SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2020 (Gabriel) - Housing programs: financing

Version: February 17, 2026
Urgency: No
Hearing Date: August 13, 2026

Policy Vote: HOUSING 10 - 0
Mandate: No
Consultant: Mark McKenzie

Bill Summary: AB 2020 would authorize the Department of Housing and Community Development (HCD) to authorize the transfer of excess reserves or operating income from one rental housing development to another under specified conditions.

*********** ANALYSIS ADDENDUM – SUSPENSE FILE ***********
The following information is revised to reflect amendments adopted by the committee on August 13, 2026

Fiscal Impact:
- Staff estimates that the bill would create ongoing General Fund cost pressures, at least in the mid-hundreds of thousands of dollars annually, to the extent HCD exercises the authority to establish and administer a program to provide for the transfer of reserves and operating revenues from one rental housing development to another owned by the same sponsor. The level of workload would vary depending on the number of transactions authorized, the complexity of the ownership structures, the financial condition of the involved projects, and the need to evaluate impacts on existing regulatory agreements, affordability covenants, and the involvement of other financing sources. While there would be no immediate direct costs to HCD since the authority is permissive, the bill creates General Fund cost pressures to fund HCD's costs to establish such a program, should it exercise this discretionary authority. (General Fund)

Author Amendments:
- Authorize HCD to transfer the "department residual receipts share" or excess reserves between rental housing developments, and delete references to "excess operating income."
- Define "department residual receipts share" as the portion of residual receipts or other specified project cashflow distributions otherwise payable to HCD under the project's applicable financing documents and regulatory requirements, calculated after full satisfaction of all required senior debt service and all amounts payable to any other lender, public agency, or governmental entity under specified agreements or other recorded or operative project financing documents.
- Clarify that "excess reserves" excludes any reserve requirements, reserve floors, or other restrictions contained in any applicable agreement or other recorded or operative project financing document, as specified.
- Prohibit any transfer authorized under the bill from reducing, offsetting, subordinating, or impairing any amounts owed to any other lender, public agency, or governmental entity, as specified.

-- END --