

An act to amend Sections 17201 and 17202 of the Education Code, relating to student housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

SECURED
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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 17201 of the Education Code is amended to read:

17201. (a) The Higher Education Student Housing Grant Program is hereby established to provide one-time grants for the construction of student housing, or for the acquisition and renovation of commercial properties into student housing for the purpose of providing affordable, low-cost housing options for students enrolled in public postsecondary education in California.

(b) (1) Of the total amount appropriated pursuant to ~~subdivision (l)~~, subdivisions (l) and (m), and intended to be appropriated pursuant to ~~subdivision (m)~~ (n), in support of this section and Section 17202, 50 percent of the available funds shall be available for the California Community Colleges, 30 percent of the available funds shall be available for the California State University, and 20 percent of the available funds shall be available for the University of California.

(2) Notwithstanding paragraph (1), the per-segment amounts designated in paragraph (1) may be adjusted to accommodate and prioritize projects serving low-income students across more than one segment.

(3) It is the intent of the Legislature that grants will be disbursed to increase the current stock of affordable student housing, for purposes of supporting low-income students and facilitating low-income student access to higher education.

(c) Proposals for one-time grants for the construction of, or rehabilitation of commercial properties for, student housing shall include, at a minimum, the project goals, costs, number of students to be housed, timeline for the project, financial feasibility of the project, anticipated impact on the campus' ability to accommodate California resident enrollment growth, a commitment to construct the project within the resource needs identified in the proposal, and any other information deemed necessary for evaluation of the criteria pursuant to subdivision (f).

(d) Initial proposals for projects to be considered pursuant to this chapter shall be submitted to the Department of Finance by October 31, 2021. Thereafter, the Department of Finance may establish subsequent proposal deadlines, as necessary.

(e) The Department of Finance shall provide the Joint Legislative Budget Committee information on all submitted project proposals, and a list of projects proposed for inclusion in the annual Budget Act or other legislation by March 1, 2022.

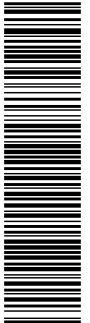
(f) Submitted proposals shall demonstrate all of the following:

(1) Construction on the project could begin by December 31, 2022, or by the earliest possible date thereafter.

(2) (A) The rent provided in the applicable units of the development for low-income students shall be calculated at 30 percent of 50 percent of the area median income for a single-room occupancy unit type. The percentage of area median income may be adjusted upon written notification by the Director of Finance to the Joint Legislative Budget Committee, and approval by the Joint Legislative Budget Committee.

(B) The units described in this paragraph shall be subject to a recorded affordability restriction for the life of the facility.

(3) A commitment to first offer the housing available from the facilities to low-income students. In meeting this requirement, a campus may calculate the rental savings and number of low-income students that would be served by the student housing



constructed pursuant to this section, and place the calculated number of students qualifying for the reduced rental rate throughout the campus's available housing.

(4) (A) A commitment to require any students renting housing in the facilities to take a minimum average of 12 degree-applicable units per semester term, or the quarterly equivalent, to facilitate timely degree completion.

(B) Notwithstanding subparagraph (A), eligible students renting housing in the facilities shall be permitted to live in the facilities for the full academic or calendar year so long as the student remains enrolled in the applicable campus. Renewal of housing in the facility in subsequent academic or calendar years shall require the student to demonstrate compliance with subparagraph (A).

(C) Notwithstanding subparagraph (A), students renting housing in the facilities may temporarily reduce their unit load below 12 degree-applicable units if they are able to demonstrate an exceptional circumstance necessitating a reduced unit load, which may include, but is not necessarily limited to, illness or injury, as determined by the applicable campus.

(5) Receipt of a grant pursuant to this chapter will result in a public benefit, such as providing low-cost student housing and reduced rents, reducing students' total cost of attendance, serving more low-income students, or other tangible benefits that would not be practical without the grant for student housing.

(6) The University of California and the California State University shall not use a public-private partnership to construct, operate, maintain, or any combination thereof, a project.

(g) (1) Projects that would convert commercial space into campus student housing and projects that would serve the greatest percentage of a campus's low-income student population may be prioritized for selection.

(2) Project selection criteria may also include any of the following:

(A) The unmet demand for student housing for a campus or service area, with priority given to applicants with greater unmet demand for student housing.

(B) The timeline for construction, with priority given to projects that can begin construction the earliest.

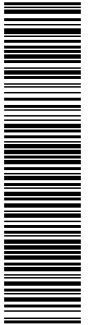
(C) When considered as a whole, the proposals funded pursuant to this chapter are fairly representative of various geographical regions of the state and campuses of the University of California, the California State University, and the California Community Colleges.

(D) The state interest in intersegmental housing arrangements, particularly those that support transfer pathways between community colleges and four-year public postsecondary institutions.

(E) The impact on the capacity for campus enrollment growth, with priority given to projects that expand a four-year public higher education institution's capacity to enroll greater numbers of California resident undergraduates.

(h) Proposals for student housing projects submitted to the Department of Finance pursuant to this chapter shall be considered for inclusion in the annual Budget Act, subject to an available and sufficient appropriation.

