
THIRD READING

Bill No: AB 1296
Author: Bonta (D), et al.
Amended: 8/29/25 in Senate
Vote: 21

SENATE HOUSING COMMITTEE: 7-2, 6/17/25

AYES: Wahab, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Grayson

NOES: Seyarto, Ochoa Bogh

NO VOTE RECORDED: Gonzalez, Padilla

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 67-5, 6/2/25 - See last page for vote

SUBJECT: Local educational agencies: reserve funds

SOURCE: Author

DIGEST: This bill requires the state Department of Housing and Community Development (HCD) to provide technical assistance to local education agencies (LEAs) for housing predevelopment activities on LEA properties.

ANALYSIS:

Existing law:

- 1) Establishes the Teacher Housing Act of 2016, which establishes that:
 - a) It is state policy to support housing for teachers and school district employees.
 - b) School districts and developers in receipt of local or state funds or tax credits designated for affordable rental housing may restrict occupancy to teachers and school district employees on land owned by school districts.

- c) School districts may allow local public employees or other members of the public to occupy housing created through the Teacher Housing Act.
- 2) Authorizes a housing development project to be deemed an allowable use on any real property owned by an LEA if the development meets the following requirements:
- a) The development has at least 10 units.
 - b) The housing development has a deed restriction that ensures, for a period of 55 years; at least a majority of the units are set at a rent that is affordable to lower income households; and at least 30% of the units shall be affordable to lower-income households.
 - c) All of the units shall be rented by local educational employees, local public employees, followed by general members of the public, as specified.
 - d) The residential density for the housing development shall be the greater of the residential density allowed on the parcel by the city or county, or the applicable density deemed appropriate to accommodate housing for lower income households as provided under housing element law (known as the “Mullin densities” – see Comment #2 below).
 - e) The height shall be the greater of 30 feet or the height limit allowed on the parcel by the city or county.
 - f) The property is adjacent to a property that permits residential uses.
 - g) The property is an infill site, as specified.
 - h) Any housing built must be located on property that is entirely contained within any applicable urban limit line or urban growth boundary.
 - i) The housing development must satisfy other local objective zoning standards, objective subdivision standards, and objective design review standards that do not preclude the housing development from achieving the residential density or height permitted in this bill.
 - j) The housing development must comply with all infrastructure-related requirements, including impact fees that are existing or pending at the time

the application is submitted, imposed by a city or county or a special district that provides service to the parcel.

- 3) Requires the LEA to maintain ownership of a housing development that meets the requirements of (2) for the length of the 55-year affordability covenant.

This bill:

- 1) Requires HCD to provide technical assistance to an LEA that submits a specified notice and that requests HCD to provide technical assistance for the purpose of supporting predevelopment activities related to a housing project located on real property owned by the LEA. This assistance may be provided directly or through contracts with qualified third-party entities, as specified.
- 2) Provides that technical assistance shall be advisory in nature and may include, but is not limited to, all of the following:
 - a) Providing information and guidance on relevant statutory requirements, surplus land procedures, and local land use regulations.
 - b) Advising on available funding sources, including state and federal grants, tax credits, and loan programs, as well on application requirements and timelines.
 - c) Providing assistance on conducting project feasibility analysis and partnership models, such as joint ventures with housing developers or public agencies.
 - d) Clarifying state and local regulatory processes related to planning, zoning, and environmental review.
 - e) Reviewing draft agreements with housing developers and providing feedback, including on ground leases, joint development agreements, and other public-private partnership contracts, without direct negotiation.
 - f) Facilitating referrals to relevant external experts, service providers, or funding agencies with specialized expertise.
- 3) Provides that any legal advice or other assistance provided by HCD shall not be construed as forming an attorney-client relationship between HCD and the LEA and HCD shall not be liable for any damages, liabilities, or other obligations that an LEA incurs.
- 4) Requires HCD to 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.

- 5) Requires HCD, on or before January 1, 2027, to make available on its website a form enabling an LEA to notify HCD of its interest in using the LEA's property for a housing project.
- 6) Requires HCD to review submitted forms and to make them available on its website.

Background

California's affordable housing crisis. California has the largest concentration of severely unaffordable housing markets in the nation, with the average home value in California at \$773,363. To keep up with demand, HCD estimates that California must plan for the development of more than 2.5 million homes over the next eight years, and no less than one million of those homes must meet the needs of lower-income households (more than 640,000 very low-income and 385,000 low-income units are needed). For decades, not enough housing was constructed to meet need, resulting in a severe undersupply of housing.

As a result of the severe housing shortage, millions of Californians, who are disproportionately lower-income and people of color, must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation—one in three households in the state don't earn enough money to meet their basic needs.

