

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2264 (Lackey) – As Amended April 27, 2026

Policy Committee:	Agriculture	Vote:	8 - 0
	Housing and Community Development		12 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill adds the construction and maintenance of affordable housing to the activities district agricultural associations (DAA) are allowed to engage in on DAA-owned property.

Specifically, this bill, among other things:

- 1) Adds the construction and maintenance of affordable housing, as defined, to the list of activities DAAs are allowed to engage in on DAA-owned property, with the approval of the Department of General Services (DGS) and consistent with items 3 and 4, below.
- 2) Extends the lease term a DAA may 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 and subcontractors from using state funding for housing H-2A immigrants (temporary workers) in DAA affordable housing.
- 4) Requires an affordable housing development on real property constructed or maintained pursuant to the provisions above to have a recorded deed restriction that ensures, for a period of at least 55 years, 100% of the units, exclusive of any managers' units, are dedicated to persons or families of low- or moderate-income at an affordable rent, as specified.

FISCAL EFFECT:

As discussed below, the California Department of Food and Agriculture (CDFA) oversees DAAs, and DAAs typically rely on DGS's State Owned Leasing and Development Unit to help them navigate their real estate needs, specifically leasing, acquisitions, surplus sales, transaction reviews, and transfers of jurisdiction. Current law allows a DAA, with the approval of DGS, to purchase, acquire, hold, sell, or exchange, or convey any interest in real property. It is not clear to the committee whether this existing authority already covers the construction and maintenance of affordable housing on DAA-controlled property.

According to CDFA, to the extent this bill results in an increased number of proposals for housing development on fairground property, CDFA and DAAs may incur additional workload related to the review, evaluation, and coordination of real property transactions. This may include staff time associated with project review, coordination with DGS, ongoing oversight considerations, and compliance review related to applicable state funding restrictions associated

with housing development – resulting in increased costs to both CDFA and DGS, potentially in excess of \$150,000 (General Fund and special fund such as the Food and Agriculture Fund).

CDFA notes that, currently, the volume of real estate transactions it is involved in is variable but relatively infrequent. CDFA's workload depends on project complexity and the resources of the fairgrounds, with simpler reviews requiring fewer than 100 hours and more complex projects requiring additional staff time.

DGS estimates approximately \$50,00 in legal and administrative oversight costs per project, with these costs reimbursed by DAAs.

To the extent housing development occurs on fairground property, DAAs may generate revenue through lease payments or other contractual arrangements associated with the use of state property. However, any such revenue would be project-specific and dependent on the terms of individual agreements.

COMMENTS:

1) **Purpose.** 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.

2) **Background. DAAs.** There are 54 statutory DAAs, of which 52 are 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 CDFA'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 DGS. State law also authorizes a DAA, with DGS approval, to lease fairground property, or portions of property, to private parties or public entities for purposes approved by the DAA's board. These leases may include a range of commercial or public-serving uses, and are limited to a maximum term of 55 years. 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.

Public Land for Affordable Housing: California has several proven models for using public land to build affordable housing. For example, the Excess Sites Program, administered jointly by DGS and the Department of Housing and Community Development, identifies underutilized state-owned properties and prioritizes the properties for affordable housing development. Complementing this effort, the Surplus Land Act requires local agencies to prioritize affordable housing when disposing of surplus land.

Writing in support, the League of California Cities (Cal Cities) notes that the state continues to face a significant housing shortage, “and identifying available and underutilized land for housing development remains a key challenge.” Cal Cities notes that DAAs often control sizeable parcels that may be suitable for housing but lack clear statutory authority for residential development. Cal Cities writes:

This bill addresses that gap by explicitly authorizing affordable housing as a potential use of the land owned by district agricultural associations...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.

Analysis Prepared by: Nikita Koraddi / APPR. / (916) 319-2081