local Housing Trust Funds (Health & Safety Code §§ 50842.1–50843.5): Eligible trust funds must have a dedicated revenue source. Applications are submitted to HCD.

6.3 Practical Tips

First, develop a local housing strategy that identifies the types of affordable housing most needed in your community and the funding sources best suited to those needs. Second, layer multiple funding sources — most affordable housing projects require a combination of federal, state, local, and private financing. Third, invest in staff capacity — applying for competitive state and federal programs requires dedicated staff with expertise in housing finance. Fourth, coordinate with your county, neighboring jurisdictions, and regional housing agencies to maximize regional impact and eligibility. Fifth, ensure compliance with the Housing Element Law, Government Code §§ 65580–65589.8, as jurisdictions with compliant housing elements are prioritized for certain state funding programs.

Conclusion and Recommended Next Steps

California's affordable housing crisis demands that cities use every tool at their disposal. The programs, financing mechanisms, and policy tools described in this white paper represent a substantial — though complex — toolkit for producing and preserving affordable housing at the local level.

To maximize the impact of these resources, elected officials should consider the following next steps:

First, conduct a comprehensive assessment of your jurisdiction's housing needs, including the number and types of affordable units required, the populations most in need, and the geographic areas best suited for development. Your jurisdiction's Housing Element, required under Government Code §§ 65580–65589.8, is the starting point for this analysis.

Second, establish or expand a local housing trust fund (Strategy One) with a dedicated, sustainable revenue source, and apply for state matching funds under Health & Safety Code §§ 50842.1–50843.5. Where your jurisdiction is too small to support a trust fund on its own, consider forming or joining a regional housing trust through a joint powers agreement under Government Code § 6539.1 to share administrative costs, pool capital, and compete more effectively for state and federal funding.

Third, adopt and refine local policy tools that encourage affordable housing (Strategy Two). Evaluate whether to adopt or update an inclusionary housing ordinance calibrated to local market conditions; confirm that your accessory dwelling unit ordinance meets — and ideally reduces barriers beyond — the state's ministerial-approval baseline under Government Code §§ 66310–66342; align your objective standards and staff procedures with the state laws requiring ministerial or streamlined approval of housing that includes an affordability component (Government Code §§ 65913.4, 65912.100 et seq., and the Density Bonus Law, § 65915); and use local soft-money loans to close project financing gaps.

Fourth, preserve the affordable housing you already have. Monitor assisted developments at risk of converting to market rate and the tenant and public-entity notice and opportunity-to-purchase rights triggered under Government Code §§ 65863.10–65863.13, and use trust fund or acquisition financing to acquire and preserve both at-risk deed-restricted units and naturally occurring affordable housing under Government Code § 65583.1.

Fifth, develop a diversified funding strategy that combines multiple federal, state, and local sources. Virtually no affordable housing development is funded from a single source; successful projects layer LIHTC equity, HCD soft loans, local housing trust fund dollars, and other subsidies into a complete capital stack. Because several of the state programs described in this guide depend on voter approval of the Veterans and Affordable Housing Bond Act of 2026 (SB 417) at the November 2026 general election, officials should monitor the outcome of that measure when planning multi-year funding strategies.

Sixth, as a supplemental local funding source, consider whether to create an Enhanced Infrastructure Financing District, Community Revitalization and Investment Authority, or Affordable Housing Authority to capture tax increment revenue for affordable housing purposes.

Seventh, invest in institutional capacity. Ensure that your jurisdiction has staff with expertise in housing finance, grant writing, and program compliance, or engage consultants and technical assistance providers to supplement staff capacity.

Eighth, engage your community. Affordable housing development requires political will, and elected officials play an essential role in building public understanding and support for affordable housing investments.

By understanding and strategically deploying the full range of tools described in this white paper, California's local elected officials can make meaningful progress in addressing the housing affordability crisis confronting their communities.

