

Governor Signs/Vetoes Key Affordable Housing Bills

[September 30, 2024](#) by California Housing Partnership



While state leaders ultimately decided not to approve any new long-term funding for affordable housing production this year beyond the narrowly-focused resources included in [Proposition 1](#) approved by voters in March, they did pass more than a dozen laws that should be helpful to affordable housing providers and low-income renters to varying degrees in the coming years. The California Housing Partnership was proud to play a role in shaping several of these new laws and CEO Matt Schwartz took part in the intimate September 19th ceremony at La Fenix Apartments in San Francisco (owned and operated jointly by Mission Housing Development Corporation and BRIDGE Housing) where the Governor signed several of these bills that will reduce the cost of developing affordable homes and significantly improve our collective ability to preserve the affordability of existing developments that are eligible to convert to market-rate housing.

Below is a summary of the bills the Governor signed into law that we believe will have the biggest impact on our collective work going forward.

Enacted Legislation Sponsored by the California Housing Partnership

[AB 2926](#) strengthens the ability of preservation purchasers to buy affordable housing at-risk of conversion. Current law requires owners of affordable housing, before converting to market-rate when affordability restrictions expire, to give preservation purchasers a one-year opportunity to submit offers to buy the development. However, current law does not require an owner to accept any such offer. This bill requires owners to accept a bona fide purchase offer from a preservation purchaser made within the first 270 days of the notice period or re-restrict the development as affordable housing, which is a huge improvement. Many thanks to [Assemblymember Ash Kalra](#) for authoring this complicated bill, which was co-sponsored by the California Housing Partnership, the California Rural Legal Assistance Foundation, and the National Housing Law Project with whom we have worked closely on several improvements to the State Preservation Notice Law over the decades, none more important than this one.

[AB 1053](#) reduces affordable housing costs by allowing HCD loans to fund during construction. Providing earlier access to HCD funds will save an average of \$1 million per development in interest expenses. Once a budget appropriation for necessary staffing is in place, this bill requires HCD to develop appropriate regulations and, by July 1, 2026, begin approving requests to access future awards during construction. Many thanks to [Assemblymember Jesse Gabriel](#) for authoring this bill, which was co-

sponsored by the California Housing Partnership and the California Coalition for Rural Housing to a successful conclusion after many years of hard work and a prior Governor veto.

[AB 2353](#) allows developers to not pay relevant property taxes on affordable units while a welfare exemption application is pending. Currently, developers float property taxes for years while welfare exemption applications are under review, only to have those payments reimbursed when an application invariably is approved. This bill allows an affordable housing developer to withhold relevant tax payments, without penalty, while their welfare exemption application is under review if they have received a TCAC or HCD award and demonstrate that construction has begun. This will free up significant capital to support additional affordable homes. Many thanks to [Assemblymember Chris Ward](#) for authoring this financially important bill co-sponsored by the California Housing Partnership and State Controller Malia Cohen.

Other Enacted Legislation of Note

[AB 2430](#) prohibits a local government from charging fees to both existing and new developments for monitoring regulatory agreements associated with density bonuses or inclusionary requirements when those units are or will be monitored by the state at the same affordability levels. Congratulations to [Assemblymember David Alvarez](#) for authoring this smart bill that we supported and many thanks to the California Housing Consortium and Housing California for sponsoring and leading the push to approve it.

[SB 1187 \(McGuire\)](#) creates a Tribal Housing Grant Program at the Department of Housing and Community Development. Modeled after the federal Native American Housing Assistance and Self Determination Act ([NAHASDA](#)) and related [Indian Housing Block Grant \(IHBG\) program](#), the newly created Tribal Housing Grant program will provide annual block grants to each tribe for a wide variety of community development uses. The bill is funded by redirecting 10% of all future state budget appropriations to the [Multifamily Housing Program \(MHP\)](#), [Infill Infrastructure Grant Program \(IIG\)](#), [Veterans Housing and Homelessness Prevention Program \(VHHP\)](#), and [Joe Serna Jr. Farmworker Housing Grant Program](#). California Tribal entities and the California Coalition for Rural Housing were instrumental in the multiyear effort to pass this bill working with the Senate Pro Tem. The California Housing Partnership supported an earlier version of this bill that would have funded the Tribal Housing Program from new revenues rather than reallocated existing scarce program funding. Although we are disappointed that the funding mechanism was changed, we nonetheless celebrate the creation of the Tribal Housing Program as an important milestone in acknowledging the rights and housing-related needs of California Tribes.

[AB 846 \(Bonta\)](#) requires the Tax Credit Allocation Committee (TCAC) to adopt regulations imposing a cap on annual rent increases in existing tax credit developments by July 1, 2025. We anticipate that TCAC will adopt a cap identical to the one (5% plus inflation but no greater than 10%) that currently applies to TCAC-funded developments that are new or that are being sold. In a helpful provision unrelated to the rent cap, the bill also allows future developments with at least 80% affordable units to meet applicable Health and Safety Code rent and income limits by complying with any regulatory agreement associated with federal, state, or local financing, e.g., TCAC rent limits. This bill was co-sponsored by California Rural Legal Assistance Foundation, Public Advocates, and Western Center on Law & Poverty. The California Housing Partnership looks forward to working with TCAC and housing providers on regulations that will determine how rent increases in existing TCAC-funded developments will be

limited without harming housing providers struggling with financial pressures resulting from escalating operating expenses (including insurance costs) and large amounts of unpaid pandemic era rent debts.

Vetoed Legislation

[AB 3160 \(Gabriel\)](#) would have committed California to \$500 million in enhanced state Housing Credits through 2030. The lack of gap financing is the single biggest barrier to increasing affordable housing production in California. In addition, the lack of certainty over what resources will be available in any given year creates undue risk. This bill would have locked in the enhanced state credits for five years, providing both resources and certainty. This bill was sponsored by the California Housing Partnership.

[AB 3190 \(Haney\)](#) would have subjected all state housing tax credits, including both the old state credits and the new “enhanced” state credits, to prevailing wage requirements through 2030. While the Governor signed AB 3190, it does not take effect because it was contingent on AB 3160 which was vetoed. This bill was sponsored by the California Conference of Carpenters.

The enacted bills take effect on January 1, 2025. If you have any questions or would like further information, please contact Director of Advocacy Mark Stivers (mstivers@chpc.net) or Policy Advocacy Manager Andrew Dawson (adawson@chpc.net).