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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 1296 (Bonta) - Local educational agencies: reserve funds

**Version:** May 23, 2025

**Urgency:** No

**Hearing Date:** June 30, 2025

**Policy Vote:** HOUSING 7 - 2

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** AB 1296 would require the Department of Housing and Community Development (HCD) to provide a form on its website that enables a local educational agency (LEA) to notify the department of its interest in using its property for housing development. The bill would also require HCD to provide technical assistance to an LEA to support predevelopment activities related to a housing project on LEA property, as specified.

#### **Fiscal Impact:**

- HCD estimates first year costs of approximately \$3.2 million, including one-time IT costs of \$750,000 to support data collection, outreach, and program administration, and \$2.45 million in ongoing annual costs. Ongoing costs include approximately \$1 million in annual contract costs for consulting services to provide expert support in real estate finance and development advising, as well as state operations costs of approximately \$1.45 million for a dedicated technical assistance team of 6.0 PY of permanent staff. (General Fund)

**Background:** In 2016, SB 1413 (Leno) established the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school employees. School districts are authorized to establish and implement programs that address the housing needs of teachers and school district employees by leveraging funding sources including state, federal, local, public, private and resources available to housing developers, promoting public and private partnerships, and fostering innovative financing opportunities. SB 1413 also created a state policy supporting the use of federal and state Low Income Housing Tax Credits to fund housing for teachers and school district employees on land owned by the school district and permitting school districts to restrict occupancy to teachers and school district employees.

In 2022, the legislature passed AB 2295 (Bloom), which sought to help facilitate the production of more housing by increasing the sites available to be developed for residential uses to include real property owned by an LEA. AB 2295 deemed a housing project, beginning January 1, 2024 and until January 1, 2033, to be an allowable use on property owned by a local educational agency if it contained at least 10 units and provided at least 30% of the units affordable to lower-income households. The projects are required to provide first priority to LEA employees, followed by local public employees, and finally to members of the public.

According to *Education Workforce Housing in California: Developing the 21st Century Campus* (issued by cityLAB-UCLA et al. in December 2021) there are more than 1,000 LEAs in California. Collectively, they own more than 150,000 acres of land. According

to recent research, of land owned by LEAs, there are 7,068 properties with potentially developable land of one acre or more, totaling 75,000 acres statewide. At a density of 30 dwelling units per acre, such properties could contain 2.3 million units of housing – more than enough to house the state’s 300,000 teachers and 350,000 other LEA employees. Despite this potential for development on LEA-owned property, very few housing projects have been developed on these sites to date for various reasons, including a lack of available dedicated funding and a lack of expertise among LEAs to navigate the process for developing housing.

**Proposed Law:** AB 1296 would require HCD to create and post a form on its website by January 1, 2027 that enables an LEA to notify the department of its interest in using real property it owns for a housing project. The bill would also require HCD to provide technical assistance to an LEA, directly or through contracts with specified qualified third-party entities, for the purpose of supporting predevelopment activities related to a housing project on land owned by the LEA. HCD’s technical assistance must be advisory in nature and may include all of the following:

- Providing information and guidance on statutory requirements, surplus land procedures, and local land use regulations relevant to predevelopment activities.
- Advising on available funding sources, including state and federal grants, tax credits and loan programs, and outlining application requirements and timelines.
- Offering insights on conducting project feasibility analysis and exploring partnership models, such as joint ventures with housing developers or public agencies.
- Clarifying state and local regulatory processes related to planning, zoning, and environmental review, including key steps and compliance considerations.
- Reviewing draft agreements with housing developers and providing feedback, including on ground leases, joint development agreements, and other public-private partnership contracts, without engaging in direct negotiation.
- Facilitating referrals to external experts, service providers, or funding agencies with specialized expertise that might support LEA predevelopment activities.

The bill specifies that any legal advice or other assistance provided by HCD or third-party entities does not establish an attorney-client relationship, and HCD would not be liable for any damages, liabilities, or other obligations incurred by an LEA. HCD must prioritize technical assistance for LEAs that serve high-need student populations or are located in areas experiencing high housing cost burdens or educator staffing shortages.

**Related Legislation:** SB 502 (Arreguin), which was held on this Committee’s Suspense File this year, would have authorized LEAs to submit a list of any available land they own to HCD, and require the department, in consultation with the Department of General Services to determine the suitability of those lands for development of affordable housing. Any LEA lands that are deemed suitable for affordable housing development must be made publicly available, as specified.

AB 1381 (Muratsuchi), which is currently pending in this Committee, would establish the Educational Workforce Housing Revolving Loan Fund, administered by the California School Finance Authority, to provide zero-interest loans to LEAs for conducting educational workforce housing predevelopment activities, subject to appropriation.

AB 1021 (Wicks), which is currently pending in the Senate Local Government Committee, would make changes to the development requirements, including local land use approval process, for housing projects on LEA-owned land, as specified.

AB 2295 (Bloom), Chap. 652/2022, deems an affordable housing project that meets specified criteria to be an allowable use on any real property owned by an LEA, from January 1, 2024 until January 1, 2033, as specified.

SB 1413 (Leno), Chap. 732/2016, established the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school employees, as specified.

**Staff Comments:** This bill is intended to connect LEAs interested in pursuing housing projects with potential partners by requiring HCD to assist LEAs with the predevelopment process once they have identified LEA property suitable for housing. Specifically, the bill would require HCD to develop a form and notification process for identifying LEA property for housing development, and require HCD to provide direct technical assistance to LEAs. The bill shifts significant predevelopment responsibilities to HCD, including support with project feasibility, legal compliance, public funding strategies, reviewing development agreements, and facilitating referrals to third-party experts, as specified. As noted above, HCD would incur one-time IT costs to create an online form and public-facing hub to support housing development on LEA property, as well as ongoing costs for permanent staffing resources to provide necessary technical assistance, which also includes contracting costs with specified third-party entities for consulting services.

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