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# What California Can Learn from the Affordable Housing Delivery Systems of Other States



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Since 2019, California has invested over \$40 billion in affordable housing,<sup>1</sup> but the system to finance and develop affordable housing is highly fragmented and inefficient. To address these challenges, the State recently enacted a reorganization that will create a new California Housing and Homelessness Agency (CHHA). In addition, Assembly Bill (AB) 519 (Schiavo, 2023) called for the creation of an Affordable Housing Finance Workgroup to determine how California could create a consolidated application for affordable housing funding. These are exciting opportunities to address inefficiencies in the current affordable housing delivery system.

This commentary explores what California can learn from the affordable housing finance governance structures of other states. It draws on the Turner Center report, *The Cost of Fragmentation: A Comparison of State Affordable Housing Finance Governance Systems*, detailing how different states have structured entities to deliver affordable housing finance resources, as well as streamlined processes and consolidated authority to reduce fragmentation. Here, we highlight what California could learn from those approaches and continue to work toward a more integrated and effective governance model.

## How it Works Now

More than four State housing entities, including the California Department of Housing and Community Development (HCD), the California Housing Finance Agency (CalHFA), the California Tax Credit Allocation Committee (CTCAC), and the California Debt Limit Allocation Committee (CDLAC), are responsible for administering key state and federal affordable housing resources. HCD and CalHFA sit under the cabinet-level Business, Consumer Services, and Housing Agency (BCSH). CTCAC and CDLAC are part of the California State Treasurer's Office.<sup>2</sup> (See Appendix A.<sup>3</sup>) This fragmented approach contributes to delays and costs.

The reorganization to create CHHA will be completed by July 31, 2026, and CHHA will include a new Housing Development and Finance Committee (HDFC), which will administer all of the multifamily affordable housing rental programs currently under the authority of the governor.

The fragmentation in California's system also spills over into the long-term management of properties. CalHFA, HCD, CDLAC, and TCAC have tens of thousands of units under their purview, but compliance and monitoring is organized by program and department rather than function.<sup>6</sup> This means that each agency has its own asset management staff that may engage in duplicative compliance activities.

Table 2 compares California to the other states we examined in our case studies.<sup>7</sup> From this we see that four high-capacity states have one-stop shops for affordable housing finance and three have pursued governance reforms.



## How We Got Here: An Historical Overview of California's Housing Governance System

The federal Tax Reform Act of 1984 specified an annual limit on the amount of tax-exempt bonds that a state can issue and required each state to identify an entity to manage the state's bond ceiling.<sup>4</sup> In California, Governor George Deukmejian created the California Debt Limit Allocation Committee (CDLAC) in 1985, designating CDLAC as the tax-exempt private activity bond allocator for California.

The California state legislature created the California Tax Credit Allocation Committee (CTCAC) in 1987 in response to the Federal Tax Reform Act of 1986, which created the Low-Income Housing Tax Credit (LIHTC) program. CTCAC was charged with allocating federal and state tax credits to developers of affordable rental housing.

According to stakeholders with experience working in affordable housing finance in California during this time, the decision to locate the tax credit allocation authority in a separate entity was likely a legacy of State Treasurer Jesse Unruh. Treasurer Unruh vastly expanded the powers of the Treasurer's Office and recognized that administering the tax credit program would offer the Treasurer's Office unique leverage.<sup>5</sup> Consequently, a separate entity was established to administer the tax credit program.

**Table 2: Summary of California Housing Governance Features Compared to Case Study States**

State	Description	One-stop shop?	Consolidation?	Cabinet-level housing secretary?
California	California’s housing governance system is relatively fragmented, with four housing entities responsible for different facets of affordable housing finance. The main housing entities are spread across two separate constitutional offices.	No	Underway	Yes Current (BCSH) and Future (CHHA)
Maryland	Maryland’s housing finance system is integrated into a single, cabinet-level agency, which was formed in 1987 and has slowly expanded its capacity over time.	No	Yes	Yes
Massachusetts	Although several agencies are involved in administering key state and federal subsidy programs in Massachusetts, the State has created a one-stop shop for funding. Additionally, stakeholders hold the State in high regard as an environment where personnel work collaboratively across agencies.	Yes	Yes	Yes
Minnesota	The state housing finance agency, Minnesota Housing, is responsible for the lion’s share of affordable housing finance functions.	Yes	Yes	Yes
New York	The State has worked to consolidate its various housing functions, creating the cabinet-level Homes and Community Renewal (HCR) department in 2010 under a single leadership structure. Although separate housing agencies in New York City have authority over key housing finance functions, such as issuing tax credits, stakeholders report that staff at city and state agencies work closely together.	No	Yes	No
North Carolina	Most funding is consolidated into the North Carolina Housing Finance Agency (NCHFA). The North Carolina Federal Tax Reform Allocation Committee is the official allocating entity for LIHTC and tax-exempt bonds, but NCHFA administratively staffs this process by the Committee.	Yes	Yes	No
Oregon	Oregon Housing and Community Services administers most financing. Though it is structurally integrated and not officially in the cabinet, its executive director is appointed by the governor.	Yes	Yes	No