Summary Comparison Table of Key Programs

Program / Tool	Type of Funding/Tool	Funding Source	Eligible Applicants	Key Uses
CDBG (42 U.S.C. §§ 5301–5321)	Formula grants	Federal (HUD)	Entitlement cities, urban counties, states	Housing rehab, infrastructure, public services, homeownership
HOME (42 U.S.C. §§ 12721–12839)	Formula grants	Federal (HUD)	Participating jurisdictions, states, CHDOs	New construction, rehab, acquisition, tenant-based rental assistance
LIHTC (26 U.S.C. § 42)	Tax credits (equity)	Federal (IRS/CTCAC)	Developers (with local government support)	New construction, acquisition/rehab of affordable rental housing
Section 8 (42 U.S.C. § 1437f)	Rental subsidies	Federal (HUD)	PHAs, landlords, tenants	Tenant-based and project-based rental assistance
Choice Neighborhoods	Competitive grants	Federal (HUD)	Local governments, PHAs, nonprofits	Neighborhood revitalization, mixed-income housing
FHLB AHP (12 U.S.C. § 1430(j))	Grants/subsidized advances	Federal Home Loan Banks	Member institutions (with local partners)	Owner-occupied and rental housing
USDA Rural Housing (42 U.S.C. §§ 1471–1490)	Loans, grants, guarantees	Federal (USDA)	Rural communities, developers, homebuyers	Rural homeownership, rental housing, farm labor housing

Program / Tool	**Type of Funding/Tool**	**Funding Source**	**Eligible Applicants**	**Key Uses**
MHP (H&S Code §§ 50675–50675.14)	Deferred-payment loans	State (HCD)	Local governments, nonprofits, developers	New construction, rehab, preservation of rental housing
CalHome (H&S Code §§ 50650–50665)	Grants	State (HCD)	Local governments, nonprofits	Homebuyer assistance, owner-occupied rehab
IIG (H&S Code §§ 53545–53559)	Grants	State (HCD)	Local governments, developers	Infrastructure for infill housing
CalHFA Multifamily Permanent Loan Program (H&S Code §§ 51100, 51125)	Below-market loans	State (CalHFA)	Developers, owners pursuing acquisition / rehab projects (can be for-profit entities, nonprofits or local governments)	Multifamily financing
CalHFA Conduit Issuer Program (H&S Code §§ 51330-51332, 51350, 51365, 51374, 51478)	Bond Financing	State (CalHFA)	Developers, owners pursuing acquisition / rehab projects (can be for-profit entities, nonprofits or local governments)	Multifamily financing
Local Housing Trust Fund Matching (H&S Code §§ 50842.1–50843.5)	Matching grants	State (HCD)	Local housing trust funds	Affordable housing activities

Program / Tool	Type of Funding/Tool	Funding Source	Eligible Applicants	Key Uses
AHSC (PRC § 75200-75218.2, H&S Code §§ 39719.4)	Grants and loans	State (Cap-and-Trade)	Local governments, developers	Affordable housing near transit
EIFD (Gov't Code §§ 53398.50–53398.88)	Tax increment financing	Local	Cities, counties	Infrastructure, affordable housing
CRIA (Gov't Code §§ 62000–62208)	Tax increment financing	Local	Cities, counties	Revitalization, affordable housing (25% set-aside)
Affordable Housing Authority (Gov't Code §§ 62250 et seq.)	Tax increment financing	Local	Cities, counties	Affordable housing (up to 120% AMI)
Inclusionary Housing / In-Lieu Fees (Gov't Code §§ 65850, 65850.01)	Regulatory (units or fees)	Local/Private	Developers (mandatory)	On-site affordable units or fee payments to housing trust fund
Accessory Dwelling Units (Gov't Code §§ 66310–66342)	Regulatory (ministerial approval)	Local	Cities (ordinance), homeowners	Ministerial approval of ADUs/JADUs; naturally occurring affordable housing
Streamlined / By-Right Approval — SB 35/SB 423, AB 2011, SB 4, SB 79 (Gov't Code §§ 65913.4, 65912.100 et seq., 65913.16,	Regulatory (by-right approval)	Local/State	Cities (approval), developers	Ministerial/streamlined approval of housing with an affordability component

Program / Tool	Type of Funding/Tool	Funding Source	Eligible Applicants	Key Uses
65912.155–65912.161)				
Density Bonus (Gov't Code § 65915)	Regulatory (entitlement overlay)	Local/State	Developers	Density increase and incentives/concessions for affordable units
Preservation of At-Risk & NOAH Housing (Gov't Code §§ 65863.10–65863.13, 65583.1)	Regulatory (notice, right to purchase, acquisition)	Local/State	Cities, nonprofits, tenant associations	Preserve expiring-use and naturally occurring affordable units
Local Soft-Money / Gap Loans (local housing trust fund; HOME/CDBG; Housing Successor funds)	Loans (soft/deferred)	Local	Cities, housing trust funds	Gap financing to close project financing gaps
Homekey+ (H&S Code § 50675.1.1)	Grants	State (HCD) / Federal	Local governments, public agencies	Acquisition/rehab of properties for homeless housing
Surplus Land Act (Gov't Code §§ 54220–54234)	Regulatory (land disposition)	State	Local agencies disposing of surplus land	Priority disposition of public land for affordable housing