Comments

- 1) *Author statement.* "California's educator workforce is being pushed out of the communities they serve. Over half of California school districts are in counties where new teachers are rent-burdened. At the same time, California has over 75,000 acres of public school land that could support housing—but many school districts lack the capacity to act on this opportunity. AB 1296 connects LEAs interested in pursuing housing projects with potential partners and directs the Department of Housing and Community Development to offer advisory technical assistance to LEAs to support predevelopment activities. AB 1296 is about equity, access, and supporting the people who support our students. This bill ensures that workforce housing is not just an option for well-resourced districts, but a real opportunity for every community."

- 2) *School district land for affordable housing.* 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, LEAs own more than 150,000 acres of land. According to recent research, of the 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 dwellings 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 the potential for development, there is very little housing on LEA property. This is understandable, given that the primary function of this land is for educational purposes. In addition, there are myriad impediments to completion of employee housing on LEA property, including:

- a) *Lack of expertise.* The core competency of LEAs is education. To the degree there is expertise in new construction or facilities management, it is focused on educational facilities, not on building and managing housing.
 - b) *Lack of funding.* Given exceedingly high construction costs, the price of new housing exceeds what is affordable to most LEA staff. As such, to develop employee housing, LEAs need to identify public sources of funding.
 - c) *Lack of permission.* Getting housing approved in California is often a laborious and risky process, reflecting the complexity of government review, public processes, and required analysis under the California Environmental Quality Act (CEQA). LEA properties typically face the additional hurdle of not having zoning that allows housing or specified development standards for housing projects. As such, if an LEA wanted to build housing for its employees, it would need to seek permission from a local government to establish the right to build housing and identify objective standards for the project to conform with.
- 3) *Legislative actions to facilitate housing on LEA land.* State and local officials are increasingly exploring ways to facilitate housing on LEA property, as a way to help LEAs recruit and retain employees. The Teacher Housing Act of 2016 SB 1413 (Leno, Chapter 732, Statutes of 2016), created a state policy to support housing for school district employees, and specified that projects can receive local or state funds or tax credits if developments are restricted to school district employees.

In 2022, the legislature passed AB 2295 (Bloom, Chapter 652), which sought to help facilitate the production of more housing by adding LEA properties to the sites available to be developed for residential uses. Specifically, AB 2295 deems a housing project, beginning January 1, 2024 and until January 1, 2033, to be an allowable use on an LEA-owned property if it contains at least 10 units, of which at least 30% are affordable to lower-income households. These projects must provide first priority to LEA employees, followed by local public employees, and finally members of the public. The committee does not know whether any LEAs have taken advantage of this authorization. AB 1021 (Wicks, 2025) would make a number of changes to AB 2295 aimed at increasing the feasibility of developing housing on LEA land, including adding these developments to an existing CEQA exemption for affordable housing.

- 4) *Bringing in HCD to help.* As noted in 4) above, despite the urgent need for affordable school employee housing, there are myriad impediments to completion of employee housing on LEA property – including a lack of expertise on how to navigate the state’s complex housing permitting process. This bill would address this problem by requiring HCD to provide technical assistance to LEAs to support predevelopment activities on LEA properties. It requires HCD to prioritize LEAs that serve high-need student populations or that are located in areas experiencing high housing cost burdens or educator staffing shortages. Finally, it requires HCD to develop a form that an LEA can submit to HCD designating property it is interested in developing for a housing project, and requires HCD to make these forms publicly available on its website. By formally connecting HCD with LEAs, this bill helps remove a significant barrier to developing affordable housing on LEA properties.
- 5) *Senate Appropriations Amendments.* Author’s amendments taken in the Senate Appropriations Committee limit the requirement for HCD to provide technical assistance to only those LEAs that submit a notice to the department requesting technical assistance to support predevelopment activities, as specified.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- HCD estimates one-time IT costs of approximately \$750,000 in 2026-27 to support data collection, outreach, and program administration. HCD would also incur ongoing costs of approximately \$1.74 - \$1.97 million annually, beginning in 2026-27, which includes 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 in the range of \$740,000 to \$970,000 annually for a dedicated technical assistance team of 3.0 - 4.0 PY of permanent staff. (General Fund)

SUPPORT: (Verified 8/29/25)

California Yimby
Los Angeles County Office of Education

OPPOSITION: (Verified 8/29/25)

None received

ASSEMBLY FLOOR: 67-5, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio, Dixon, Gallagher, Macedo, Tangipa

NO VOTE RECORDED: Castillo, Chen, Ellis, Flora, Hadwick, Sanchez, Ta

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
9/2/25 18:19:15

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