

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2264 (Lackey) – As Amended March 17, 2026

SUBJECT: District agricultural associations: real property: affordable housing

SUMMARY: Adds the construction and maintenance of affordable housing to the list of activities that district agriculture associations (DAAs) are allowed to engage in on DAA-owned property, with the approval of the Department of General Services (DGS). 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-owned property, with the approval of DGS.
- 2) Extends the maximum lease term that a DAA can enter into, with the approval of DGS, 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.

EXISTING LAW:

- 1) Allows the establishment of DAAs if 50 or more residents of a district form an association for the following purposes:
 - a) Holding fairs, expositions, and exhibitions for the purpose of exhibiting industries and industrial enterprises, resources, and products of every kind or nature in California with a view toward improving, exploiting, encouraging, and stimulating them; and
 - b) Constructing, maintaining, and operating recreational and cultural facilities of general public interest. (Food and Agricultural Code (FAC) 3951)
- 2) Authorizes a DAA to engage in various activities, including purchasing, acquiring, holding, selling, exchanging, or conveying any interest in real property with the approval of DGS. (FAC 4051)
- 3) 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)
- 4) Prohibits the Department of Housing and Community Development (HCD) 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:

Author’s Statement: 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.”

DAAs: There are 54 statutory district agricultural associations (DAAs), of which 52 are currently active, and 41 operate on state-owned fairgrounds. Under the Food and Agricultural Code, DAAs may be established when 50 or more residents form an association for the purpose of holding fairs, expositions, and exhibitions that showcase California’s industries, resources, and products, as well as constructing, maintaining, and operating recreational and cultural facilities of general public interest. DAAs are state entities governed by locally appointed boards of directors and overseen by the Department of Food and Agriculture’s Division of Fairs and Expositions, with boards responsible for managing operations, entering into agreements, and overseeing the use of fairground property.

State law grants DAAs broad authority over real property, including the ability to purchase, acquire, hold, sell, exchange, or convey interests in property, subject to approval by the Department of General Services (DGS). DAAs are also authorized, with DGS approval, to lease fairground property, or portions of that property, to private parties or public entities for purposes approved by the board. These leases may include a range of commercial or public-serving uses, and are limited to a maximum term of 55 years.

These entities host a wide range of activities, including fairs, childcare programs, fundraising events, and other commercial uses, often serving as the primary large-scale event space in their communities. DAA operating budgets vary significantly, ranging from several hundred thousand dollars to over \$10 million, and while a small number are self-sustaining, most rely on a mix of event revenue, leasing activity, and state support to remain operational. Collectively, California’s fairs attract nearly 10 million attendees annually and, beyond their event functions, fairgrounds also serve an important public safety role, frequently operating as evacuation centers and providing temporary housing in response to natural disasters.

California’s Housing Crisis: California’s housing crisis is a half-century in the making.¹ After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.² One in three households in the state doesn’t earn enough money to meet their basic needs.³ In 2024, over 187,000 Californians experienced homelessness on a given night.⁴

¹ California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

² IBID.

³ IBID.

⁴ U.S. Department of Housing and Urban Development, Point in Time Counts.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.⁵ Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state’s housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state’s highest-cost regions.⁶ As it pertains to homeownership, homeownership rates have fallen to historic lows. The median home price in California now exceeds \$800,000, effectively locking out many working families from the ownership market.

Public Land for Affordable Housing: California already has proven models for using public land to build affordable housing. The Excess Sites Program, administered jointly by DGS and HCD, identifies underutilized state-owned properties and prioritizes them for affordable housing development. As of the end of the 2023 Fiscal Year, the last year with available data, the Excess Sites Program sparked 19 partnerships between the state, affordable housing developers, and local communities, amassing a pipeline of approximately 5,500 new homes. Complementing this effort, the Surplus Land Act (SLA) requires local agencies to prioritize affordable housing when disposing of publicly owned land by establishing certain processes that they must follow. Since January 1, 2021, over 37,100 units have been unlocked through the SLA, with over 23,686 deed-restricted affordable units.