## Replicating States' Best Practices in California

Looking to other states can provide California with models for how to move forward. The following recommendations could be beneficial in implementing best practices from other states we examined.

### **1. Create a one-stop shop for affordable housing financing and a more streamlined loan closing process.**

Of the six states that we evaluated, four have one-stop shops for affordable housing financing: Massachusetts, Minnesota, North Carolina, and Oregon. Massachusetts implemented a one-stop shop solution in the 1990s, which consolidates gap financing into one application. The **One Stop+ application** allows affordable housing developers to apply for state and federal gap financing through one application portal.

Additionally, four Massachusetts agencies<sup>8</sup> developed MassDocs, which provides a single set of loan documents, a mortgage, an affordable housing restriction document, and separate promissory notes.<sup>9</sup> Before MassDocs was implemented, each loan would have its own document and individual attorney. With MassDocs, one attorney represents all sources of “soft” financing and the loan documents are generated through an online portal.<sup>10</sup> Using a single attorney and set of loan documents reduces transaction costs and provides a heightened level of coordination that stakeholders say improves efficiency and helps move projects through the funding pipeline faster.

Minnesota's Multifamily Consolidated Request for Proposals (RFP) is similar. The State's competitive funding round is offered once per year. Under the Consolidated RFP process, affordable housing developers do not apply for specific state or federal funding sources; rather, Minnesota Housing staff matches available funding sources with a given application.

Oregon Housing and Community Services (OHCS) administers most financing and has recently streamlined the funding application process. OHCS launched its Oregon Centralized Application (ORCA) in 2024, a unified application for tax credits and bonds for affordable housing financing. ORCA allows developers to apply once and be considered for different finance sources simultaneously.

### **2. Reorganize systems and functions in order to align goals and policies, coordinate affordable housing financing processes, and streamline ongoing business practices to improve systems.**

California is not the only state to attempt a reorganization in recent years. In 2023, Massachusetts Governor Maura Healey established the Executive Office of Housing and Livable Communities (EOHLC) as a cabinet-level executive office dedicated to carrying out housing policy. According to one stakeholder, having this cabinet-level secretary is “essential” to “aligning policies across multiple goals” and ensuring that various housing policies do not “undercut” one another.<sup>11</sup> The EOHLC secretary serves in the governor's cabinet, and the EOHLC assumed all responsibilities of the former Massachusetts Department of Housing and Community Development.<sup>12, 13</sup>

The New York State Homes and Community Renewal (HCR) agency was established in 2010 to consolidate the state’s housing and community renewal programs into one agency. HCR is a cabinet-level agency whose commissioner and CEO are appointed by the governor. HCR also has constituent organizations, such as the New York State Housing Finance Agency (HFA), which maintain separate legal and financial status but are “culturally embedded” within one another to facilitate close cooperation and strategic alignment.

### **3. Create a culture focused on problem-solving and customer service.**

Stakeholder interviews indicated that good governance cannot be reduced to organizational structures alone; strong leadership and fostering a culture of collaboration across staff are instrumental to encouraging greater coordination and efficiency in administering financial resources. This is particularly important as California moves to a more integrated model—efficiency and effectiveness in the new system will be critical to its success. New York serves as an interesting model, as following the state’s reorganization efforts, it has invested in building staff capacity through cross-training programs to break down bureaucratic silos and expand expertise across different housing domains.

## **Conclusion**

The creation of CHHA is a critical first step in the direction of rationalizing California’s affordable housing finance system. However, on its own, it is not sufficient to address the problems California faces. For CHHA to be successful, policy leaders will need to focus on core goals: utilizing resources more efficiently, shortening the time period to production, and reducing duplication in the system.

