

Date of Hearing: March 25, 2026

ASSEMBLY COMMITTEE ON AGRICULTURE
Esmeralda Soria, Chair
AB 2264 Lackey – As Amended March 17, 2026

SUBJECT: District agricultural associations: real property: affordable housing

SUMMARY: This bill would add the construction and maintenance of affordable housing to the list of activities that District agriculture associations (DAA) are allowed to engage in on DAA property, with the approval of the Department of General Services (DGS). The bill extends leases from a maximum of 55 years to a maximum of 99 years. The bill makes technical changes. Specifically, *this bill*:

- 1) Adds the construction and maintenance of affordable housing to the list of activities that DAAs are allowed to engage in on DAA property, with the approval DGS.
- 2) Extends leases from a maximum of 55 years to a maximum of 99 years.
- 3) Prohibits agricultural employers, farm labor contractors, and their agents/subcontractors from using state funding for housing H-2A immigrants (temporary workers) in DAA affordable housing. It ensures clarity that this provision would extend to housing measures focused on long term/permanent residential units if they are used state funds, not temporary worker housing.

EXISTING LAW:

- 1) Provides for the establishment of DAAs and authorizes a DAA to engage in various activities, including to purchase, acquire, hold, sell, exchange, or convey any interest in real property with the approval of DGS. (Food and Agriculture Code (FAC) 4051 (a) (10))
- 2) Authorizes a DAA, with the approval of the DGS, to lease for the use of its real property, or any portion of that property, to any person or public body for whatever purpose approved by the board of directors of the DAA, including the construction and maintenance of housing affordable to persons and families of low or moderate income, as defined, and limits a lease to not more than 55 years. (FAC 4501 (a) (12))
- 3) Prohibits the Department of Housing and Community Development from making grants or loans pursuant to the Joe Serna, Jr. Farmworker Housing Grant Program on or after January 1, 2020, for the purpose of funding predevelopment of developing or operating any housing that is rented, sold, or subleased to certain entities who employ at least one H-2A worker until the expiration of a regulatory agreement or affordability covenant, as applicable.

FISCAL EFFECT: Unknown

COMMENTS: There are 54 statutory DAAs, of which 52 are active, and 41 operate on state owned lands. They hold various activities on their sites, such as fairs, day care operations, fund raising and commercial events. DAAs in some areas provide the only event space for the local

community. DAA budgets run from several hundred thousand dollars to over ten million dollars. Only a few DAAs are self-sustaining, most are not.

California's fairs operate under the guidelines of CDFA's Division of Fairs and Expositions. Collectively they host events that are attended by nearly ten million Californians and tourists annually. In addition to hosting enriching events, fairgrounds play a critical role during emergencies by serving as evacuation centers and providing housing after natural disasters.

California continues to face a severe housing shortage, particularly for low- and moderate-income households. California needs millions of additional homes to meet this demand, but many potential development opportunities remain underutilized, especially public owned land. DAAs manage fairgrounds and other state-owned properties throughout California that have the potential to support affordable housing.

Current law does not clearly state that DAAs may directly construct or maintain affordable housing on their property. Current law limits leases of DAA property to 55 years, which can make affordable housing projects difficult to finance due to longer lease requirements ensuring project viability. Uncertainty in statutory authority and restrictive lease terms can discourage partnerships and prevent productive use of public land for affordable housing.

This bill can help reduce inequities by expanding opportunities to build affordable housing on land owned by DAAs. These communities are disproportionately affected by high housing costs, and increasing the supply of affordable housing can help address housing instability, overcrowding, and homelessness. Using publicly owned land for affordable housing can also make development more feasible in areas where high land costs might otherwise prevent it.

Extending the maximum lease length from 55 to 99 years can help bring stability to reduce displacement pressures caused by rising housing costs and gentrification, which often impacts low-income households and communities of color the most. Supporting the development of long-term affordable housing can promote greater housing stability and economic security for historically underserved communities.

According to the author, affordable housing is essential to addressing California's ongoing housing shortage and ensuring that low- and moderate- income individuals and families have access to stable places to live. Expanding opportunities to build affordable housing, particularly on underutilized public land, can help increase the housing supply and make better use of existing public resources. Supporting long-term development of affordable housing also helps communities meet growing housing demand while promoting stability and economic security for residents.

Supporters state California's housing shortage requires creative, carefully structured solutions that make effective use of existing public assets while maintaining appropriate oversight and accountability. For coastal and urban communities, where land constraints and development costs present significant challenges, AB 2264 offers a practical opportunity to expand housing supply without displacing existing neighborhoods or compromising community character.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Del Mar

Opposition

None on file

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