

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2320 (Ta) – As Amended April 27, 2026

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

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

SUMMARY:

This bill requires the Department of Housing and Community Development (HCD), when awarding Homekey+ grant funding, to consider allowing adaptive reuse projects to use the timelines for new construction rather than for rehabilitation.

Specifically, this bill:

- 1) Requires, for each award made on or after July 1, 2026, HCD consider allowing applicants that utilize funds for adaptive reuse to be subject to the same timelines as new construction, as set forth by HCD.
- 2) Defines “adaptive reuse” to mean retrofitting and repurposing of existing buildings to create new units.

FISCAL EFFECT:

HCD estimates minor and absorbable costs.

COMMENTS:

- 1) **Purpose.** According to the author:

Since the passage of Proposition 1, Homekey+ grant funding has been underutilized. The state has had funding available to build permanent supportive housing for veterans and individuals with behavioral health challenges for more than a year, yet barriers to development have limited the program’s use. The 26-month completion timeline already exists for new construction projects. Applying this same timeline to adaptive reuse projects that require extensive demolition and reconstruction aligns with industry standards and better reflects the realities of these developments. [This bill] is a commonsense clarification that will help ensure Homekey+ funding can be deployed more effectively to expand permanent supportive housing for those who need it most.

- 2) **Background.** During the COVID-19 pandemic, the state used federal resources to create Project Roomkey to quickly house people experiencing homelessness temporarily in hotels and motels. Project Roomkey later evolved into Homekey to fund the permanent acquisition

of hotels and later new construction, master leasing, and other uses of the funds to create short-term and permanent housing to move people out of homelessness.

In 2024, the voters approved Proposition 1 for the creation of housing for people experiencing homelessness with substance abuse and mental health challenges. Those funds have been available through Homekey+. Under Homekey+, permanent supportive housing funds can be used for the acquisition, rehabilitation and conversion of existing buildings into permanent housing, or towards the construction of new buildings. Funds can also be used for adaptive reuse projects, or the major repurposing of existing buildings to create new residential units.

HCD issued a Notice of Funding Availability for the \$2.1 billion for Homekey+ in March 2026. This amount includes funding for veterans housing, which was separately authorized by Prop 1. According to HCD's website, approximately \$767 million of the \$2.1 billion available has been awarded.

Homekey+ projects are subject to varying timelines depending on the type of project. New construction and gap financing must be completed within 26 months, whereas all other projects, including adaptive reuse, must be completed within 14 months.

The Orange County Board of Supervisors, sponsors of the bill, wish to use Homekey+ for adaptive reuse projects, which would involve a full teardown of an existing structure, not just rehabilitation. They contend that adaptive reuse projects typically involve extensive demolition, structural reconfiguration, and major electrical and mechanical upgrades, which align more closely with the new construction timeline, rather than the rehabilitation timeline.

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