Senate Budget and Fiscal Review—John Laird, Chair

SUBCOMMITTEE NO. 1 Agenda

Senator Sasha Renée Pérez, Chair
Senator Bob Archuleta
Senator Rosilicie Ochoa Bogh

Wednesday, August 12, 2026
9:30 a.m.
State Capitol, Room 112

Consultants: Diego Emilio J. Lopez

Public Comment

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ITEM FOR DISCUSSION

6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES

Issue 1: Higher Education Student Housing Grant Program – California Community Colleges

Panel.

- Chris Ferguson, Executive Vice Chancellor of Finance and Strategic Initiatives, California Community Colleges Chancellor's Office
- Lisa Qing, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Alexandra Wildman, Finance Budget Analyst, Department of Finance

Background. The 2021, 2022 and 2023 Budget Acts created the Higher Education Student Housing Grant Program and authorized 35 projects: five UC projects, 11 CSU projects, 16 CCC projects, three joint UC/CCC projects, and one joint CSU/CCC project, totaling about $2.2 billion in state funding. Projects were required to provide "affordable" beds for students, which was defined as rents not exceeding 30 percent of 50 percent of a campus's area median income. (This is a measure used in various federal and state affordable housing programs to gauge housing affordability for low-income residents.)

While the program was originally conceived with one-time General Fund, the 2023 Budget Act shifted the program to bond financing. Starting in the 2023 Budget Act, UC and CSU began receiving ongoing General Fund to cover debt service costs on bonds issued by each segment.

The 2024 Budget Act included trailer bill language creating a new state lease revenue bond program to support 13 of 16 previously approved community college student housing projects for up to $804.7 million. (The three other projects were supported with cash, totaling $50.6 million one-time General Fund.) Under the new program, the Board of Governors and the 13 participating colleges worked with the State Public Works Board to finalize any remaining project plans and receive project financing.

Application Scoring Methodology. As part of the most application process conducted by the California Community College Chancellor's Office, the application evaluation method aligns with application scoring and ranking metrics prescribed in California Education Code Section 17201, and input from the California Community Colleges Affordable Student Housing Taskforce. As part of that process, applications are evaluated using a composite score of up to 100 points based on the following metrics:

- State funding per bed for low-income students
- Rental fees for low-income students below statutory threshold
- Project readiness to begin construction

- Geographic location
- Unmet demand for housing (highest scoring option selected)
    - Based on student housing waitlist, or
    - Based on county rental vacancy rates
- Intersegmental partnership with a California public postsecondary institution
- Local contribution to project construction
- Student services and ancillary services included in the project
- Project located in a Region of High Need
- Cost of living burden

Available Funding. Currently, the program has approximately $218.2 million in unallocated funding authority, which is available to implement another round of student housing projects at the California Community Colleges system. This unallocated funding consists of $81.3 million that was left over during the transition of the program to a statewide lease revenue bond funding mechanism and $136.9 million of unused bonding capacity from colleges that have chosen to withdraw from the program. The final three-party, 2026-27 Budget agreement included a commitment to utilize these available resources to fund additional student housing projects.

Staff Recommendation: Informational Item Only