Together, these policies create a powerful framework for unlocking public land for housing, with strong requirements for affordability and transparency. In both the excess sites program and the SLA, the state maintains a map of the excess sites and surplus land that is available for affordable housing development.

School District Housing Development: A precedent example for this bill can be found in recent State and local efforts to facilitate housing on local educational agency (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 teachers and school district employees, and specified that projects can receive local or state funds or tax credits if developments are restricted to school district employees. AB 3308 (Gabriel), Chapter 199, Statutes of 2020 specified that LEAs building housing could restrict occupancy on projects developed on their own land to teachers and employees of the school district. To address land use barriers to building housing, AB 2295 (Bloom), Chapter 652, Statutes of 2022, authorized a housing development project as an allowable use on any real property owned by a LEA, regardless of the underlying local zoning designation.

⁵ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

⁶ UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

This Bill: This bill expands the authority of DAAs to use DAA-owned property for affordable housing by expressly adding the construction and maintenance of affordable housing to the list of authorized activities, subject to approval by the Department of General Services (DGS). This bill also extends the allowable lease term for DAA property from 55 years to up to 99 years, which may better align with affordable housing financing structures that rely on longer-term ground leases. In addition, this bill prohibits the use of state-supported DAA housing for H-2A temporary agricultural workers, limiting occupancy to other eligible populations.

By authorizing, but not requiring, DAAs to participate in affordable housing development, this bill provides a new pathway for utilizing publicly controlled land that is often centrally located within communities. However, this bill does not modify or clarify how underlying land use controls apply to these projects. While many DAA properties are state-owned and may not be subject to local zoning in the same manner as private development, some DAAs operate on land with more complex ownership or regulatory structures, raising questions about how local land use requirements, permitting processes, or other constraints would interact with this new authority.

Under existing law, DAAs are governed by appointed boards with authority to manage district affairs and enter into agreements, including leases that require approval from DGS. In practice, housing proposals on DAA land may be initiated by the district itself or in partnership with local jurisdictions, with the DAA board approving a project concept before submitting a lease agreement to DGS for review and execution. This bill's extension of allowable lease terms appears intended to address a key practical constraint, as affordable housing developments often rely on longer-term ground leases to support financing and long-term affordability.

At the same time, this bill does not address other factors that may influence whether housing is ultimately developed on fairgrounds, including site suitability, competing uses of fairground property, or local coordination. As a result, while this bill expands statutory authority and may remove a financing-related barrier, the extent to which it results in new housing production will likely depend on project-specific conditions and the willingness of DAAs and local partners to pursue development opportunities.

Arguments in Support: The League of California Cities writes in support: "AB 2264 would provide cities with an additional opportunity to partner with state entities to increase the development and supply of affordable housing, particularly in areas where land availability is constrained. Extending lease terms to 99 years is especially beneficial, as it aligns financing requirements to support affordable housing development on public land. By opening more opportunities for affordable housing and enabling long-term development agreements, the bill supports local efforts to meet housing goals and Regional Housing Needs Allocation (RHNA) obligations."

Arguments in Opposition: None on file.

Committee Amendments: The Committee may wish to consider amendments to ensure the long-term affordability of affordable housing built on DAA land:

(f) An affordable housing development on real property constructed or maintained pursuant to paragraph (10) or (12) of subdivision (a) shall have a recorded deed restriction that ensures, for a period of at least 55 years, that 100 percent of the units, exclusive of any managers' units, shall be dedicated to persons or families of low or moderate income, as

defined by Section 50093 of the Health and Safety Code, at an affordable rent, as defined in Section 50053 of the Health and Safety Code.

Double-Referred: This bill was also referred to the Committee on Agriculture, where it passed with a vote of 8-0 on March 25, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Del Mar
League of California Cities

Opposition

None on file.

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