Appendix A: Glossary of Key Terms

AMI (Area Median Income): The midpoint of a region's income distribution, calculated annually by HUD. Federal and state housing programs use AMI thresholds (e.g., 30%, 50%, 60%, 80%) to determine household eligibility.

Affordable Housing: Housing for which the occupant pays no more than 30% of gross household income for housing costs, including rent or mortgage, utilities, and insurance.

CDBG (Community Development Block Grant): A federal formula grant program administered by HUD that funds a range of community development activities, including affordable housing. 42 U.S.C. §§ 5301–5321.

CHDO (Community Housing Development Organization): A nonprofit organization that meets HUD requirements and is eligible to receive a set-aside of HOME funds for affordable housing development. 24 C.F.R. § 92.2.

Consolidated Plan: A five-year strategic plan required by HUD as a condition of receiving CDBG, HOME, and other formula grant funds. 42 U.S.C. § 12705.

CRIA (Community Revitalization and Investment Authority): A tax increment financing authority created to promote revitalization of disadvantaged communities that must dedicate at least 25% of its tax increment revenues to affordable housing. Government Code §§ 62000–62208.

Density Bonus: An increase in allowable development density granted to developers who include affordable housing units in their projects, as required by Government Code § 65915.

EIFD (Enhanced Infrastructure Financing District): A special district authorized under Government Code §§ 53398.50–53398.88 that captures tax increment revenue for infrastructure and affordable housing.

Entitlement Community: A city or county that qualifies by population to receive CDBG funds directly from HUD.

Gap Financing: Supplemental funding, often in the form of soft loans or grants, that covers the difference ("gap") between total project costs and the amount financed by primary sources such as conventional loans and tax credit equity.

Housing Element: A required component of every city and county General Plan in California, setting forth the jurisdiction's policies and programs for meeting its share of regional housing needs. Government Code §§ 65580–65589.8.

In-Lieu Fee: A fee paid by a developer in lieu of constructing required affordable housing units on-site, typically deposited into a local housing trust fund.

LIHTC (Low-Income Housing Tax Credit): Federal tax credits allocated to states for the development of affordable rental housing. 26 U.S.C. § 42.

NOFA (Notice of Funding Availability): A public announcement by a government agency inviting applications for available program funds.

PHA (Public Housing Authority): A local government entity that administers federal public housing and Section 8 voucher programs.

Permanent Supportive Housing: Affordable housing combined with on-site supportive services (such as mental health treatment, substance abuse counseling, and case management) designed for persons experiencing chronic homelessness.

Tax Increment Financing (TIF): A public financing mechanism in which future increases in property tax revenue within a designated area are captured and reinvested in that area for public improvements or affordable housing.

Appendix B: Key Agency Contacts and Resources

Federal Agencies:

U.S. Department of Housing and Urban Development (HUD), Region IX (San Francisco): www.hud.gov

HUD CPD (Community Planning and Development) for CDBG and HOME: www.hud.gov/program_offices/comm_planning

Internal Revenue Service (LIHTC): www.irs.gov

Federal Home Loan Bank of San Francisco (AHP): www.fhlbsf.com

USDA Rural Development, California: www.rd.usda.gov/ca

State Agencies:

California Department of Housing and Community Development (HCD): www.hcd.ca.gov

California Tax Credit Allocation Committee (CTCAC): www.treasurer.ca.gov/ctcac

California Housing Finance Agency (CalHFA): www.calhfa.ca.gov

California Strategic Growth Council (AHSC Program): www.sgc.ca.gov

California Department of Veterans Affairs (CalVet): www.calvet.ca.gov

Other Resources:

California Housing Consortium: www.calhsng.org

National Low Income Housing Coalition: www.nlihc.org

Local Initiatives Support Corporation (LISC): www.lisc.org

Enterprise Community Partners: www.enterprisecommunity.org