(i) (1) Appropriations provided to support a project included in the annual Budget Act pursuant to this chapter shall be considered grants to the applicant for purposes of constructing the project. As a condition of receiving funds pursuant to this chapter, the Regents of the University of California, the Trustees of the California State University,



or the Board of Governors of the California Community Colleges, or the respective statewide offices for each segment, shall do all of the following:

(A) Provide oversight of the project for which funds are appropriated.

(B) From the receipt of funds to completion of construction for the project, report annually to the Department of Finance and the relevant policy and budget committees of the Legislature on the status of the project.

(C) Following completion of the project, report annually for a five-year period to the Department of Finance and the relevant policy and budget committees of the Legislature on the public benefit provided by the project as related to the selection criteria outlined in this chapter.

(2) For a community college project funded pursuant to this chapter, the local community college district may perform the oversight and reporting functions required pursuant to subparagraphs (A) to (C), inclusive, of paragraph (1) in lieu of these functions being performed by the Board of Governors of the California Community Colleges or the Office of the Chancellor of the California Community Colleges.

(j) For purposes of computing the maintenance of effort for the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (Public Law 116-260), and the federal American Rescue Plan Act of 2021 (Public Law 117-2), these funds shall be considered fully expended in the year in which they are appropriated, and these funds shall be considered need-based financial aid, as the intent of the program is to reduce nontuition costs for students.

(k) Notwithstanding any other law, including subdivision (j), reduced housing expenses from student housing provided pursuant to this chapter shall augment and not supplant student financial aid from other public sources, and shall not be considered when calculating eligibility for student financial aid.

(l) Five hundred million dollars (\$500,000,000) is hereby appropriated in the 2021–22 fiscal year to support student housing grants pursuant to this section and planning grants pursuant to Section 17202. The specific projects and planning grants to be funded with this appropriation shall be identified in subsequent legislation.

(m) Seven hundred fifty million dollars (\$750,000,000) is hereby appropriated in the 2022–23 fiscal year to support student housing grants pursuant to this section. The specific projects to be funded with this appropriation shall be identified in subsequent legislation.

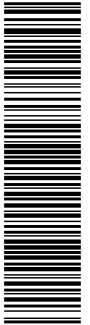
~~(m)~~

~~(n) It is the intent of the Legislature to appropriate seven hundred fifty million dollars (\$750,000,000) from the General Fund in the 2022–23 fiscal year and seven hundred fifty million dollars (\$750,000,000) from the General Fund in the 2023–24 fiscal year for purposes of providing student housing grants pursuant to this section and planning grants pursuant to Section 17202. section.~~

SEC. 2. Section 17202 of the Education Code is amended to read:

17202. (a) California community colleges may submit requests for planning grants for campuses that are exploring or determining if it is feasible to offer affordable student rental housing. It is the intent of the Legislature to use up to twenty-five million dollars (\$25,000,000) of the total amount described in subdivisions ~~(l)~~ and ~~(m)~~ subdivision (l) of Section 17201 to support planning grants.

(b) The selection process for planning grants shall include both of the following requirements:



(1) To the extent feasible, ensure a reasonable geographic distribution of funds.
(2) Require that the planning activities related to the proposed affordable student rental housing project be reasonable compared to the costs of comparable projects in the area.

(c) A campus that receives a grant pursuant to this section may use those grant moneys for one or more of the following purposes in connection with an affordable rental student housing project:

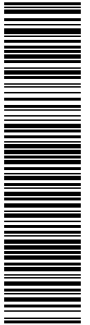
- (1) Feasibility studies.
- (2) Engineering studies.
- (3) Financing studies.
- (4) Environmental impact studies.
- (5) Architectural plans.
- (6) Application fees.
- (7) Legal services.
- (8) Permitting costs.
- (9) Bonding.
- (10) Site preparation.

(d) For purposes of this section, the following definitions apply:

(1) "Affordable student rental housing" means housing for students that would be charged at below market rate that would be consistent with the requirements of paragraph (2) of subdivision (f) of Section 17201.

(2) "Feasible" means that a project may be accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

SEC. 3. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No. _____
as introduced, _____.
General Subject: Student housing: Higher Education Student Housing Grant Program.

Existing law establishes the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, the University of California, under the administration of the Regents of the University of California, and the California State University, under the administration of the Trustees of the California State University, as the 3 segments of public postsecondary education in this state.

Existing law establishes the Higher Education Student Housing Grant Program to provide one-time grants for the construction of student housing or for the acquisition and renovation of commercial properties into student housing for the purpose of providing affordable, low-cost housing options for students enrolled in public postsecondary education in the state. Existing law states the intent of the Legislature to appropriate \$750,000,000 in the 2022–23 fiscal year for purposes of providing student housing grants and planning grants under the grant program.

This bill would remove that intent provision from the grant program, would appropriate \$750,000,000 in the 2022–23 fiscal year to support student housing grants under the grant program, and would require the specific projects to be funded with this appropriation to be identified in subsequent legislation.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