The financing environment is currently experiencing significant change, including an increase in LIHTC resources, as well as risks to other sources of financing and operating support, including Section 8 vouchers and Medicaid funding.





























In fact, California relies significantly on health care funding, such as Proposition 1 and CalAIM, to make its housing system work—resources that are themselves fragmented and at risk. Structuring California’s housing finance system as efficiently as possible is vital to help ensure effective use of the state’s scarce resources.

## Appendix A: Entities Involved in Affordable Housing Finance in California

Entity	Entity Description
<p>California Department of Housing and Community Development (HCD)</p>	<p>The California Department of Housing and Community Development (HCD) administers programs that receive money through the state’s General Fund, directly through the state’s budget, or through general obligation bonds—as well through a number of other funding programs, such as Homeless Housing, Assistance and Prevention (HHAP) grants and Proposition 1 permanent supportive housing funds.<sup>14</sup></p> <p>HCD is currently housed under the California Business, Consumer Services, and Housing Agency (BCSH), but will move to CHHA on July 1, 2026. HCD’s director is appointed by the governor, and the director reports to the head of BCSH.</p> <p>It administers a variety of federal programs for entities that do not receive direct appropriations from the federal government, including HOME Investment Partnerships Program (<b>HOME</b>),<sup>15</sup> the Community Development Block Grant (<b>CDBG</b>) Program,<sup>16</sup> and <b>disaster-related funds</b>;<sup>17</sup> regulates <b>manufactured</b> housing;<sup>18</sup> and determines the Regional Housing Needs Allocation (<b>RHNA</b>).<sup>19</sup></p>
<p>California Housing Finance Agency (CalHFA)</p>	<p>The California Housing Finance Agency (CalHFA) is a state housing finance agency that provides construction and permanent financing to affordable housing developers.</p> <p>CalHFA typically does not receive a direct subsidy from the state or federal government; instead, it raises funds by issuing tax-exempt revenue bonds, which enable it to borrow money from the private financial market at potentially below-market interest rates.<sup>20</sup></p> <p>It is a self-supported agency currently housed under the BCSH, but moving to CHHA in July 2026. CalHFA’s director is appointed by the governor, and it has a board that includes leaders of other relevant agencies as ex-officio members.</p> <p>It issues <b>bonds</b> and offers <b>state-financed loan programs</b><sup>21</sup> to facilitate multifamily development. It also provides first-time <b>homebuyer</b><sup>22</sup> financial assistance.</p>

<p>California Tax Credit Allocation Committee (CTCAC)</p>	<p>The California Tax Credit Allocation Committee (CTCAC) allocates tax credits from the Low-Income Housing Tax Credit (LIHTC) program to affordable rental housing developers. There are two kinds of tax credits, commonly referred to as the 9 percent and 4 percent tax credits.</p> <p>This committee is housed in the State Treasurer’s Office; however a majority of voting seats are occupied by individuals under the governor—i.e., the heads of CalHFA, HCD, and the Department of Finance.</p> <p>The State Treasurer’s Office is not in the governor’s cabinet, and the treasurer is elected.</p>
<p>California Debt Limit Allocation Committee (CDLAC)</p>	<p>Federal law enables state and local governments to issue a capped amount of tax-exempt bonds each year, which can be directed to support affordable housing development.<sup>23</sup> Multifamily tax-exempt bonds are allocated by the <b>California Debt Limit Allocation Committee</b>, housed under the elected State treasurer.<sup>24</sup></p> <p>The State treasurer chairs the Committee; the governor and the State controller are the two other voting members. The heads of HCD and CalHFA are non-voting members.</p>

### Appendix B: Entity Authorities Over Key Affordable Housing Finance Functions

Entity	Allocates LIHTC Credits	Issues 9% LIHTC Credits	Issues 4% LIHTC Credits	Administers State Subsidies	Allocates Volume -Capped, Tax-Exempt Bonds	Issues Volume -Capped, Tax-Exempt Bonds	Administers Federal Block Grant Programs
California Housing Finance Agency (CalHFA)							
California Department of Housing and Community Development (HCD)							
California Debt Limit Allocation Committee (CDLAC)							
California Tax Credit Allocation Committee (CTCAC)							

 Entity administers this resource  Entity does not administer this resource

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